



## GRAVITA INDIA LIMITED

[Incorporated on 04/08/1992 under the Companies Act, 1956 as 'Weldtech Private Limited' vide Certificate of Incorporation issued by the Registrar of Companies, Rajasthan, Jaipur. The Company changed its name to Gravita India Private Limited w.e.f. 02/08/1996. Subsequent on conversion into Public Limited the name was changed to Gravita India Limited vide fresh certificate of Incorporation dated 13/08/1996. The Corporate Identity Number of the Company is U29308RJ1992PLC006870]

**Registered Office:** "Saurabhi", Chittora Road, Harsulia Mod, Diggi – Malpura, Tehsil – Phagi, Jaipur – 303 904, Rajasthan, India; **Tel.:** +91-9928070682; **Fax:** +91-141-2621491

**Corporate Office:** 402, Rajputana Tower, A-27 B, Shanti Path, Tilak Nagar, Jaipur - 302 004, Rajasthan, India; **Tel:** +91-141-2623266; **Fax:** +91-141-2621491; **Website:** www.gravitaindia.com

**Contact Person:** Ms. Priyanka Khandelwal, Company Secretary & Compliance Officer; **E-mail:** companysecretary@gravitaindia.com

[For details regarding change in Registered office of the Company please refer to section titled "History and Other Corporate Matters" of this Draft Red Herring Prospectus]

### Draft Red Herring Prospectus

Please read Section 60B of the Companies Act, 1956

(The Draft Red Herring Prospectus will be updated upon filing with the RoC)

100% Book Building Issue

#### PROMOTERS OF THE COMPANY: DR. M.P. AGARWAL, MR. RAJAT AGRAWAL AND MR. RAJEEV SURANA

**PUBLIC ISSUE OF 40,00,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) FOR CASH AGGREGATING RS. [●] LACS BY GRAVITA INDIA LIMITED (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WILL CONSTITUTE 28.53% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY. UPTO 50,000 EQUITY SHARES WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE NET ISSUE WOULD CONSTITUTE 28.17% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.**

#### PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE

#### THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

This Issue is being made in terms of regulation 26(2)(a)(i) and b(i) of SEBI (ICDR) Regulations, 2009, as amended from time to time, where by, at least 50% of the Net offer to public shall be allotted to QIBs, failing which the full subscription money shall be refunded. (In case of delay, if any in refund, Gravita India Limited shall pay interest on the application money at the rate of 15% per annum for the period of delay). In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten (10) days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate member. The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net offer to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, not more than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

#### RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per equity share and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" beginning on page xi of this Draft Red Herring Prospectus.

#### ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The Equity Shares of the Company are proposed to be listed on Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to their letters dated [●] and [●] respectively. For the purpose of the Issue, BSE is the Designated Stock Exchange.

#### IPO GRADING

The IPO of the Company has been awarded [●] grading from [●] indicating [●] vide their letter dated [●]

#### BOOK RUNNING LEAD MANAGER TO THE ISSUE

### KEYNOTE

CORPORATE SERVICES LTD.

#### KEYNOTE CORPORATE SERVICES LTD.

4<sup>th</sup> Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg, Ballard Estate, Mumbai – 400001.

**Tel:** +91-22- 30266000-3; **Fax:** +91-22- 22694323

**Website:** www.keynoteindia.net

**E-mail:** mbd@keynoteindia.net

**SEBI Registration No.:** INM 000003606

**AMBI No.:** AMBI/ 040

#### REGISTRAR TO THE ISSUE

### KARVY

Karvy Computershare Private Limited

#### KARVY COMPUTERSHARE PRIVATE LIMITED

Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad- 500034.

**Tel :** +91-40- 2342 0815; **Fax :** +91-40- 2342 0814

**Toll Free No:** 1-800-345 4001

**Website :** www.karvy.com

**E-Mail :** gravita.ipo@karvy.com

**SEBI Registration No :** INR 000000221

#### ISSUE SCHEDULE

**BID/ISSUE OPENS ON :** [●]

**BID/ISSUE CLOSES ON :** [●]

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## DEFINITIONS AND ABBREVIATIONS

### GENERAL / CONVENTIONAL TERMS

TERM	DESCRIPTION
Companies Act	The Companies Act, 1956, as amended from time to time.
FCNR Account	Foreign Currency Non Resident Account
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
IT Act	The Income Tax Act, 1961, as amended from time to time.
IT Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI ICDR Regulations/Regulation	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, including instructions, regulations and clarifications issued by SEBI from time to time, if any.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

### ISSUE RELATED TERMS AND ABBREVIATIONS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted
ASBA/ Applications Supported by Blocked Amount	An application for subscribing to an issue, containing an authorisation to block the application money in a bank account.
ASBA Investor	An Investor who intends to apply through ASBA process and is a "Resident Retail Individual Investor"; is bidding at cut-off, with single bid option as to the number of shares bid for; is applying through blocking of funds in a bank account with the SCSB; has agreed not to revise his/her bid; is not bidding under any of the reserved categories."
ASBA Form	Bid cum Application form for Resident Retail Individual Investor intending to subscribe through ASBA
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Regional newspaper.

TERM	DESCRIPTION
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of this Draft Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI ICDR Regulations, 2009, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Service Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalized by the Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Jaipur, Rajasthan, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Draft Red Herring Prospectus/DRHP	This Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Employee	Means a permanent and full time employee of the Issuer, working in India or abroad or a director of the Issuer, whether whole time or a part time and does not include promoters and an immediate relative of the promoter.
Employee Portion	The portion of this Issue consisting of 50,000 Equity Shares of Rs. 10 each at the issue price aggregating to [●] reserved for allotment to employees on competitive basis
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.

TERM	DESCRIPTION
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being [●].
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of 40,00,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs. [●] Lacs.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company consultation with the BRLM, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The Issue of 39,50,000 equity shares of Rs.10/- each at the issue price aggregating to Rs. [●] Lacs
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-.
Non Institutional Portion	The portion of this Issue being not more than 15% of the Issue consisting of 5,92,500 Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs, available for allocation to Non Institutional Bidders.
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. [●] and the maximum price ("Cap Price") of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Rajasthan, Jaipur containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.

TERM	DESCRIPTION
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of 19,75,000 Equity Shares of Rs. 10 each aggregating Rs. [•] lacs being atleast 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of Rs. 25 crores, pension funds with minimum corpus of Rs. 25 crores and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Rajasthan, Jaipur at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Rajasthan, Jaipur, after pricing and allocation.
Registrar/ Registrar to this Issue	Karvy Computershare Private Limited
Resident Retail Individual Investor	A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of 13,82,500 Equity Shares of Rs. 10 each at issue price aggregating Rs. [•] Lacs, being not more than 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board.
Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.

TERM	DESCRIPTION
Syndicate Member	[•]
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

**COMPANY/ INDUSTRY RELATED TERMS**

TERM	DESCRIPTION
"GIL", "Gravita" "the Company", "We", "us" and "our"	Unless the context otherwise requires, refers to Gravita India Limited a public limited company incorporated under the Companies Act, 1956.
Our Subsidiaries	Means our subsidiaries namely, Gravita Exim Limited, Pagrik Ghana Limited, Pagrik Mozambique LDA and Pagrik Senegal S.A. and also include subsidiaries of Gravita Exim Limited namely, Penta Exim Private Limited, Pagrik Zambia Limited and Pagrik Ethiopia PLC.
Articles/ Articles of Association	The Articles of Association of the Company i.e., Gravita India Limited.
Auditors	The statutory auditors of the Company, being Rajvanshi & Associates, Chartered Accountants.
Board of Directors/ Board	The board of directors of the Company or a committee constituted thereof.
Director(s)	Director(s) of the Company unless otherwise specified.
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company.
Registered Office of the Company	"Saurabh", Chittora Road, Harsulia Mod, Diggi – Malpura, Tehsil – Phagi, Jaipur – 303 904, Rajasthan.

**INDUSTRY RELATED TERMS AND ABBREVIATIONS**

TERM/ ABBREVIATION	DESCRIPTION/FULL FORM
PP	Polypropylene
SOx	Sulphur Oxide
NOx	Nitro Oxide
PbO	Lead Oxide
PVC	Poly Vinyl Chloride

TERM/ ABBREVIATION	DESCRIPTION/FULL FORM
PP	Polypropylene
SOx	Sulphur Oxide
NOx	Nitro Oxide
Pb3O4	Lead Tetra Oxide

**ABBREVIATIONS**

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
B2B	Business to Business Portal
BSE	Bombay Stock Exchange Limited
BIRR	Legal Currency of Ethiopia
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFA	(Communauté Financière Africaine) Franc, Legal Currency of Senegal
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders
EPS	Earnings per Equity Share
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.



ABBREVIATION	FULL FORM
FIs	Financial Institutions
FICCI	Federation of Indian Chambers of Commerce and Industry
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GHS	New Ghana Cedi, legal currency of Ghana
Gol/ Government	Government of India
HUF	Hindu Undivided Family
Lempira	Legal currency of Honduras
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India
ILA	International Lead Association
ILZSG	International Lead and Zinc Study Group
JVVNL	Jaipur Vidhyut Vitaran Nigam Limited
KVA	Kilo Volt Ampere
LDA	Limitada; equivalent to Public Limited Company in India
LKR	Lankan Rupees, legal Currency of Sri Lanka
MT	Metric Ton
MZN	Mozambique Metical, legal Currency of Mozambique
NAV	Net Asset Value
NLL	Navam Lanka Limited
NR	Non Resident
NRI/Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended. NRI's are not permitted to participate in this issue
NSDL	National Securities Depository Limited

ABBREVIATION	FULL FORM
NSE	National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PSS	Pagrik Senegal SA
PLC	Ethiopia, Private Limited Company
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	The Registrar of Companies, Jaipur, Rajasthan
RoNW	Return on Net Worth
SA	Sociedad Anónima; equivalent to Public Limited Company in India
SAR	Saudi Riyal, legal currency of Saudi Arabia
UPS	Uninterrupted Power Supply
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America
ZMK	Zambian kwacha, legal Currency of Zambia

Notwithstanding the foregoing:

- a. In the section titled “Financial Statements” on page 108 of this Offer Document, defined terms shall have the meaning given to such terms in that section.
- b. In the section titled “Main Provisions of the Articles of Association of the Company” on page 208 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of the Company.

## **PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA**

Unless stated otherwise, the financial information used in this Draft Red Herring Prospectus is derived from the Company's restated financial statements as of and for the year ended March 31, 2009, 2008, 2007, 2006, and 2005 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI ICDR Regulations as stated in the report of the statutory Auditors.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2009), are to the fiscal year ended March 31 of a particular year.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

All references to 'Rupees' or 'Rs.' are to Indian Rupees, the official currency of the Republic of India. One crore is the unit in the Indian numbering system representing 10 million or 100 lac and one lac is the unit in the Indian numbering system representing 100,000; thus, for example, Rs. 10 crore equals Rs. 100 million. All references to '\$', 'US\$' or 'U.S. Dollars' are to United States Dollars, the official currency of the United States of America.

Market data used in this Draft Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

## FORWARD-LOOKING STATEMENTS AND MARKET DATA

We have included statements in this Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- The Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet its capital expenditure requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” “Company Summary” and “Management’s Discussion and Analysis” beginning on pages xi, 3 and 143 of this Draft Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Book Running Lead Manager, nor any of its respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## SECTION I - RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Company's Equity Shares. If any of the following risks occur, the business of the Company, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.*

### LITIGATIONS

**We are a party to certain legal proceedings that, if decided against us, could have an effect on our reputation, business prospects and results of operations. Summary classification of these legal and other proceedings instituted against/by our Company/subsidiary/group companies/Director are given as follows.**

Outstanding Litigations/disputes/cases pending against the Company/ Promoters / Directors and Subsidiaries/ Group companies

#### ***I. Litigations against the Company***

The Company is involved in certain legal proceedings, incidental to its business and operations, which if determined against the Company. The Summary of the litigations is as follows:

<b>Sr. No</b>	<b>Particulars</b>	<b>No. of cases/disputes</b>	<b>Approx. amount involved where quantifiable (Rs. in lacs)</b>
1.	Department of Revenue Intelligence	1	10.50
2.	Labour dispute	1	1.40

#### ***II. Litigations against the Promoters/Directors***

<b>Sr. No</b>	<b>Particulars</b>	<b>No. of cases/disputes</b>	<b>Approx. amount involved where quantifiable (Rs. in lacs)</b>
1.	Criminal Proceedings relating to vehicle accident case	1	Not Quantifiable

#### ***III. Litigations pending against Group Companies and Subsidiaries***

There are some litigations pending against the Group Companies and Subsidiaries of the Company.

<b>Sr. No</b>	<b>Particulars</b>	<b>No. of cases/disputes</b>	<b>Approx. amount involved where quantifiable (Rs. in lacs)</b>
1.	Department of Revenue Intelligence	1	0.01
2.	Labour Cases	3	8.99

For more information please refer to "legal and regulatory information" on page no. 149 of this Draft Red Herring Prospectus

## **PROJECT RELATED RISK FACTORS**

- 1. The implementation of the project is at a very preliminary stage. Any delay in implementation of the same may increase the capital cost and also affect returns from the project.**

We are in the process of enhancing our capacities through the proposed expansion. Same is being implemented partly on the land available on adjacent location. We have estimated the cost and drawn the implementation schedule based on our experience. Presently, the implementation is at a preliminary stage. Any delay in implementation of the same will increase the capital cost and also affect the realisation of returns from the project.

- 2. We have identified the land for Jaipur unit but are yet to enter into material agreement in regard to same. Our Company may use the issue proceeds amounting to Rs.225 lacs for purchase of land from group Company. Further, we have not identified land for our Maharashtra unit.**

We are proposing to set up new manufacturing facility at Jaipur and the total land required for the proposed unit is 10,000 sq meters which may be purchased from our group company namely Jalousies (India) Pvt. Ltd. amounting to. Rs.225.00 lacs. Further, our Company would be spending a Rs.125.00 lacs for purchase of land at Wada, Maharashtra. Economic upturn in the real estate prices may compel us to invest higher amount for purchase of land or compel us to identify new location which may lead to delay and overrun of total estimated project cost at the desired locations.

- 3. Our Project is not appraised by any Bank or Financial Institution.**

The proposed project for which the funds are being raised has not been appraised by any Bank or Financial Institution and the fund requirements are based primarily on Management estimates. There is no guarantee that our estimates will prove to be accurate and any significant deviation in the project cost could adversely impact our operations and sustainability.

- 4. Our Company is in the process of exploring overseas location for set up of new project.**

Our Company has identified potential countries for setting up of new project in Australia, Belarus, Chile and Mexico which shall be funded through the issue proceeds. The Company is still under process to finalize the locations for the same. Any delay in identifying and finalizing these locations shall result in cost over run or identification of new locations at a cost higher than the estimated by the Management. Further, we may need certain approvals from regulatory authority in India and/or from regulatory authorities at the respective countries where we propose to set up new projects.

- 5. Our requirement of working capital based on financial year ended on March 31, 2009 is yet to be assessed. Further, the expansion plans would require additional sanctions of working capital limits by banks.**

Our Company is in discussion for sanctions of additional working capital limits based on financials of March 31, 2009. Our Company would require additional sanctions in view of expansions and growth plans being proposed. Delay in sanctions from the banks may result in having an adverse effect on our operations.

- 6. We have not placed orders for the machineries and other equipments proposed to be purchased by us as a part of the expansion/new facilities at Jaipur and Maharashtra. We may face time and cost overruns in relation to the same.**

We shall be utilizing the issue proceeds for purchase of plant and machinery as stated in the objects of issue (please refer to the objects of the issue for details commencing from page no.26). We have obtained quotations for machinery and other equipments but not yet entered into any definite

agreements or placed orders for machinery and other equipments required for Jaipur and Maharashtra unit. We are subject to the risks on account of inflation in the price of machinery and other equipment that we require for the project. Further, in respect of the machinery/ equipment/ other project related services that we propose to import/procure from overseas, we may be subject to the risks arising out of currency rate fluctuations. These factors may increase the overall cost of our project and have an adverse effect on our business and results of operations.

**7. We have not appointed any independent agency for monitoring of utilization of issue proceeds and the same shall be deployed entirely by us.**

Our senior management and audit committee shall be the responsible to monitor the utilization of issue proceeds. We are not appointing nor intend to appoint any independent agency who shall be responsible for this activity. But we shall be disclosing the amount utilized in every quarter as part of compliance requirement as per the Listing agreement with the Stock Exchanges.

**INTERNAL RISK FACTORS**

**8. Contingent liabilities not provided which if materialize may have an adverse effect on our financial condition and future financial performance**

The details of contingent liabilities not provided for as per the audited accounts for the Financial Year March 31, 2009 are as follows:

Particulars	Amount (Rs. in Lacs)
Letter of credit	165.59
Bank Guarantees to custom authorities for import of raw material against Advance Licenses	25.95
Bank Guarantees to Excise authorities	1.25
<b>TOTAL</b>	<b>192.79</b>

In the event such contingent liabilities materialize it may have an adverse effect on our financial condition and future financial performance.

**9. The company has experienced negative cash flow from operations and from financing activities. Any negative cash flows in future could affect the results of operations and financial conditions.**

For the financial years March 31, 2005, 2007 and 2008, the company had a negative cash flow from operations to the tune of Rs.0.33 lacs, Rs.51.77 lacs, and Rs. 35.82 Lacs respectively and for the financial year March 31, 2006 and 2009 the company had negative cash flow from financing activities to the tune of Rs. 35.92 lacs and Rs. 419.06 lacs respectively. Any negative cash flows in future could affect the results of operations and financial conditions.

**10. We have been under utilizing our capacity for last three years**

In last three years our Company has under utilized the installed capacity for various products. We cannot assure that our Company will be able to increase its capacity utilization as compared to the previous years.

**Management Proposal**

The installed capacity in our Company is related to the capacity of kettles installed at our manufacturing facility. The capacity is first utilized to blend the composition of elements which are present as impurities in the raw materials procured by us. Once the raw material is blended with known compositions of impure elements they can be easily used to produce different forms of lead. The process

of removing the impurities from the raw material and further batching it utilizes part of the capacities of the manufacturing unit. These are not reflected while we roll out the finished products in different forms and hence it is difficult to relate the production figures with the actual utilization of our capacities. Further, since we produce a wide range of products in lead we have built special capacities for certain alloys and oxides which are high end value added products.

**11. Our inability to retain the top management personnel may affect the Company's performance.**

The success and growth of our company is largely contributed by our senior management personnel in the past and shall highly depend upon their continued services. Any loss of existing human capital or inability to attract and retain new senior management personnel in future may have an adverse impact on the operations and financials of the Company.

**12. Restrictive Covenants**

There are no restrictive covenants in the agreements with the Banks/ Institutions from whom we have borrowed, which among other things require the Company to obtain prior permission from them for change in Management, declaring dividend and undertaking of new project etc. which may limit Company's discretion in these matters.

**Management Proposal**

These covenants are general in nature and are not expected to affect the operations of the company significantly.

**13. We have taken unsecured loans from the Banks, NBFCs and other persons in the normal course of business.**

As on March 31<sup>st</sup>, 2009 we have taken unsecured loan to the extent of Rs.75.22 lacs from various banks and other lenders which maybe recalled by the lenders at any moment of time.

**14. Any major break down at our plant may stop the operations of the company till the same is made functional.**

Our company being a manufacturing Company is totally dependent on its efficient functioning of plant and machinery for manufacturing the products. Any technical or operational failure of our plant and machinery shall impact our production for such time period till the time it is functional. Any instance of the said nature occurring in the company would directly impact the operational cost and financials of the company.

**15. Non-availability or limited availability of raw materials or other utilities may lead to disruption in the production schedule of the company.**

Our Company is exposed to possible unpredictability in the supply of raw materials as we import scrap metal from other countries due to price benefit as compared to India. Any market related adverse movement in the supply of raw material or/and any regulatory impact on import of raw material may lead to disruption in the production schedule. Lack of availability of other resources such as water, skilled manpower, etc. may also affect the operations and the profitability of the Company.

**16. If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.**

We may from time to time, require certain approvals, licenses, registrations and permissions for undertaking our business for which we may be required to make applications in the future. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected. For further details please see section titled "Our Business "and



“Government/ Statutory and Business Approvals” beginning on page no. 55 and page no. 154 of this Draft Red Herring Prospectus.

- 17. One of our group Company i.e. Gravita Georgia Limited is engaged in the similar lines of business and may result in conflict of interest with our existing business.**

**Management Proposal:** We are in the process of consolidating our holding in Gravita Georgia Limited to make it our subsidiary.

- 18. We have a promoter group company and a subsidiary which have made loss in the financial year 2006-07 and 2007-08 respectively**

Our promoter group company Gravita Impex Private Limited has made a loss of Rs. 0.03 lacs for the financial year 2006-07. Further, our subsidiary company Pagrik Senegal SA has made a loss of CFA 38.62 lacs (1 CFA = Rs. 0.1078 as on September 21, 2009) for the financial year 2007-08.

## **EXTERNAL RISK FACTORS**

- 19. Impact of currency fluctuation**

Having a global presence with import and export trade, we are subject to currency rate fluctuation volatility. Any change in the currency rates may have an impact on the financials of the Company which may result into gain or losses. Though we have adopted hedging technique in past to insulate us from the movement in currency rates it cannot be assured that we shall be effectively managing the same in future.

- 20. Changes in price of Lead metal on London Metal Exchange**

In last one year the commodity market has seen a wild swing of lead price movement in a range of \$880 to \$2447 per MT. The competitive pricing of our products are gauged from the industry prices and the price stated on the London Metal Exchange. Any downturn in the prices on the Exchange may put pressure on our pricing of export products and shall impact financials of the Company.

- 21. Lead industry is one of the health hazardous industries and is governed by strict environmental laws and regulations which may become more stringent in times ahead. Any non-compliance of these laws and regulations could affect the business of company.**

The scope and extent of new environment regulations including their effect on operations of the company cannot be predicted with certainty. The company may require incurring of significant expenses to comply with things like environment monitoring, emission norms etc. Any non compliance of norms and regulations or delay in compliance of the same may affect the future expansion plans. Our company may even be imposed penalty by the approved authority which would have adverse impact on the company's balance sheet.

- 22. The costs of compliance with environmental laws are expected to be significant, and the failure to comply with new environmental laws could adversely affect our results of operations.**

Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental, or pollution regulations, the company may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipment and emissions management. The company may also be required to bear additional expenditure for the establishment of additional infrastructure, such as laboratory facilities for monitoring pollution impact and effluent discharge. Such additional costs may adversely affect our results of operations.

- 23. A slowdown in economic growth in India could materially and adversely affect the Company's results of operations and financial condition**

The Company's performance and the quality and growth of its business are dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India during the 1990s and 2008-09. The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of rainfall during the monsoon season and is therefore difficult to predict. Any future slowdown in the Indian economy could harm the Company's results of operations and financial condition.

**24. Changes in Indian Government policies could adversely affect economic conditions in India, and thereby adversely impact the Company's results of operations and financial condition**

The Company and the market price and liquidity of the equity shares, may be affected by Indian Government's policy changes in India. For example, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and the Company in particular. The Indian Government has in recent years sought to implement economic reforms, and the current Indian Government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Indian Governments. However, the roles of the Indian Government and the State Governments in the Indian economy as producers, consumers and regulators have remained significant and there can be no assurance that liberalization policies will continue in the future. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India generally and the Company's results of operations and financial condition in particular.

**25. Global economic, political and social conditions may harm the ability of the Company to do business, increase its costs and negatively affect the stock price.**

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain the ability of the Company to do business, increase its costs and negatively affect the Company's stock price. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain its ability to do business, increase its costs and negatively affect the stock price of our Company.

**26. Natural calamities could have a negative impact on the Indian economy and cause the business to suffer.**

India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect our business and the market price of our Equity Shares.

**27. Price of our equity shares may be volatile or an active trading market for its equity shares may not develop.**

Price of our equity shares on the Stock Exchanges may fluctuate as a result of several factors including:

- Volatility in Indian and global securities market;
- The results of operations and performance of our Company;
- Performance of the competitors;
- Adverse media reports, if any, on the Company or the Metal Industry;
- Changes in the estimates of the performance or recommendations by financial analysts on our Company;
- Significant development in India's economic liberalization and de-regulation policies; and
- Significant development in India's Fiscal and environmental regulations.

We cannot assure you that an active trading market for company's equity shares will develop or be sustained after this Issue or the price at which the Equity Shares of our Company are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

## Notes

1. The net worth of Gravita as per its restated financial statement as at 31<sup>st</sup> March 2009 is Rs. 724.37 lacs
2. Book value per equity share of the Company as per its restated financial statement as at 31<sup>st</sup> March 2009 is Rs. 28.60.
3. The average cost of acquisition of the equity Shares of face value Rs.10/- by the Promoters is Rs. 6.66 per equity share.
4. Investors are advised to refer the paragraph on "Basis for Issue Price" on page 38 of this Draft Red Herring Prospectus before making an investment in the Issue.
5. Except as mentioned in the sections titled "Capital Structure" beginning on page 18 of this Draft Red Herring Prospectus, we have not issued any Equity Shares in the last twelve months.
6. Our Promoters have not undertaken transaction in the Equity Shares of the company six months prior to filing the Draft Red Herring Prospectus with SEBI.
7. For interest of promoters/directors, please refer to the section titled "Our Promoters" beginning on page no. 99 of this Draft Red Herring Prospectus.
8. For details on Related Party Transactions refer to the section titled "Related Party Transactions" on page 127 of this Draft Red Herring Prospectus.
9. Investors are free to contact the BRLM for any complaints, clarification or information pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this Draft Red Herring Prospectus.
10. All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
11. In addition to the BRLM, the Company shall be obliged to update the Offer Document and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.

## SECTION II - INTRODUCTION

### SUMMARY OF THE INDUSTRY AND BUSINESS OF THE COMPANY

#### INDUSTRY OVERVIEW

##### Historical Background

Lead has been extracted and used since the earliest periods of history. The oldest known lead article is a metal figure, found in Egypt, believed to date from 4000BC. Other finds from ancient periods have been principally statuettes and figures.

Though lead was well known, the amount used was very small until the time of the Roman Empire. Earlier, it appears that lead was often an unwanted byproduct of silver extraction (as the two metals frequently occur together). Being neither strong nor shiny, lead was much less prized than copper, iron or the precious metals. However, the demand for piped water by the Romans resulted in its large scale use for piping, lining of tanks, aqueducts and so on. Lead and lead rich pewter was also used for domestic articles such as kettles, cooking pots and tableware. Other uses of lead included ornaments, coffins, alloying additions in bronzes used for statues, tankards and some coins; lead tablets were sometimes used for inscriptions; and lead weights. The use of lead for ammunitions has been known since ancient times.

The bright colours of many lead compounds have been exploited since very early times, for paints and pigments; black, white, yellow and red coloured compounds were also widely used as cosmetics. Lead-rich glazes were used on ceramics by the ancient Egyptians and others; leaded glasses were also known in the ancient world, and used because of their ease of melting and strong colours.

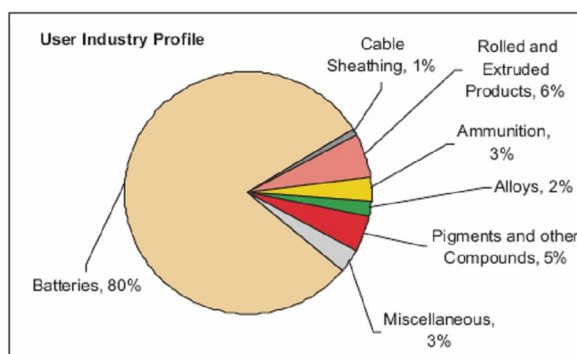
Even though harmful effects of lead were recognised, or at least suspected, lead and its compounds were also considered therapeutic for a variety of ailments, and ointments were believed to work better if stored in lead containers. (Source: [www.ILA.com](http://www.ILA.com))

##### Uses and Applications of Lead

- Lead-acid storage batteries
- Radiation Shielding
- Constructional uses: pipe and sheet
- Pigments and other paint additives
- Additives to PVC Stabilisers
- Glasses and glazes
- Ammunition Purpose
- Cable sheathing
- Wheel Weights
- Lead alloys
- Leaded petrol

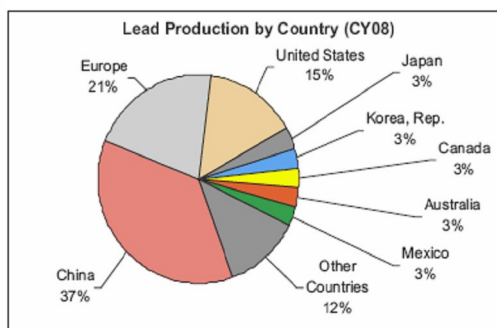
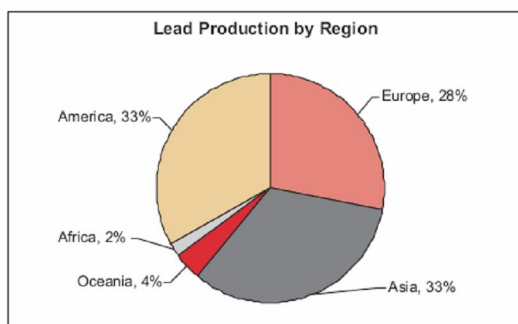
## CONSUMERS OF LEAD

Lead is mainly consumed by the battery industry (mainly automobile batteries), while rolled and extruded products and pigments are the other significant consumers.



## GLOBAL LEAD INDUSTRY OVERVIEW

- Global production of lead has grown from 4mn tonnes in the 1960s, to 6mn tonnes in the 1990s, to around 9mn tonnes p.a. currently.
- Secondary production or recycling is the main source of lead vis-à-vis mining and accounts for almost around 70% of usage worldwide.
- Batteries industry (mainly automobile batteries) is the main consumer of lead, accounting for 80% of total demand. Pigment industry is the next largest consumer of the lead, which consumes 5% of total production.
- Global lead production and consumption grew at a CAGR of 5% and 4.8% respectively during CY03-08. Lead demand exceeded supply in during CY03-07, which reversed in CY08.



## OVERVIEW OF INDIAN LEAD INDUSTRY

1/3<sup>rd</sup> of the lead production in India comes from primary sources like mining and the balance from the secondary sources mainly re cycling. India lacks lead ore reserves and hence it necessitates large scale imports and secondary sources such as recycling. Lead is amongst the most recycled non-ferrous metal. The main input from lead recycling comes from lead acid battery scrap which is a hazardous material. The only primary lead smelter is Hindustan Zinc of the Vendanta Group which contributes to 16% of the total supply in the country while the secondary smelters contribute 22% of lead supply, approximately 30% of supply is contributed by the unorganized sector and the balance is met by imports. The estimated demand of lead is 500,000 tonnes. The demand is expected to grow at a rate of 6% which is being driven due to demand for automobile batteries and invertors and UPS applications.

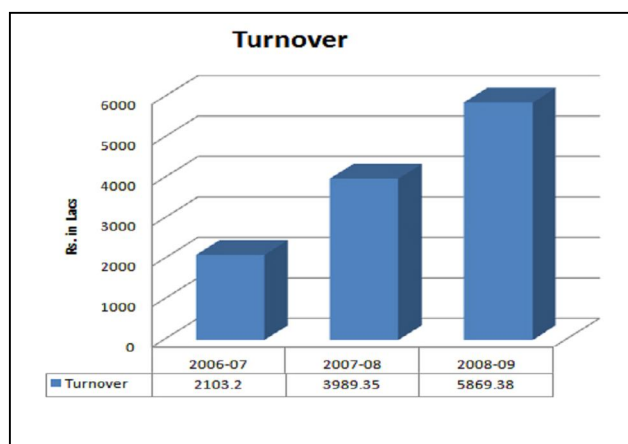
## COMPANY SUMMARY

We are the flagship Company of the Gravita Group which was established in the year 1992 and has manufacturing set up at Jaipur. We are engaged in the business of manufacturing of Lead Metal by Recycling & Smelting process & other lead products. Our Company is promoted by first generation entrepreneurs, Dr. M.P. Agarwal and Mr. Rajat Agrawal. Our Company has a subsidiary Gravita Exim Limited, a company specializing in providing turnkey solutions and consultancy services on engineering and design for the secondary lead companies. Gravita India Limited and Gravita Exim Limited together are able to provide a complete solution right from setting up plants to providing value added lead products in the lead metal market.

We are an ISO 9001:2000 and 14001:2004 certified company and a certified Star Export house under Ministry of Commerce and Industry. We are also affiliated as a member with Federation of Indian Export Organisation, Institute of Scrap Recycling Industries Inc., FICCI, to name a few. Our company has shown consistent growth in past 3 years which proves our market credibility.

We specialize in producing high quality pure lead ingots with minimum purity level of 99.97% by weight. We have a quality control Laboratory consisting of Optical Emission Spectrometer (OES) of Spectro Germany make & Atomic Absorption Spectrometer (AAS) to monitor the purity levels of the product. Our manufacturing operations to produce Pure Lead / Lead Alloys, Lead Oxides (Litharge, Red Lead & Lead Sub-Oxide), are controlled round the clock by experienced Chemists & Quality Control supervisors.

## TURNOVER OF THE GRAVITA INDIA LIMITED FOR LAST THREE YEAR



## PRODUCTS

We manufacture multiple products related to lead which are mainly used in industries like battery, glass, ceramic, pharmaceutical, paint, electronic. Our main products are:

- Pure/ Refined Lead
- Lead Ingots
- Lead Alloys
- Grey Oxide
- Red Lead
- Litharge

## CAPACITY DETAILS

The installed capacity in our Company is related to the capacity of kettles installed at our manufacturing facility. The capacity is first utilized to blend the composition of elements which are present as impurities in the raw materials procured by us. Once the raw material is blended with known compositions of impure

elements they can be easily used to produce different forms of lead. The process of removing the impurities from the raw material and further batching it utilizes part of the capacities of the manufacturing unit. These are not reflected while we roll out the finished products in different forms and hence it is difficult to relate the production figures with the actual utilization of our capacities. Further, since we produce a wide range of products in lead we have built special capacities for certain alloys and oxides which are high end value added products. The table below shows the installed capacity of our Company which overlaps in case of certain products such as remelted lead, refined lead/lead alloy. We have considered these overlapping while calculating the capacity utilization.

Our Company undertakes job work for manufacturing certain lead products which form a part of the capacity utilized.

Particulars	Capacity	FY 2007	FY 2008	FY 2009
UnRefined Lead/ Remelted Lead	Installed (Mt. Tone Per Annum)	6000.00	6000.00	6000.00
	Utilized (Mt. Tone Per Annum)	162.11	34.40	389.49
	% of Utilization	2.70	0.60	6.49
Refined Lead/ Lead Alloy	Installed (Mt. Tone Per Annum)	12,600.00	12,600.00	12,600.00
	Utilized (Mt. Tone Per Annum)	3629.46	3852.91	5164.24
	% of Utilization	28.81	30.58	40.99
Grey Oxide	Installed (Mt. Tone Per Annum)	1800.00	1800.00	1800.00
	Utilized (Mt. Tone Per Annum)	192.15	318.17	568.76
	% of Utilization	10.68	17.68	31.60
Red Lead	Installed (Mt. Tone Per Annum)	1800.00	1800.00	1800.00
	Utilized (Mt. Tone Per Annum)	9.33	32.85	6.50
	% of Utilization	0.52	1.83	0.36
Litharge	Installed (Mt. Tone Per Annum)	1800.00	1800.00	1800.00
	Utilized (Mt. Tone Per Annum)	76.35	121.94	35.45
	% of Utilization	4.24	6.77	1.97

## COMPETITIVE STRENGTHS

Gravita is an established manufacturer of a wide range of lead products. Our competitive strengths are;

1. **Presence in Global Market:** Besides having manufacturing facility in India, the Company has successfully established subsidiaries and interests in Ghana, Senegal, Mozambique, Sri Lanka, Saudi Arabia, Zambia and Ethiopia. These cover the continents of Africa, Asia and GCC. Its global presence helps to cater multi location demand and creates brand awareness in different countries.
2. **Access to raw material world wide:** The global presence with an established base in different parts of the world gives the Company access to the local raw materials in the respective countries at competitive freight cost.
3. **Environment friendly:** We are ISO 14001:2004 certified Company confirming our environment friendly recycling operations as per international standards. We are a registered manufacturer under Ministry of

Environment and Forest for lead processing and recycling. The Company lays a lot of stress on recycling and continuing to deploy environment friendly technology.

4. **Versatile product mix:** We have a wide spectrum of products in the lead metal industry starting from the basic product as remelted lead ingot from battery recycling to high end value products such as pure lead, lead alloys, litharge, red lead, lead sub oxides, powder, sheets etc. Our manufacturing operations conform to ISO 9001:2000.
5. **Strong Brand Name:** We have built a strong brand name of quality products through our manufacturing and marketing presence in different parts of the world. Our products are widely accepted and conform to all technical specifications prevailing in the international market. We also participate in all major conferences relating to lead industry worldwide.
6. **Relationship with customers:** We have built robust relationship and confidence with customers through our ability to provide them the entire range of lead products with quality control checks globally. We have been awarded as "Star Export House" by the Government of India.
7. **Strong management Team:** The promoter and the senior management team of the Company have substantial experience in the metal industry and have been instrumental in the consistent growth of the Company. The management team has also wide knowledge of global lead markets having established operations globally.
8. **Complete solution under single roof:** We are one of the few players with a global presence offering a complete solution right from setting up of turnkey plants (through our subsidiary Gravita Exim Limited) to manufacturing the wide range of lead products. Our ability to source raw materials and market our products in different parts of the world gives us a cutting edge in the lead industry.

#### **Competition**

Some of our domestic competitors are Nile Limited, Metrade India Limited, Leadage Alloys India Limited, Chloride Metals Ltd., Pondy Oxides and Chemicals Limited. We also face competition in overseas market from different players like Eco-bat Limited, RSR Technologies Inc., Texas, USA, Frys Metal S.A. and other players operating in the same line of business.



## THE ISSUE

<b>Public Issue aggregating to Rs. [●] lacs:</b>	
<b>Equity Shares offered</b>	40,00,000 Equity Shares of Rs.10/- each aggregating Rs. [●] lacs
<b>Employee Reservation Portion for eligible employees</b>	50,000 Equity Shares of Rs.10/- each aggregating Rs. [●] lacs
<b>Net issue to the Public</b>	39,50,000 Equity Shares of Rs.10/- each aggregating Rs. [●] lacs
<b>Of which:</b>	
<b>QIB Portion:</b>	At least 19,75,000 Equity Shares aggregating Rs. [●] lacs, constituting at least 50% of the Net Issue will be available for allocation to Qualified Institutional Buyers on a proportionate basis. 5% of the QIB Portion, constituting 98,750 Equity Shares shall be available for allocation on proportionate basis to Mutual Funds only, and the balance QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds. If at least 50% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded.
<b>Non- Institutional Portion<sup>(1)</sup>:</b>	5,92,500 Equity Shares of Rs.10/- each aggregating Rs. [●] Lacs, constituting upto 15% of the Issue that will be available for allocation on proportionate basis to Non-Institutional Bidders.
<b>Retail Portion<sup>(1)</sup>:</b>	13,82,500 Equity Shares of Rs.10/- each aggregating Rs. [●] Lacs constituting upto 35% of the Issue that will be available for allocation on proportionate basis to Retail Individual Bidders.
<b>Equity Shares outstanding prior to the Issue:</b>	1,00,20,000 Equity Shares of Rs. 10/- each
<b>Equity Shares outstanding post the Issue:</b>	1,40,20,000 Equity Shares of Rs. 10/- each
<b>Use of Proceeds</b>	Please refer to chapter titled "Objects of the Issue" on page no. 26 of this Draft Red Herring Prospectus for additional information.

<sup>(1)</sup>Under-subscription, if any, in any of the above categories would be allowed to be met with spillover interest from any other categories, at the sole discretion of the Company and BRLM.

## SUMMARY OF FINANCIAL DATA

The following table sets forth selected financial information derived from our financials for the financial years ended March 31, 2005, 2006, 2007, 2008 and 2009, which are in line with the audited financial statements. These financials have been prepared in accordance with the requirements of the Companies Act and the SEBI ICDR, Regulations, 2009, along with the related clarifications issued by SEBI, for the purpose of disclosure in this Draft Red Herring Prospectus. The Company's financial statements and the information regarding the basis of preparation are set out in the section titled 'Financial Statements' on page no. 108 of this Draft Red Herring Prospectus.

## STATEMENT OF RESTATED ASSETS AND LIABILITIES - STANDALONE

(Rs. in lacs)

Sr. No.	PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
		2009	2008	2007	2006	2005
A.	Fixed Assets:					
	Gross Block	477.89	417.32	336.09	227.61	181.51
	Less: Depreciation	127.34	100.87	81.83	68.60	61.24
	Net Block	350.55	316.45	254.26	159.01	120.27
B.	Investments	356.90	182.28	11.26	0.03	0.03
C.	Current Assets, Loans and Advances:					
	Inventories	554.60	244.34	201.71	116.07	0.00
	Sundry Debtors	354.37	693.20	462.25	186.60	0.58
	Cash And Bank Balances	169.06	79.16	16.05	8.35	0.09
	Loans and Advances	227.93	193.64	68.00	40.84	0.20
	Total	1305.96	1210.34	748.01	351.86	0.87
D.	Liabilities and Provisions:					
	Secured Loans	151.95	260.85	0.00	0.00	229.77
	Unsecured Loans	75.22	278.10	47.90	2.64	2.64
	Deferred Tax Liability	45.63	40.67	35.31	42.27	27.80
	Current Liabilities & Provisions	1016.24	629.67	533.12	443.54	7.50
	Total	1289.04	1209.29	616.33	488.45	267.71
E.	<b>Net Worth</b>	<b>724.37</b>	<b>499.79</b>	<b>397.20</b>	<b>22.45</b>	<b>(146.54)</b>
F.	Represented By					
	1. Share Capital	253.28	253.28	365.75	213.75	158.40
	2. Reserves	471.09	246.51	31.45	13.70	13.70
	Total	724.37	499.79	397.20	227.45	172.10
G	Misc. Expenditure to the extent not written off or adjusted					
	Debit Balance of Profit & Loss Account	0.00	0.00	0.00	205.00	318.64
H	<b>Net Worth (F-G)</b>	<b>724.37</b>	<b>499.79</b>	<b>397.20</b>	<b>22.45</b>	<b>(146.54)</b>

## STATEMENT OF RESTATED PROFITS AND LOSSES – STANDALONE

(Rs. in lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Income</b>					
Of Products manufactured by the company	3,277.76	4,075.47	1,892.11	206.98	0.00
of Products traded in by the company	2,878.32	295.07	358.75	45.28	0.00
Less: Excise duty recovered on sales	286.70	381.20	147.66	12.78	0.00
Other Income	85.71	38.32	13.42	141.40	0.00
Increase (Decrease) in Inventories	(3.04)	(36.04)	79.67	12.64	(27.28)
<b>Total</b>	<b>5,952.05</b>	<b>3,991.62</b>	<b>2,196.29</b>	<b>393.52</b>	<b>(27.28)</b>
Expenditure:					
Material Cost	5,111.98	3,310.40	1,773.57	228.63	0.00
Factory Overhead and Manufacturing expenses	57.08	69.67	69.47	16.34	0.00
Administration expenses	89.52	96.54	19.49	3.25	0.11
Staff Costs	130.90	73.49	12.94	3.88	0.24
Selling and Distribution Expenses	68.13	55.64	57.41	4.30	0.00
<b>Total</b>	<b>5,457.61</b>	<b>3,605.75</b>	<b>1,932.88</b>	<b>256.42</b>	<b>0.35</b>
<b>Earning Before Depreciation Interest &amp; Tax</b>	<b>494.44</b>	<b>385.87</b>	<b>263.41</b>	<b>137.10</b>	<b>(27.63)</b>
Less: Depreciation	26.47	19.04	13.23	7.64	7.74
Less :- Interest paid	110.88	37.71	19.05	1.28	0.00
<b>Net Profit before tax and extraordinary items</b>	<b>357.09</b>	<b>329.12</b>	<b>231.13</b>	<b>128.18</b>	<b>(35.37)</b>
Taxation:					
Less: Current Tax ( Income Tax)	123.90	107.03	15.02	0.00	0.00
Less: Deferred tax	4.97	5.36	(6.97)	14.47	(0.33)
Less: Fringe Benefit Tax	3.36	1.56	0.33	0.07	0.00
<b>Net Profit after extraordinary Items</b>	<b>224.86</b>	<b>215.17</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Adjustments on Account of Prior period Expenses :-					
Prior Period TDS Receivable	0.00	0.10	0.00	0.00	0.00
Prior Period Expenses	0.28	0.00	0.00	0.00	0.00
<b>Net Profit after Adjustments</b>	<b>224.58</b>	<b>215.07</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Profit B/f From Previous Year	232.81	17.75	(205.00)	(318.64)	(283.59)
<b>Total Profit C/f to Balance Sheet</b>	<b>457.39</b>	<b>232.81</b>	<b>17.75</b>	<b>(205.00)</b>	<b>(318.64)</b>

The above should be read in conjunction with the Significant Accounting Policies with Notes to Accounts given in Annexure IV to the Auditors Report as appearing on page. 113 of this Draft Red Herring Prospectus.

## STATEMENT OF RESTATED ASSETS AND LIABILITIES - CONSOLIDATED

(Rs. in Lacs)

Sr. No.	PARTICULARS	AS AT 31 <sup>st</sup> MARCH				
		2009	2008	2007	2006	2005
<b>A.</b>	<b>Fixed Assets</b>					
	Gross Block	1,284.70	553.06	336.09	227.61	181.51
	Less: Depreciation	202.35	107.62	81.83	68.60	61.24
	Net Block	1,082.35	445.44	254.26	159.01	120.27
	Capital Work in Progress	168.99	266.16	-	-	-
	<b>Total</b>	1,251.34	711.60	254.26	159.01	120.27
<b>B.</b>	<b>Investments</b>	117.08	43.06	11.26	0.03	0.03
	Foreign Exchange Translation Reserve	41.62	10.87	-	-	-
<b>C.</b>	<b>Current Assets, Loans and Advances</b>					
	Inventories	1,131.14	1,002.89	201.71	116.07	-
	Sundry Debtors	545.31	693.20	462.25	186.60	0.58
	Cash and Bank Balances	279.11	92.77	16.05	8.35	0.09
	Loans and Advances	413.59	259.35	68.00	40.84	0.20
	<b>Total</b>	2,369.15	2,048.20	748.01	351.86	0.87
<b>D.</b>	<b>Liabilities and Provisions:</b>					
	Secured Loans	161.32	427.76	-	-	229.77
	Unsecured Loans	240.88	111.18	47.90	2.64	2.64
	Current Liabilities and provisions	1,930.18	1,621.88	533.12	443.54	7.50
	Deferred Tax Liability	58.72	40.67	35.30	42.27	27.80
	Minority Interest	382.97	123.79	-	-	-
	<b>Total</b>	2,774.07	2,325.28	616.32	488.45	267.71
<b>E.</b>	<b>Net Worth (A+B+C-D)</b>	<b>1,005.12</b>	<b>488.45</b>	<b>397.20</b>	<b>22.45</b>	<b>(146.54)</b>
<b>F.</b>	<b>Represented by</b>	-				
	Share Capital	253.28	253.28	365.76	213.75	158.40
	Reserves :	-	-	-	-	-
	Capital Reserve :-					
	Opening Reserves	42.52	42.52	13.70	13.70	13.70
	Add :- Current year transfer	84.11	-	-	-	-
	Add :- Capital profit from consolidation of subsidiary	98.11	-	-	-	-
	Profit and Loss	570.48	231.76	17.74	-	-
	<b>Total</b>	1,048.49	527.56	397.20	227.45	172.10
<b>G.</b>	Misc. Expenditure to the extent not written off or adjusted	43.37	39.11	-	-	-
	Debit Balance of Profit & Loss Account	-	-	-	205.00	318.64
<b>H.</b>	<b>Net Worth (F-G)</b>	<b>1,005.12</b>	<b>488.45</b>	<b>397.20</b>	<b>22.45</b>	<b>(146.54)</b>

## STATEMENT OF RESTATED PROFIT AND LOSS - CONSOLIDATED

(Rs. in Lacs)

Particulars	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Sales:</b>					
Of Products manufactured by the company	6,668.88	4,669.93	1,892.11	206.98	-
of Products traded in by the company	4,727.77	311.47	358.75	45.28	-
Less: Excise duty recovered on sales	286.70	381.20	147.66	12.78	-
Other Income	119.66	47.04	13.42	141.40	-
Increase / (Decrease) in Inventories	(331.02)	270.17	79.67	12.65	(27.28)
<b>Total</b>	<b>10,898.59</b>	<b>4,917.41</b>	<b>2,196.29</b>	<b>393.52</b>	<b>(27.28)</b>
<b>Expenditure</b>					
Raw Materials Consumed	8,362.68	4,013.06	1,773.57	228.64	-
Staff Costs	340.11	88.47	12.94	3.88	0.24
Other Manufacturing Expenses	356.22	147.44	69.47	16.34	-
Administration Expenses	367.22	135.44	19.49	3.26	0.11
Selling & Distribution Expenses	516.29	90.53	57.41	4.30	-
Exchange Loss (Gain) on translation	(2.35)	-	-	-	-
<b>Total</b>	<b>9,940.17</b>	<b>4,474.94</b>	<b>1,932.88</b>	<b>256.42</b>	<b>0.35</b>
<b>Earning Before Depreciation Interest &amp; Tax</b>	<b>958.42</b>	<b>442.48</b>	<b>263.41</b>	<b>137.10</b>	<b>(27.63)</b>
Less: Depreciation	67.93	25.79	13.23	7.64	7.74
Less : Interest	167.32	40.89	19.05	1.28	-
<b>Net Profit before tax and Extraordinary items</b>	<b>723.18</b>	<b>375.80</b>	<b>231.13</b>	<b>128.18</b>	<b>(35.37)</b>
Taxation:	-	-	-	-	-
:- Current tax	167.96	108.59	15.35	0.07	-
:- Deferred Tax	12.87	5.36	(6.97)	14.47	(0.33)
<b>Net Profit before Extraordinary Items</b>	<b>542.35</b>	<b>261.85</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Extraordinary items	-	-	-	-	-
<b>Net Profit after extraordinary Items</b>	<b>542.35</b>	<b>261.85</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Adjustments on Account of Prior period Expenses	0.39	0.10	-	-	-
<b>Adjusted Profit</b>	<b>541.96</b>	<b>261.75</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Minority Share in Profit/(Loss)	119.13	18.91	-	-	-
Transfer to Profit & Loss	338.72	214.02	222.75	113.64	(35.05)
Transfer to Capital Reserve	84.11	28.82	-	-	-

## GENERAL INFORMATION

### INCORPORATION

Our Company was originally incorporated as M/s. Weldtech Private Limited on August 4, 1992 under the Companies Act, 1956 vide certificate of incorporation issued by Registrar of Companies, Rajasthan, Jaipur. The name of the Company was changed to M/s. Gravita India Private Limited with effect from August 2, 1996 and a fresh certificate of incorporation was obtained from Registrar of Companies, Rajasthan, Jaipur. Subsequently the name was changed to M/s. Gravita India Limited upon conversion into public limited company and a fresh certificate of incorporation was obtained on August 13, 1996.

### ADDRESS OF THE COMPANY

<b>Registered Office &amp; Works</b>	Saurabh, Chittora Road, Harsulia Moad, Deegi – Malpura Road, Tehsil – Phagi, Jaipur – 303 904, Rajasthan, India; <b>Tel.:</b> +91-9928070682, <b>Fax :</b> +91-141-2621491; <b>Website:</b> www.gravitaindia.com
<b>Corporate Office:</b>	402, Rajputana Tower, A-27-B, Shanti Path, Tilak Nagar, Jaipur-302004, Rajasthan, India; <b>Tel.:</b> +91-141-2623266, <b>Fax :</b> +91-141-2621491
<b>CIN No.</b>	U29308RJ1992PLC006870
<b>PAN No.</b>	AAACG6753F
<b>Contact Person:</b>	Ms. Priyanka Khandelwal – Company Secretary and Compliance Officer
<b>Registrar of Companies</b>	132, Vijay Nagar, Kartarpura, Jaipur - 302006

### BOARD OF DIRECTORS

Our Board of Directors comprises of the following:

Sr. No	Name of the director	Designation	Status	DIN
1	Dr. Mahaveer Prasad Agarwal	Chairman	Non Executive and Non – Independent	00188179
2	Mr. Rajat Agrawal	Managing Director	Executive and Non – Independent	00855284
3	Mr. Rajeev Surana	Whole Time Director	Executive and Non – Independent	01374077
4	Mr. Dinesh Kumar Govil	Director	Independent	02402409
5	Mr. Arun Kumar Gupta	Director	Independent	02749451
6	Mr. Rajesh Patni	Director	Independent	02273584

For further details on the Board of Directors of Gravita, please refer to the section titled “Management” beginning on page no. 99 of this Draft Red Herring Prospectus

**ISSUE MANAGEMENT TEAM**

<b>Legal Advisors to the issue</b> <b>Chir Amrit Law Chambers</b> 5th Floor, "The Milestone", Gandhi Nagar Turn, Bapu Nagar, Tonk Road, Jaipur, Rajasthan, India - 302015 <b>Tel.:</b> +91-141-5188011/22/33; <b>Fax:</b> +91-141-5188044 <b>E-mail:</b> sanjay@chiramritlaw.com <b>Website:</b> www.chiramritlaw.com <b>Contact person:</b> Mr. Sanjay Jhanwar	<b>Auditors to the Company</b> <b>Rajvanshi &amp; Associates</b> H-15, Chitrangan Marg, C-Scheme Jaipur-302001 <b>Tel:</b> +91- 141- 2363340/2363341/2363342 <b>Fax :</b> 91-141-2363340 <b>Email :</b> vikasrajvanshi.jaipur@gmail.com <b>Website:</b> www.rajvanshica.com <b>Contact Person :</b> Mr. Vikas Rajvanshi
<b>Book Running Lead Manager to the Issue</b> <b>Keynote Corporate Services Limited</b> 4th Floor Balmer Lawrie Bldg, 5, J.N. Heredia Marg, Ballard Estate, Mumbai – 400 001 <b>Tel:</b> 91-022- 30266000-3 <b>Fax:</b> 91-022- 22694323 <b>Website:</b> www.keynoteindia.net <b>E-mail:</b> mbd@keynoteindia.net <b>SEBI Regn No:</b> INM 000003606 <b>Contact Person:</b> Mr. Girish Sharma	<b>Registrar to the Issue</b> <b>Karvy Computershare Private Limited</b> Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 <b>Tel:</b> 91-040- 23312454 <b>Fax:</b> :91-040 -23311968 <b>Website:</b> www.karvy.com <b>E-mail:</b> gravita.ipo@karvy.com <b>SEBI Regn No:</b> INR 000000221 <b>Contact Person:</b> Mr. M. Murali Krishna
<b>Bankers to the Company</b> <b>Punjab and Sind Bank</b> Station Road, Jaipur <b>Tel :</b> +91-141-2363620 <b>Fax:</b> +919-141-2360057 <b>Website :</b> www.psbindia.com	<b>Axis Bank</b> A-31, " Kanchan Apartments, Tilak Nagar, Jaipur <b>Tel :</b> +91-141- 2621262 <b>Fax:</b> +91-141- 2621718 <b>Website :</b> www.axisbank.com
<b>State Bank of India</b> Anukampa Tower, Church Road, Jaipur <b>Tel :</b> +91-141-2367278 <b>Fax:</b> +91-141-2367656 <b>Website :</b> www.sbi.co.in	<b>ICICI Bank</b> 2nd Floor, C-99, 'Shreeji Towers', Subhash Marg, 'C' Scheme, Jaipur <b>Tel :</b> +91-141-5112501/2087 <b>Fax:</b> +91-141-5109068 <b>Website :</b> www.icicibank.com
<b>Company Secretary and Compliance Officer</b> <b>Ms. Priyanka Khandelwal</b> 402, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar, Jaipur- 302 004 <b>Tel.:</b> +91-141-2623266/2622697 <b>Fax :</b> +91-141- 2621491 <b>Email:</b> companysecretary@gravitaindia.com	

**Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.**

**SYNDICATE MEMBER**

[•]

**BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**

[•]

**SELF CERTIFIED SYNDICATE BANKS**

As on date following banks registered with SEBI for collection of ASBA forms:

1	Allahabad Bank	12	ICICI Bank Limited
2	Andhra Bank	13	IDBI Bank Limited
3	Axis Bank Limited	14	Kotak Mahindra Bank
4	Bank of Baroda	15	Punjab National Bank
5	Bank of India	16	State Bank of Bikaner & Jaipur
6	Bank of Maharashtra	17	State Bank of India
7	Citibank	18	State Bank of Hyderabad
8	Corporation Bank Limited	19	State Bank of Travancore
9	Deutsche Bank	20	State Bank of Travancore
10	HDFC Bank Limited	21	Union Bank of India
11	HSBC Bank	22	Vijaya Bank

For the details of list of controlling banks along with its branches for ASBA please visit the website of SEBI, BSE and NSE at [www.sebi.gov.in](http://www.sebi.gov.in), [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com) respectively

**STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY**

Since Keynote Corporate Services Limited is the sole BRLM to this Issue, Inter-se allocation of responsibility is not applicable.

**CREDIT RATING**

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

**IPO GRADING**

The IPO has been awarded [•]grading by [•] indicating [•].

**TRUSTEES**

As this is an Issue of Equity Shares, the appointment of trustees is not required.

**MONITORING AGENCY**

No agency has been appointed to monitor the utilization of funds.



## APPRAISING AGENCY

The Project has not been appraised by any Bank or Financial Institution.

## BOOK BUILDING PROCESS

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Keynote Corporate Services Limited;
- Registrar to the Issue;
- Self Certified Syndicate Banks
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE are eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Escrow Collection Banks and

The Issue is being made through the 100% Book Building Process where atleast 50% of the Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not more than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

**In accordance with the SEBI ICDR Regulations QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis.** For further details, see section "Terms of the Issue" on page no. 166 of this Draft Red Herring Prospectus.

The Company shall comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

**The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period.

The illustrative book as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42/- in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

#### Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid?" on page no. 172 of this Draft Red Herring Prospectus);
2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see "Issue Procedure – PAN" on page no. 187 of this Draft Red Herring Prospectus); and
4. Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form/ASBA Form;

#### Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

#### Bid/Issue Programme

##### *Bidding Period/Issue Period*

<b>BID/ISSUE OPENS ON</b>	<b>[●]</b>
<b>BID/ISSUE CLOSES ON</b>	<b>[●]</b>

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 PM
2. Bids not uploaded in the book, would be rejected.
3. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.
4. The Standardization of cut-off time for uploading of bids on the Bid/ Issue Closing Date are as follows :
  - a. A standard cut-off time of 3.00 PM for acceptance of bids.
  - b. A standard cut-off time of 4.00 PM for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
  - c. A standard cut-off time of 5.00 PM for uploading of bids received from retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLMs to the Exchange within half an hour of such closure.

Bids will only be accepted during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. Bids will be accepted only on working days i.e. Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI ICDR Regulations. The cap on the Price Band shall not be more than 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

## UNDERWRITING AGREEMENT

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Rajasthan, Jaipur, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with Registrar of Companies, Rajasthan, Jaipur)*

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
[•]	[•]	[•]
[•]	[•]	[•]
<b>Total</b>	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above

mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable regulations.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to "Other Regulatory and Statutory Disclosures" on page no. 156 of this Offer Document.

## CAPITAL STRUCTURE

The share capital of the Company as on the date of filing of this Draft Red Herring Prospectus with SEBI is as set forth below:

Share Capital	Aggregate Value at Nominal Price. (Amount in Rs.)	Aggregate Value at Issue Price (Amount in Rs.)
<b>A. Authorized Capital:</b>  1,50,00,000 Equity Shares of Rs 10. Each	15,00,00,000	
<b>B. Issued, Subscribed and Paid Up Capital before this Issue:</b>  1,00,20,000 Equity Shares of the Face Value of Rs.10 /- each	10,02,00,000	[•]
<b>C. Present Issue in terms of this Draft Red Herring Prospectus:</b>  40,00,000 Equity Shares of the Face Value of Rs.10 /- each	4,00,00,000	[•]
<b>- Of which</b> i) 50,000 Equity Shares are reserved for Employees on competitive basis	5,00,000	[•]
ii) QIB portion of atleast 19,75,000 Equity Shares	1,97,50,000	[•]
iii) Non Institutional Portion not more than 5,92,500 Equity Shares <sup>(1)</sup>	59,25,000	[•]
iv) Retail Portion of not more than 13,82,500 Equity Shares <sup>(1)</sup>	1,38,25,000	[•]
<b>E. Issued, Subscribed and Paid-Up Capital after this Issue</b>  1,40,20,000 Equity Shares of the Face Value of Rs. 10/- each	14,02,00,000	[•]
<b>Securities Premium Account</b>  Before this Issue		Nil
After this Issue		[•]

<sup>(1)</sup>Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.

**Note:** We are considering the private placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such private placement subject to a minimum issue size of 25% of the post issue capital being offered to the public.

Details of increase in the authorized equity share capital, since incorporation, are as follows:

Sr.No.	Details of increase in authorized share capital	Date of Resolution
1	Incorporation Rs.5,00,000 divided into 50,000 Equity Shares of Rs. 10/- each	August 4, 1992
2	Increased to Rs. 10,00,000 divided into 1,00,000 Equity Shares of Rs. 10/- each	November 08, 1994
3	Increased to Rs. 25,00,000 divided into 2,50,000 Equity Shares of Rs. 10/- each	June 17, 1996
4	Increased to Rs. 1,00,00,000 divided into 10,00,000 Equity Shares of Rs. 10/- each	March 08, 1997
5	Increased to Rs. 1,50,00,000 divided into 15,00,000 Equity Shares of Rs. 10/- each	August 26, 1998
6	Increased to Rs. 1,60,00,000 divided into 16,00,000 Equity Shares of Rs. 10/- each	November 29, 1999
7	Increased to Rs. 3,00,00,000 divided into 30,00,000 Equity Shares of Rs. 10/- each	February 3, 2006
8	Increased to Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10/- each	February 20, 2008
9	Increased to Rs. 10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs. 10/- each	July 22, 2009
11	Increased to Rs. 15,00,00,000 divided into 1,50,00,000 Equity Shares of Rs. 10/- each	August 27, 2009

## Notes to capital structure

### 1. Share capital history of the company

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (bonus, swap etc.)	Cumulative Share Capital (no. of shares)
August 04, 1992	40	10.00	10.00	Cash	Subscription to Memorandum of Association	40
March 02, 1993	29,960	10.00	10.00	Cash	Further Allotment	30,000
March 31, 1995	51,000	10.00	10.00	Cash	Further Allotment	81,000

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (bonus, swap etc.)	Cumulative Share Capital (no. of shares)
March 31, 1997	1,61,850	10.00	10.00	Cash	Further Allotment	2,42,850
March 31, 1997	69,000	10.00	10.00	Consideration other than cash	In lieu of consideration for purchase of land at Chittora, Jaipur	3,11,850
March 28, 1998	2,72,150	10.00	10.00	Cash	Further Allotment	5,84,000
November 30, 1999	10,00,000	10.00	10.00	Cash	Further Allotment	15,84,000
March 27, 2007	2,70,000	10.00	10.00	Cash	Further Allotment	18,54,000
March 31, 2008	6,78,750	10.00	10.00	Cash	Further Allotment	25,32,750
September 05, 2009	41,47,250	10.00	10.00	Cash	Further Allotment	66,80,000
September 07, 2009	33,40,000	10.00	10.00	Bonus	Bonus in the ratio 1:2	1,00,20,000

As on date of filing of this Draft Red Herring Prospectus with SEBI, the issued capital is fully paid up.

## 2. Details of Consideration other than cash

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Price (Rs.)	Issued to	Reason for Issue
March 31, 1997	69,000	10.00	10.00	Mrs. Shashi Agarwal	In lieu of consideration for purchase of land at Chittora, Jaipur

## 3. Promoter Contribution and Lock In:

### Capital built up of Promoters

Name of Promoter	Date of Allotment /Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)
Dr. M.P. Agarwal	Initial Subscription	Cash	10	10.00	10.00
	02/03/1993	Cash	11,500	10.00	10.00
	31/03/1995	Cash	23,500	10.00	10.00
	31/03/1997	Cash	18,500	10.00	10.00
	01/10/1999	Transfer	(50,400)	10.00	10.00
	30/11/1999	Cash	7,00,000	10.00	10.00
	27/03/2007	Cash	2,00,000	10.00	10.00
	31/03/2008	Cash	3,00,000	10.00	10.00
	05/09/2009	Cash	6,20,000	10.00	10.00
	07/09/2009	Bonus	9,11,555	10.00	-
	<b>SUB-TOTAL</b>		<b>27,34,665</b>		

Name of Promoter	Date of Allotment /Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)
Mr. Rajat Agrawal	Initial Subscription	Cash	10	10.00	10.00
	02/03/1993	Cash	10,600	10.00	10.00
	31/03/1995	Cash	6,800	10.00	10.00
	31/03/1997	Cash	10,000	10.00	10.00
	28/03/1998	Cash	2,55,800	10.00	10.00
	31/03/2007	Transfer	11,450	10.00	10.00
	24/09/2008	Transfer	1,79,070	10.00	10.00
	31/03/2008	Cash	3,50,000	10.00	10.00
	05/09/2009	Cash	24,25,000	10.00	10.00
	07/09/2009	Bonus	16,24,365	10.00	-
	SUB-TOTAL		48,73,095		
Mr. Rajeev Surana	31/03/1997	Cash	4,000	10.00	10.00
	07/09/2009	Bonus	2,000	10.00	-
	SUB-TOTAL		6,000	-	-
GRAND TOTAL			76.13,760	-	-

#### Details of promoters holding which would be locked in for 3 years

Name of Promoter	Date of Allotment /Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of lock in
Dr. M.P. Agarwal						
	30/11/1999	Cash	7,00,000	10.00	10.00	4.99
	27/03/2007	Cash	2,00,000	10.00	10.00	1.43
	31/03/2008	Cash	3,00,000	10.00	10.00	2.14
	07/09/2009	Bonus	4,64,424	10.00	-	3.31
			<b>16,64,424</b>			<b>11.87</b>
Mr. Rajat Agrawal	Initial Subscription	Cash	10	10.00	10.00	0.00
	02/03/1993	Cash	10,600	10.00	10.00	0.08
	31/03/1995	Cash	6,800	10.00	10.00	0.05
	31/03/1997	Cash	10,000	10.00	10.00	0.07
	28/03/1998	Cash	2,55,800	10.00	10.00	1.82
	31/03/2007	Transfer	11,450	10.00	10.00	0.08
	24/09/2008	Transfer	1,79,070	10.00	10.00	1.28
	31/03/2008	Cash	3,50,000	10.00	10.00	2.50
	07/09/2009	Bonus	3,15,846	10.00	-	2.25
			<b>11,39,576</b>			<b>8.13</b>
<b>GRAND TOTAL</b>			<b>28,04,000</b>			<b>20.00</b>

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.



Shares held by the person other than those offered as part of 20% lock in as mentioned above, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations 2009, and may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan. Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue. Other than those shares those shares that are locked in as promoter's contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue.

4. There are no transactions in the Company's Equity Shares by the Promoter & their relatives or the directors of the Company during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI

5. **The shareholding pattern of the Company before and after the Issue is as follows:**

Shareholder's Category	Pre-Issue		Post-Issue	
	No. of Shares	%age	No. of Shares	%age
<b>a) Promoter</b>				
Dr. M.P.Agarwal	27,34,665	27.29	27,34,665	19.51
Mr. Rajat Agrawal	48,73,095	48.63	48,73,095	34.76
Mr. Rajeev Surana	6,000	0.06	6,000	0.04
<b>b) Immediate Relative of promoters(Spouse, Parent, Child, Brother, Sister)</b>				
Mrs. Shahsi Agarwal	7,34,940	7.34	7,34,940	5.24
Mrs. Anchal Agrawal	16,62,450	16.59	16,62,450	11.86
Mrs. Kavita Surana	2,850	0.03	2,850	0.02
<b>c) Company in which 10% or more of the share Capital is held by the promoter his immediate Relative firm or HUF in which the promoter Or his immediate relative is a member</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

Shareholder's Category	Pre-Issue		Post-Issue	
	No. of Shares	%age	No. of Shares	%age
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital	Nil	Nil	Nil	Nil
e) HUF in which aggregate share of the promoter and his immediate relative is equal or more than 10% or more of the share capital.	Nil	Nil	Nil	Nil
f) Public Holding	6000	0.06	40,06,000	28.57
<b>GRAND TOTAL (a+b+c+d+e+f)</b>	<b>1,00,20,000</b>	<b>100.00</b>	<b>1,40,20,000</b>	<b>100.00</b>

**6. Equity Shares held by the top ten shareholders:**

**6a. Top ten shareholders two years prior to filing this Draft Red Herring Prospectus with SEBI:**

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital
1	Dr. M.P. Agarwal	9,03,110	48.61
2	Mrs. Shashi Agarwal	4,09,960	22.06
3	Mr. Rajat Agrawal	2,94,660	15.86
4	Mrs. Anchal Agrawal	86,050	4.63
5	Mr. Vijendra Singh Tanwar	68,400	3.68
6	Mr. Yogesh Malhotra	52,000	2.80
7	Mrs. Alpana Agarwal	9,400	0.51
8	Mr. Mayank Agarwal	8,500	0.46
8	Mr. Raman Manucha	5,700	0.31
10	Mr. Rajeev Surana	4,000	0.22
	<b>Total</b>	<b>18,41,780</b>	<b>99.13</b>

**6b. Top ten shareholders ten days prior to filing this Draft Red Herring Prospectus with SEBI:**

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital
1	Mr. Rajat Agrawal	48,73,095	48.63
2	Dr. M.P. Agarwal	27,34,665	27.29

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital
3	Mrs. Anchal Agrawal	16,62,450	16.59
4	Mr. Shashi Agrawal	7,34,940	7.34
5	Mr. Rajeev Surana	6,000	0.06
6	Mr. Vijendra Singh Tanwar	6,000	0.06
7	Mrs. Kavita Surana	2,850	0.03
	<b>Total</b>	<b>1,00,20,000</b>	<b>100.00</b>

**6c. Top ten shareholders as on the date of filing this Draft Red Herring Prospectus with SEBI:**

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital
1	Mr. Rajat Agrawal	48,73,095	48.63
2	Dr. M.P. Agrawal	27,34,665	27.29
3	Mrs. Anchal Agrawal	16,62,450	16.59
4	Mr. Shashi Agrawal	7,34,940	7.34
5	Mr. Rajeev Surana	6,000	0.06
6	Mr. Vijendra Singh Tanwar	6,000	0.06
7	Mrs. Kavita Surana	2,850	0.03
	<b>Total</b>	<b>1,00,20,000</b>	<b>100.00</b>

7. Till date our Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.
8. There is no “buy back” and/or “stand by” arrangement for purchase of Equity Shares by our Company, our Promoters, Directors, BRLM for the equity shares offered through this Draft Red Herring Prospectus.
9. Our Company has not raised any bridge loan against the proceeds of the issue.
10. Our company has 7 (seven) Shareholders as on the date of filing this Draft Red Herring Prospectus with SEBI.
11. An over-subscription to the extent of 10% of the net offer to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.
12. A total of 50,000 Equity Shares have been reserved for allocation to the Eligible Employees on competitive basis, subject to valid bids being received at or above the issue price. Employees can also make Bids in the Net Issue to Public and such Bids shall not be treated as multiple Bids.

13. Under-subscription, if any, in the Reservation for Eligible Employees shall be added back to the Net issue. In case of under-subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.
14. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed. However we are considering the pre- IPO placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such pre- IPO placement subject to such minimum issue size of the post issue capital being offered to the public as may be permitted.
15. We presently do not intend or propose to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, if business needs of the Company so require, we may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Draft Red Herring Prospectus or from the date the application moneys are refunded on account of failure.
16. Our Company has not revalued its assets since its incorporation.
17. Our Company has not made any public issue since its incorporation.
18. We undertake that at any given time, there shall be only one denomination for the Equity Shares of the Company and that it shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
19. As on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into the Equity Shares. The shares locked in by the Promoter are not pledged to any party.
20. No payment, direct or indirect, in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who receive firm allotment in the public issue.

## OBJECTS OF THE ISSUE

We intend to utilize the proceeds of the Issue for the following purposes:

1. To set up additional manufacturing facilities at Jaipur and new facility at Wada, Maharashtra in India
2. To invest in overseas ventures at
  - Sri Lanka- Navam Lanka Limited
  - Senegal - Pagrik Senegal SA
  - Honduras - Gravita Honduras SA
3. To invest in setting up manufacturing facilities at Australia, Belarus, Chile and Mexico.
4. To provide margin money for working capital requirement
5. For general corporate purposes
6. To meet the expenses of the issue.
7. To list the equity shares on the Stock Exchanges.

## RATIONALE OF THE OBJECTS

Our Company proposes to set up new facilities to expand product mix at Jaipur and setting up of new facility at Maharashtra. We also propose to consolidate our stake in our Sri Lankan and Senegal venture. In addition we are in the process of investing in a joint venture in Honduras. Our Company also proposes to invest in new locations by setting up manufacturing facilities at Australia, Belarus, Chile and Mexico. Besides this there would be requirement to increase our working capital and meet with general corporate expenses. The expansion plans would result in improvement of operational efficiencies leading to higher margins and will also increase market penetration and volumes.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by our Company through this Issue.

## REQUIREMENT OF FUNDS

The following table summarizes the intended use and the schedule of utilization of the Net Proceeds:

(Rs. In lacs)

Sr no	Object	Amount	Total Amount
1	Set up additional manufacturing facilities at -Jaipur -Maharashtra	723 579	1302
2	Invest in overseas ventures at - Sri Lanka- Navam Lanka Limited - Senegal - Pagrik Senegal SA - Honduras - Gravita Honduras SA	150 200 160	510
3	Invest in setting up manufacturing facilities at Australia, Belarus, Chile and Mexico		1860
4	Margin money for working capital requirement		1000
5	General corporate purposes		[•]
6	Expenses of the issue		[•]
	<b>Total</b>		[•]

**MEANS OF FINANCE: -**

(Rs. in lacs)

Particulars	Amount
Proceeds of the Issue	[•]
Internal Accruals	[•]
<b>Total</b>	<b>[•]</b>

**DETAILED BREAK OF THE COST OF THE PROJECT****1. Set Up of Additional Manufacturing Facilities At Jaipur And New Facility At Wada, Maharashtra In India**

(Rs. In lacs)

Sr. No.	Description	Jaipur	Maharashtra
1.	Land & Site Development	225	125
2	Building	123	116
3.	Plant & Machinery	350	313
4.	Pre Operative Exp	25	25
	<b>TOTAL</b>	<b>723</b>	<b>579</b>

**A) Jaipur Unit**

Our Company is proposing to set up facilities to manufacture lead wool, lead wire, lead sheets and lead powder at Jaipur. The new unit would be situated near the existing manufacturing unit at Jaipur in the state of Rajasthan. The annual production quantity of the products to be manufactured are as given below :

Name of the Products	Estimated Production (Annual Metric Tonnes )
Lead Wool	50
Lead Wire	75
Lead Sheets	1000
Lead Powder	1000

**Land and Site Development**

The required land for the proposed expansion is available in the adjacent area near the present factory. We propose to purchase the required piece of land for the expansion. The identified land is in the name of M/s. Jalousies (India) Pvt. Limited one of our group company. A sum of Rs. 225.00 lacs has been allocated towards land and land development.

**Building**

The Company proposes to construct 35,000 sq.ft of factory building at a cost of Rs. 123.00 lacs . The detailed break-up for the construction of building based on our estimates is as given herein under :

Sr. No	Particulars	Area (Sq. Ft)	Amount (Rs. in lacs)
1	Raw material Storage Shed	6,000	21.00
2	Crusher & Hydroseparation Shed	6,000	21.00
3	Processing Shed	6,000	21.00
4	Lead Sheet, Powder & Wool Work Shed	10,800	37.80
5	Chemical Storage Shed	2,500	8.75

Sr. No	Particulars	Area (Sq. Ft)	Amount (Rs. in lacs)
6	Slag Storage	2,500	8.75
7	Worker Utility Building	1,200	4.70
	<b>Total</b>		<b>123.00</b>

### Plant & Machinery

The total cost of the plant and machinery to be acquired (including custom duties, transportation and erection charges) has been estimated at Rs. 319.50 Lacs. No second hand equipment is proposed to be purchased. The detailed break up is given herein under:

Sr. no	Description	Quantity/ Numbers	Name and Place of Suppliers	Amount (Rs. lacs)	Date of Quotation
1.	Hydro separation System	1	Anmol Enterprises, Jaipur	117.00	6-Sep-09
2.	Acid Draining Machine	1	Sudarshan Machinery Pvt. Ltd., Jaipur	15.00	7-Sep-09
3.	Plastic Extrusion and Granulator	1	Sarvjit Kumar, Delhi	6.99	27-Aug-09
4.	Separator Pulverisor	1	Anmol Enterprises, Jaipur	4.75	6-Sep-09
5.	Separator Washing Machine	1	Anmol Enterprises, Jaipur	1.10	6-Sep-09
6.	Lead Sheet Manufacturing Plant	1	Sudarshan Machinery Pvt. Ltd., Jaipur	48.50	9-Sep-09
7.	Lead Powder Manufacturing Plant	1	Sudarshan Machinery Pvt. Ltd., Jaipur	26.70	9-Sep-09
8.	Lead Wire Manufacturing Plant	1	Prakash Machinery Store, Jaipur	18.60	9-Sep-09
9.	Lead Wool Manufacturing Plant	1	Prakash Machinery Store, Jaipur	16.40	9-Sep-09
10.	Automatic Bag Filling Machine	1	Venkateshwara Engineers, Haryana	5.30	19-Sep-09
11.	EOT 5MT	1	Ambica Cranes Pvt. Ltd., Ahmedabad	9.75	8-Sep-09
12.	Weigh Scale 5 MT	1	EMT Weigh Master, Jaipur	0.75	10-Sep-09
13.	Transformer 500KVA	1	Uttam (Bharat) Electricals Pvt. Ltd., Jaipur	3.63	22-Aug-09
14.	Mini Escavator	1	Bull Machines (Pvt) Limited, Noida	12.00	21-Sep-09
15.	Fork Lift 5MT	1	Godrej & Boyce Mfg Co Ltd., Jaipur	12.31	1-Sep-09
16.	Water Cooler	1	Trade & Wings, Jaipur	0.22	19-Sep-09
17.	DG Set 250 KVA	1	Lodha Power Projects, Jaipur	10.50	21-Sep-09
18.	Erection & Commissioning charges @ 3% of cost of Plant & Machinery			10.00	
	<b>Total</b>			<b>319.50</b>	

An amount of Rs. 25 lacs has been provided to meet the preliminary and preoperative expenses to be incurred for the setting up of the unit at Jaipur.

**B) Wada Unit, Maharashtra**

Our Company is proposing to set up facilities for the manufacture of refined lead and lead alloy with an installed capacity of 8000 MT per annum. Our company will gain strategic location advantage by setting up additional manufacturing unit near Mumbai port by saving inland haulage charges on its imports of raw material and exports of finished products. Further our company will also save considerable amount of time & cost of freight while serving customers who are based at South & Western part of India.

**Land and Site Development**

The facility is proposed to be located at Wada Industrial area in Thane District in the state of Maharashtra. The total area of land to be purchased for the proposed unit would be around 10,000 sq.mts. The exact location is yet to be identified by the company. A sum of Rs. 125.00 lacs has been allocated towards land and site development.

**Building**

The Company proposes to construct approximate 32,000 sq.ft new factory building for the proposed project at a cost of Rs. 116.00 lacs. The detailed break-up for the proposed construction of building is given herein under based on the company's estimates

Sr. No	Particulars	Area (Sq. Ft)	Amount (Rs. in lacs)
1	Refining Section	6,000	21.00
2	Battery Storage	6,000	21.00
3	Smelting Section (Rotary & Blast Furnace)	9,600	33.60
4	Chemical Storage	1,800	6.30
5	Finished Good Storage	1,800	6.30
6	DG Room & Workshop	750	2.63
7	Office Block	1,500	9.00
8	Security Hut	225	1.12
9	Worker Utility	1,800	6.30
10	Slag Storage	2,500	8.75
	<b>Total</b>		<b>116.00</b>

**Plant & Machinery**

The total cost of the plant and machinery to be acquired (including custom duties, transportation and erection charges) has been estimated at Rs. 313.00 lacs. No second hand equipment is proposed to be purchased. The detailed break up are given herein under:

Sr. no	Description	Quantity/ Numbers	Name and Place of Suppliers	Amount (Rs. lacs)	Date of Quotation
1.	Battery Cutting Machine	1	Sudarshan Machinery Store, Jaipur	12.00	12-Sep-09
2.	Blast Furnace Plant with Pollution Control Equipment	1	Sri Ganesh Engineering Works, Jaipur	38.00	14-Sep-09
3.	Rotary Furnace Plant with Pollution Control Equipment	1	Jagdamba Engineers, Jaipur	104.00	15-Sep-09
4.	Refining Furnace 50 MT	1	Hindon Industries, Ghaziabad	13.50	15-Sep-09
5.	Refining Furnace 30 MT	1	Hindon Industries, Ghaziabad	11.50	15-Sep-09
6.	Refining Furnace 15 MT	1	Hindon Industries, Ghaziabad	10.00	15-Sep-09



Sr. no	Description	Quantity/ Numbers	Name and Place of Suppliers	Amount (Rs. lacs)	Date of Quotation
7.	Ingot Casting Machine With Lead Pump	1	Unique Engineers, Kolkatta	8.50	15-Sep-09
8.	Fugitive Emission Control Hood System	1	Suraj Fabricator, Jaipur	16.70	18-Sep-09
9.	Optical Emission Spectrometer (OES)	1	Unispecs Marketing Pvt. Ltd, New Delhi	26.50	15-Sep-09
10.	Separator Washing Machine and Pulveriser Machiner	1	Anmol Enterprises, Jaipur	4.75	6-Sep-09
11.	Separator Washing Machine	1	Anmol Enterprises, Jaipur	1.10	6-Sep-09
12.	EOT 5 MT	1	Ambica Cranes Pvt. Ltd, Ahmedabad	9.75	8-Sep-09
13.	Weigh Scale 5MT	1	Emt Weigh Master, Jaipur	0.75	10-Sep-09
14.	Weigh Scale 100MT	1	Emt Weigh Master, Jaipur	8.15	10-Sep-09
15.	Transformer 500 KVA	1	Uttam Bharat, Jaipur	3.63	22-Aug-09
16.	Mini Excavator	1	Bull Machine Pvt Ltd, Noida	12.00	21-Sep-09
17.	For Lift 5 MT	1	Godrej & Boyce Mfg Co Ltd., Jaipur	12.31	1-Sep-09
18.	DG Set 250 KVA	1	Lodha Power Projects, Jaipur	10.50	21-Sep-09
19.	Erection & Commissioning charges @ 3% of cost of Plant & Machinery			9.36	
	<b>Total</b>			<b>313.00</b>	

An amount of Rs. 25 lacs has been provided to meet the preliminary and preoperative expenses to be incurred for the setting up of the unit at Maharashtra.

## 2) INVESTMENT IN OVERSEAS VENTURES

### A) Sri Lanka- Navam Lanka Limited (NLL)

The company proposes to utilize an amount of Rs.150.00 lacs towards investment in the capital of M/s. Navam Lanka Limited. NLL is engaged in manufacturing of Remelted Lead Ingots of 3000 MT PA in Mirigama in Srilanka. Currently our company holds 3,58,467 equity shares of LKR 100/- each which constitutes 39.99% of the total issued and paid up capital of NLL. The company proposes to acquire additional 1,07,500 equity shares at an approximate rate of INR 140/- per equity shares of NLL from the existing share holders of NLL thereby making NLL a subsidiary of our company. The Net asset value of the company as on March 31, 2009 is LKR 223/- . (Conversion: 1 LKR = Rs. 0.4194 as on 21/09/2009 - Source [www.bloomberg.com](http://www.bloomberg.com). The fair value is arrived based on the certificate from the M/s. Ponnampereuma & Co., Chartered Accountants, 243/2, Havelock Road, Colombo 06, Sri Lanka dated September 25, 2009

After the proposed investment the total holding of the company in NLL would be 52% of the total issued capital and NLL will become our subsidiary.

This investment would enable the company to have strategic control over NLL. The goods produced in Sri Lanka are presently exempted from basic custom duty of 5% in India under Indo Sri Lanka Free Trade Agreement (ISFTA). Further NLL has a logistical advantage of being situated near the port which enables the company to supply the finished goods to its customers in South India at much cheaper freight. It helps the company to reach the destination within 7 days as regards the normal time taken about 30 days.

**B) Senegal – Pagrik Senegal SA (PSS)**

The company proposes to utilize an amount of Rs. 200.00 lacs towards investment in the subsidiary company M/s. Pagrik Senegal SA (PSS). PSS is engaged in manufacturing of Remelted Lead Ingots located at Dakar, Senegal (West Africa) . Currently our company holds 4,700 equity shares of CFA 10,000/- each which constitutes 50% of the total issued and paid up capital of PSS. The company proposes to acquire additional 4,700 equity shares of PSS at a rate of CFA 10,000/- per equity share amounting to Rs. 50.00 lacs from the existing share holders thereby increasing the holding of the company in PSS to 100% of the total issued capital. The company further proposes to infuse amount to the extent of Rs.150 lacs in the equity capital of PSS. The present plant of PSS is located at Industrial Zone, Sebikotane Village, Dakar- Highway Road. The new infusion will be utilized for creating infrastructure facilities at the site at a total cost of Rs. 60 lacs and to meet the working capital requirements amounting to Rs.90 lacs as per details given herein under.

**Building**

The Company proposes to construct approximate 10,870 sq.ft new factory building at the cost of Rs. 60.00 lacs . The detailed break-up for the proposed construction of Building is given herein under based on the company's estimates

Sr. No	Particulars	Area (Sq. Ft)	Amount (Rs. in lacs)
1	Battery Storage & Cutting Section	2025	12.15
2	Smelting Section (Rotary & Blast Furnace)	4850	29.10
3	Office, Pantry, Staff Utility & Store	650	3.57
4	Meal Room & Worker Utility	390	1.76
5	Dg Room And Transformer Room	260	1.10
6	Security Hut	275	1.51
7	Slag Storage	2420	10.81
	<b>Total</b>		<b>60.00</b>

**Working Capital**

Particulars	Estimated as on 31/03/2011 (Rs. in Lacs)
<b>(A) Current Assets</b>	
Inventories	93.75
Debtors	125.00
Other Current Assets	40.00
<b>Total Current Assets (A)</b>	<b>258.75</b>
<b>(B) Current Liabilities &amp; Provisions</b>	
Creditors for Supplies & others	30.82
Provisions	112.93
<b>Total Current Liabilities (B)</b>	<b>143.75</b>
<b>Working Capital Gap (WCG) (A) - (B)</b>	<b>115.00</b>
<b>To be financed by:</b>	
Internal Accruals	25.00
Public Issue	90.00

**Basis of estimation of working capital requirement**

Particulars	No. of Days
Inventory	30
Debtors	30
Creditors	10

**C) Honduras - Gravita Honduras SA (GHSA)**

Gravita Honduras SA (GHSA) is a company which was incorporated December 14, 2007 in Honduras, Central America. GHSA is a joint venture between Mr. Hari Agarwal of CNA Metals Inc , Houston (USA), Mr. George Gatlin, Honduras and Gravita India Limited. GHSA proposes to set up manufacturing facilities to recycle lead battery scrap, to produce Remelted Lead Ingots with a capacity of 6000 MTPA. The total cost of the project is estimated at Rs. 1200.00 lacs. The details of the project are as under:

Particulars	Amount (Rs. lacs)
Land and Site Development	290.67
Building Construction approx. 20,000 sq. ft area	120.00
Plant and Machinery includes freight , erection and commissioning	208.00
Pre-Operative Expenses	5.33
Other Fixed Assets	96.00
Working Capital	480.00
<b>Total</b>	<b>1200.00</b>

**Means of Finance**

Particulars	Amount (Rs. lacs)
Equity	480.00
Loan funds	720.00
<b>Total</b>	<b>1200.00</b>

Gravita India proposes to invest Rs. 160. 00 lacs towards its stake of 33% in the equity of GHSA. An equal amount of capital will be invested by the other two joint venture partners. The amount of investment by Gravita India would be in the form of supply of plant and machinery to the value of Rs. 160 lacs. The balance fund requirement for the project would be met by way of unsecured loans to be bought in by the other two partners. The land for the said project has already been acquired by the funds made available through Mr. Hari Agarwal and Mr. George Gatlin.

**3) INVEST IN SETTING UP MANUFACTURING FACILITIES AT AUSTRALIA, BELARUS, CHILE AND MEXICO**

The company proposes to set up manufacturing units in the countries of Australia, Belarus, Chile and Mexico. All these will be in form of wholly owned subsidiaries of Gravita India Limited. These manufacturing units will be primarily involved in manufacture of Remelted Lead Ingots. The major benefit of setting up of these units to the company would be by way of cheap and readily available raw material i.e. Battery Scarp along with tapping new markets for the said product. The proposed investment for the four unit is Rs. 1860 lacs. The expenses that would be incurred on setting up of these manufacturing units over a period of 2 years has been taken as a part of the cost of the project.

## Land and Building

The exact location for the same is yet to be identified and the proposed manufacturing units would be on leased premises. It is estimated that the total cost involved towards the land and building for these units would be around Rs. 100.00 lacs (Rs.25 lacs for each unit) for a total area of 10,870 sq. ft each.

## Plant and Machinery

The estimated cost for the four manufacturing units is approximate Rs.1040.00 lacs (Rs. 260.00 lacs each).The detailed break up of Rs. 260.00 lacs is herein under:

Description	Quantity/ Numbers	Name and Place of Suppliers	Amount (Rs. lacs)	Date of Quotation
Battery Cutting Machine	1	Gravita Exim Limited, Jaipur	12.00	9-Sep-09
Blast Furnace Plant with Pollution Control Equip	1	Gravita Exim Limited, Jaipur	38.00	9-Sep-09
Rotary Furnace Plant with Pollution Control Equip.	1	Gravita Exim Limited, Jaipur	90.00	9-Sep-09
Refining Furnace 30 MT	1	Gravita Exim Limited, Jaipur	11.50	9-Sep-09
Ingot Casting Machine with Lead Pump	1	Gravita Exim Limited, Jaipur	8.50	9-Sep-09
Fugitive Emission Control Hood System	1	Gravita Exim Limited, Jaipur	12.70	9-Sep-09
Separator Pulverisor	1	Gravita Exim Limited, Jaipur	4.75	9-Sep-09
Separator Washing Machine	1	Gravita Exim Limited, Jaipur	1.10	9-Sep-09
Platform and Steel Support Structure	L.S.	Gravita Exim Limited, Jaipur	10.00	9-Sep-09
Weigh Scale 5 MT	1	EMT Weigh Master, Jaipur	0.75	10-Sep-09
Weigh Bridge 100 MT	1	EMT Weigh Master, Jaipur	8.15	10-Sep-09
Transformer 500KVA	1	Uttam (Bharat), Electricals Pvt Ltd., Jaipur	3.63	22-Aug-08
DG Set 250KVA	1	Lodha Power Projects	10.50	21-Sep-09
Mini Escavator	1	Bull Machines (Pvt) Limited	12.00	21-Sep-09
Fork Lift 5MT	1	Godrej & Boyce Mfg Co Ltd, Jaipur	12.31	1-Sep-09
Ocean Freight	L.S.	Gravita Exim Limited	17.00	9-Sep-09
Erection and Commissioning charges @5% of cost of Plant and machinery			7.11	
<b>Total</b>			<b>260.00</b>	

**Note:** Gravita Exim Limited, a subsidiary of Gravita India Limited will supply about 80% of plant and machinery. Gravita Exim Limited is a supplier of turnkey projects for lead battery recycling operations. The company is one of turnkey solution provider for lead recycling plant and has supplied 27 plants in 21 countries.

### Working Capital Margin

The estimated working capital requirement for each of the four manufacturing unit is approximately Rs.150 lacs aggregating to Rs.600 lacs. The detailed break up of 150 lacs is as below;

Particulars	Estimates as on 31/03/2011 (Rs. in Lacs)
<b>(A) Current Assets</b>	
Inventories	92.00
Debtors	115.00
Other Current Assets	85.00
<b>Total Current Assets (A)</b>	<b>292.00</b>
<b>(B) Current Liabilities &amp; Provisions</b>	
Creditors for Supplies & others	15.88
Provisions	40.00
<b>Total Current Liabilities (B)</b>	<b>55.88</b>
<b>Working Capital Gap (WCG) (A) - (B)</b>	<b>236.12</b>
<b>To be financed by:</b>	
Internal Accruals	86.12
Public Issue	150.00

### Basis of estimation of working capital requirement

Particulars	No. of Days
Inventory	30
Debtors	30
Creditors	7

### Pre-Operative Expenses:

Pre-operative expenses is estimated at Rs. 30.00 lacs for each unit which includes rent, legal and incorporation expenses.

A summary of the cost of the project for setting up manufacturing facilities at Australia, Belarus, Chile and Mexico is here as under;

Particulars	Amount (Rs. in lacs)
Land & Building	100.00
Plant and Machinery	1040.00
Working Capital	600.00
Pre operative Expenses	120.00
<b>Total</b>	<b>1860.00</b>

#### 4) MARGIN MONEY FOR WORKING CAPITAL REQUIREMENT

The detailed calculation of the working capital requirement of the Company based on estimates is as given below:

Particulars	Estimates as on 31/03/2011 (Rs. in Lacs)
<b>(A) Current Assets</b>	
Inventories	1976.42
Debtors	1575.51
Other Current Assets	2749.01
<b>Total Current Assets (A)</b>	<b>6300.94</b>
<b>(B) Current Liabilities &amp; Provisions</b>	
Creditors for Supplies & others	925.00
Provisions	801.32
<b>Total Current Liabilities (B)</b>	<b>1726.32</b>
<b>Working Capital Gap (WCG) (A) – (B)</b>	<b>4574.62</b>
<b>To be financed by:</b>	
Bank limits	3000.00
Internal Accruals	574.62
Public Issue	1000.00

#### Basis of estimation of working capital requirement

Particulars	No. of Days
Inventory	58
Debtors	36
Creditors	27

#### 5) GENERAL CORPORATE PURPOSES

We will have flexibility in applying Rs. [•] lacs of net proceeds for general corporate purposes as may be approved by our board of Directors or a duly appointed committee from time to time.

#### 6) ISSUE EXPENSES

The break-up of issue expenses is as under:

Activity	Estimated Expense (Rs. in lacs)
Fees to intermediaries	[•]
Advertising and marketing expenses	[•]
Printing and Stationary & Distribution	[•]
Others	[•]
<b>Total estimated Issue expenses</b>	<b>[•]</b>

**Schedule of Implementation :-**

The Proposed schedule of implementations for the projects is detailed below :-

Sr. No.	Location	Commencement	Completion
1.	Jaipur Unit Maharashtra Unit	Jan – 2010 Feb – 2010	Nov – 2010 Dec – 2010
2.	Sri Lanka Senegal Honduras	Feb – 2010 Feb – 2010 Oct – 2009	Apr – 2010 Aug – 2010 Jun – 2010
3.	Australia Belarus Chile Mexico	Mar – 2010	Dec - 2010

**Sources & deployment of Funds**

As per Certificate given by M/s. Rajvanshi & Associates, Chartered Accountants dated September 25, 2009 an amount of Rs. 7.00 lacs has been spent on the various objects of the issue as on September 25, 2009 . The details for which are as under:

**Deployment of Funds**

(Rs. in Lacs)	
Particulars	Amount
Public Issue Expenses	7.00
<b>Total</b>	<b>7.00</b>

**Sources of Funds**

(Rs. in Lacs)	
Particulars	Amount
Internal Accruals	7.00
<b>Total</b>	<b>7.00</b>

**Interim Use of Funds**

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

**Monitoring of Utilization of Funds**

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Our Company shall be required to inform the material deviations in the utilisation of the issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviation/ adverse comments of the Audit Committee public through advertisement in newspaper.

**Basic terms of the issue**

The Equity shares being offered are subject to the provision of the Companies Act, 1956, our Memorandum and Articles of Association, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.



## BASIS FOR ISSUE PRICE

### QUALITATIVE FACTORS

1. **Presence in Global market:** Besides having manufacturing facility in India, the Company has successfully established subsidiaries and interests in Ghana, Senegal, Mozambique, Sri Lanka, Saudi Arabia, Zambia and Ethiopia. These cover the continents of Africa, Asia and GCC. Its global presence helps to cater multi location demand and creates brand awareness in different countries.
2. **Access to raw material world wide:** The global presence with an established base in different parts of the world gives the Company access to the local raw materials in the respective countries at competitive freight cost.
3. **Environment friendly:** We are ISO 14001:2004 certified Company confirming our environment friendly recycling operations as per international standards. We are a registered manufacturer under Ministry of Environment and Forest for lead processing and recycling. The Company lays a lot of stress on recycling and continuing to deploy environment friendly technology.
4. **Versatile product mix:** We have a wide spectrum of products in the lead metal industry starting from the basic product as remelted lead ingot from battery recycling to high end value products such as pure lead, lead alloys, litharge, red lead, lead sub oxides, powder, sheets etc. Our manufacturing operations conform to ISO 9001:2000.
5. **Strong Brand Name:** We have built a strong brand name of quality products through our manufacturing and marketing presence in different parts of the world. Our products are widely accepted and conform to all technical specifications prevailing in the international market. We also participate in all major conferences relating to lead industry worldwide.
6. **Relationship with customers:** We have built robust relationship and confidence with customers through our ability to provide them the entire range of lead products with quality control checks globally. We have been awarded as “Star Export House” by the Government of India.
7. **Strong management Team:** The promoter and the senior management team of the Company have substantial experience in the metal industry and have been instrumental in the consistent growth of the Company. The management team has also wide knowledge of global lead markets having established operations globally.
8. **Complete solution under single roof:** We are one of the few players with a global presence offering a complete solution right from setting up of turnkey plants (through our subsidiary Gravita Exim Limited) to manufacturing the wide range of lead products. Our ability to source raw materials and market our products in different parts of the world gives us a cutting edge in the lead industry.

## QUANTITATIVE FACTORS

Information presented in this section is derived from the restated financial statements certified by the Statutory Auditors of the Company.

### 1. Earnings Per Share (EPS) (on Rs. 10/- per share)

Year Ended	EPS (Rs.) Standalone	EPS (Rs.) Consolidated	Weight
March 31, 2007	14.03	8.79	1
March 31, 2008	11.59	10.33	2
March 31, 2009	8.88	21.42	3
<b>Weighted Average EPS</b>	<b>10.64</b>	<b>15.62</b>	<b>6</b>

### 2. Return on Net Worth (RONW)

Year Ended	RONW (%) Standalone	RONW (%) Consolidated	Weight
March 31, 2007	56.08	58.08	1
March 31, 2008	43.03	58.72	2
March 31, 2009	31.00	69.49	3
<b>Weighted Average RONW</b>	<b>39.19</b>	<b>64.00</b>	<b>6</b>

Net Worth is defined as share capital + reserves and surplus – miscellaneous expenses.

Return on Net Worth has been calculated as per the following formula:

*(Net profit after tax / Net Worth at the end of the year or period)*

Minimum Return on total Net Worth after the Issue required to maintain the pre-Issue weighted average EPS of Rs. 10.64 is [●] %.

### 3. Minimum Return on Increased Net Worth required to maintain pre-issue EPS: [●]

### 4. Net Asset Value (NAV) per share

	Standalone	Consolidated
Pre-Issue as on March 31, 2009 (Rs.)	28.60	30.82
Post Issue (Rs.)	[●]	[●]

**5. Price/ Earning (P/E) Ratio**

Particulars	Based on Standalone EPS	Based on Consolidated EPS
P/E based on pre-issue weighted average EPS	[•]	[•]
P/E based on pre-issue EPS of FY 2008-09	[•]	[•]

**6. Industry Average P/E**

	Name of Company	P/E Multiple based on Price as on 25/09/2009
Highest	Hindustan Zinc Ltd.	13.06
Lowest	-	-
Industry Composite		25.50
(Source: Capital Market: September 07-20,2009, Segment: Mining/Mineral/Metals)		

**7. Comparison with Peer Group**

There are no listed companies in India whose business model is same as that of our Company. Although not comparable, the key ratios of the company which is into lead industry is as follows:

Name of the Company	Face Value (Rs.)	Equity Share Capital (Rs. in Cr.)	Sales as on 31/03/2009 (Rs. In Cr.)	RONW (%)	Book Value (Rs.)	EPS (Rs.)	Price as on 25/09/2009 *	P/E Multiple
Hindustan Zinc Ltd.	10.00	422.53	5688.50	20.80	339.80	62.80	820.45	13.06
Nile Limited	10.00	3.00	95.79	29.20	74.90	-	74.00	-
Pondy Oxides and Chemicals Limited	10.00	10.11	108.50	24.50	21.40	-	14.66	-
(Source: Capital Market: September 07-20,2009, Segment: Mining/Mineral/Metals, Engineering& Chemicals )								
*Source for price <a href="http://www.bseindia.com">www.bseindia.com</a>								
Gravita India Ltd.	10.00	10.02	58.69	31.00	28.60	8.88	-	-

**8. The face value of Equity Shares of Gravita India Limited is Rs.10 and the Issue Price is [•] time of the Face Value.**

The Issue Price of Rs. [•] has been determined by the issuer in consultation with the BRLM to the issue on the basis of the demand from investors through the Book- Building Process and is justified based on the above factors. The face value of the Equity Shares is Rs. 10 each. The Issue Price is [•] times the face value at the lower end of the price band and [•] times the face value at the higher end of the Price Band.

On the basis of the above parameters the Issue Price of Rs. [•] per share is justified.

## STATEMENT OF TAX BENEFITS

To  
The Board of Directors  
**Gravita India Limited**  
"Saurabh", Chittora Road,  
Harsulla Mod, Diggi - Malpura  
Tehsil - Phagi, Jaipur- 302 004

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Gravita India Limited. (the "company") and its shareholders under the current tax laws presently in force in India as amended by the Finance Act, 2009 .

These Tax benefits have been clarified as special tax benefits and general tax benefits, available to the company and its shareholders subject to fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

1. The Company or its shareholders will continue to obtain these benefits in future; or
2. The conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of the understanding of the business activities and operations of the Company.

**For, Rajvanshi & Associates**  
**Chartered Accountants**

Sd/-

**Vikas Rajvanshi**  
**(Partner)**  
**Membership no. 073670**

**Jaipur**  
**Dated: 17/09/2009**

**STATEMENT OF TAX BENEFITS****STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO GRAVITA INDIA LIMITED AND ITS SHAREHOLDERS****A) BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961****I) SPECIAL TAX BENEFITS :**

We believe that there are no special tax benefits available to the Company and its shareholders.

**II) GENERAL TAX BENEFITS AVAILABLE:****❖ TO THE COMPANY**

1. Dividend income (whether interim or final), in the hands of the Company as distributed or paid by any other Company is completely exempt from tax in the hands of the Company, under section 10(34) of the Income Tax Act 1961.
2. As per the provisions of Section 112 of the Act, long term gains which are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112 (1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).
3. Long term capital gain arising from the sale of equity shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented fund shall be exempt from Income Tax, if such sale takes place on and after 1st of October 2004 and such sale is subject to Securities Transaction tax, as per the provisions of section 10(38) of the Income Tax Act.
4. Short term capital gains arising from the transfer of equity shares in any company through a recognized stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15% provided such a transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the Income Tax Act.
5. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Income Tax Act 1961, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset [not covered by section 10(36) and section 10 (38)], if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. However, if the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(ia), shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquired on or after 31st March, 2005.
7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortize, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed if any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and

the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT credit becomes allowable.

9. In accordance with the provisions of section 35(2AB) of the IT Act, 1961 the company will be allowed to claim deduction at the rate one & half times of the amounts spent on in house research & development facility as approved by the prescribed authority.

#### ❖ TO RESIDENT SHAREHOLDERS

1. Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the Income Tax Act 1961.
2. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the Income Tax Act 1961, will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the Income Tax Act 1961.
3. As per the provisions of Section 112 of the Act, long term gains which are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112 (1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).
4. Long term capital gain arising from the sale of equity shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and the sale is subject to Securities Transaction tax, as per the provisions of section 10(38) of the Income Tax Act 1961.
5. Short term capital gains arising from the transfer of equity shares in any company through a recognized stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the Income Tax Act 1961.
6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Income Tax Act 1961, the shareholders would be entitled to exemption from tax on long term capital gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. However, if the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
7. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset example , equity shares , etc (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If a part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

❖ **TO NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs, FOREIGN VENTURE CAPITAL INVESTORS)**

1. Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the Income Tax Act 1961.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act 1961 will be exempt from tax to the extent of Rs. 1,500 per minor child per year in accordance with the provisions of section 10(32) of the Income Tax Act 1961.
3. As per the provisions of Section 112 of the Act, long term gains as computed above which are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).
4. Where shares have been subscribed to in convertible foreign exchange- option of taxation under Chapter XII – A of the Act. Non – Resident Indians [as defined in section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange :
  - i. According to the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent without indexation benefit.
  - ii. According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being share in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
  - iii. As per the provisions of section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
  - iv. Under section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
  - v. As per the provisions of section 115 I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his Total Income for that assessment year will be computed in accordance with the other provisions of the Act.

5. As per the provisions of section 10(38), long term capital gain arising from the sale of equity shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
6. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of equity shares in any Company through a recognized stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
7. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54EC has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.
8. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset ( not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If a part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
9. As per the provisions of Section 90(2) of the Income Tax Act 1961, the provisions of the Income Tax Act 1961 would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.
10. Deduction u/s 36(1)(xv) provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business.

#### ❖ TO OTHER NON-RESIDENTS

1. Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company, under section 10(34) of the Income Tax Act 1961.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act 1961 will be exempt from tax to the extent of Rs. 1500 per minor child per year, in accordance with the provisions of section 10(32) of the Income Tax Act 1961.
3. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (c) of the Income Tax Act 1961, tax on long term capital gains arising on sale on listed securities or units will be, the excess of 10% of capital gains (computed without indexation benefits) over 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax will be ignored for the purpose computing the tax payable by the shareholders.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of equity shares in any Company through a recognised stock exchange or from the sale of units of an equity oriented



mutual fund shall be exempt from Income tax, if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.

5. As per the provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 15%, provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Income Tax Act 1961, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified asset in the manner prescribed in the said section. However, if the long term asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
7. In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Income Tax Act 1961, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
8. As per the provisions of Section 90(2) of the Income Tax Act 1961, the provisions of the Income Tax Act 1961 would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.
9. Section 36(1)(xv) provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business.

#### ❖ TO FOREIGN INSTITUTIONAL INVESTORS (FIIS)

1. In case of a shareholder being a FIIs, in accordance with and subject to the conditions and to the extent specified in Section 115AD of the Income Tax Act 1961, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% .
2. However short term capital gains on sale of Equity Shares of a Company through a recognized stock exchange or a unit of an equity oriented fund effected after 1st October 2004 and subject to Securities transaction tax shall be taxed @ 15% as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Income Tax Act 1961 are not available to FIIs.
3. As per the provision of Section 90(2) of the Income Tax Act 1961 the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.
4. Long term capital gain arising from the sale of Equity Shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented fund shall be exempt from income tax, if such sale takes place after 1<sup>st</sup> of October 2004 and such sale is subject to Securities Transaction tax, as per the provisions of section 10(38) of the Income Tax Act 1961.
5. In accordance with and subject to the conditions and to the extent specified in section 54EC of the Income Tax Act 1961, the shareholders would be entitled to exemption from tax on long term capital

gains (not covered by sections 10 (36) and 10(38) arising on transfer of their shares in the Company, if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.

6. Under section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gains arising from the transfer of securities referred to in section 115AD.
7. Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.
8. According to the provisions of section 54ED of the Act and subject to the conditions specified therein. Capital gains not exempt under section 10(38) and arising from transfer of long term assets. Being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital " with in six months from the date of transfer of the long term assets ( provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity share which satisfies the following conditions:
  - i. the issue is made by a public company formed and registered in India; and
  - ii. the shares forming part of the issue are offered for subscription to the public.
  - iii. However, if the above specified shares are sold or otherwise transferred within a period of one year from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the share are sold or otherwise transferred.
9. Section 36(1)(xv) provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get deduction equal to the securities transaction tax paid by him in the course of his business.

#### ❖ TO MUTUAL FUNDS

In case of a shareholder being a Mutual fund, as per the provisions of Section 10 (23D) of the Income Tax Act 1961, any income of Mutual Funds registered under the SEBI Act or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

#### ❖ TO VENTURE CAPITAL COMPANIES/ FUNDS

In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the Income Tax Act 1961, any income of Venture Capital Companies/ Funds registered with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said sub section.

#### **B. BENEFITS UNDER THE WEALTH TAX ACT, 1957:-**

As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

#### **C. BENEFITS UNDER THE GIFT TAX ACT:-**

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

**❖ Other Notes**

- All the above benefits are as per the current tax laws as amended by the Finance Act, 2009 and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.
- Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.
- Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

**Place: Jaipur**  
**Date: 17/09/2009**

**For, Rajvanshi & Associates**  
**Chartered Accountants**

**Sd/-**  
**Vikas Rajvanshi**  
**(Partner)**  
**M. NO. 073670**

## SECTION – III ABOUT THE ISSUER COMPANY

### INDUSTRY OVERVIEW

*The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Book Running Lead Manager or their respective legal advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.*

### Historical Background

Lead has been extracted and used since the earliest periods of history. The oldest known lead article is a metal figure, found in Egypt, believed to date from 4000BC. Other finds from ancient periods have been principally statuettes and figures.

Though lead was well known, the amount used was very small until the time of the Roman Empire. Earlier, it appears that lead was often an unwanted byproduct of silver extraction (as the two metals frequently occur together). Being neither strong nor shiny, lead was much less prized than copper, iron or the precious metals. However, the demand for piped water by the Romans resulted in its large scale use for piping, lining of tanks, aqueducts and so on. Lead and lead rich pewter was also used for domestic articles such as kettles, cooking pots and tableware. Other uses of lead included ornaments, coffins, alloying additions in bronzes used for statues, tankards and some coins; lead tablets were sometimes used for inscriptions; and lead weights. The use of lead for ammunitions has been known since ancient times.

The bright colours of many lead compounds have been exploited since very early times, for paints and pigments; black, white, yellow and red coloured compounds were also widely used as cosmetics. Lead-rich glazes were used on ceramics by the ancient Egyptians and others; leaded glasses were also known in the ancient world, and used because of their ease of melting and strong colours.

Even though harmful effects of lead were recognised, or at least suspected, lead and its compounds were also considered therapeutic for a variety of ailments, and ointments were believed to work better if stored in lead containers. (Source: [www.ILA.com](http://www.ILA.com))

### Properties

Lead is bluish grey in colour, dense, ductile and malleable (i.e. it can be hammered into shape), ease of production, ease of melting and joining, and very good corrosion resistance in most common environments. It is thermal and electric conductive and having very low melting point which has increased its utility. Due to these properties Lead has been used for variety of purposes as mentioned below in uses and applications.

### Uses and Applications of Lead

- **Lead-acid storage batteries**

The major use worldwide, primarily as a starter battery in motor vehicles, but also as traction batteries for zero-emission electric vehicles and to provide emergency backup power supply, mostly for computer and telecommunication systems. Good rates of recycling are already achieved for starter batteries, though they could be improved upon in some countries; very high recycling rates are achieved for traction and backup batteries. Alternatives are under development for some applications, though at present these could not replace lead at comparable cost, or for technical reasons.

- **Radiation Shielding**

Lead is the most effective of the commonly available materials for screening from X-rays and some other types of radiation. It is widely used in hospitals as part of X-ray equipment, and also in nuclear power stations for X-Ray and Gamma Shielding..

- **Constructional uses: pipe and sheet**

Lead piping is now a minor application, as it is no longer used for domestic water supplies because of concerns that lead slowly dissolves in soft water and may pose a risk to health, and because of improvements in alternative materials. However, much lead piping remains in place. New lead pipes are used in the chemical industry.

Lead sheet is widely used on roofs for flashings and weather proofing, and is often used for complete roofs on both historic and modern buildings. It also used for soundproofing in office building, schools, Hotels, Hospitals etc.

- **Pigments and other paint additives**

Lead compounds were widely used until a few decades ago. They have been replaced in certain applications following concerns about potential impacts to human health. Leaded paints are still used in specialised outdoor applications as coatings for commercial vehicles and other industrial applications because of excellent rust-proofing properties. Lead dryers are still used in alkyd-based air drying paints as very efficient and cost effective through-dryers.

- **Additives to PVC Stabilisers**

Small additions of organic lead compounds to some grades of PVC improve durability and heat resistance, both in manufacture and in service. This is a significant market for lead compounds.

- **Glasses and glazes**

Lead additions improve the appearance and cutting properties of crystal glass. Small additions are also made to optical and electrical glass. The major application of leaded glass is in television screens and computer monitors, to protect viewers from the harmful X-rays generated by these appliances. Lead containing glazes are used for some pottery, tiles and tableware.

- **Ammunition Purpose**

Lead is widely used in shot and other ammunitions. Some alternatives are available, and are used in situations where lead poses a particular risk to wildlife, especially to birds, as a result of ingestion.

- **Cable sheathing**

Lead sheaths are used to protect underwater and some underground power cables. This is now a minor application of lead.

- **Wheel Weights**

Its high density has proved effective for weights and anchors for fishing lines, boats. Lead is also used extensively in weighting applications.

- **Lead alloys**

Lead-tin solder is widely used, particularly by the electronics industry. Very minor applications are in bearings and ornamental ware (pewter) – though alternative materials are now generally used. Small additions of lead are made to some steels, brasses and bronzes to improve machining ability.

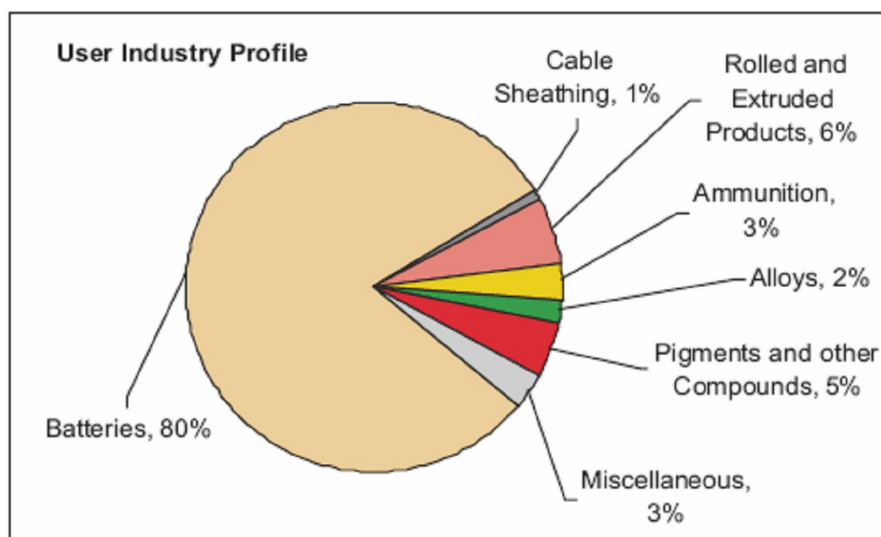
- **Leaded petrol**

Lead compounds were universally added to petrol to improve its efficiency at low cost. This has been the major source of lead emissions to the environment. It is now being phased out almost universally because of concerns about health impacts.

(Source: [www.ILA.com](http://www.ILA.com))

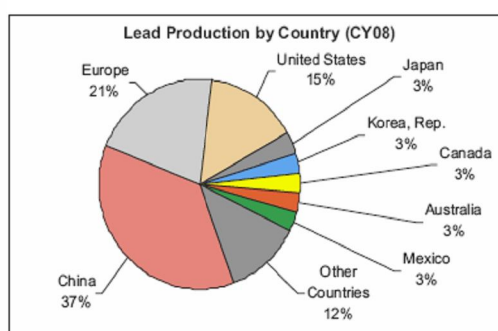
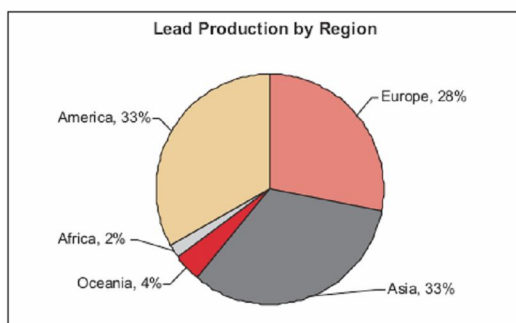
### Consumers of Lead

Lead is mainly consumed by the battery industry (mainly automobile batteries), while rolled and extruded products and pigments are the other significant consumers.



### Global Lead Industry Overview

- Global production of lead has grown from 4mn tonnes in the 1960s, to 6mn tonnes in the 1990s, to around 9mn tonnes p.a. currently.
- Secondary production or recycling is the main source of lead vis-à-vis mining and accounts for almost around 70% of usage worldwide.
- Batteries industry (mainly automobile batteries) is the main consumer of lead, accounting for 80% of total demand. Pigment industry is the next largest consumer of the lead, which consumes 5% of total production.
- Global lead production and consumption grew at a CAGR of 5% and 4.8% respectively during CY03-08. Lead demand exceeded supply in during CY03-07, which reversed in CY08.



### Global Demand and Supply Scenario

Global production of lead was 8.68mn tonnes in CY08, up 7% y-o-y. Consumption grew 6% to 8.65mn tonnes in CY08. In spite of strong consumption growth, the industry showed oversupply for the first time in 6 years. Excess supply and global economic slowdown pulled prices down sharply, to record new lows.

International Lead and Zinc Study Group has estimated a de-growth of 0.9% in lead production in CY09, while consumption is estimated to record a negative growth of 1.1%. It expects output in Europe and USA to fall by 4% and 3.3% respectively. However, output in China, India, Kazakhstan and South Korea is expected to increase.

Major reasons for decrease in demand are slowdown in automobile OEMs and in industrial batteries. Europe and the US are expected to report a negative growth in lead demand of 10.2% and 2.2% respectively. However, decline in demand is expected to be offset by Chinese demand, which is expected to grow by 5.9%. (Source: ILZSG)

World Refined Lead Supply and Usage 2004 – 2009											
000 tonnes	2004	2005	2006	2007	2008	2008 2009		2009			
						Jan-Jul		Apr	May	Jun	Jul
Mine Production	3130	3421	3525	3607	3913	2247	2166	310.8	335.2	349.4	341.8
Metal Production	7005	7640	7937	8132	8679	4974	5148	737.0	757.1	770.5	769.5
Metal Usage	7297	7803	8075	8189	8649	4996	5096	751.2	753.0	775.5	755.8

- During the first half of 2009 preliminary data indicated that the world supply of refined lead metal exceeded demand by 37kt and that reported stock levels increased by 36kt.
- A decrease in global lead mine output of 4.5% compared to the first six months of 2008 was mainly due to lower production in Australia, Canada, Peru and the United States.
- A significant 14.4% increase in Chinese refined lead metal output offset decreases in Australia, Germany, Italy, Japan, the United States and a number of other countries resulting in a similar level of global production to that during the first half of 2008.
- Despite a falls in Europe of 17.9%, the United States of 11.6% and Japan of 47.1%, world demand for refined lead metal declined by only 0.7%. This was due to further strong growth in Chinese apparent usage of 25.3%.
- Chinese net imports of refined lead metal during the first half of 2009 amounted to 128kt compared to net exports of 24kt for the same period in 2008.

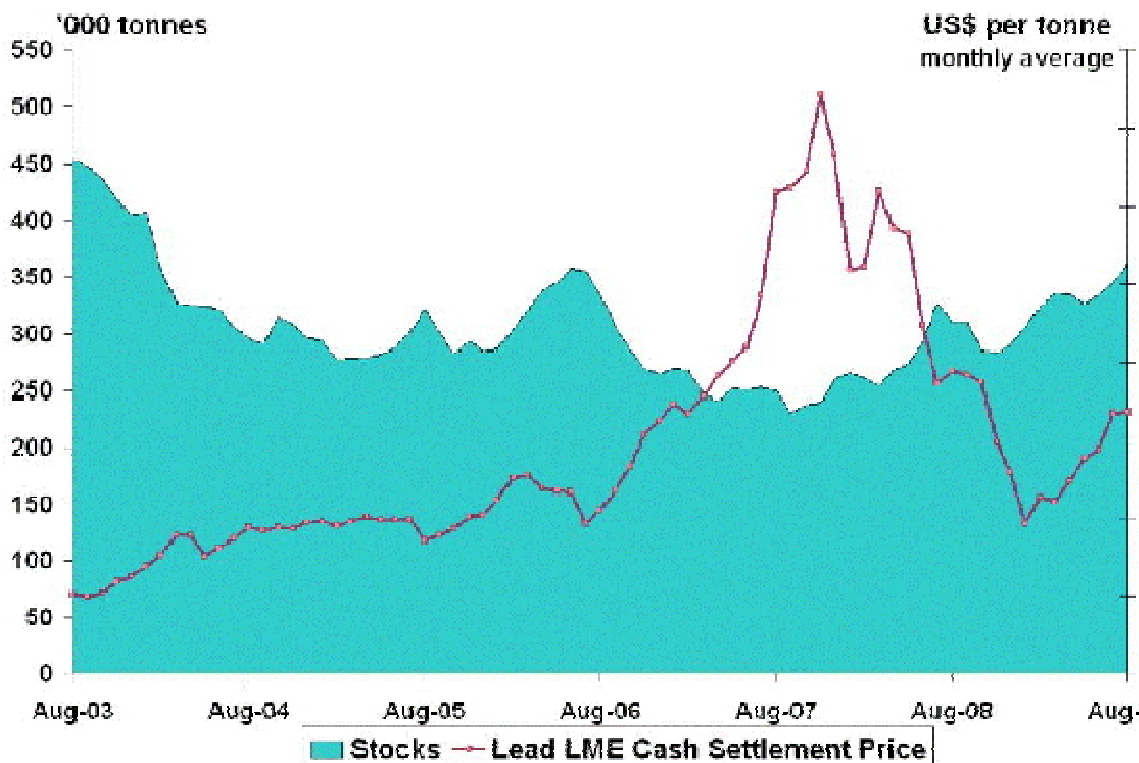
(Source: ILSZG)

## Price trends

LME lead prices witnessed a sharp upside between January 2004 and October 2007. However, the global economic melt down pulled prices down to almost a 2 ½-year low of \$880 per tonne in December 2008.

A recovery in demand for lead has however helped improve the pricing scenario over last 9 months. Lead prices have since moved up by 178% till September 2009 from the lows in December 2008, to around \$2447 currently.

## Stocks & Prices



## Overview of Indian Lead Industry

1/3<sup>rd</sup> of the lead production in India comes from primary sources like mining and the balance from the secondary sources mainly re cycling. India lacks lead ore reserves and hence it necessitates large scale imports and secondary sources such as recycling. Lead is amongst the most recycled non-ferrous metal. The main input from lead recycling comes from lead acid battery scrap which is a hazardous material. The only primary lead smelter is Hindustan Zinc of the Vedanta Group which contributes to 16% of the total supply in the country while the secondary smelters contribute 22% of lead supply, approximately 30% of supply is contributed by the unorganized sector and the balance is met by imports. The estimated demand of lead is 500,000 tonnes. The demand is expected to grow at a rate of 6% which is being driven due to demand for automobile batteries and invertors and UPS applications.

## Battery Recycling Segment in India

Growth in the automobiles industry and other user industries has led to increased demand for lead-acid batteries. Disposal and recycling of the batteries is a major issue across the world. If processed in proper facilities and under environmental friendly conditions, the spent battery is 99% recyclable. Over 60% of

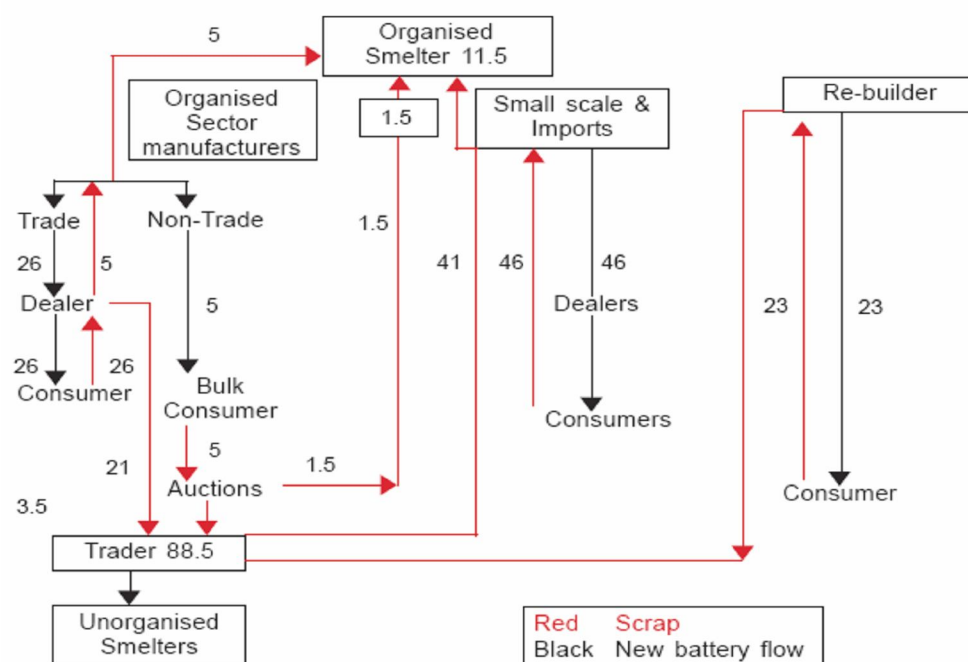


the global demand is met by secondary lead itself. Secondary smelting also has low energy consumption as compared to extraction from ore.

Trade in lead-acid batteries, used chiefly in automobiles, is a big business worldwide: major exporters are Japan, Australia, the US and the UK. Japan, for instance, exports 30,000 tonnes to Southeast Asia each year. These batteries are smelted to recover and recycle lead. Unlike developed countries such as USA and Japan, India lacks a network for collection of used batteries. Often these used batteries find their way to backyard smelters in the unorganized sector who smelt lead inefficiently and are environmentally unfriendly. Since lead is of hazardous nature it can cause serious damage to the environment. It is estimated that almost 4 million batteries in India are still disposed in an unsafe manner. With the view to address this concern the Ministry of Environment and Forests (MoEF) framed the Batteries (Management and Handling) Rules, 2001. These rules apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of batteries or components. These rules specify that only those who possess environmentally sound management systems and are registered with the MoEF / Central Pollution Control Board (CPCB) will be allowed to carry out recycling. Importers, too, have to register themselves with the CPCB. As of September 18, 2009, the MoEF had registered 270 lead recyclers in India, with a total capacity of 841,000 tonnes p.a. However, battery recycling does not as such involve use of sophisticated technology, and therefore allows a huge unorganized sector to operate and thrive. Of the batteries which are to be recycled, as much as 88.5% find their way to the grey market, while just 11.5% go to OEMs. Further, the demand in Indian or Asian markets is increasing because of relocation of battery manufacturing from developed countries.

(Source: Commodity Vision, Volume II, Issue 31<sup>st</sup> Jan-Mar 2009)

### Operational Aspects of Battery Channelization



Thus 11.5% scrap goes to organised smelters  
88.5% goes to Traders who could channel it to unorganised smelters or give organised smelters depending on the price

(Source: Based on presentation by Dr. V.Rajagopalan – Joint Secretary, Ministry of Environment & Forest, India)

## BUSINESS OVERVIEW

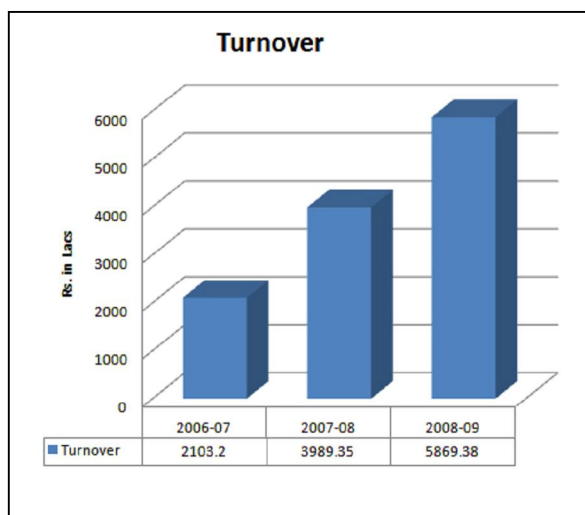
### Company Summary

We are the flagship Company of the Gravita Group which was established in the year 1992 and has manufacturing set up at Jaipur. We are engaged in the business of manufacturing of Lead Metal by Recycling & Smelting process & other lead products. Our Company is promoted by first generation entrepreneurs, Dr. M.P. Agarwal and Mr. Rajat Agrawal. Our Company has a subsidiary Gravita Exim Limited, a company specializing in providing turnkey solutions and consultancy services on engineering and design for the secondary lead companies. Gravita India Limited and Gravita Exim Limited together are able to provide a complete solution right from setting up plants to providing value added lead products in the lead metal market.

We are an ISO 9001:2000 and 14001:2004 certified company and a certified Star Export house under Ministry of Commerce and Industry. We are also affiliated as a member with Federation of Indian Export Organisation, Institute of Scrap Recycling Industries Inc., FICCI, to name a few. Our company has shown consistent growth in past 3 years which proves our market credibility.

We specialize in producing high quality pure lead ingots with minimum purity level of 99.97% by weight. We have a quality control Laboratory consisting of Optical Emission Spectrometer (OES) of Spectro Germany make & Atomic Absorption Spectrometer (AAS) to monitor the purity levels of the product. Our manufacturing operations to produce Pure Lead / Lead Alloys, Lead Oxides (Litharge, Red Lead & Lead Sub-Oxide), are controlled round the clock by experienced Chemists & Quality Control supervisors

### Turnover of the Company for last three years



### Competitive Strengths

Gravita is an established manufacturer of a wide range of lead products. Our competitive strengths are;

1. **Presence in Global market:** Besides having manufacturing facility in India, the Company has successfully established subsidiaries and interests in Ghana, Senegal, Mozambique, Sri Lanka, Saudi Arabia, Zambia and Ethiopia. These cover the continents of Africa, Asia and GCC. Its global presence helps to cater multi location demand and creates brand awareness in different countries.

2. **Access to raw material world wide:** The global presence with an established base in different parts of the world gives the Company access to the local raw materials in the respective countries at competitive freight cost.
3. **Environment friendly:** We are ISO 14001:2004 certified Company confirming our environment friendly recycling operations as per international standards. We are a registered manufacturer under Ministry of Environment and Forest for lead processing and recycling. The Company lays a lot of stress on recycling and continuing to deploy environment friendly technology.
4. **Versatile product mix:** We have a wide spectrum of products in the lead metal industry starting from the basic product as remelted lead ingot from battery recycling to high end value products such as pure lead, lead alloys, litharge, red lead, lead sub oxides, powder, sheets etc. Our manufacturing operations conform to ISO 9001:2000.
5. **Strong Brand Name:** We have built a strong brand name of quality products through our manufacturing and marketing presence in different parts of the world. Our products are widely accepted and conform to all technical specifications prevailing in the international market. We also participate in all major conferences relating to lead industry worldwide.
6. **Relationship with customers:** We have built robust relationship and confidence with customers through our ability to provide them the entire range of lead products with quality control checks globally. We have been awarded as “Star Export House” by the Government of India.
7. **Strong management Team:** The promoter and the senior management team of the Company have substantial experience in the metal industry and have been instrumental in the consistent growth of the Company. The management team has also wide knowledge of global lead markets having established operations globally.
8. **Complete solution under single roof:** We are one of the few players with a global presence offering a complete solution right from setting up of turnkey plants (through our subsidiary Gravita Exim Limited) to manufacturing the wide range of lead products. Our ability to source raw materials and market our products in different parts of the world gives us a cutting edge in the lead industry.

### Products:

The brief details about the different products are stated below:



1. **Pure Lead Ingot:** Pure Lead Ingot is being produced from Raw Lead Bullion / Remelted and Secondary Lead Ingots / Lead Scraps through Pyrometallurgical process. Our refining process, produces pure lead ingots with a minimum purity level of 99.97% by weight but achieves purity level of 99.985% in most of cases. Our Plant is having three Refining Kettle / Pots with capacity of 30 MT, 18 MT & 10 MT each. Our Automatic Ingot Casting Machine with capacity of 10 MT per hour ensures dross-free & smooth top surface of each ingots and almost similar weight of each ingot separately. The dispatch is made after staking of 42 ingots in one bundle dully striped.

The typical composition of Refined Lead / Pure Lead is

Elements	Symbol	Composition in %
Antimony	Sb	0.001 (max)
Arsenic	As	0.001 (max)
Tin	Sn	0.001 (max)

Elements	Symbol	Composition in %
Copper	Cu	0.001 (max)
Bismuth	Bi	0.025 (max)
Iron	Fe	0.001 (max)
Nickel	Ni	0.001 (max)
Silver	Ag	0.003 (max)
Zinc	Zn	0.001 (max)
Calcium	Ca	0.0005 (max)
Sulphur	S	0.0005 (max)
Aluminum	Al	0.0005 (max)
Selenium	Se	0.0005 (max)
Cadmium	Cd	0.0005 (max)
Tellurium	Te	0.0010 (max)
Lead	Pb	99.970 (min)

2. **Lead Alloying:** Our Alloying plant is capable to produce all kind of Lead Alloys as per the customer requirement like Antimonial, Calcium, Selenium, Copper, Tin, Arsenic, etc. We have alloying kettle of various capacities ranging from 10-30 tones per batch accompanied by high efficiency furnace oil burners equipped with preheating arrangements. Emissions control is achieved by a flexible kettle hood venting into a venturi scrubber attached to an induced draft fan along with a chimney/stack arrangement.
3. **Litharge:** Litharge is a yellowish or reddish, odorless, heavy, earthy, water-insoluble, solid, PbO, used chiefly in the manufacture of Lead Stabilizers (Lead Steareates), pottery, Lead glass, paints, enamels, and inks. It is also called Lead Monoxide, Lead Oxide, Plumbous Oxide. Other use of Litharge is as intermediate used in a variety of industries like lubricants and greases, insecticides, inorganic pigments, Lead soaps, petroleum refining, rubber and PVC etc.

We manufacture two types of Litharge namely, Granule Litharge and Powder Litharge. Our manufacturing Plant for Litharge has a Barton plant as the common first step. The required input is refined Lead ingots of minimum 99.98% purity. The Barton plant output is routed to the Litharge furnace with their respective equipment complement, which comprises of the Litharge furnace, grinder, cyclone and bag-house arrangements, ending in a mixer / silo, pulverizer & packing section.

4. **Red Lead:** It is bright red to orange-red powder, used in Lead glass, and red pigments; a paint made with Red Lead which is commonly used to protect iron and steel from rusting. Chemically, Red Lead is Lead tetra oxide, Pb<sub>3</sub>O<sub>4</sub>, a water-insoluble compound that is prepared by the oxidation of metallic Lead or of litharge (Lead monoxide); the commercial product sometimes contains litharge as an impurity.

It is one of the oldest and most commonly used anti-corrosion pigments applied to metal surfaces. Orange-red in color, it forms the prime coat for most of the largest bridges in the world. It is also the primer of choice for most of the intricate steel structures of buildings built in the 20th century. Resistant to even salt water, it was liberally applied to the hulls and decks of millions of ships. Typically, 85% Red Lead (Lead concentration = 85%) was applied to these steel surfaces. Later, Red Lead primers containing as much as 95% to 98% Lead were used.

Red Lead is virtually insoluble in water. However, it is soluble in hydrochloric acid present in stomach, therefore it is toxic when ingested. It is also insoluble in alcohol. It dissolves in hydrochloric acid, glacial acetic acid, and diluted mixture of nitric acid and hydrogen peroxide. Red Lead is used to a certain extent in the ceramics and glass, paints and pigments and explosives industries. Our manufacturing plant for

Red Lead have a Barton plant as the first step to produce messicot. The required input is refined Lead ingots of minimum 99.97% purity. The Barton plant output is routed to Red Lead furnace with their equipment in conjunction with a dust collection plant, conveyors, grinder and cyclone-bag-house filtration unit arrangements, culminating in a packing and storage module.

5. **Lead Sub-Oxide:** It also commercially known as Grey Oxide / Battery Oxide and is used on an extensive scale for preparation of plates in Lead Acid Batteries which requires production to strict specifications. Refined Lead (Minimum 99.97% purity) is required input for our Grey Oxide manufacturing plant, which uses the Ball Mill process. Grey Oxide produced in Ball Mill Plant, which comprises of a small Lead Melting Furnace, operating in line with a hemispherical / cylindrical ball-casting machine, which feeds the balls to the ball mill. In the ball mill, Lead is converted to Lead Sub Oxide, which is an exothermic process. In this process heat is generated and temperature of a oxide is increased to control the temperature with in the range of 115 °C to 135°C we cool the ball mill with constant flow of air and also with the water spraying system controlled through solenoid valve. The Grey Oxide is harvested through a classifier high efficiency cyclone, bag-house filtration unit and induction draft fan arrangement. It is in a grey powder form. The desired particle size and free Lead content is ensured through proper plant configuration and precise control of ID Fan suction. Our plants can produce up to 350 mesh size LSO powder.

The Company's products find application is mainly in following industries:

- Battery industry
- Glass industry
- Ceramic industry
- Pharmaceutical industry
- Paint industry
- Heat Exchanger and Plumbing Engineering Industries
- Electronic Industries
- Chemical Industries/PVC Stabilizer

#### **Location of manufacturing facility**

The Company presently has only one manufacturing unit located in India at Jaipur, Rajasthan.

<b>Type of Facility</b>	<b>Location</b>	<b>Total Area</b>
Manufacturing of Lead products	Saurabh, Chittora Road, Harsulia Moad, Deegi – Malpura Road, Tehsil – Phaghi, Jaipur – 303 904, Rajasthan	10,000 sq. meters

#### **BUSINESS STRATEGY**

The Company intends to improve its market position in Lead Metal sector in which it operates, by pursuing the following business strategies:

- Establishing state of the art environment friendly new manufacturing facility at Maharashtra to export the products and cater Indian customers of south west region.
- Manufacturing of new value added Products of Lead viz. Lead Sheets, Lead Wire, Lead Powder and Lead Wool etc.
- Establishing new overseas plant to produce Lead Ingots by fetching cost-effective benefits of locally available cheap raw materials. Major emphasis will be given to establishing facilities for Lead Processing with proven process technology, which is developed in-house.

- **Adopt Environment friendly technologies:** Our Company is committed to provide a safe, clean and healthy environment. The Company continuously strives to minimize the generation of waste water, air emissions & solid waste, thereby preventing pollution at source and that can be achieved by adopting cleaner technologies, reducing the use of natural resources and reusing & recycling wastes. The Company will continue complying with all national & international environmental laws and regulations, at all the times.
- **More focus on Research & Development :** The Company intends to continue its focus on R & D, which it believes to be the threshold of discovery of processes & efficient control of Pollution. This will help the company in the development of new Lead Alloys and more efficient Refining Processes etc

## COMPETITION

The Company has gained expertise in processing of hazardous waste and manufacturing of value added products involving Lead Smelting, Lead Alloying & Lead Oxide Manufacturing. It enjoys a niche position with respect to its products and also the number of players in this market.

There are Indian companies producing similar products but only few have manufacturing base in other countries which will give them additional strength of committed & cheap source of raw material. The Company's core strength is in Environment friendly, cost effective Lead Metal Recycling at various National & International locations, which gives it an edge over other competitors.

Some of our domestic competitors are Nile Limited, Metrade India Limited, Leadage Alloys India Limited, Chloride Metals Ltd., Pondy Oxide. We also face competition in overseas market from different players like Eco-bat Limited, RSR Technologies Inc., Texas, USA, Frys Metal S.A. and other players operating in the same line of business.

## UTILITIES

1. **Water:** The manufacturing unit utilizes 15,000-16,000 litres of water per day for its manufacturing process and other purposes. The Company meets the water requirement through bore-well.
2. **Electricity:** The total connected power load of the unit is 425 KVA and average power withdrawal is about 160 KVA. The manufacturing unit is enjoying an equivalent connection load from JVVNL.
3. **Human Resource:** The Company employs about 70 persons at different levels in production, maintenance, marketing, sales, administration and corporate services. Apart from the above the company employs around 35 labourers at its present manufacturing unit.

Sr. No	Level	No. of Employees
1	Senior Management	8
2	Middle Management	26
3	Junior Management	37
4	Labourers	35

Presently the existing manpower is sufficient to handle the estimated growth of our company. We will take necessary steps for recruitment of additional manpower as and when required.

## COLLABORATION

Our Company has not entered into any collaboration agreement with any party.

## RAW MATERIALS

The main raw materials used for production includes Lead Scrap, Lead Ore, Lead Concentrate and Re-melted Lead Ingots. Around 70% of the raw material used in the manufacturing process is imported. These raw materials are mainly imported from GCC, U.K., Ghana, Pakistan, Mozambique, etc on account of price differential benefit.

## MARKETING AND SELLING ARRANGEMENTS

Our Company manufactures products on order basis and caters to local and international clientele base. Currently we are supplying to around 38 countries all over the world. We have a technically qualified, dedicated and experienced team to market our products. Our team is head by Mr. Navin Sharma, Vice president (Sales and Marketing), who is qualified metallurgical engineer with 17 years of experience in metal industry.

We have appointed commission agents who deal in our products in the markets of Iran, Egypt and Turkey. Our export turnover for the financial year 2008-09 was around 50% of the total turnover. In India, we have appointed consignment agents in Pune, Delhi and Hyderabad. The value added products proposed to be manufactured have an established market wherein we have already started manufacturing on a job work basis the high end products.

## COMPANY TRADE MARK REGISTRATION:

We have filed an application on August 25, 2009 for the registration of trade mark "Gravita" under the following class of the Trade Marks Act 1999.

Sr. No	Class	Goods included
1	1 & 6	Chemical used in industry, science, photography, agriculture, horticulture and forestry; unprocessed artificial resins, unprocessed plastics; manures; fire extinguishing compositions; tempering and soldering preparations; chemical substances for preserving foodstuffs; tanning substances; adhesive used in industry
2	7	Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs

## QUALITY ASSURANCE:

Our modern quality control Laboratory consists of Optical Emission Spectrometer (OES) of Spectro Germany make & Atomic Absorption Spectrometer (AAS) are used for quality inspection of raw materials, work-in-process products and finished products. Further, the Company has its own quality check policy for different products which is stated below:

### Quality Plan for Incoming Material

S.No.	Item Name	Specification	Testing Parameters	Inspection Method	Responsibility
1	Lead Ingots- Hard	Antimony : Min. 1 %	Antimony Contents	By Spectro analysis	Chemist
	Lead Ingots- Soft	Antimony: Max. 1 %	Antimony Contents		
2	Lead	Bismuth:	Bismuth		

	Ore	Min. 0.001 %  Silver: Min. 0.105 %  Lead : Min 62 %	Contents  Silver Contents  Lead Contents		
3	Lead Scrap	Antimony Max.: 1 % Tin: Min.0.0010 %	Antimony Tin		

**QUALITY PLAN FOR IN-THE-PROCESS**

Sr .No	Process	Inspection Parameters	Specifications	Inspection Method	Frequency	Responsi bility
1	Refinery	Copper Content	Max. 0.001 %	By Spectrometer	After every Sulphur Treatment	Chemist
a)		Antimony Content	Max. 0.0005 %			
2	Oxide Plant	Copper Content	Max. 0.0020 %		One sample after attaining the Min. Temp. of 400 Deg.C.	
a)		Antimony Content	Max. 0.0010 %			
b)		Iron	Max. 0.0010 %			

**Quality Plan for Final Inspection**

Sr no.	Products	Specifications	Inspection Method	Frequency	Responsibility
1	Refined Lead	99.97 % Purity Other elements should be less than 10 ppm	By Spectrometer	One sample/batch	Chemist
2	Lead Oxide				
a)	Grey Oxide	Cu Contents Max. 0.0020 % Antimony contents Max. 0.0020 % Lead Purity: Min. 99.96 % Apparent Density: Max. 1.6 Mesh Size: 1.5 % Max. retain on 100 mesh , 2.0 % Max. retain on 200 Mesh Free Lead: 30-32 %			
b)	Red Oxide	Lead Contents: 97.70 % Min. Lead Dioxide: 30-33 %			



Sr no.	Products	Specifications	Inspection Method	Frequency	Responsibility
		Particle size: 240 Mesh 0.15 % Max. retaining Water absorption: 80-100 mg./gms. Cu Contents Max. 0.0020 % Antimony contents Max. 0.0020 %			
c)	Litharge	Purity Min.: 99.80 % Lead Di-Oxide: 0.011 % Max. Apparent Density: Max. 2.2 % Particle Size: 240 (0.10 % Max) Cu Contents Max. 0.0020 % Antimony contents Max. 0.0020 %			

Our manufacturing operations to produce Pure Lead / Lead Alloys, Lead Oxides (Litharge, Red Lead & Lead Sub-Oxide) are controlled round the clock by experienced Chemists & Quality Control Supervisors.

#### PLANT AND MACHINERY OF THE COMPANY

The main plant and machinery consists of Battery cutting Machine, Lead Scrap Shearing Machine, Charging Unit, Rotary Furnace, Pollution Control Plant, Fumigation System, Lead Refining Kettles, Alloying Kettle, Atomic Absorption Spectrometer, Optical Emission Spectrometer, Barton Plant, Litharge Plant, Red Lead Furnaces (Two Nos.), Ball Mill, Weighing Machine.

#### PROPERTY:

##### Owned property

Sr. No	Date of Purchase	Location	Area of property	Purpose
1.	March 29, 1997	Khasra No. 209/1/4 and Khasra No. 209/1/5 Village Jaichand ka Bas, Tehsil Phagi, Dist. Jaipur	10,000 Sq.meters	Manufacturing facilities
2.	April 11, 2007	Flat 403, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar, Jaipur – 302004	1340 sq. ft.	Marketing Office
3.	August 24, 2007	Flat 302, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar, Jaipur – 302004	1042.07 sq. ft.	Administrative office

**Leasehold Property**

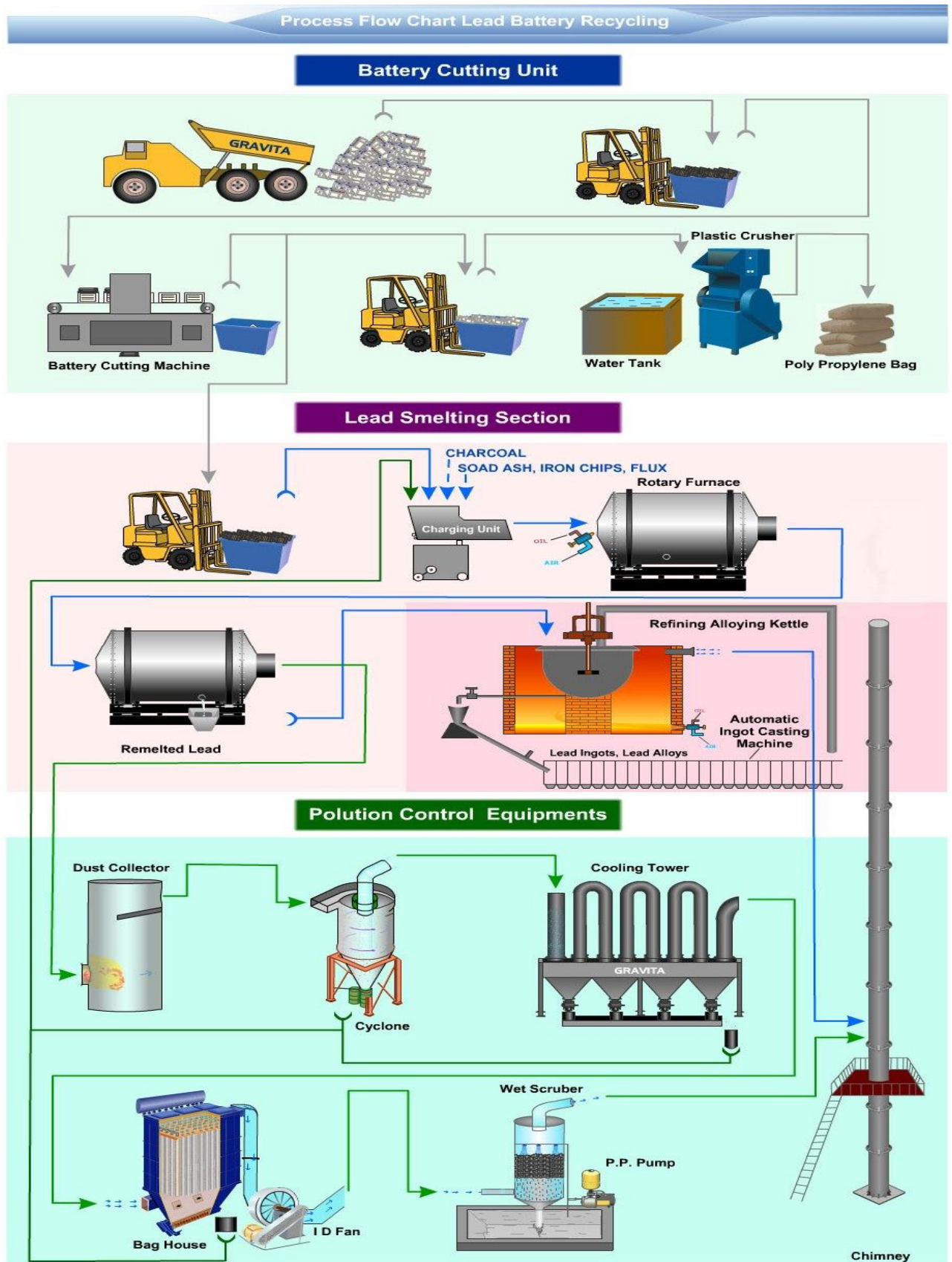
<b>Sr. No</b>	<b>Date of Agreement</b>	<b>Location</b>	<b>Purpose</b>	<b>Leased from</b>	<b>Lease period</b>	<b>Lease rental per month</b>
1	April 1, 2009	Flat 402, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar, Jaipur – 302004	Corporate Office	Shri Rajat Agrawal	11 months. Subject to renewal	Rs. 20,000/-
2	April 01, 2009	Saurabh Farms, Chittora Road, Harsulia Mod, Diggi Malpura Road, Tehsil Phagi, Dist. Jaipur – 303904	Godown	M/s Saurabh Farms Ltd.	11 months	Rs. 1100/-
3	April 01, 2009	C-137, Dayanand Marg, Tilak Nagar, Jaipur – 302 004	Training	Mrs. Shashi Agarwal & Mrs. Anchal Agrawal	11 months	Rs.4,20,000/-

**INTEREST IN THE PROPERTY OF THE COMPANY**

Promoters do not have any interest in any property acquired by the company within two years preceding the date of this Draft Red Herring Prospectus besides the above.

**MANUFACTURING PROCESS**

We use Lead Acid Battery scrap as a major raw material in addition to other raw material like Other Lead Scrap, Lead Concentrates, Re-melted Lead & Pure Lead etc. The process, for the reclamation of the lead in the scrap automotive or industrial batteries, for further refining to 99.97 or more purity to use it in the production of lead oxides or in the casting of grids to be used again in the production of lead acid batteries is below:



**PROCESS:****CUTTING /SHEAR OF TOP COVER OF THE SCRAP BATTERIES AND THE SEPARATION OF THE LEAD BEARING MATERIALS**

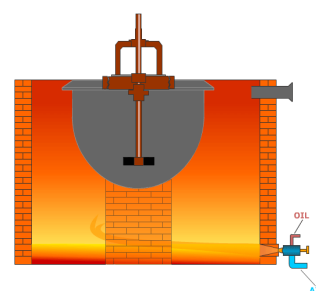
- The scrap metal or batteries are cut with the help of cutting machine.
- The drained scrap batteries are placed on feeding roller table of the Belt conveyor and top cover is sheared off from the scrap batteries.
- The sheared scrap batteries are unloaded from discharge table of belt conveyor and the lead bearing material is emptied in the storing bins by upside down. The sheared scrap battery and empty PP boxes and top covers are sent to PP crusher section for chipping off into small chips.

**CHARGE PREPARATION WITH MIXING OF THE LEAD BEARING MATERIALS WITH REDUCING AND FLUXING AGENTS**

- The lead bearing materials from the battery cutting system are transformed into metallic lead by carrying out chemical reactions in a rotary furnace with the help of reagents.
- Before materials are fed into the furnace it is necessary to prepare charge where all the reagents are mixed in specific ratio with lead bearing materials to have better results through the smelting cycle.
- Also at the mixing process a controlled amount of flue dust from the filtration bag house of the furnace is incorporated into the mix, up to 10% of the charge.

**SMELTING OPERATION IN A ROTARY FURNACE & EXHAUST OF ECO- FRIENDLY FLUE GASES THROUGH POLLUTION CONTROL EQUIPMENTS**

- The smelting operation is carried out in the furnace and completion of this process results into presence of two different liquid layers in the furnace, the one at the bottom is metallic lead and the other at the top is the slag.
- Liquid Lead is discharged first through a small opening at the discharge port at periphery of the furnace into Ladles of holding capacity of 0.5 MT lead metal for transferring to Refining/Alloying kettles. Slag is discharged thru a large opening at discharge port into slag ladles. For regular operation discharge port is sealed with fire clay.
- The flue gases passes through the series of pollution control equipments to make the system eco friendly and controls emission within the prescribed limit before it emits through the stack.

**REFINING OF LEAD**

- The lead refining operation includes the removal of unwanted impurities present in the Lead bullion to make purity of lead as 99.97% minimum. The major impurities are antimony, tin, arsenic, copper and iron. The Lead bullion from the furnace with lowest antimony content are charged into the first refining kettle and melted.
- The refining of lead is done through pyro-metallurgical process and removal of different elements is done by the addition of different reagents at required temperature with severe agitation to the lead bath.

- A hood is provided with each refining kettle to capture all smoke and dust from refining operations and convey them to the filtration system to collect the finest part of lead for further re processing in rotary furnace. Each refining kettle is equipped with an air fuel burner for melting the lead ingots and keeps the lead bath at the needed temperature.

### **ALLOYING OF LEAD**

- For producing lead alloys we have to make refined/pure lead as prescribed above and then at the alloying elements as per the specification at different temperatures. The addition of different elements will be done at a different temperature within the presence of some particular elements.
- The refining and alloying of lead is done through pyro-metallurgical process and removal of different elements is done by the addition of different reagents at required temperature with severe agitation to the lead bath.
- A hood is provided with each alloying kettle to capture all smoke and dust from alloying operations and convey them to the filtration system to collect the finest part of lead for further re processing in rotary furnace. Each alloying kettle is equipped with an air fuel burner for melting the lead ingots and keeps the lead bath at the needed temperature.



### **PUMPING AND CASTING OF LEAD**

- The refined or alloyed finished lead is generally cast in 23-25 kg ingots in a continuous chain casting machine with cast iron moulds which are cooled at the bottom with a spray of water and further air cooling done by blower from the top surface of ingots. A fast cooling of lead is particularly important for the lead alloys to avoid the possibility of metals separation due to differences in the specific gravity.

### **CAPTURE AND FILTRATION OF SMOKE AND DUST FROM REFINING/ALLOYING OPERATIONS**

- Through the refining and alloying operations some smoke and dust are released, they are to be confined in site by the hood on the kettles and conveyed to the Fumigation bag house for filtering. These fine dust collected in the bag filter house is sent to rotary furnace for further processing and to recover lead.

### **POLLUTION CONTROL & WASTE MANAGEMENT**

All processing industries generate waste. The quantities generated and their potential impacts depend on many factors, including the level of industrial development, the way in which wastes are managed, the existing state of the local environment and the capacity of the receiving media.

The output of a Lead Recycling Plant can be categorized in to following standard forms:

1. **Solids** – It is defined as the final by-product that is obtained after 2-3 run of the waste generated after recycling of fresh lead bearing material. Slag is obtained at the end of the process containing less than 2.0% of Lead content by weight in it. We make slag in non-leachable form by way of doing proper fluxing through silica and fluorospar. These are to be disposed off at proper Government approved landfill Areas. The development is going to use it in the cement industry.
2. **Liquids** – No Liquid waste is generated in our plant setup as we are using water for treatment of SOX gases which is further neutralized and re-circulated within the system. Thus no drainage as effluents. The water loss is only due to evaporation

3. **Gases** - The gases & fumes generated in the system are effectively controlled by the Pollution control Equipments. The amount of Lead content that flue with these gases are being collected at every stage of pollution control equipments.
- a) **SOX** – Sulphur content present in the gases are being treated with water in wet scrubbing system.
- b) **CO, Lead Dust and Lead Ash etc.** – These are controlled by different sections of Pollution Control Equipments.
- c) **NOx** – In our case of operation, no nitrogenous components are produced because of the lower level of temperatures.

## MARKETING STRATEGY

We being manufacturers of the products on order basis have a “Pull” strategy approach for marketing. As our products are used in industrial applications, the sales team of the company markets its products in the Indian markets and subsidiaries of the Company market the product in their various respective markets. Further, we participate in the various conferences, exhibitions, and are also part of various institutes and federations. The Company has also appointed consignment agents in Pune, Delhi and Hyderabad and proposes to appoint additional agents in other areas to market its range of products. We also market our products using Internet as a tool for marketing and brand promotion. Our products are listed and advertisements are displayed on various B2B portals related with lead metal industry such as “Lead Battery Recycling World – [www.lead-battery-recycling.com](http://www.lead-battery-recycling.com)”.

## SWOT ANALYSIS

Strengths	Weakness
<ul style="list-style-type: none"> <li>◆ Presence in Global market:</li> <li>◆ Access to raw material world wide</li> <li>◆ Environment friendly</li> <li>◆ Versatile product mix</li> <li>◆ Strong Brand Name</li> <li>◆ Relationship with customers</li> <li>◆ Strong management Team</li> <li>◆ Complete solution under single roof</li> </ul>	<ul style="list-style-type: none"> <li>◆ Existing manufacturing unit logistically placed at distance from the port</li> <li>◆ Heavy dependency on availability of imported scrap metal/lead ingots</li> <li>◆ Focus on single non ferrous metal</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>◆ Increasing demand of lead in Auto, Telecom and Power sector</li> <li>◆ Depletion of mining resources as primary source of lead creating more demand for the products from the secondary sources.</li> <li>◆ Increase in government focus on strict regulatory compliance to control the unorganized or backyard smelters.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Hazardous industry</li> <li>◆ High Volatility in lead prices</li> <li>◆ Competition from unorganized sector on local basis</li> <li>◆ Poor monitoring of regulations in certain countries</li> </ul>

## INSURANCE

The Company has insurance policies of the following nature:

1. Motor Vehicles Policies
2. Group Easy Health Insurance Policy
3. Standard Fire and Special Perils Policy

The details of the insurance policies currently invested in by the Company, are set out herein below:

Particulars	Insurer	Sum Insured (Rs.)	Period		Premium
			From	To	
Insurance of Honda Civic (Chasis No. 005662)	Reliance General Insurance	9,37,600/-	07/11/2008	06/11/2009	20,024/-
Insurance of Toyota Innova (Chasis No. 73708)	Reliance General Insurance	7,58,736/-	06/3/2009	05/3/2010	14,135.-/-
Insurance of Verna CRDI SX (Chasis No. 069190)	Royal Sundaram Alliance Company Limited	7,40,565/-	01/06/2009	31/05/2010	19,156/-
Health Insurance Group Insurance Policy (Policy No. 110100/12001/2008/A000476)	Apollo Insurance Health Insurance	73,00,000/-	31/03/2009	30/03/2010	1,84,000/-
Insurance of Ford Fiesta (Chasis No. 49866)	ICICI Lombard Motor Insurance	6,28,500/-	28/04/2009	27/04/2010	12,036/-
Insurance of Optra GM Magnum (Chasis no.49866)	Reliance General insurance	8,74,000/-	09/04/2009	08/04/2010	15,952/-
Standard Fire and Special Perils Policy (Policy No. OG-09-1401-00002887) (For Stocks, Plant & Machinery and Building)	Bajaj Allianz General Insurance Co. Ltd.	4,65,00,000/-	12/02/2009	11/02/2010	23,982/-
Standard Fire and Special Perils Policy (Policy No. OG-09-1401-00002888) (For Residential Building)	Bajaj Allianz General Insurance Co. Ltd.	5,20,00,000/-	12/02/2009	11/02/2010	1,192/-

## KEY INDUSTRIAL REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to our Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.*

### **The Companies Act, 1956**

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

### **Regulation of Foreign Investment in India**

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

### **Environment (Protection) Act, 1986**

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act & Air Act. It includes water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.



### **Consent for operation of the plant under the Air (Prevention and Control of Pollution) Act 1981 ("Air Act")**

The Air (Prevention and Control of Pollution) Act 1981 has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in the state.

### **Consent for operation of the plant under the Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")**

The Water Act was enacted in 1974 in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an Industrial Undertaking it applies to the (i) Occupier (the owner and management of the undertaking) (ii) Outlet (iii) Pollution and (iv) Trade effluents. The Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

### **Water (Prevention and Control of Pollution) Cess Act, 1977**

The Water Cess Act is a legislation providing for the levy and collection of a cess on local authorities and industries based on the consumption of water by such local authorities and industries so as to enable implementation of the Water Act by the regulatory agencies concerned.

### **Trade Marks Act, 1999**

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

### **Copyright Act, 1957**

The Copyright Act, 1957 came into effect from January 1958. Copyright is an exclusive right. The statutory definition of Copyright is the exclusive right to do or authorizes others to do certain acts in relation to Literary, dramatic or musical works, Artistic work Cinematograph film; and Sound recording. The purpose of recognizing & protecting the copyright of an author is to statutorily protect his work & inspire him to exercise his creative faculties. Copyright is granted for a specific period of time. Whether an act is an infringement or not would depend on the fact whether copyright is subsisting in the work or not. In case the copyright has expired, the work falls in the public domain & any act of reproduction of the work by any person other than then the author would not amount to infringement.

### **Income-tax Act, 1961**

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

## **Service Tax**

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds Rs. 400,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same

## **Central Sales Tax Act (CST)**

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on inter state sales and states the principles and restrictions as per the powers conferred by Constitution.

## **Standards of Weights and Measures Act, 1976**

This legislation and the rules made there under apply to any packaged commodity that is sold or distributed. It provides for standardization of packages in specified quantities or numbers in which the manufacturer, packer or distributor shall sell, distribute or deliver some specified commodity to avoid undue proliferation of weights, measures or number in which such commodities may be packed. Any person intending to pre-pack or import any commodity for sale, distribution or delivery has to make an application to the Director of Legal Metrology for registration.

## **Standards of Weights and Measures Enforcement Act, 1985**

The Standards of Weights and Measures Enforcement Act, 1985 regulates the classes of weights and measures manufactured, sold, distributed, marketed, transferred, repaired or used and the classes of users of weights and measures. The Act was passed with a view to regulating and modernizing the standards used in India based on the metric system. The units of weight which are sought to be used in day to day trade are required to be periodically inspected and certified by the designated authorities under this act for their accuracy

## **Electricity Act, 2003**

The Electricity Act, 2003 has been recently introduced with a view to rationalise electricity tariff, and to bring about transparent policies in the sector. The Act provides for private sector participation in generation, transmission and distribution of electricity, and provides for the corporatisation of the state electricity boards. The related Electricity Regulatory Commissions Act, 1998 has been enacted with a view to confer on these statutory Commissions the responsibility of regulating this sector.

## **Value Added Tax ("VAT")**

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

### **Approvals from Local Authorities**

Setting up of a Factory or Manufacturing/Housing unit entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

### **Industrial (Development and Regulation) Act, 1955**

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

### **Foreign Trade (Development and Regulation) Act, 1992**

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

### **The Factories Act, 1948**

The Factories Act, 1948 is a social legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

### **Payment of Wages Act, 1936 ("Wages Act")**

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

### **The Minimum Wages Act, 1948 ("Minimum Wages Act")**

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

### **Employees (Provident Fund and Miscellaneous Provisions) Act, 1952**

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

### **Payment of Gratuity Act, 1972**

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

### **Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also requires for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

### **Contract Labour (Regulation and Abolition) Act, 1970**

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

### **Employment (Standing Orders) Act, 1950**

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

### **The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976**

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no

discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

### **Employees State Insurance Act, 1948**

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

### **The Maternity Benefit Act, 1961 ("Maternity Act")**

The purpose of Maternity Act 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter-alia for payment of maternity benefits, medical bonus and enacts prohibition on dismissal, reduction of wages paid to pregnant women etc.

### **Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which our Company has an established place of business/ office ("Shops Act")**

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

### **Importer Exporter Code**

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/ units/factories.

### **Hazardous Wastes (Management and Handling) Amendment Rules, 2003**

Every occupier handling, or a recycler recycling, hazardous wastes shall make an application in Form 1 to the Member-Secretary, State Pollution Control Board or Committee, as the case may be or any officer designated by the State Pollution Control Board or Committee for the grant of authorization for any of the said activities:

Provided that an occupier or a recycler not having a hazardous wastes treatment and disposal facility of his own and is operating in an area under the jurisdiction assigned by the State Pollution Control Board or Committee, as the case may be, for a common Treatment, Storage and Disposal Facility (TSDF) shall become a member of this facility and send his waste to this facility to ensure proper treatment and disposal of hazardous wastes generated failing which the authorization granted to the said occupier or recycler in accordance with this sub-rule may be cancelled after giving a reasonable opportunity to such occupier or recycler, as the case may be, of being heard or shall not to be granted by the State Pollution Control Board or Committee, as the case may be.

## History and Other Corporate Matters

### Brief History of Company

Our Company was originally incorporated as Weldtech Private Limited in the State of Rajasthan on August 4, 1992 under the Companies Act, 1956 vide certificate of incorporation issued by Registrar of Companies, Jaipur.. The name of the Company was changed to Gravita India Private Limited with effect from August 2, 1996 and subsequently company was converted into Public Limited vide a fresh certificate of incorporation dated 13<sup>th</sup> August, 1996 from Registrar of Companies, Jaipur.

We started our business with welding and surface coating and were appointed as stockist of Eutectic Division of Larsen and Toubro for state of Rajasthan. Later we entered into arena of manufacturing of Lead products from the battery scrap and set up a manufacturing unit at Jaipur with a capacity of 600 MT per annum. In the year 1996-97 with the objective of forward integration the company diversified into Grey Oxide, Litharge and Red Lead. During the year 2000 there was change in the duty structure of import and export of lead products which badly affected the health of the secondary lead producers and we were part of the same. The company had to stall its operation on account non-repayment of dues to banks but revived its operation in the year after the settlement of the same. Since 2005 the Company has taken the adequate measure to diversify the product range and expand its market to insulate itself from changes in regulations and duty structures. Also the strategy to built plants in different locations globally and service local markets as well as source raw material from different parts of the world has created a strong foundation for the Company.

Presently, we are an ISO 9001:2000 and ISO 14001:2004 certified company and a certified “Star Export House” by Director of Foreign Trade, India under Ministry of Commerce and Industry with a wide range of lead products. We also have the ability to set up turnkey plants through our subsidiary, Gravita Exim Limited which has gained substantial experience by executing 27 projects in 21 countries.

### Changes in Registered Office of Our Company

Date of Change	Address Changed		
	From	To	Reasons for Change
01/12/1999	C-173, Gyan Marg, Tilak Nagar, Jaipur – 302 004	501, Rajputana Tower, A – 27B, Shantipath, Tilak Nagar, Jaipur – 302 004	Expansion and requirement for additional space
30/09/2002	501, Rajputana Tower, A – 27B, Shantipath, Tilak Nagar, Jaipur – 303 904	‘Saurabh’, Chittora Road, Harsulia Mod, Diggi-Malpura Road, Tehsil-Phagi, Jaipur – 303 904	Registered office shifted to the factory premises

### MAJOR EVENTS

Sr No	Major Events	Year
1.	Incorporation of Company as “Weldtech India Private Limited” to start business of welding technology and powder metallurgy of surface coatings	1992-93
2.	Appointed as stockiest for Eutectic Division of Larsen and Toubro for the State of Rajasthan	1992-93
3.	Acquired land in Jaipur and set up of an environment friendly recycling operation of battery scrap to produce remelted lead and poly propylene chips with capacity of 600 MT.	1994-95

Sr No	Major Events	Year
4.	Changed its name to "Gravita India Pvt. Ltd and then later converted into Public Limited Company	1996-97
5.	Ban on import of battery scrap by Government of India	1996-97
6.	Diversified into manufacturing of Pure Lead	1997-98
7.	Installation of new plant for manufacturing of Grey oxide, Red Lead and Litharge	1997-98
8.	Reduction of import duty structure on import of litharge from 35% to 5% made the lead manufacturing environment non-viable	1999-00
9.	First export of the Company	1999-00
10.	Default on payment of loans to bank resulted in Lock Out for five years	2000-01
11.	Settlement of Outstanding with Banks	2005-06
12.	Re-commencement of business operation	2005-06
13.	First Subsidiary of the Company	2006-07
14.	Crossed Turnover of Rs.20 crores	2006-07
15.	Acquired Gravita Exim Limited a group company dealing in turnkey solutions for lead processing plants.	2008-09
16.	Crossed Turnover of Rs.50 crores	2008-09

#### MAJOR AWARDS AND RECOGNITION

Sr No	Major Awards and Recognition	Year
1.	Certified ISO 9001:2000 by Bureau Veritas Certification (India) Pvt. Ltd	2007
2.	Certified ISO 14001:2004 by United Registrar Systems Limited (India)	2007
3.	Gravita Exim Limited awarded Niryat Shiromani Puruskar	2007
4.	Member of Institute of Scrap Recycling Industries, Inc.	2008
5.	Associate Member of the Federation of Indian Chambers of Commerce and Industry	2008
6.	Presented Technical paper on battery recycling in conferences of India Lead Zinc Development Association at Hyderabad, Mumbai, Delhi and Jaipur	2007, 2008 & 2009
7.	Certified Star Export House by Director of Foreign Trade, India	2009

## MAIN OBJECTS OF OUR COMPANY

The main objects of our Company as contained in the Memorandum of Association are as follows:

1. To carry on the business of manufacturers, traders, dealers, importers, exporters, buyers, sellers, jobbers, welders, fabricators, moulders, recyclers, melters, smelters, machinist's smiths, japanners, refiners, galvanizers, servicing, repairing and engineering job of all type of industrial and domestic electronic, electrical, metallurgical, chemical and bonding items.
2. To carry on the business of manufacturers and suppliers of various type of industrial welding powder, gum, adhesives and chemicals.
3. To acquire in India or elsewhere by purchase, lease, assignment, transfer or otherwise mines, mining rights, or any other earthen surface containing all kinds of lead, copper, minerals, marble, granites, stones, chemicals and other related material and to manufacture, treat, survey, improve, remove and extract from mines, refine, import, export, purchase, sell and deal and to act as brokers, agents, stockiest, distributors and suppliers of all kinds of lead, copper, minerals, marble, granites, stones, chemicals and other related material.

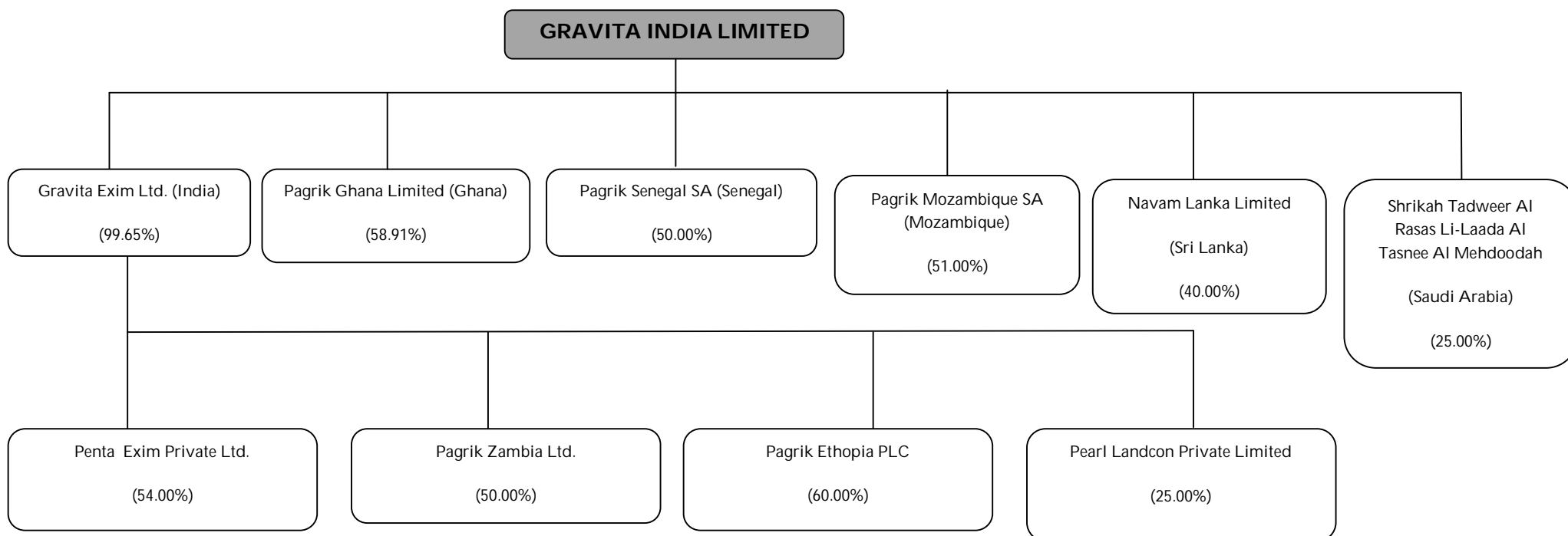
## AMENDMENTS TO OUR MEMORANDUM OF ASSOCIATION

Since incorporation, the following amendments have been made to our Memorandum of Association other than those required for Authorised Share Capital:

Sr No	Amendments	Date of Amendment
1.	Additions in the Main Object clause of the Company	27/08/2009



## CORPORATE STRUCTURE OF GRAVITA INDIA



## SUBSIDIARIES OF THE COMPANY

### 1. GRAVITA EXIM LIMITED

Gravita Exim Limited (GEL) was incorporated on March 19, 2001 with Registrar of Companies Rajasthan, Jaipur as "Gorang Exim Private Limited. Subsequently the name of the Company was changed to "Gravita Exim Private Limited" and fresh certificate of incorporation was received on May 21, 2004. Later the Company was converted into public Limited and renamed as "Gravita Exim Limited" vide fresh certificate of incorporation dated June 25, 2004. The Registration No. of the company is 17-016924. It is an ISO 9001:2000 certified flagship Company of Gravita group. The Company is engaged into design/engineering consultant for waste Battery Recycling Plants. It also provides turnkey solutions for cost effective Re-cycling process & plants which are well equipped with environment friendly technology. GEL has its registered office at 501, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar, Jaipur - 302004. Gravita India Limited holds 99.65% of the share capital of GEL.

#### Key Management Personnel

Name, Designation, Age and Qualification	Date of Joining	No. of Years of Experience	Previous Employment
Mr. Gopal Agarwal <b>Vice President – Projects</b> Age - 39 Qualification - B.E. (Metallurgy)	February 15, 2005	17 Years	Vertex Automobiles Pvt. Ltd.
Mr. Kamal Singh <b>DGM Operations</b> Age – 42 Qualification – B.A	November 01, 2008	20 Years	Navam Lanka Ltd.

#### Capital Structure of GEL

Share Capital	Aggregate Value (Rs.)
<b>Authorized Capital:</b> 2,00,000 Equity Shares of Rs 10/- each	20,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 2,00,000 Equity Shares of the Face Value of Rs.10/- each	20,00,000

#### Board of Directors of the company are as under

Sr. No.	Name	Designation
1.	Mr. Rajat Agrawal	Managing Director
2.	Dr. M.P. Agrawal	Director
3.	Mr. Rajeev Surana	Director
4.	Mr. Rajesh Patni	Director

#### Shareholding Pattern of the Company:

Sr. No	Particulars	No. of Equity Shares of Rs. 10/- each	% of total Equity holding
1.	Dr. M.P.Agarwal	100	0.05
2.	Mr. Rajat Agrawal	100	0.05
3.	Gravita India Limited	1,99,300	99.65
4.	Others	500	0.25
	<b>Grand Total</b>	<b>2,00,000</b>	<b>100.00%</b>

**Financial Performance:****(Rs. In Lacs.)**

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2007	2008	2009
Equity Share Capital	5.00	20.00	20.00
Share Application Money	80.21	-	-
Reserves & Surplus	12.57	74.97	141.98
Networth	97.78	94.97	161.98
Sales & Other Income	819.51	1490.20	1593.27
Other Income	10.55	8.54	28.52
Total Income	830.07	1498.74	1621.79
Profit After Tax	9.61	62.18	67.01
Earning Per Share (Rs.) (Face ValueRs.10)	19.22	31.09	33.50
Net Asset Value per share (Rs.)	48.89	38.49	80.99

The amount of accumulated profits of Gravita Exim Ltd. not accounted for by Gravita India Limited as at March 31, 2009 is Rs.49,693/-

GEL is not listed on any Stock Exchange and is not a Sick Industrial Company within the meaning of the SICA.

**2. PENTA EXIM PRIVATE LIMITED**

Penta Exim Private Limited (PEPL), a subsidiary of Gravita Exim Limited was incorporated on March 22, 2001 with Registrar of Companies Rajasthan, Jaipur. The registration No. of the company is 17-016936. The company is engaged in the business of trading of lead products. PEPL has its registered office at 501, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar, Jaipur – 302004.

**Capital Structure of PEPL**

Share Capital	Aggregate Value (Rs.)
<b>Authorized Capital:</b> 1,00,000 Equity Shares of Rs 10. each	10,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 11,102 Equity Shares of the Face Value of Rs.10 /- each	1,11,020

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Mr. Rajeev Surana	Director
3	Mr. Suresh Asawa	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of Rs.10/- each	% of total Equity holding
Gravita Exim Limited	6,000	54.04%
Mr. Rajeev Surana	5,000	45.04%
Others	102	0.92%
<b>Grand Total</b>	<b>11,102</b>	<b>100.00</b>

**Financial Performance:****(Rs. in Lacs.)**

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2006-07	2007-08	2008-09
Equity Share Capital	1.01	1.01	1.11
Reserves & Surplus	3.73	4.25	4.52
Sales	85.33	34.64	35.59
Other Income	5.38	13.82	1.69
Total Income	90.71	48.46	37.28
Profit After Tax	0.10	0.52	0.27
Earning Per Share (Rs.) (Face ValueRs.10)	1.05	5.18	2.47
Net Asset Value per share (Rs.)	46.92	52.07	50.71

PEPL is not listed on any Stock Exchange and is not a Sick Industrial Company within the meaning of the SICA.

**3. PAGRIK ETHIOPIA PLC**

Pagrik Ethiopia PLC, Ethiopia, a subsidiary of Gravita Exim Limited was incorporated on November 12, 2004. The Registration No. of the company is EIC PC01/568/04. The company is engaged in the business of manufacturing lead products and has its Registered Office at P.O.Box No 20275-1000, Addis Ababa, Ethiopia.

**Capital Structure of Pagrik Ethiopia PLC**

Share Capital	Aggregate Value (in Birr)
<b>Authorized Capital:</b> 25,00,000 Equity Shares of Birr 10 each	2,50,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 2,25,430 Equity Shares of the Face Value of Birr 10 each	22,54,300

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Mr. Vijendra Singh Tanwar	Director
3	Mr. Ram Sharan Modi	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of 10 Birr each	% of total Equity holding
Gravita Exim Limited	1,35,258	60.00
Mr. Rajat Agrawal	34,880	15.47
Ram Sharan Modi	55,300	24.53
<b>Grand Total</b>	<b>2,25,430</b>	<b>100.00</b>

**Financial Performance:***( Birr in lacs)*

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2007	2008	2009
Equity Share Capital	4.57	19.20	22.54
Reserves & Surplus	0.25	19.29	30.67
Sales	29.43	171.67	222.02
Other Income	(0.21)	0.91	(0.73)
Total Income	33.39	234.20	191.69
Profit After Tax	0.25	19.04	11.38
Earning Per Share (Birr) (Face Value Birr 10)	0.55	9.92	5.05
Net Asset Value per share (BIRR)	44.97	28.24	23.60

*(Conversion: 1 Birr = 3.8244 as on 21/09/2009 - Source www.bloomberg.com)*

Pagrik Ethiopia PLC is not listed on any Stock Exchange.

**4. PAGRIK ZAMBIA LIMITED**

Pagrik Zambia Limited, a subsidiary of Gravita Exim Limited was incorporated on March 05, 2007. The registration No. of the company is 65716. The company is engaged in processing lead recycling through Battery scraps and has its Registered Office at Post Box No.: 33677, Plot No. 172, Flat No. 1, Villa Elizabeth, Luanshya Road, Lusaka, Zambia. The Company commenced its commercial production from 31/05/2008.

**Capital Structure of Pagrik Zambia Limited**

Share Capital	Aggregate Value (in ZMK)
<b>Authorized Capital:</b> 50,00,000 Equity Shares of ZMK 1 each	50,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 50,00,000 Equity Shares of the Face Value of ZMK 1 each	50,00,000

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Mr. V.S. Tanwar	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of 1 ZMK each	% of total Equity holding
Pagrik Gulf FZC	25,00,000	50%
Gravita Exim Ltd.	25,00,000	50%
<b>Grand Total</b>	<b>50,00,000</b>	<b>100%</b>

**Financial Performance:****(ZMK in lacs)**

Particulars	Financial Year Ended 31 <sup>st</sup> March	
	2008*	2009
Equity Share Capital	50.00	50.00
Share Application Money	4408.75	2824.50
Reserves & Surplus	7.99	274.90
Sales	4365.32	25,250.20
Other income	0.01	450.24
Total Income	10,156.92	21,624.50
Profit After Tax	7.99	266.91
Earning Per Share (ZMK) (Face value ZMK 1)	0.16	5.34
Net Asset Value per share (ZMK)	89.33	62.99

*For 15 months period**(Conversion: 1 ZMK = Rs. 0.0104 as on 21/09/2009 - Source www.bloomberg.com)*

Pagrik Zambia Limited is not listed on any Stock Exchange.

**5. PAGRIK GHANA LIMITED**

Pagrik Ghana Limited, Ghana was incorporated on December 13, 2006 at Ghana. The Registration no. of the company is CA-30,197. The company is engaged in the business of company is engaged in recycling of lead battery, scrap for producing lead ingots, PP chips, new lead-acid battery etc. and has its Registered Office at P.O. Box GP 453, ACCRA, 4, Liberation Road AKO ADJEI Interchange - ACCRA.

**Capital Structure of Pagrik Ghana Limited**

Share Capital	Aggregate Value (in GHS)
<b>Authorized Capital:</b> 5,20,000 Equity Shares of GHS 1 each	5,20,000
<b>Issued, Subscribed and Paid Up Capital</b> 3,14,363 Equity Shares of the Face Value of GHS 1 each	3,14,363

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Mr. Vijendra Singh Tanwar	Director
3	Mr. Ram Sharan Modi	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of 1 GHS each	% of total Equity holding
Gravita India Limited	1,85,180	58.91
Pagrik Gulf FZC	1,29,183	41.09
<b>Grand Total</b>	<b>3,14,363</b>	<b>100%</b>

**Financial Performance:****(GHS in lacs)**

Particulars	Financial Year Ended 31 <sup>st</sup> March	
	2008*	2009
Equity Share Capital	3.14	3.14
Reserves & Surplus	0.89	4.99
Sales	12.18	34.33
Other income	0.09	0.07
Total Income	18.89	29.50
Profit After Tax	0.89	4.10
Earning Per Share (GHS) (Face Value GHS 1)	0.28	1.30
Net Asset Value per share (GHS)	1.28	2.58

\* For 15 months

(Conversion: 1 GHS = Rs.33.20 as on 21/09/2009 - Source [www.bloomberg.com](http://www.bloomberg.com))

The Amount of accumulated profits or losses of Pagrik Ghana Ltd. not accounted for by Gravita is Rs.677/-

Pagrik Ghana Limited is not listed on any Stock Exchange.

**6. PAGRIK MOZAMBIQUE LDA**

Pagrik Mozambique LDA was incorporated on July 30, 2007. The Registration no. of the company is 100021943. The company is engaged in the business of recycling of lead battery scrap and lead scrap for producing Re-melted lead ingots and PP chips etc and has its Registered Office at Av. Samora Machel No. 320, Near to Shoprite, Matola city, Maputo, Mozambique.

**Capital Structure of Pagrik Mozambique LDA**

Share Capital	Aggregate Value (MZN)
<b>Authorized Capital:</b> 20,000 Equity Shares of MZN 1 each	20,000
<b>Issued, Subscribed and Paid Up Capital</b> 20,000 Equity Shares of the Face Value of MZN 1 each	20,000

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Vijendra Singh Tanwar	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of 1 MZN each	% of total Equity holding
Gravita India Limited	10,200	51.00
Pagrik Gulf FZC	9,800	49.00
<b>Grand Total</b>	<b>20,000</b>	<b>100.00</b>

**Financial Performance:****( MZN in lacs)**

Particulars	Financial Year Ended 31 <sup>st</sup> March	
	2008	2009
Equity Share Capital	0.20	0.20
Reserves & Surplus	0.31	2.34
Sales	Nil	347.87
Other income	1.85	0.07
Total Income	19.12	348.86
Profit After Tax	0.31	2.03
Earning Per Share (MZN) (Face value of MZN 1)	1.54	10.15
Net Asset Value per share (MZN)	284.08	51.23

(Conversion: 1 MZN = Rs.1.74 as on 21/09/2009 - Source [www.bloomberg.com](http://www.bloomberg.com))

The Amount of accumulated profits or losses of Pagrik Mozambique LDA not accounted for by Gravita is Rs.195/-

Pagrik Mozambique LDA is not listed on any Stock Exchange.

**7. PAGRIK SENEGAL SA**

Pagrik Senegal SA, Dakar, Senegal, was incorporated on May 02, 2007 under the laws of Republic of Senegal. The Registration no. of the company is SN DKR 2007 B 6703 The Company is engaged in the business of recycling of lead battery scrap and lead scrap for producing Re-melted lead ingots and PP chips etc and has its Registered Office at Fann Hock, RUE 61 X 72, P.B. No. 25005, Dakar, Senegal.

**Capital Structure of Pagrik Senegal SA**

Share Capital	Aggregate Value (CFA)
<b>Authorized Capital:</b> 9,400 Equity Shares of CFA 10,000/- each	9,40 00,000
<b>Issued, Subscribed and Paid Up Capital</b> 9,400 Equity Shares of the Face Value of CFA 10,000/- each	9,40 00,000

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Vijendra Singh Tanwar	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of 10,000 CFA each	% of total Equity holding
Gravita India Limited	4,700	50%
Pagrik Gulf FZC	4,700	50%
<b>Grand Total</b>	<b>9,400</b>	<b>100%</b>



**Financial Performance:****(CFA in lacs)**

Particulars	Financial Year Ended 31 March	
	2008	2009
Equity Share Capital	940.00	940.00
Reserves & Surplus	(38.62)	27.83
Sales	1163.06	5152.38
Other income	22.47	3.24
Total Income	1231.32	5149.96
Profit After Tax	(38.62)	66.45
Earning Per Share	(410.81)	706.91
Net Asset Value per share (CFA)	9587.23	10296.10

*(Conversion: 1 CFA = Rs 0.1078 as on 21/09/2009 - Source www.bloomberg.com)*

The Amount of accumulated profits or losses of Pagrik Senegal SA. not accounted for by Gravita is Rs. 1,50,004/-

Pagrik Senegal SA, is not listed on any Stock Exchange.

**SIGNIFICANT AND SUBSTANTIAL INTERESTS****1. NAVAM LANKA LIMITED**

Navam Lanka Limited (NLL), a Company in which Gravita India Limited holds 39.99% is a limited liability Company incorporated on February 24, 2000. The Registration No. of the company is PB 470. The company is engaged in the business of Recycling of Lead Acid Battery Scrap & Smelting of Lead Concentrate to produces Lead Ingots & Polypropylene Chips/Granules. NLL has its registered office at Plot- 27 'A' Mirigama Export Processing Zone, Mirigama (Distt.- Gampaha), Sri Lanka.

**Capital Structure of Navam Lanka Limited**

Share Capital	Aggregate Value (LKR)
<b>Authorized Capital:</b> 20,00,000 Equity Shares of LKR 100/- each	20,00,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 8,96,344 Equity Shares of the Face Value of LKR 100/- each	8,96,34,400

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Mr. Vijendra Singh Tanwar	Director
3	Mr. Rajeev Surana	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of 100 LKR	% of total Equity holding
Mr. Rajat Agrawal	6	0.00
Mr. Ramesh Agrawal	1,45,549	16.24
Ms. Asha Mittal	78,403	8.75
Gravita India Limited	3,58,467	39.99
Others	3,13,919	35.02
<b>Grand Total</b>	<b>8,96,344</b>	<b>100.00</b>

**Financial Performance:****(LKR in lacs)**

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2007	2008	2009
Equity Share Capital	896.34	896.34	896.34
Reserves & Surplus	605.91	1,303.84	1,108.64
Sales	4488.36	8921.94	4073.88
Other Income	27.45	6.36	8.83
Total Income	4515.81	8928.30	4082.71
Profit After Tax	445.34	1254.64	25.49
Earnings Per Share (LKR) (Face Value LKR 100/- each)	49.68	139.97	2.84
Net Asset Value per share (LKR)	167.59	245.46	223.68

*(Conversion: 1 LKR = Rs. 0.4194 as on 21/09/2009 - Source www.bloomberg.com)*

NLL is not listed on any Stock Exchange.

**2. SHRIKAH TADWEER AL RASAS LI-LAADA AL TASNEE AL MEHDOODAH**

**Shrikah Tadweer Al Rasas Li-Laada Al Tasnee Al Mehdoodah** (Shrikah) was incorporated on July 31, 2007 under the law of Saudi Arabia. The Company has its registered office at P.O.Box No.24480-21446, Industrial Area No.4, Jeddah, Saudi Arabia. The company under its Memorandum of Association is authorized to produce lead molds and ingots but presently has not commenced its operation. Gravita India Limited holds 25% in the same.

Share Capital	Aggregate Value (SAR)
<b>Authorized Capital:</b> 3,000 Equity Shares of SAR 1,000 each	30,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 3,000 Equity Shares of the Face Value of SAR 1,000 each	30,00,000

*(Conversion: 1 SAR = Rs. 12.79 as on 21/09/2009 - Source www.bloomberg.com)*

Shrikah is not listed on any Stock Exchange.

**3. PEARL LANDCON PRIVATE LIMITED**

Pearl Landcon Private Limited (PLPL), previously known as "Synergy Land Developers Private Limited" a group company of Gravita Exim Limited was incorporated on October 10, 2003 with Registrar of Companies Rajasthan, Jaipur. Registration No. of the company is 018684. The company is engaged in the business of construction. PLPL has its registered office at 205, II<sup>nd</sup> Floor, Gaurav Tower, JLN Marg, Jaipur – 302 017, Rajasthan.

The main objects of the Company are:

- To purchase, acquire, get, convert, develop, improve, hold with absolute or limited rights or on lease, sub lease or otherwise and to erect, construct, build, demolish, re-erect, alter, repair, furnish and maintain land, including agricultural land, buildings, houses, farm houses, residential flats, commercial complexes, industrial land, colonies, markets, shops, factories, mills, godowns and building for hotels, restaurants, and cinema houses, educational institutions, roads bridges, dams canals and wells in India or abroad and to manage land, Building, whether in India or abroad and to manage land, building and other properties and to collect rents and income.

- To carry on the business of Contractors. Sub-contractors, interior decorators, General Construction, Builders, Engineers, Mechanical, Electrical, Chemical, Civil, Irrigation and hauliers and to lay out, develop, construct, build, erect, demolish, re-erect, alter,. Repair, remodel or do any other work in connection with any building or building scheme, roads, docks, ships sewers, bridges, canals, wells, springs, dams, power plants, reservoirs, embankments, railways, irrigations, reclamations, improvements, sanitary, water, gas, electric light, telephone, telegraphic, television, antenna and power supply works or any other structural or architectural work of any kind or whatsoever and to prepare estimates, designs, plants, specifications or models and to carry on the business of advisers, consultants, planners, engineers or managers in connection with construction, reconstruction, development, improvements of all kinds of land, buildings, colonies or apartment buildings in India or abroad and to act as town planners, buildings contractors, surveyors, valuers and appraisers.

#### Capital Structure of Pearl Landcon Private Limited

Share Capital	Aggregate Value (Rs.)
<b>Authorized Capital:</b> 20,000 Equity Shares of Rs.10 each	2,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 20,000 Equity Shares of the Face Value of Rs.10 each	2,00,000

#### Board of Directors of the company is as under

Sr. No.	Name	Designation
1	Mr. Rajeev Kumar Jain	Director
2	Mr. Vijay Jain	Director
3	Mr. Raj Kumar Jain	Director

#### Shareholding Pattern of the Company:

Particulars	No. of Equity Shares of Rs.10/- each	% of total Equity holding
Mr. Rajeev Jain	5,000	25
Mr. Vijay Jain	5,000	25
Mr. Rajkumar Jain	5,000	25
Gravita Exim Limited	5,000	25
<b>Grand Total</b>	<b>20,000</b>	<b>100.00</b>

#### Financial Performance:

(Rs. In Lacs.)

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2007	2008	2009
Equity Share Capital	2.00	2.00	2.00
Secured/Unsecured Loan funds	72.18	93.53	127.85
Net Current Assets	71.35	15.41	129.85
Miscellaneous Expenditure	2.82	80.11	0.00
Net Asset Value per share (Rs.)	10.00	10.00	10.00

The Company is in the process of developing real estate through a joint development agreement.

PLPL is not listed on any Stock Exchange and is not a Sick Industrial Company within the meaning of the SICA.

#### **SHAREHOLDERS AGREEMENTS**

There is no separate agreement between any shareholder and the Company as on date of filing of this Draft Red Herring Prospectus.

#### **OTHER AGREEMENTS**

Except the contracts/ agreements entered in the ordinary course of the business carried on or intended to be carried on by our company, we have not entered into any other agreement/ contract.

#### **STRATEGIC/ FINANCIAL PARTNERS**

The Company and its subsidiaries do not have any Strategic/Financial Partners as on date of filing of this Draft Red Herring Prospectus other than that mentioned above.

## OUR MANAGEMENT

The following table sets forth details regarding the members of our Board as of date of filing this DRHP with SEBI:

Sr. No.	Particulars	Residential Address	Date of Appointment/Re-Appointment	Other Directorships
1	<b>Dr. M.P. Agarwal</b> S/o Late V.D. Agrawal <b>Age:</b> 75 years <b>Qualification:</b> M.B.B.S., M.D. <b>Designation:</b> Chairman <b>DIN:</b> 00188179 <b>Occupation:</b> Business	3/90, Dhruv Marg, SFS, Agarwal Farm, Mansarovar, Jaipur – 302020, Rajasthan	September 29, 2007	1. Gravita Exim Ltd. 2. Gravita Impex Pvt. Ltd. 3. Shah Buildcon Pvt. Ltd. 4. Saurabh Farms Ltd. 5. Jalousies (India) Pvt. Ltd.
2	<b>Mr. Rajat Agrawal</b> S/o Dr. M.P. Agrawal <b>Age:</b> 41 years <b>Qualification:</b> B.E. Mechanical <b>Designation:</b> Managing Director <b>DIN:</b> 00855284 <b>Occupation:</b> Business	4 Ya 11, Monilek Marg, Jawahar Nagar, Jaipur – 302004, Rajasthan	September 29, 2007	1. Gravita Exim Ltd. 2. Penta Exim Pvt. Ltd. 3. Gravita Impex Pvt. Ltd. 4. Shah Buildcon Pvt. Ltd. 5. Saurabh Farms Ltd. 6. Pagrik Zambia Ltd. 7. Pagrik Ghana Ltd. 8. Navam Lanka Ltd. 9. Pagrik Ethiopia PLC 10. Gravita Georgia Ltd. 11. Gravita Honduras S.A. 12. Gravita USA Inc.
3	<b>Mr. Rajeev Surana</b> S/o Mr. Vijay Singh Surana <b>Age:</b> 40 years <b>Qualification:</b> B.E. Mechanical <b>Designation:</b> Whole Time Director <b>DIN:</b> 01374077 <b>Occupation:</b> Service	4/108, Surya Path, Jawahar Nagar, Jaipur – 302004, Rajasthan	September 29, 2007	1. Gravita Exim Ltd. 2. Penta Exim Pvt. Ltd. 3. Gravita Impex Pvt. Ltd. 4. Shah Buildcon Pvt. Ltd. 5. Navam Lanka Ltd. 6. Surana Professional Services Pvt. Ltd. 7. Gravita USA Inc.
4	<b>Mr. Dinesh Kumar Govil</b> S/o Kanti Lal Govil <b>Age:</b> 62 years <b>Qualification:</b> B.E. <b>Designation:</b> Director <b>DIN:</b> 02402409 <b>Occupation:</b> Service	Flat No. 205, Nestle CGHS Ltd., Sector 45, Guragaon – 122001, Haryana	June 30, 2009	1. Vipul Impex and Infra Build Limited
5	<b>Mr. Arun Kumar Gupta</b> S/o Shri Brijmohan Lal Gupta <b>Age:</b> 65 years <b>Qualification:</b> B.E.	B-107, Scheme 10B, Gopal Pura Bye Pass, Jaipur – 302015, Rajasthan	August 11, 2009	Nil

Sr. No.	Particulars	Residential Address	Date of Appointment/Re-Appointment	Other Directorships
	<b>Designation:</b> Director <b>DIN:</b> 02749451 <b>Occupation:</b> Service			
6	<b>Mr. Rajesh Patni</b> S/o Shri Komal Chand Patni <b>Age:</b> 53 years <b>Qualification:</b> B.com <b>Designation:</b> Director <b>DIN:</b> 02273584 <b>Occupation:</b> Business	A-13, Uniayara Garden, Near Police memorial, M.D. Road, Jaipur – 302004, Rajasthan	August 11, 2009	Nil

### BRIEF PROFILE OF DIRECTORS OF OUR COMPANY

**Dr. M.P. Agarwal** aged 75 years, did his M.B.B.S. in 1956 and then M.D. in General Medicines. Dr. Agrawal 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. Agrawal engaged himself in the business of Lead Manufacturing and trading with his technocrat son to gather vast 15 years experience in this Lead Metal Industry. He is an Honorary Chairman having no day to day responsibilities but an instrumental guiding force and source of inspiration to whole Gravita team.

**Mr. Rajat Agrawal**, the main Promoter and Founder Director, aged 42 years is a Technocrat (BE-Mechanical), who is well known for his contributions in Lead Industry. He is a paragon of diligence and prudence. He is having vast industrial management experience of more than 15 years in India & Abroad. He has travelled widely & attended number of conferences throughout the world, in the field of Lead Metal & Lead Recycling. His vision with exposure of International operations is an asset to the Group. His aggression in completing projects within time bound framework has contributed significantly in rapid growth of Gravita Group. He has established various projects related to Lead Metal Globally (approx. Ten projects) aggressively particularly from year 2005 onwards. His exemplary motivation skills always results in getting best from team mates. Under his leadership Gravita could accomplish higher targets in very short span.

**Mr. Rajeev Surana**, the other Founder Promoter Director, aged 41 years; a professional (BE-Mechanical) possesses excellent Technical & Management skills. He is effectively looking after the complete activities of the project setting up, right from its inception to commissioning. He has excellent communication skills and proved himself as a good leader in all aspect. His grip on operations and experience of more than 14 years is valuable assets to Gravita Group. He has traveled extensively in foreign countries which is an added advantage to Gravita.

**Mr. D.K.Govil**, aged 62 years is a professional Banker having 35 years of rich and varied exposure in field of Banking Industry. He is a qualified Bachelor of Engineer and a PMA from “Indian Institute of Management” with acumen to understand functioning of business. He has served BOB Housing Finance Ltd., Jaipur in the capacity of Managing Director. He has been on the Board of various Gramin Banks sponsored by Bank of Baroda for 5 years. He is also been exposed to International Banking environment during his tenure of 4 years as Senior Manger in U.A.E. He is having rich and varied exposure at all levels coupled with his engineering background, understanding of human relations and experience in management.

**Mr. Arun Kumar Gupta**, aged 65 year is an engineering graduate from one of the prominent engineering institute i.e. “Birla Institute of Technology & Science, Pilani”. He has gigantic experience of 43 years of

working on various positions with Government of Rajasthan. He started his career with Government of Rajasthan in the capacity of Asst. Engineer for "Rana Pratap Sagar Dam Project" and "Indira Gandhi Canal Project" and grown to the ranks of Chairman for Indira Gandhi Nahar Board. He has also been advisor to the Government of Rajasthan on issues relating to Inter state water dispute and other technical matters related to development of water resources in the state. In 2007-08, he was working as Chairman of the Task force for revamping of Chambal Canals in Rajasthan.

**Mr. Rajesh Patni**, aged 54 years, a Bachelor of Commerce graduate has wide and varied experience of more than 30 years in the area of business management and construction activity. He is an Executive Member of Rajasthan Chamber of Commerce and Industries, Jaipur.

## RELATIONSHIP OF OUR DIRECTORS

Name of the Director	Relationship of Directors
Dr. M.P. Agarwal	Promoter, Father of Mr. Rajat Agrawal
Mr. Rajat Agrawal	Promoter, Son of Dr. M.P.Agarwal

## SERVICE CONTRACT ENTERED INTO BY DIRECTORS WITH THE COMPANY

Our Company has not entered into any service contracts with the directors of the Company to provide benefits upon termination of employment.

## BORROWING POWERS OF BOARD

The borrowing power of the Board is regulated by Articles 48 of the Articles of Association of the Company. The Board of Directors have been authorised by a resolution passed at the Extra-Ordinary General Meeting of the Company held on February 27, 2009 to borrow up to a sum of Rs.100 crores under section 293 (1) (d) of the companies Act, 1956.

## COMPENSATION TO MANAGING DIRECTOR/WHOLE TIME DIRECTORS

Details of appointment and fixing of remuneration of Managing Director/Whole Time Directors of the Company

**Mr. Rajat Agrawal**, has been appointed as Managing Director of the Company in the Annual General Meeting held on September 26, 2007 for a period of 5 years with a monthly remuneration of Rs.50,000/- which was revised and approved by the shareholders in the Annual General Meeting dated September 11, 2009 to Rs.2,00,000/-. Presently he is not liable for perquisites or other benefits from the Company.

**Mr.Rajeev Surana**, has been appointed as Whole time Director of the Company in the Annual General Meeting held on September 26, 2007 with a monthly remuneration of Rs.50,000/- which was revised and approved by the shareholders in the Annual General Meeting dated September 11, 2009 to Rs.1,00,000/-. Presently he is not liable for perquisites or other benefits from the Company.

## SHAREHOLDING OF DIRECTORS

Sr. No	Name of Director	No. of Shares Held	% of shareholding in the Company
1.	Mr. Rajat Agrawal	48,73,095	48.63
2.	Dr. M.P.Agarwal	27,34,665	27.29
3.	Mr. Rajeev Surana	6,000	0.06
	<b>Total</b>	<b>76,13,760</b>	<b>75.98</b>

## QUALIFICATION SHARES REQUIRED TO BE HELD BY OUR DIRECTORS

Our directors are not required to hold any qualification shares.

## INTEREST OF OUR DIRECTORS

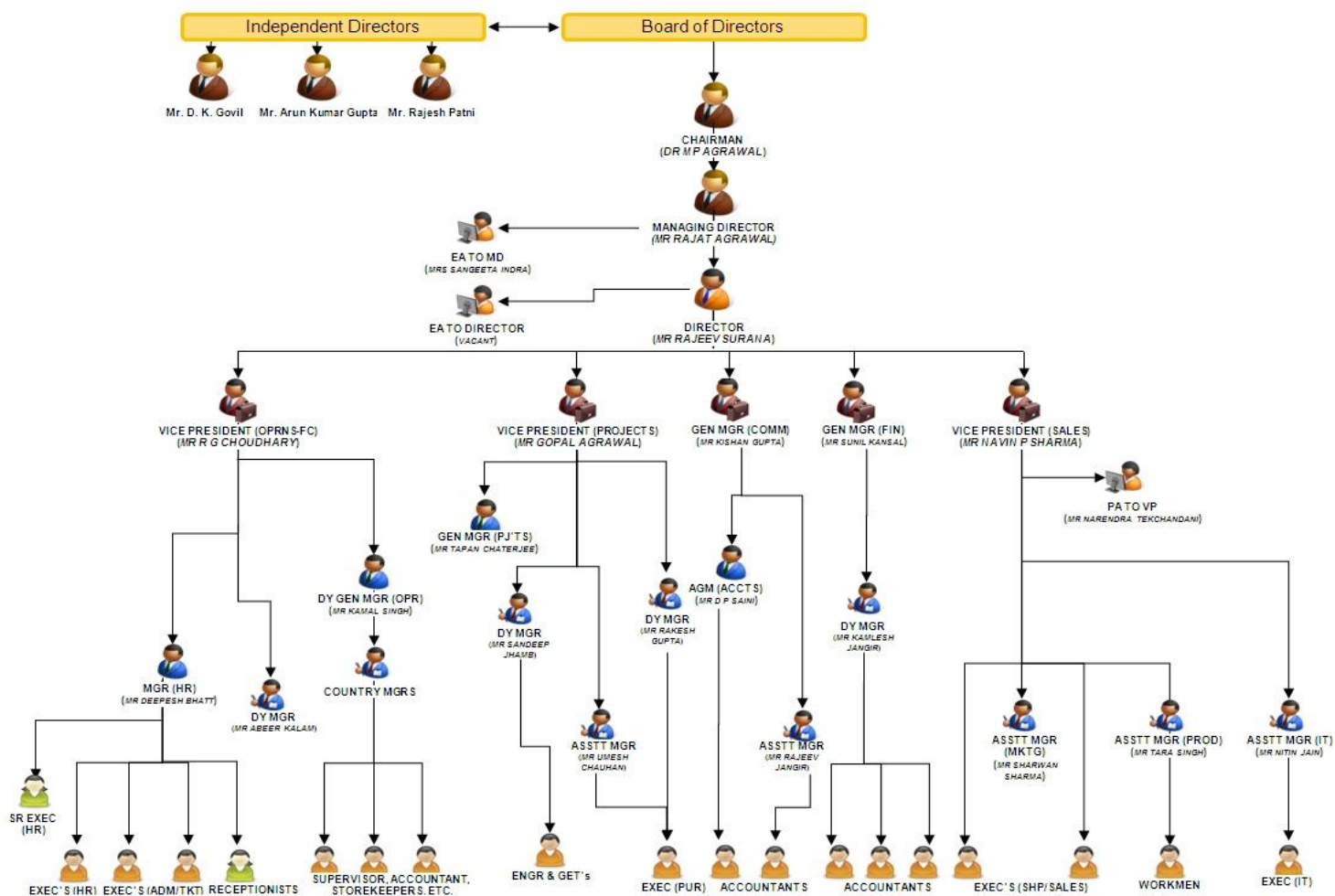
Except as stated in the “Statement of Related Party Transaction” beginning on page no. 127 of this Draft Red Herring Prospectus, all our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board and Committees as well as to the extent of remuneration and/or reimbursement of expenses payable to them in accordance with the provisions of the Companies Act and in terms of our Articles of Association. Our Director may also be regarded as interested in the Equity Shares, if any, held by them or their relatives in our Company or that may be subscribed by and allotted/transferred to the companies, firms and trusts and other entities in which they are interested as Directors, members, partners, trustees or otherwise.

## CHANGES IN BOARD OF DIRECTORS

Sr. No.	Name of the Director	Date of Change	Reasons
1	Mr. V. S. Tanwar	March 27, 2007	Resignation
2	Mr. Yogesh Malhotra	March 27, 2007	Resignation
2	Mr. D.K. Govil	June 30, 2009	Appointment
3	Mr. Arun Gupta	August 11, 2009	Appointment
4	Mr. Rajesh Patni	August 11, 2009	Appointment



## ORGANISATION STRUCTURE



## COMPLIANCE WITH CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 to the extent possible. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

In terms of the Clause 49 of the Listing Agreement, our Company has already constituted the following committees.

### Audit Committee

The Audit Committee was constituted at the Board meeting held on August 14, 2009. The Audit Committee comprises of the following members

Name of Director	Status in Committee	Nature of Directorship
Mr. Dinesh Kumar Govil	Chairman	Non-Executive Independent Director
Mr. Arun Kumar Gupta	Member	Non-Executive Independent Director
Mr. Rajesh Patni	Member	Non-Executive Independent Director

The role of the Committee has been defined to include the following activities:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fee.
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (d) Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
  - 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.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- (e) Reviewing with the management, the quarterly financial statements before submission to the board for approval
- (f) 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (h) 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.
- (i) Discussion with internal auditors any significant findings and follow up there on.
- (j) 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.

- (k) 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.
- (l) 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.
- (m) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### Remuneration Committee

The Remuneration Committee was constituted on August 14, 2009 and comprises the following directors of the Board.

Name of Director	Status in Committee	Nature of Directorship
Mr. Arun Kumar Gupta	Chairman	Non-Executive Independent Director
Mr. Rajesh Patni	Member	Non-Executive Independent Director
Mr. Dinesh Kumar Govil	Member	Non-Executive Independent Director

The terms of reference of the Remuneration Committee are as follows:

- (a) The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- (b) Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- (c) Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- (d) Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- (e) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

#### Shareholders'/ Investor Grievances Committee

We have constituted the Shareholders and Investors Grievances Committee on August 14, 2009. The Committee consists of the following Directors.

Name of Director	Status in Committee	Nature of Directorship
Mr. Rajesh Patni	Chairman	Non-Executive Independent Director
Mr. Arun Kumar Gupta	Member	Non-Executive Independent Director
Mr. Dinesh Kumar Govil	Member	Non-Executive Independent Director

The scope and function of this committee is to consider and review shareholders'/ investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments.

**KEY MANAGEMENT PERSONNEL**

The Key Managerial Personnel of Gravita other than the Directors are as follows:

Sr. No	Name, Designation, Age, Qualification,	Date of Appointment	Present Remuneration Per annum (Rs.)	Experience in the Company	Previous Company and Total Experience
1.	Mr. Navin Prakash Sharma <b>Vice President</b> - Sales & Marketing <b>Age</b> - 40 <b>Qualification</b> - B.E.(Metallurgy), M.B.A	November 11, 2006	8,40,000/-	2 yrs 10 months	Finolex Cables Ltd
					14 Years
2.	Mr. R.G. Choudhary <b>Vice President</b> - Overseas operations <b>Age</b> - 42 <b>Qualification</b> - B.Sc, M.B.A	May 5, 2008	10,20,000/-	1 yr 4 months	Central Excise, Govt. of India
					19 Years
3.	Mr. Sunil Kansal <b>General Manager</b> - Finance <b>Age</b> - 36 <b>Qualification</b> - M.Com, A.C.A	February 6, 2008	6,00,000/-	1 yr 7 months	Jaipur Rugs Company Pvt. Ltd
					10 Years
4.	Mr. Tapan Chatterjee <b>General Manager</b> - Plants <b>Age</b> - 48 <b>Qualification</b> - B.E.(Mechanical)	October 1, 2005	6,00,000/-	3 yrs 11 months	Navam Lank Ltd
					33 Years
5.	Krishna Gopal Gupta <b>General Manager</b> - Commercial <b>Age</b> - 36 <b>Qualification</b> - B.Sc, M.Sc, PGDM	March 1, 1999	6,00,000/-	10 yrs 6 months	N.A.
					10 Years
6.	Priyanka Khandelwal <b>Company Secretary</b> <b>Age</b> - 24 <b>Qualification</b> - Company Secretary	August 20, 2009	1,44,000/-	1 month	N.A.
					1 month

The above persons are on the rolls of the company as permanent employees

**CHANGES IN THE KEY MANAGEMENT PERSONNEL**

Name	Date of Change	Reason
Mr. Navin Prakash Sharma	November 11, 2006	Appointment
Mr. R.G. Choudhary	May 5, 2008	Appointment
Mr. Sunil Kansal	February 6, 2008	Appointment
Ms. Priyanka Khandelwal	August 20, 2009	Appointment

#### **SHAREHOLDING OF KEY MANAGEMENT PERSONNEL**

None of the Key Management Personnel hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

#### **RELATIONSHIP WITH DIRECTORS / PROMOTERS OF THE COMPANY**

None of the key managerial personnel are related to the promoters, directors of Gravita and other key managerial personnel.

#### **EMPLOYEE STOCK OPTION SCHEMES**

Till date, the Company has not introduced any Employees Stock Option Scheme/Employee Stock Purchase Scheme.

#### **INTEREST OF KEY MANAGERIAL PERSONNEL**

No amount or benefit has been paid or given within the two preceding years or intended to be given to any of the directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

#### **PAYMENT OR BENEFIT (NON-SALARY RELATED) TO OFFICERS OF THE COMPANY**

Except as stated in this Offer Document, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.

#### **LOANS TO KEY MANAGERIAL PERSONNEL**


There are no loans outstanding against Key Managerial Personnel as on date.

#### **BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL**


There is no bonus or profit sharing plan for the key managerial personnel of the company

## OUR PROMOTERS


## 1. Dr. Mahaveer Prasad Agarwal

	<b>Dr. M.P. Agarwal</b> aged 75 years, did his M.B.B.S. in 1956 and then M.D. in General Medicines. 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 15 years of experience in the Lead Metal Industry. He is an Honorary Director having no day to day responsibilities but an instrumental guiding force and source of inspiration to whole Gravita Team.	
	<b>Identification Details</b>	
	<b>Voter ID Number</b>	ZBQ/0162123
	<b>Driving Licence Number</b>	RJ-14/DLC/05/453850

## 2. Mr. Rajat Agrawal

	<b>Mr. Rajat Agrawal</b> , the main Founder Director, aged 42 years is a Technocrat (BE-Mechanical), who is well known for his contributions in Lead Industry. He is a paragon of diligence and prudence. He is having vast industrial management experience of more than 15 years in India & Abroad. He has travelled widely & attended number of conferences throughout the world, in the field of Lead Metal & Lead Recycling. His vision with exposure of International operations is an asset to the Group. His aggression in completing projects within time bound framework has contributed significantly in rapid growth of Gravita Group. He has established various projects related to Lead Metal Globally (approx. Ten projects) aggressively particularly from year 2005 onwards. Under his leadership Gravita has accomplished higher targets in very short span.	
	<b>Identification Details</b>	
	<b>Voter ID Number</b>	WUX/0019968
	<b>Driving Licence Number</b>	RJ-14/DLC/99/51922

## 3. Mr. Rajeev Surana

	<b>Mr. Rajeev Surana</b> , the other Founder Promoter Director, aged 40 years; a professional (BE-Mechanical) possesses excellent Technical & Management skills. He is effectively looking after the complete activities of the project setting up, right from its inception to commissioning. He has excellent communication skills and proved himself as a good leader in all aspect. His grip on operations and experience of more than 14 years is valuable assets to Gravita Group. He has traveled extensively in foreign countries which is an added advantage to Gravita.	
	<b>Identification Details</b>	
	<b>Voter ID Number</b>	WUX/0148973
	<b>Driving Licence Number</b>	RJ-14/DLC/03/256137

We confirm that the Permanent Account Number, Bank Account Numbers, Passport Number have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus. Further, the Promoters have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters except as discussed in section titled "Legal and Regulatory Information" on page no. 149 of this Draft Red Herring Prospectus.

## INTEREST OF PROMOTERS

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively.

Except as mentioned above our promoters do not have any interest in the business of the company.

## GROUP COMPANIES

### 1. GRAVITA GEORGIA LIMITED

Gravita Georgia Limited was incorporated on August 01, 2008 in accordance with Law of Republic of Georgia. The Registration no. of the company is Tbs # 15584. The company is engaged in the business to manufacture remelted lead ingots through processing of battery scrap & lead scrap. Its Registered Office is located at No. 3, Bochormi Str., Tbilisi, Georgia.

#### Capital Structure of Gravita Georgia Limited

Share Capital	Aggregate Value (Georgian Lari)
<b>Authorized Capital:</b> 2,000 Equity Shares of 1 Georgian Lari each	2000
<b>Issued, Subscribed and Paid Up Capital</b> 2,000 Equity Shares of 1 Georgian Lari each	2000

#### Board of Directors of the company is as under

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Mr. Vijendra Singh Tanwar	Director

#### Shareholding Pattern of the Company:

Particulars	No. of Equity Shares of 1 Georgian Lari each	% of total Equity holding
Mr. Rajat Agrawal	1800	90
Mr. Vijendra Singh Tanwar	200	10
<b>Grand Total</b>	<b>2000</b>	<b>100</b>

#### Financial Performance

Particulars	(In Georgian Lari)
	Financial Year Ended December 31, 2008
Equity Share Capital	2000
Reserves & Surplus	(47,271)
Sales & Other Income	432
Total Income	57,418
Profit After Tax	(47,271)
Earning Per Share	-
Net Asset Value per share (GEL)	(22.64)

(Conversion: 1 Georgian Lari = Rs28.70 as on September 21,2009 - Source [www.bloomberg.com](http://www.bloomberg.com))

Gravita Georgia Limited is not listed on any Stock Exchange.

## 2. GRAVITA HONDURAS SA

Gravita Honduras SA (GHSA) was incorporated on December 14, 2007. The Registration No. of the company is 784. The company is engaged in the business to manufacture remelted lead ingots through processing of battery Scrap & lead scrap. Its Registered Office is located at Boulevard Carretera, Hacia Puerto Cortes, Sector Rio Bijao, Frente a La Autopista, Choloma, Cortes, Honduras.

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Mr. Hari Agarwal	Director
3	Mr. George Gatlin	Director

Gravita India proposes to invest Rs. 160.00 lacs towards its stake of 33% in the equity of GHSA. An equal amount of capital will be invested by the other two joint venture partners. The amount of investment by Gravita India Limited would be in the form of supply of plant and machinery to the value of Rs. 160 lacs. The balance fund requirement for the project would be met by way of unsecured loans to be bought in by the other two partners.

The company has not commenced business since its incorporation, hence no financial information is available. Gravita Honduras SA is not listed on any Stock Exchange.

## 3. GRAVITA USA INC

Gravita USA Inc is a Delaware registered Company incorporated on May 02, 2006. The registered office is at The Naaman's Building, Suite 206, 3501, Silverside Road, Wilmington (New Castle County), Delaware 19810. The company has not commenced business since its incorporation; hence no financial information is available.

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Mr. Rajeev Surana	Director

Gravita USA Inc. is not listed on any Stock Exchange.

## 4. GRAVITA IMPEX PRIVATE LIMITED (GIPL)

Gravita Impex Private Limited was originally incorporated on June 7, 1990 as "Gravitas Impex Private Limited" with Registrar of Companies, Rajasthan, Jaipur. The name of the Company was subsequently changed to Gravita Impex Private Limited and a fresh certificate of incorporation was obtained from Registrar of Companies, Rajasthan, Jaipur. The Registration No. of the company is 17-09034. The company is engaged in the business of tours and travel. GIPL has its registered office at 3/90, Druv Marg, SFS, Agrawal Farm, Mansarovar, Jaipur.

**Capital Structure of Gravita Impex Private Limited**

Share Capital	Aggregate Value (Rs.)
<b>Authorized Capital:</b> 2,50,000 Equity Shares of Rs.10 each	25,00,000.00
<b>Issued, Subscribed and Paid Up Capital</b> 50,100 Equity Shares of the Face Value of Rs.10 each	5,01,000.00
<b>Share Application Money</b>	5,57,000.00



Board of Directors of the company are as under

Sr. No.	Name	Designation
1	Dr M.P.Agarwal	Director
2	Mr. Rajat Agrawal	Director
3	Mr. Rajeev Surana	Director

Shareholding Pattern of the Company:

Particulars	No. of Equity Shares of Rs.10/- each	% of total Equity holding
Mrs. Shashi Agrawal	20,100	40.12%
Mrs. Anchal Agrawal	16,000	31.94%
Dr. M.P. Agrawal	6,800	13.57%
Mr. Rajat Agrawal	2,100	4.19%
Mr. Rajeev Surana	100	0.20%
Mr. Devendra Gupta	5,000	9.98%
<b>Grand Total</b>	<b>50,100</b>	<b>100.00</b>

Financial Performance:

(Rs. in Lacs.)

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2007	2008	2009
Equity Share Capital	5.01	5.01	5.01
Share Application Money	5.57	5.57	5.57
Reserves & Surplus	11.78	12.15	12.68
Sales	-	-	23.04
Other income	0.85	0.94	4.32
Total Income	0.85	0.94	27.36
Profit After Tax	(0.03)	0.37	0.53
Earning Per Share (Rs.) (Face ValueRs.10)	-	0.74	1.06
Net Asset Value per share (Rs.)	44.63	45.37	46.43

GIPL is not a Sick Industrial Company within the meaning of the SICA.

## 5. SAURABH FARMS LIMITED (SFL)

Saurabh Farms Limited was incorporated on October 24, 2003 with Registrar of Companies Rajasthan. The Registration No. of the company is 17-018696. The company is engaged in the business of Farming. SFL has its registered office at Saurabh Farms, Chittora Road, Harsulia Mod, Diggi Mal Pura Road, Tehsil Phagi, Jaipur.

Capital Structure Saurabh Farms Limited

Share Capital	Aggregate Value (Rs.)
<b>Authorized Capital:</b> 20,000 Equity Shares of Rs.100 each	20,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 5,010 Equity Shares of the Face Value of Rs.100 each	5,01,000
<b>Share Application Money</b>	24,90,000

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Dr M.P. Agrawal	Director
2	Mr. Rajat Agrawal	Director
3	Mrs. Anchal Agrawal	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of Rs.10/- each	% of total Equity holding
Mrs. Shashi Agrawal	2,000	39.92%
Mrs. Anchal Agrawal	2,000	39.92%
Mr. Rajat Agrawal	500	9.98%
Dr. M.P. Agrawal	300	5.99%
Mr. Rajeev Surana	100	2.00%
Mrs. Kavita Surana	100	2.00%
Mr. Madan Mohan Agarwal	10	0.02%
<b>Grand Total</b>	<b>5,010</b>	<b>100.00</b>

**Financial Performance:***(Rs. in Lacs.)*

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2007	2008	2009
Equity Share Capital	5.01	5.01	5.01
Share Application Money	24.90	24.90	24.90
Reserves & Surplus	9.13	10.77	13.04
Sales	10.00	10.65	11.73
Other Income	2.28	2.28	2.41
Total Income	12.28	12.93	14.14
Profit After Tax	1.65	1.63	2.28
Earning Per Share (Rs.) (Face Value Rs.10)	32.86	32.64	45.42
Net Asset Value per share (Rs.)	779.24	811.98	857.28

SFL is not listed on any Stock Exchange and is not a Sick Industrial Company within the meaning of the SICA.

**6. JALOUSIES INDIA PRIVATE LIMITED (JIPL)**

Jalousies India Private Limited was incorporated on June 7, 1990 with Registrar of Companies Rajasthan. The registration no. of the Company is 17-05449. The company is engaged in the business of Farming. JIPL has its registered office at 3/90 Agrawal Farm, Mansarover, Jaipur.

**Capital Structure of Jalousies India Private Limited**

Share Capital	Aggregate Value (Rs.)
<b>Authorized Capital:</b> 50,000 Equity Shares of Rs.10 each	5,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 48,500 Equity Shares of the Face Value of Rs.10 each	4,85,000

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Dr M.P. Agarwal	Director
2	Mrs. Shashi Agarwal	Director
3	Mrs. Anchal Agrawal	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of Rs.10/- each	% of total Equity holding
Mr. Shashi Agrawal	22,500	46.39%
Mrs. Anchal Agrawal	22,000	45.36%
Dr. M.P. Agrawal	4,000	8.25%
<b>Grand Total</b>	<b>48,500</b>	<b>100.00</b>

**Financial Performance:****(Rs. In Lacs.)**

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2007	2008	2009
Equity Share Capital	4.85	4.85	4.85
Reserves & Surplus	5.35	7.16	9.07
Sales	4.58	5.59	6.10
Total Income	4.58	5.59	6.10
Profit After Tax	1.51	1.81	1.91
Earnings Per Share (Rs.) (Face Value Rs.10)	3.11	3.72	3.94
Net Asset Value per share (Rs.)	21.03	24.76	28.70

JPL is not listed on any Stock Exchange and is not a Sick Industrial Company within the meaning of the SICA.

**5. SHAH BUILDCON PRIVATE LIMITED (SBPL)**

Shah Buildcon Private Limited was incorporated on June 03, 2004 with Registrar of Companies Rajasthan. The registration no. of the company is 17-019353. The company is engaged in the business of construction and development. SBPL has its registered office at 501, Rajputana Towers, A-27B Tilak Nagar, Jaipur.

**Capital Structure of Shah Buildcon Private Limited**

Share Capital	Aggregate Value (Rs.)
<b>Authorized Capital:</b> 1,00,000 Equity Shares of Rs.10 each	10,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 10,000 Equity Shares of the Face Value of Rs.10 each	1,00,000

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajat Agrawal	Director
2	Dr. M. P. Agrawal	Director
3	Mr. Rajeev Surana	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of Rs.10/- each	% of total Equity holding
Dr. M.P. Agrawal	4,000	40.00%
Mrs. Shashi Agrawal	3,000	30.00%
Mrs. Anchal Agrawal	3,000	30.00%
<b>Grand Total</b>	<b>10,000</b>	<b>100.00</b>

**Financial Performance:***(Rs. In Lacs.)*

Particulars	Financial Year Ended 31 <sup>st</sup> March		
	2007	2008	2009
Equity Share Capital	1.00	1.00	1.00
Reserves & Surplus	0.10	0.21	0.66
Total Income	0.33	1.06	1.13
Profit After Tax	0.10	0.11	0.45
Earning Per Share (Rs.) (Face ValueRs.10)	0.05	1.67	4.52
Net Asset Value per share (Rs.)	10.90	12.10	16.60

SBPL is not listed on any Stock Exchange and is not a Sick Industrial Company within the meaning of the SICA.

**6. SURANA PROFESSIONAL SERVICES PRIVATE LIMITED**

Surana Professional Services Private Limited (SPSPL) was incorporated on August 05, 2009. The company has its registered office located at 32, Ahinsapuri, Fatehpura, Udaipur – 313004. The Company is engaged in business of providing financial consultancy services.

**Capital Structure of Surana Professional Services Limited**

Share Capital	Aggregate Value (Rs.)
<b>Authorized Capital:</b> 10,000 Equity Shares of Rs.10 each	1,00,000
<b>Issued, Subscribed and Paid Up Capital</b> 10,000 Equity Shares of the Face Value of Rs.10 each	1,00,000

**Board of Directors of the company is as under**

Sr. No.	Name	Designation
1	Mr. Rajeev Surana	Director
2	Mr. Vijay Singh Surana	Director

**Shareholding Pattern of the Company:**

Particulars	No. of Equity Shares of Rs.10/- each	% of total Equity holding
Mr. Rajeev Surana	5,000	50
Mr. Vijay Singh Surana	5,000	50
<b>Grand Total</b>	<b>10,000</b>	<b>100.00</b>

Since the company has been incorporated on August 05, 2009 no financial information of the Company is available. SPSP is not listed on any Stock Exchange and is not a Sick Industrial Company within the meaning of the SICA.

#### **PAYMENT OF BENEFIT TO PROMOTERS**

Other than the salary and remuneration of our Promoter Directors, dividend, if any declared by the Company on shares held by them, there are no payment or benefit to promoters of the Company

#### **COMMON PURSUITS**

Our promoters and directors do not have any interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the promoter group. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as on when they may arise.

For further details on the related party transactions, to the extent of which our Company is involved, please refer to section titled "Related Party Transactions" on page no. 127.

#### **DEFUNCT PROMOTER GROUP COMPANIES**

There are no defunct Promoter Group companies.

#### **COMPANY/FIRM FROM WHICH THE PROMOTERS HAVE DISASSOCIATED THEMSELVES DURING PRECEDING THREE YEARS**

The Promoters have not disassociated themselves during the 3 preceding years.

#### **RELATED PARTY TRANSACTIONS**

For details of Related Party Transaction please refer to details given under the section titled "Related Party Transactions" on page no. 127 of this DRHP

#### **CURRENCY OF PRESENTATION**

In this DRHP, all references to "Rupees" "Rs." are to the legal currency of India, "GHS" Ghanaian Cedi are legal currency of Ghana, "ZMK" "Zambian Kwacha" are legal currency of Zambia, "LKR" "Lankan Rupee" are legal currency of Sri Lanka, "Birr" is legal currency of Ethiopia, "CFA" are legal currency of Senegal, "MZN" "Mozambique Metical" are legal currency of Mozambique, Georgian Lari is legal currency of Georgia, "SAR" "Saudi Riyal" is legal currency of Saudi Arabia and all references of "U.S. Dollars", and "US\$" are to the legal currency of the United States.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this DRHP, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Restated Financial Statements prepared as per Indian GAAP.

For the convenience of the Shareholders, as far as possible the reporting unit has been maintained as Rupees in Lacs (Rupees in Hundred Thousands).

**Dividend Policy**

The Board of Directors of our company may, at its discretion, recommend dividend to be paid to the members of the company. The factors that may be considered by the Board before making any recommendations for the dividend includes but not limited to profits/ earnings during the financial year, liquidity of the company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories from time to time etc.

We have not paid any dividend in the past. Dividend will be declared and approved at the Annual General meeting of the shareholders based on the recommendations by the Board. The Board may also from time to time pay to the member's interim dividend if it considers justified by the profits generated by the company.

## PART III

## SECTION IV: FINANCIAL STATEMENTS

## AUDITORS' REPORT

To,  
The Board of Directors,  
Gravita India Ltd,  
402, Rajputana Tower,  
Shanti Path, Tilak Nagar,  
Jaipur

Dear Sirs,

1. We have examined the Financial Information of GRAVITA INDIA LIMITED annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ('the DRHP'). The said Financial Information has been prepared by the Company in accordance with the requirements of paragraph B (1) of Part-II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ("SEBI")-(Issue of Capital and Disclosure Requirements), Regulations, 2009, as amended from time to time, issued by the Securities and Exchange Board of India in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarification and in accordance with the terms of our engagement letter dated 1<sup>st</sup> September 2009 issued in connection with its Proposed Initial Public Offer ('IPO') of equity shares. The Financial Information has been prepared by the Company and approved by the Board of Directors.

2. **Financial Information as per Audited Financial Statement:**

We have examined the attached 'Summary Statement of Assets and Liabilities' as restated of the Company as at 31st March 2009, 31st March 2008, 31st March, 2007, 31st March, 2006 and 31st March, 2005 (Annexure I) and the attached 'Statement of Profit and Loss' as restated (Annexure II) and the attached 'Statement of Cash Flows' as restated (Annexure III) for the years ended on 31st March 2009, 2008, 2007, 2006 and 2005 together referred to as 'Restated Summary Statement'. These Summary Statements have been extracted from the annual financial statements for the years ended on 31st March 2009, 2008, 2007, 2006 and 2005 audited by us for those periods and have been adopted by the Board of Directors/ Members and examined by us based on our examination of these summary statements, we state that:

- i) The 'Restated Summary Statements' have to be read in conjunction with the notes given in Annexure IV and with the Notes to Accounts to this report.
- ii) The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as on 31st March 2009.
- iii) The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they are related.
- iv) There are no extra ordinary items that need to be disclosed separately in the Restated Summary Statements.
- v) The qualification referred to in Auditor's Report have been addressed while preparing restated financial statements.
- vi) The company has not paid dividend in any of the last 5 financial years.

3. **Other Financial Information**

We have examined the following information relating to GRAVITA INDIA LIMITED as at and for the years ended March 31, 2009, 2008, 2007, 2006 and 2005 of the Company, proposed to be included in the RHP/ Prospectus, as approved by the Board of Directors and annexed to this report:

- i) Significant Accounting Policies and Notes on Restated Summary Statements (Annexure IV)
- ii) Schedule of Secured Loans for the years ended 31st March 2009 (Annexure V)

- iii) Schedule of Unsecured Loans for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure VI)
  - iv) Age-wise Schedule of Sundry Debtors as at 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure VII)
  - v) Schedule of Loans and Advances for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure VIII)
  - vi) Schedule of Investments for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure IX)
  - vii) Schedule of Other Income for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure X)
  - viii) Statement of Tax Shelter (Annexure XI)
  - ix) Summary of Accounting Ratios based on adjusted profits related to earnings per share, net asset value and return on net worth (Annexure XII)
  - x) Statement of Capitalization as at March 31, 2009 (Annexure XIII)
  - xi) Related Party Disclosure for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure XIV)
  - xii) Consolidated Summary Statement of Assets and Liabilities, as Restated as at 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure XV)
  - xiii) Consolidated Summary Statement of Profit and Losses, as Restated for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure XVI)
  - xiv) Consolidated Cash Flow Statement, as Restated for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 (Annexure XVII)
  - xv) Significant Accounting Policies and the Notes on the Consolidated Restated Financial Information (Annexure XVIII)
4. The Consolidated Summary Statements as referred in Serial Nos.3 (xiv) to (xvii) above have been extracted from the Financial Statements of the Company as at and for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 and its subsidiaries Gravita Exim Ltd., Pagrik Ghana Ltd., Pagrik Senegal SA, & Pagrik Mozambique LDA and its sub-subsidiaries Penta Exim Pvt Ltd., Pagrik Ethiopia PLC and Pagrik Zambia Ltd. The financial statements of subsidiaries and sub-subsidiaries have been audited by other auditors and reliance has been placed on them while preparing consolidated financial statements.
5. In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the years ended 31st March 2009, 2008, 2007, 2006 and 2005 have been prepared in accordance with Part IIB of schedule II of the Act and the Guidelines.
6. This report should not in any way be construed as a re-drafting of any of the previous audit report given by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
7. This report is intended solely for your information and for inclusion in the Draft Red Herring Prospectus/ Prospectus in connection with the proposed IPO of the Company and not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours Faithfully  
**For Rajvanshi & Associates**  
**Chartered Accountants**

**Sd/-**  
**Vikas Rajvanshi**  
**Partner**  
**Membership No. : 073670**

**Place: Jaipur**  
**Date : 25.09.2009**



## ANNEXURE I

## STATEMENT OF ASSETS AND LIABILITIES – RESTATED

(Rs. in lacs)

Sr. No.	PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
		2009	2008	2007	2006	2005
A.	Fixed Assets:					
	Gross Block	477.89	417.32	336.09	227.61	181.51
	Less: Depreciation	127.34	100.87	81.83	68.60	61.24
	Net Block	350.55	316.45	254.26	159.01	120.27
B.	Investments	356.90	182.28	11.26	0.03	0.03
C.	Current Assets, Loans and Advances:					
	Inventories	554.60	244.34	201.71	116.07	0.00
	Sundry Debtors	354.37	693.20	462.25	186.60	0.58
	Cash And Bank Balances	169.06	79.16	16.05	8.35	0.09
	Loans and Advances	227.93	193.64	68.00	40.84	0.20
	Total	1305.96	1210.34	748.01	351.86	0.87
D.	Liabilities and Provisions:					
	Secured Loans	151.95	260.85	0.00	0.00	229.77
	Unsecured Loans	75.22	278.10	47.90	2.64	2.64
	Deferred Tax Liability	45.63	40.67	35.31	42.27	27.80
	Current Liabilities & Provisions	1016.24	629.67	533.12	443.54	7.50
	Total	1289.04	1209.29	616.33	488.45	267.71
E.	<b>Net Worth</b>	<b>724.37</b>	<b>499.79</b>	<b>397.20</b>	<b>22.45</b>	<b>(146.54)</b>
F.	Represented By					
	1. Share Capital	253.28	253.28	365.75	213.75	158.40
	2. Reserves	471.09	246.51	31.45	13.70	13.70
	Total	724.37	499.79	397.20	227.45	172.10
G.	Misc. Expenditure to the extent not written off or adjusted					
	Debit Balance of Profit & Loss Account	0.00	0.00	0.00	205.00	318.64
H.	<b>Net Worth (F-G)</b>	<b>724.37</b>	<b>499.79</b>	<b>397.20</b>	<b>22.45</b>	<b>(146.54)</b>

**ANNEXURE : II**  
**STATEMENT OF PROFITS AND LOSSES – RESTATED**

(Rs. In lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Income</b>					
Of Products manufactured by the company	3,277.76	4,075.47	1,892.11	206.98	0.00
of Products traded in by the company	2,878.32	295.07	358.75	45.28	0.00
Less: Excise duty recovered on sales	286.70	381.20	147.66	12.78	0.00
Other Income	85.71	38.32	13.42	141.40	0.00
Increase (Decrease) in Inventories	(3.04)	(36.04)	79.67	12.64	(27.28)
<b>Total</b>	<b>5,952.05</b>	<b>3,991.62</b>	<b>2,196.29</b>	<b>393.52</b>	<b>(27.28)</b>
<b>Expenditure:</b>					
Material Cost	5,111.98	3,310.40	1,773.57	228.63	0.00
Factory Overhead and Manufacturing expenses	57.08	69.67	69.47	16.34	0.00
Administration expenses	89.52	96.54	19.49	3.25	0.11
Staff Costs	130.90	73.49	12.94	3.88	0.24
Selling and Distribution Expenses	68.13	55.64	57.41	4.30	0.00
<b>Total</b>	<b>5,457.61</b>	<b>3,605.75</b>	<b>1,932.88</b>	<b>256.42</b>	<b>0.35</b>
<b>Earning Before Depreciation Interest &amp; Tax</b>	<b>494.44</b>	<b>385.87</b>	<b>263.41</b>	<b>137.10</b>	<b>(27.63)</b>
Less: Depreciation	26.47	19.04	13.23	7.64	7.74
Less :- Interest paid	110.88	37.71	19.05	1.28	0.00
<b>Net Profit before tax and extraordinary items</b>	<b>357.09</b>	<b>329.12</b>	<b>231.13</b>	<b>128.18</b>	<b>(35.37)</b>
Taxation:					
Less: Current Tax ( Income Tax)	123.90	107.03	15.02	0.00	0.00
Less: Deferred tax	4.97	5.36	(6.97)	14.47	(0.33)
Less: Fringe Benefit Tax	3.36	1.56	0.33	0.07	0.00
<b>Net Profit after extraordinary Items</b>	<b>224.86</b>	<b>215.17</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Adjustments on Account of Prior period Expenses :-					
Prior Period TDS Receivable	0.00	0.10	0.00	0.00	0.00
Prior Period Expenses	0.28	0.00	0.00	0.00	0.00
<b>Net Profit after Adjustments</b>	<b>224.58</b>	<b>215.07</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Profit B/f From Previous Year	232.81	17.75	(205.00)	(318.64)	(283.59)
<b>Total Profit C/f to Balance Sheet</b>	<b>457.39</b>	<b>232.81</b>	<b>17.75</b>	<b>(205.00)</b>	<b>(318.64)</b>

**ANNEXURE III**  
**STATEMENT OF CASH FLOW - RESTATED**

(Rs in Lacs)

PARTICULARS	YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Cash Flow From Operating Activities</b>					
Net Profit before taxation	357.09	329.12	231.13	128.18	(35.37)
Adjustments For:					
Depreciation	26.47	19.04	13.23	7.36	7.74
Interest received	5.23	2.36	0.96	1.47	0.00
Income from Bank Settlement	0.00	0.00	0.00	139.78	0.00
Dividend received	3.61	7.96	0.00	0.00	0.00
Interest Paid	110.88	37.71	19.05	1.28	0.00
Operating Profit before Working Capital Changes	485.60	375.55	262.45	(4.43)	(27.63)
Decrease in Debtors	338.84	(230.95)	(275.65)	(186.02)	(0.00)
Decrease in Inventories	(310.26)	(42.63)	(85.64)	(116.07)	27.28
Decrease in Loans and advances	(34.29)	(125.64)	(27.16)	(40.64)	0.00
Increase in Current Liabilities & Provisions	386.57	96.55	89.59	436.04	0.02
Duties and Income Taxes Paid	127.26	108.70	15.35	0.07	0.00
Prior period Expenditure	0.28	0.00	0.00	0.00	0.00
<b>Net Cash Flow From Operating Activities</b>	<b>738.92</b>	<b>(35.82)</b>	<b>(51.77)</b>	<b>88.81</b>	<b>(0.33)</b>
<b>Cash Flow From Investing Activities</b>					
Purchase of fixed assets	(60.57)	(81.23)	(108.48)	(46.10)	0.00
Investments Purchased	(174.62)	(171.02)	(11.23)	0.00	0.00
Interest received	5.23	2.36	0.96	1.47	0.00
<b>Net Cash Used In Investing Activities</b>	<b>(229.96)</b>	<b>(249.89)</b>	<b>(118.75)</b>	<b>(44.63)</b>	<b>0.00</b>
<b>Cash Flow from Financing Activities</b>					
Increase in Borrowings :-					
Secured	(108.90)	260.85	0.00	(229.77)	0.33
Un Secured	(202.89)	230.19	45.27	0.00	0.00
Proceeds from Issuance of Capital	0.00	(112.47)	152.00	55.35	0.00
Income from Bank Settlement	0.00	0.00	0.00	139.78	0.00
Dividend received	3.61	7.96	0.00	0.00	0.00
Interest Paid	110.88	37.71	19.05	1.28	0.00
<b>Net Cash flow from Financing Activities</b>	<b>(419.06)</b>	<b>348.82</b>	<b>178.22</b>	<b>(35.92)</b>	<b>0.33</b>
Net Increase in Cash and cash Equivalents	89.89	63.10	7.70	8.26	0.00
Cash and Cash Equivalents (Opening Balance)	79.16	16.05	8.35	0.09	0.09
Cash and Cash Equivalents (Closing Balance)	169.05	79.16	16.05	8.35	0.09

## ANNEXURE IV

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### A. Significant Accounting Policies:

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

###### a. Basis of Accounting:

The Company follows the accrual method of accounting. The financial statements have been prepared in accordance with the historical cost convention items covered under "Accounting Standard (AS)-30" on "Financial Instruments: Recognition and Measurement" which have been measured at their fair value and accounting principles generally accepted in India.

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

###### 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. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### II. 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 recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized 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 recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- c. Revenue from job work services is recognized 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.

##### III. 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 realizable value. The cost has been measured on the standard cost basis and includes cost of materials and cost of conversion.
- b. All other inventories of stores, consumables, raw materials are valued at cost. The stock of waste is valued at Net Market price. Cost is measured on actual average for the whole year. Excise duty wherever applicable is provided on finished goods lying within the factory at the end of the year.

##### IV. Fixed Assets & Depreciation

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

**V. 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 recognized as an impairment loss in the profit and loss account

**VI. Investments**

- a. Investments are Held-to-Maturity within the meaning of Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement'
- b. Investments in subsidiaries are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.
- c. Investments classified as held for trading that have a market price are measured at fair value and gain/loss arising on account of fair valuation is routed through profit and loss Account.

**VII. Foreign Currency Transactions**

- a. Transactions denominated in foreign currencies are normally recorded at the exchange rate declare by the custom authorized 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 s recognized in the profit and loss account.
- e. Expenses of overseas offices are translated and accounted at the monthly average rate.

**VIII. 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.

**IX. Borrowing Cost**

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard (AS)-30 and considered as revenue expenditure and charged to profit and loss Account for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying assets up to the date when such assets are ready for intended use which are capitalized as a part of the cost of such asset.

**X. Taxes:**

Income-Tax expense for the year comprises current tax, fringe benefit tax (FBT) and deferred tax.

- a. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.
- b. Provision for FBT is made on the basis of fringe benefit provided/deemed to have been provided during the year at the rates and values applicable to the relevant assessment year.
- c. The deferred tax asset and deferred tax liability is calculated by applying tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets in account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance sheet date, the carrying amount of deferred tax assets is reviewed to reassess amount.

**XI. Employees Benefit:**

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

**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 available for equity share holder's for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss available for equity share holder's 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. Cash Flow Statement**

- The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard – 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Figures in bracket represent outflow in cash.
- Cash & Cash Equivalent includes Rs. 4,25,870/- as Cash in Hand, Rs. 4,95,594/- as Cheque in Hand & Rs. 15,98,946/- as balance with scheduled banks.

**XIV. Provisions, Contingent Liabilities And Contingent Assets**

Provisions involving a substantial degree of estimation in measurement are recognized 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 recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

**B. Notes to Accounts:****I. Adjustments in Standalone Profit and Loss account :-**

During the year the company has changed its accounting policy hitherto followed of providing depreciation on written down value method at the rates prescribed under schedule xiv of companies act, 1956. From this year company has started charging the depreciation on straight line method at the rates prescribed under Schedule XIV of the companies act, 1956 for all the assets. Accordingly the depreciation has been recomputed on the fixed assets from the date of their capitalization on the basis of changed method. This effect has been incorporated in the Restated Financial Statements from 2004-05 and the accumulated depreciation upto 2004-2005 has been adjusted in the opening Reserve and Surplus for year 2004-05. Consequently the deferred tax expenses have also been adjusted for preparation of these restated summery statements.

**Adjustments in Standalone Profit and Loss account :****(Rs. in lacs)**

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Profit after tax & Prior Period expenses as per Audited accounts	268.31	187.99	199.35	135.75	(27.63)
Adjustments :-					
Add :- Depreciation	66.24	(18.54)	(12.18)	7.64	7.74
Add:- Proposed Dividend including tax	0.00	0.00	0.42	0.00	0.00

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Add :- Deferred Tax	(22.51)	(8.54)	(11.64)	14.47	(0.33)
Total of Adjustments	43.73	(27.08)	(23.40)	22.11	7.41
<b>Net Profit after adjustments - Restated</b>	<b>224.58</b>	<b>215.07</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>

The other income for the year 2005-06 includes gain of Rs 139.78 lacs through bank settlement.

#### ngent Liabilities not provided for

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Bank Guarantees to Custom authorities for import of Raw material against Advance Licenses	25.95	34.09	22.95	1.59	0
Bank Guarantees to Excise authorities for CT-1 Bond	1.25	0	0	0	0
Letter of credit	165.59	0	0	0	0
<b>Total</b>	<b>192.79</b>	<b>34.09</b>	<b>22.95</b>	<b>1.59</b>	<b>0</b>

IV. Estimated amount of contracts remaining to be executed on Capital Account and not provided for – Rs. NIL.

V. The Company has not provided for gratuity & leave encashment benefits till 31st march 2008, the retirement benefits were where debited as & when paid. Due to accounting of provision of Gratuity & Leave Encashment according to AS-15 (Revised), the same is accounted on the basis of actuarial valuation from 31st March 2009.

VI. There are no dues to micro, small & medium Enterprises which are not outstanding for more than 30 days as at the balance sheet date. The above information regarding small scale undertaking has been determined to the extended such party have been identified on the basis of information available with the company, and have been relied upon by us.

#### VII. Managerial Remuneration:

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Shri Rajat Agrawal	6.00	5.00	1.20	0	0
Dr. Mahaveer Prasad Agarwal	1.40	0.48	0	0	0
Shri Rajeev Surana	6.00	5.00	2.16	0	0
<b>Total</b>	<b>13.40</b>	<b>10.48</b>	<b>3.36</b>	<b>0</b>	<b>0</b>

#### VIII. Payment to Auditors

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
As auditor	0.50	0.33	0.11	0.11	0.06
As adviser	0.05	0	0	0	0
In any other manner (VAT Audit)	0.06	0	0	0	0
<b>Total</b>	<b>0.61</b>	<b>0.33</b>	<b>0.11</b>	<b>0.11</b>	<b>0.06</b>

**IX. 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.

**X. 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

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Depreciation	134.25	119.64	103.87	124.37	81.78
Rate of tax (%)	33.99	33.99	33.99	33.99	33.99
Deferred Tax Liability	45.63	40.67	35.31	42.27	27.80

**XI. CIF Value of Imports:**

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Raw Material (including material in transit)	2,134.14	1,959.34	1133.32	136.00	0.00

**XII. Transactions in Foreign Currencies:****a. Expenses in foreign currencies:**

(Rs in Lacs)

Sr. No.	PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
		2009	2008	2007	2006	2005
i.	Interest & Bank charges	3.06	1.56	0.48	0.02	0.00
ii.	Tour & Traveling Exp.	35.96	0.00	0.00	0.00	0.00
iii.	Subscription & Membership	0.79	0.00	0.00	0.00	0.00
iv.	Business Promotion Exp.	0.10	0.00	0.00	0.00	0.00
v.	Consultancy Charges	0.00	0.00	1.65	0.00	0.00
vi.	Machinery	0.00	0.00	9.48	18.74	0.00
vii.	Foreign exchange rate difference	0.00	(8.20)	6.48	0.01	0.00
	<b>Total</b>	<b>39.91</b>	<b>(6.64)</b>	<b>18.09</b>	<b>18.77</b>	<b>0.00</b>

**b. Earning in foreign currency:**

(Rs in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
i. Export Sales	3164.56	2027.77	917.33	117.04	0.00
ii. Foreign exchange rate difference	16.44	8.20	(6.49)	(0.01)	0.00
iii. Dividend Received	3.61	7.97	0.00	0.00	0.00
<b>Total</b>	<b>3184.61</b>	<b>2043.94</b>	<b>910.84</b>	<b>117.03</b>	<b>0.00</b>



XIII. 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.

The foreign exchange contract outstanding as on 31st March is as under

(Rs in Lacs)

Currency	2009		2008		2007		2006		2005	
	No. of Contracts	Amount	No. of Contracts	Amount	No. of Contracts	Amount	No. of Contracts	Amount	No. of Contracts	Amount
U.S.Dollar	35	17.83	0	0	0	0	0	0	0	0

The foreign currency exposure not hedged as at 31st March is as under:

(Rs. in Lacs)

Currency	2009		2008		2007		2006		2005	
	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable
In Rs	(487.73)	14.75	0	0	0	0	0	0	0	0
In USD	(9.85)	0.29	0	0	0	0	0	0	0	0

XIV. The Company used forward commodity exchange contracts to hedge against fluctuation in price of commodities relating to business of company. The Company does not enter into any derivative instrument for trading or speculation purpose.

The forward commodity contract outstanding as at 31st March is as under

(Rs in Lacs)

Commodity	2009		2008		2007		2006		2005	
	No. of Contracts	Margin Amount	No. of Contracts	Margin Amount	No. of Contracts	Margin Amount	No. of Contracts	Margin Amount	No. of Contracts	Margin Amount
Lead	14	5.31	0	0	0	0	0	0	0	0

XV. A. Licensed/Installed Capacity:

(In MT)

PARTICULARS	Licensed/Installed Capacity (Yearly) as at 31 <sup>st</sup> March				
	2009	2008	2007	2006	2005
Refined Lead/Lead Alloy	12,600	12,600	12,600	6,600	6,600
Unrefined Lead Ingots	6,000	6,000	6,000	6,000	6,000
Red Lead	1,800	1,800	1,800	1,800	1,800
Grey Oxide	1,800	1,800	1,800	1,800	1,800
Litharge	1,800	1,800	1,800	1,800	1,800
<b>Total</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>18,000</b>	<b>18,000</b>

**B. Actual production**

(In MT)

PARTICULARS	Actual Production (Yearly) As at 31 <sup>st</sup> March				
	2009	2008	2007	2006	2005
Refined Lead/Lead Alloy	2424.689	1817.188	2056.102	475.056	Nil
Unrefined Lead Ingots	365.495	667.608	942.694	245.275	Nil
Red Lead	9.50	34.350	9.325	Nil	Nil
Grey Oxide	481.275	196.265	139.675	Nil	Nil
Litharge	35.445	255.965	217.575	Nil	Nil
<b>Total</b>	<b>3316.404</b>	<b>2971.376</b>	<b>3365.371</b>	<b>720.331</b>	<b>Nil</b>

**XVI. Raw Material Consumed:**

(Rs. In lacs)

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH									
	2009		2008		2007		2006		2005	
	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.
i. Remelted Lead										
Indigenous	30.832	475.87	231.00	161.70	391.765	254.65	467.136	222.61	0.00	0.00
Imported	2057.399	1810.48	2016.69	1755.18	1728.346	810.02	125.759	55.14	0.00	0.00
ii. Lead scrap										
Indigenous	32.558	34.19	281.249	180.05	215.465	129.28	0.00	0.00	0.00	0.00
Imported	635.630	426.10	256.910	190.34	285.483	157.45	45.521	19.42	0.00	0.00
iii. Battery Scrap										
Indigenous	40.835	31.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Imported	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
iv. Refined Lead Ingots										
Indigenous	708.363	732.23	377.799	309.50	0.00	0.00	0.00	0.00	0.00	0.00
Imported	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Indigenous</b>	<b>812.588</b>	<b>1273.60</b>	<b>890.05</b>	<b>651.25</b>	<b>607.230</b>	<b>383.93</b>	<b>467.14</b>	<b>222.61</b>	<b>0.00</b>	<b>0.00</b>
<b>Imported</b>	<b>2,693.029</b>	<b>2236.58</b>	<b>2,273.61</b>	<b>1945.52</b>	<b>2,013.83</b>	<b>967.47</b>	<b>171.28</b>	<b>74.55</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Consumption</b>	<b>3,505.617</b>	<b>3510.18</b>	<b>3,163.65</b>	<b>2596.78</b>	<b>2621.06</b>	<b>1351.39</b>	<b>638.42</b>	<b>297.16</b>	<b>0.00</b>	<b>0.00</b>

**XVII. Consumption of Stores, Spares and Consumables :**

(Rs. in Lacs)

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH									
	2009		2008		2007		2006		2005	
	Value	%	Value	%	Value	%	Value	%	Value	%
Indigenous	71.72	100	64.80	100	18.54	100	0.50	100	0.000	100
Imported	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>71.72</b>	<b>100</b>	<b>64.80</b>	<b>100</b>	<b>18.54</b>	<b>100</b>	<b>0.50</b>	<b>100</b>	<b>0.000</b>	<b>100</b>

## XVIII. Particulars of Finished Products:

(Rs. In lacs)

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH									
	2009		2008		2007		2006		2005	
	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.
<b>Refined Lead:</b>										
Opening stock	16.824	16.82	88.567	70.85	8.690	5.21	0.000	0.00	0.00	0.00
Production/purchase	1,967.856	2084.50	1331.547	1168.86	1634.897	1015.09	358.011	182.62	0.00	0.00
Sales	1,228.575	1356.17	1025.491	1108.80	1223.879	856.71	349.321	194.45	0.00	0.00
Consumption	720.363	741.26	377.799	309.51	331.141	204.35	0.000	0.00	0.00	0.00
Closing stock	35.742	28.59	16.824	16.82	88.567	70.85	8.690	5.21	0.00	0.00
<b>Lead Alloy:</b>										
Opening stock	30.000	30.00	25.850	20.16	4.910	3.04	0.000	0.00	0.00	0.00
Production/purchase	590.563	572.39	693.313	574.61	406.205	256.23	117.045	72.57	0.00	0.00
Sales	579.647	588.04	686.021	767.66	385.265	288.68	112.135	71.79	0.00	0.00
Consumption	40.916	43.32	3.142	2.47	0.000	0.00	0.000	0.00	0.00	0.00
Closing stock	0.000	0.00	30.000	30.00	25.850	20.16	4.910	3.04	0.00	0.00
<b>Grey Oxide:</b>										
Opening stock	5.000	5.10	0.00	0.00	0.000	0.00	0.000	0.00	0.00	0.00
Production/purchase	692.100	683.69	258.125	228.24	139.675	83.62	0.000	0.00	0.00	0.00
Sales	690.000	747.20	226.775	277.19	134.000	103.46	0.000	0.00	0.00	0.00
Consumption	5.000	6.44	26.350	22.80	5.675	3.63	0.000	0.00	0.00	0.00
Closing stock	2.100	1.71	5.000	5.10	0.000	0.00	0.000	0.00	0.00	0.00
<b>Red Lead:</b>										
Opening stock	0.000	0.00	0.600	0.51	0.000	0.00	0.000	0.00	0.00	0.00
Production/purchase	9.500	10.52	34.350	32.67	9.325	8.67	0.000	0.00	0.00	0.00
Sales	6.500	7.46	34.950	42.32	8.725	6.83	0.000	0.00	0.00	0.00
Closing stock	3.000	2.52	0.000	0.00	0.600	0.51	0.000	0.00	0.00	0.00
<b>Litharge:</b>										
Opening stock	0.480	0.49	0.100	.08	0.000	0.00	0.000	0.00	0.000	0.00
Production/purchase	60.445	61.45	121.935	106.46	125.85	84.94	0.000	0.00	0.000	0.00
Sales	60.000	67.42	120.400	170.03	50.250	38.56	0.000	0.00	0.000	0.00
Consumption	0.475	0.42	1.155	0.79	75.500	51.07	0.000	0.00	0.000	0.00
Closing stock	0.450	0.37	0.480	2.87	0.100	0.08	0.000	0.00	0.000	0.00
<b>Lead Sheet:</b>										
Opening stock	2.788	2.87	0.283	0.24	0.000	0.00	0.000	0.00	0.000	0.00

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH									
	2009		2008		2007		2006		2005	
	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.
Production/purchase	105.228	110.91	171.294	143.45	0.000	0.00	0.000	0.00	0.000	0.00
Sales	108.016	142.78	168.789	171.93	0.000	0.00	0.000	0.00	0.000	0.00
Consumption	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Closing stock	0.000	0.00	2.788	2.87	0.000	0.00	0.000	0.00	0.000	0.00
<b>Massicot:</b>										
Opening stock	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Production/purchase	36.595	39.77	134.030	113.26	0.000	0.00	0.000	0.00	0.000	0.00
Sales	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Consumption	36.595	36.71	134.030	113.26	0.000	0.00	0.000	0.00	0.000	0.00
Closing stock	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
<b>Lead Wool:</b>										
Opening stock	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Production/Purchase	2.250	2.45	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Sales	2.200	3.59	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Consumption	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Closing stock	0.050	0.05	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
<b>Lead Powder:</b>										
Opening stock	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Production/purchase	50.905	42.68	26.675	26.78	0.000	0.00	0.000	0.00	0.000	0.00
Sales	50.905	62.94	26.675	36.59	0.000	0.00	0.000	0.00	0.000	0.00
Consumption	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Closing stock	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
<b>Lead Bricks:</b>										
Opening stock	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Production/purchase	15.596	9.28	6.626	6.68	0.000	0.00	0.000	0.00	0.000	0.00
Sales	15.596	40.36	6.626	14.09	0.000	0.00	0.000	0.00	0.000	0.00
Consumption	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Closing stock	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
<b>Lead Ingots (Unrefined)</b>										
Opening stock	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Production/purchase	365.495	312.53	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Sales	344.320	317.32	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Consumption	0.050	.04	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH									
	2009		2008		2007		2006		2005	
	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.
Closing stock	21.125	15.84	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
<b>Glass Block Clear (In No.)</b>										
Opening stock	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Purchase	63680	21.85	0	0.00	0	0.00	0	0.00	0	0.00
Sales	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Closing stock	63680	21.85	0	0.00	0	0.00	0	0.00	0	0.00
<b>Glass Block Colour (In No.)</b>										
Opening stock	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Purchase	5058	2.75	0	0.00	0	0.00	0	0.00	0	0.00
Sales	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Closing stock	5058	2.75	0	0.00	0	0.00	0	0.00	0	0.00
<b>Glass Corner Block Clear (In No.)</b>										
Opening stock	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Purchase	40.00	0.02	0	0.00	0	0.00	0	0.00	0	0.00
Sales	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Closing stock	40.00	0.02	0	0.00	0	0.00	0	0.00	0	0.00
<b>Glass Reflector 4mm (In No.)</b>										
Opening stock	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Purchase	1,219.58	2.17	0	0.00	0	0.00	0	0.00	0	0.00
Sales	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Closing stock	1,219.58	2.17	0	0.00	0	0.00	0	0.00	0	0.00
<b>Glass Reflector 5mm (In Sq.)</b>										
Opening stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase	3,122.13	6.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing stock	3,122.13	6.91	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Glass End Blocks Clear (In No.)</b>										
Opening stock	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Purchase	30.00	0.01	0	0.00	0	0.00	0	0.00	0	0.00

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH									
	2009		2008		2007		2006		2005	
	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.	Mt.	Rs.
Sales	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Closing stock	30.00	0.01	0	0.00	0	0.00	0	0.00	0	0.00
<b>Project Inventory (In No.)</b>										
Opening stock	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Purchase	1,818.00	27.13	0	0.00	0	0.00	0	0.00	0	0.00
Sales	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Closing stock	1,818.00	27.13	0	0.00	0	0.00	0	0.00	0	0.00

**ANNEXURE V****SCHEDULE OF SECURED LOANS AS AT 31<sup>ST</sup> MARCH, 2009**

(Rs in Lacs)

Name Of the Lender	Sanctioned Amount	Principal Outstanding	Rate Of Interest (%)	Repayment Schedule	Details Of Security (if applicable)
<b>Term Loans From Banks</b>					
<b>Car Loans</b>					
Punjab & Sind Bank	8.00	7.04	12.50	60 EMI	Secured against Hypothecation of Vehicles Optra
Punjab & Sind Bank	7.40	6.46	12.50	60 EMI	Secured against Hypothecation of Vehicles Ford Fiesta
Punjab & Sind Bank	7.60	6.63	12.50	60 EMI	Secured against Hypothecation of Vehicles Verna Car
Axis Bank Limited	9.99	7.62	10.80	60 EMI	Secured against Hypothecation of Vehicles Honda Civic
Kotak Mahindra bank	6.70	2.59	13.00	35 EMI	Secured against Hypothecation of Vehicles Fork Lift
<b>Total</b>		<b>30.34</b>			
<b>Cash Credit Facilities:</b>					
Punjab & Sind Bank	100.00	1.54	13.50	N.A	Hypothecation of stock of Raw material , Finished Goods
State bank of India	174.00	120.07	8.50	N.A.	Third Party FDR's
<b>Total</b>		<b>121.61</b>			
<b>Grand Total</b>		<b>151.95</b>			

**ANNEXURE VI**

**SCHEDULE OF UNSECURED LOANS**

(Rs. In Lacs)

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
From Directors & Relatives *	13.00	3.00	0.00	2.64	2.64
Long term loan from Others	62.22	275.10	47.90	0.00	0.00
<b>Total</b>	<b>75.22</b>	<b>278.10</b>	<b>47.90</b>	<b>2.64</b>	<b>2.64</b>

\* Interest free and repayable on demand

**Summary of Unsecured Loans from others as on 31.03.2009**

(Rs. In Lacs)

Name Of the Lender	Sanctioned Amount	Principal Outstanding	Rate Of Interest (%)	Repayment Schedule
Reliance Capital Limited	30.00	22.56	18.00	48 EMI
Barclays Bank PLC	30.00	22.69	17.00	48 EMI
HDFC Bank Limited	20.00	8.37	16.50	18 EMI
ABN Amro Bank Limited	10.00	8.60	17.00	48 EMI
<b>Total</b>	<b>90.00</b>	<b>62.22</b>		

**ANNEXURE VII****SCHEDULE OF SUNDRY DEBTORS**

(Rs. in Lacs)

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>(Unsecured, considered good)</b>					
- Outstanding for a period less than six months	354.21	689.24	462.25	186.02	0
- Outstanding for a period Exceeding six months	0.16	3.96	0	0.58	0.58
<b>Total</b>	<b>354.37</b>	<b>693.20</b>	<b>462.25</b>	<b>186.60</b>	<b>0.58</b>

**ANNEXURE VIII****SCHEDULE OF LOANS AND ADVANCES**

(Rs. In Lacs)

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>(Unsecured Considered good)</b>					
Advance tax	-	-	0.25	-	-
Advance Recoverable cash or in kind or for value to be received	150.27	86.95	6.14	4.93	-
Loan to staff and others	-	-	0.54	0.35	-
Deposits	5.82	6.27	-	-	0.20
Balance with Excise department / Custom	71.84	100.42	61.07	35.56	-
<b>Total</b>	<b>227.93</b>	<b>193.64</b>	<b>68.00</b>	<b>40.84</b>	<b>0.20</b>

**ANNEXURE IX****SCHEDULE OF INVESTMENTS****(Rs. In Lacs)**

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Equity Shares					
Quoted	-	-	-	-	-
Unquoted :-	-	-	-	-	-
Gravita USA Inc	-	-	0.17	-	-
Gravita Exim Limited	24.92	-	-	-	-
Pagrik Ghana Limited	82.21	82.21	11.06	-	-
Pagrik Mozambique Lda	92.07	15.84	-	-	-
Pagrik Senegal SA	41.16	41.16	-	-	-
Shrikah tadweer alrasal	101.90	28.43	-	-	-
Navam Lanka Limited	14.61	14.61	-	-	-
Other (NSC's & others)	0.03	0.03	0.03	0.03	0.03
<b>Total</b>	<b>356.90</b>	<b>182.28</b>	<b>11.26</b>	<b>0.03</b>	<b>0.03</b>

**ANNEXURE X****SCHEDULE OF OTHER INCOME****(Rs. In lacs)**

PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Recurring Income :-</b>					
Export Incentive	48.10	9.46	4.31	0.15	-
Interest Received	5.23	2.36	0.96	1.47	-
Dividend Income	3.61	7.97	-	-	-
Job Work Charges Income	6.98	10.33	-	-	-
Exchange Gain	16.44	8.20	-	-	-
<b>Non Recurring Income :-</b>					
Income from Bank Settlement	-	-	-	139.78	-
Other Income (Claim, Discount etc)	5.35	-	8.15	-	-
<b>Total</b>	<b>85.71</b>	<b>38.32</b>	<b>13.42</b>	<b>141.40</b>	<b>-</b>

**ANNEXURE XI****STATEMENT OF TAX SHELTER****(Rs. In lacs)**

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Profit before current &amp; deferred tax, as per Audited accounts</b>	<b>423.33</b>	<b>310.59</b>	<b>218.95</b>	<b>135.75</b>	<b>(27.63)</b>
Income tax rate(including surcharge & educational cess) (%)	33.99	33.99	0	0	0
Minimum Alternate Tax(including surcharge & Educational cess)	0.00	0.00	11.22%	7.50%	0.00%
<b>Tax at Notional Rate</b>	<b>143.89</b>	<b>105.57</b>	<b>24.57</b>	<b>10.18</b>	<b>0.00</b>
<b>Adjustments:</b>					
Export Profits	0.00	0.00	0.00	0.00	0.00
Difference between Tax Depreciation and Book Depreciation	14.61	(2.77)	0.00	0.00	0.00
Other Adjustments	69.77	7.72	0.00	0.00	0.00
B/F losses/ Unabsorbed Dep. In Books	0.00	0.00	93.33	(410.67)	0.00



PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Net Adjustments</b>	<b>84.38</b>	<b>4.95</b>	<b>93.33</b>	<b>(410.67)</b>	<b>0.00</b>
Tax Saving Thereon	28.68	1.68	10.47	0.00	0.00
MAT Credit	0.00	5.83	0.00	0.00	0.00
<b>Total Taxation</b>	<b>115.21</b>	<b>98.06</b>	<b>14.09</b>	<b>0.00</b>	<b>0.00</b>
Taxation on extra-ordinary Items	0.00	0.00	0.00	0.00	0.00
<b>Tax on Profits before extra-ordinary items</b>	<b>115.21</b>	<b>98.06</b>	<b>14.09</b>	<b>0.00</b>	<b>0.00</b>

**ANNEXURE XII****ACCOUNTING RATIOS**

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Earnings per share (Rs.)	8.88	11.59	14.03	7.17	(2.21)
Net Asset value per share (Rs.)	28.60	26.93	25.02	1.42	(9.25)
Return on Net Worth (%)	31.00	43.03	56.08	506.13	(23.92)
Weighted average number of equity shares in the period (in Nos.)	2532750	1855860	1587699	1584000	1584000

**Formula:**

- Earnings per share(Rs.) 
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$$
- Net Asset Value per share (Rs.) 
$$\frac{\text{Net Worth excluding revaluation reserve at the end of the period/year}}{\text{Weighted average number of equity shares outstanding during the period}}$$
- Return on Net Worth (%) 
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Net Worth excluding revaluation reserve at the end of the period/year}}$$

**ANNEXURE XIII****STATEMENT OF CAPITALISATION****(Rs. In lacs)**

PARTICULARS	Pre-Issue as at 31 <sup>st</sup> March 2009	Post Issue*
Borrowings :		
Short-term Debt**	13.00	13.00
Long-term Debt	214.17	214.17
<b>Total Debt</b>	<b>227.17</b>	<b>227.17</b>
Shareholders' funds:		
Share Capital	253.28	[•]
Reserves	471.07	[•]
<b>Long-term Debt/Equity ratio</b>	<b>0.30:1</b>	<b>[•]</b>
<b>Total Debt/Equity ratio</b>	<b>0.31:1</b>	<b>[•]</b>

\* Share Capital and reserves and total shareholders' Funds would be calculated on conclusion of the Book Building process

\*\* Short-term Debts are debts maturing within the next one year from the date of above statement.

**ANNEXURE XIV****STATEMENT OF RELATED PARTY TRANSACTION****A. Related Parties and their relationship****Subsidiary/Joint Venture**

1. Gravita Exim Limited
2. Pagrik Ghana Limited
3. Pagrik Mozambique LDA.
4. Pagrik Senegal S.A.
5. Pagrik Ethiopia P.L.C.
6. Pagrik Zambia Ltd.
7. Penta Exim Pvt. Ltd.

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

1. Gravita Impex Pvt. Limited
2. Saurabh Farms Limited
3. Shah Buildcon Pvt. Ltd.
4. Jalousies India Pvt. Ltd.
5. Navam Lanka Limited
6. Shrikah Tadweer Al Rasas Li-Laada Al Tansee Al Mehd
7. Gravita Georgia Ltd.
8. Gravita Exim Ltd.
9. Penta Exim Pvt Ltd.

**Key Management Personnel:**

1. Dr. Mahaveer Prasad Agarwal
2. Shri Rajat Agrawal
3. Shri Rajeev Surana

**B. Details of Related Party Transactions****(Rs. In Lacs)**

Nature of Transaction	Description of Relationship	Related Party	AS AT 31 <sup>ST</sup> MARCH				
			2009	2008	2007	2006	2005
Remuneration	Key Management Personnel	Shri Rajat Agrawal	6.00	5.00	1.20	0.00	0.00
		Shri Rajeev Surana	6.00	5.00	2.16	0.00	0.00
		Dr. M.P. Agarwal	1.40	0.48	0.00	0.00	0.00
Salary	Relative of Key Management Personnel	Mrs. Shashi Agarwal	5.88	1.38	0.00	0.00	0.00
		Mr. Mayank Raja	1.60	2.00	0.00	0.00	0.00
Purchases	Other Related Parties	Navam Lanka Ltd.	3,96.35	87.58	0.00	0.00	0.00
		Penta Exim Pvt. Ltd.	1,12.77	2,88.37	0.00	0.00	0.00
Sales	Other Related Parties	Penta Exim Pvt. Ltd.	34.60	0.00	0.00	0.00	0.00
		Navam Lanka Ltd.	9.18	0.00	0.00	0.00	0.00
		Shrikah Tadweer Al Rasas Li-Laada Al Tansee Al Mehd	1,01.90	0.00	0.00	0.00	0.00

Rent	Relative of Key Management Personnel	Rajeev Surana (HUF)	3.96	3.95	0.00	0.00	0.00
	Key Management Personnel	Shri Rajat Agrawal	2.40	1.10	0.00	0.00	0.00
	Other Related Parties	Saurabh Farms Ltd	0.13	0.00	0.00	0.00	0.00
Tour & Traveling Exp.	Other Related Parties	Gravita Impex Pvt. Ltd.	7.95	0.00	0.00	0.00	0.00
Dividend Received	Other Related Parties	Navam Lanka Ltd.	3.61	7.97	0.00	0.00	0.00
Investments	Subsidiary	Pagrik Mozambique LDA	76.23	15.85	0.00	0.00	0.00
		Pagrik Senegal SA	0.00	41.16	0.00	0.00	0.00
		Pagrik Ghana Ltd.	0.00	71.16	11.06	0.00	0.00
		Gravita USA Inc	0.00	0.00	0.17	0.00	0.00
	Other Related Parties	Shrikah Tadweer Al Rasas Li-Laada Al Tansee Al Mehd	1,01.90	28.43	0.00	0.00	0.00
		Navam Lanka Ltd.	0.00	14.61	0.00	0.00	0.00
Loan Taken	Key Management Personnel	Dr. M P Agarwal	25.00	0.00	0.00	0.00	0.00
		Shri Rajat Agrawal	51.00	0.00	0.00	0.00	0.00
Loan Paid	Key Management Personnel	Shri Rajat Agrawal	38.00	0.00	0.00	0.00	0.00
		Shri Rajeev Surana	3.00	0.00	0.00	0.00	0.00

## Annexure – XV

## STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES - RESTATED

(Rs. in Lacs)

Sr. No.	PARTICULARS	AS AT 31 <sup>st</sup> MARCH				
		2009	2008	2007	2006	2005
A.	Fixed Assets					
	Gross Block	1,284.70	553.06	336.09	227.61	181.51
	Less: Depreciation	202.35	107.62	81.83	68.60	61.24
	Net Block	1,082.35	445.44	254.26	159.01	120.27
	Capital Work in Progress	168.99	266.16	-	-	-
		1,251.34	711.60	254.26	159.01	120.27
B.	Investments	117.08	43.06	11.26	0.03	0.03
	Foreign Exchange Translation Reserve	41.62	10.87	-	-	-
C.	Current Assets, Loans and Advances					
	Inventories	1,131.14	1,002.89	201.71	116.07	-
	Sundry Debtors	545.31	693.20	462.25	186.60	0.58
	Cash and Bank Balances	279.11	92.77	16.05	8.35	0.09
	Loans and Advances	413.59	259.35	68.00	40.84	0.20
		2,369.15	2,048.20	748.01	351.86	0.87
D.	Liabilities and Provisions:					
	Secured Loans	161.32	427.76	-	-	229.77
	Unsecured Loans	240.88	111.18	47.90	2.64	2.64
	Current Liabilities and provisions	1,930.18	1,621.88	533.12	443.54	7.50
	Deferred Tax Liability	58.72	40.67	35.30	42.27	27.80
	Minority Interest	382.97	123.79	-	-	-
		2,774.07	2,325.28	616.32	488.45	267.71
E.	<b>Net Worth (A+B+C-D)</b>	<b>1,005.12</b>	<b>488.45</b>	<b>397.20</b>	<b>22.45</b>	<b>(146.54)</b>
F.	Represented by	-				
	Share Capital	253.28	253.28	365.76	213.75	158.40
	Reserves :	-	-	-	-	-
	Capital Reserve :-					
	Opening Reserves	42.52	42.52	13.70	13.70	13.70
	Add :- Current year transfer	84.11	-	-	-	-
	Add :- Capital profit from consolidation of subsidiary	98.11	-	-	-	-
	Profit and Loss	570.48	231.76	17.74	-	-
	Total	1,048.49	527.56	397.20	227.45	172.10
G.	Misc. Expenditure to the extent not written off or adjusted	43.37	39.11	-	-	-
	Debit Balance of Profit & Loss Account	-	-	-	205.00	318.64
H.	<b>Net Worth (F-G)</b>	<b>1,005.12</b>	<b>488.45</b>	<b>397.20</b>	<b>22.45</b>	<b>(146.54)</b>

## Annexure – XVI

## STATEMENT OF CONSOLIDATED PROFIT AND LOSS - RESTATED

(Rs. in Lacs)

Particulars	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Sales:					
Of Products manufactured by the company	6,668.88	4,669.93	1,892.11	206.98	-
of Products traded in by the company	4,727.77	311.47	358.75	45.28	-
Less: Excise duty recovered on sales	286.70	381.20	147.66	12.78	-
Other Income	119.66	47.04	13.42	141.40	-
Increase / (Decrease) in Inventories	(331.02)	270.17	79.67	12.65	(27.28)
Total	10,898.59	4,917.41	2,196.29	393.52	(27.28)
Expenditure					
Raw Materials Consumed	8,362.68	4,013.06	1,773.57	228.64	-
Staff Costs	340.11	88.47	12.94	3.88	0.24
Other Manufacturing Expenses	356.22	147.44	69.47	16.34	-
Administration Expenses	367.22	135.44	19.49	3.26	0.11
Selling & Distribution Expenses	516.29	90.53	57.41	4.30	-
Exchange Loss (Gain) on translation	(2.35)	-	-	-	-
Total	9,940.17	4,474.94	1,932.88	256.42	0.35
<b>Earning Before Depreciation Interest &amp; Tax</b>	<b>958.42</b>	<b>442.48</b>	<b>263.41</b>	<b>137.10</b>	<b>(27.63)</b>
Less: Depreciation	67.93	25.79	13.23	7.64	7.74
Less : Interest	167.32	40.89	19.05	1.28	-
<b>Net Profit before tax and Extraordinary items</b>	<b>723.18</b>	<b>375.80</b>	<b>231.13</b>	<b>128.18</b>	<b>(35.37)</b>
Taxation:	-	-	-	-	-
:- Current tax	167.96	108.59	15.35	0.07	-
:- Deferred Tax	12.87	5.36	(6.97)	14.47	(0.33)
<b>Net Profit before Extraordinary Items</b>	<b>542.35</b>	<b>261.85</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Extraordinary items	-	-	-	-	-
<b>Net Profit after extraordinary Items</b>	<b>542.35</b>	<b>261.85</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Adjustments on Account of Prior period Expenses	0.39	0.10	-	-	-
<b>Adjusted Profit</b>	<b>541.96</b>	<b>261.75</b>	<b>222.75</b>	<b>113.64</b>	<b>(35.05)</b>
Minority Share in Profit/(Loss)	119.13	18.91	-	-	-
Transfer to Profit & Loss	338.72	214.02	222.75	113.64	(35.05)
Transfer to Capital Reserve	84.11	28.82	-	-	-

## Annexure – XVII

## STATEMENT OF CONSOLIDATED CASH FLOW - RESTATED

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Cash Flows from Operating Activities</b>					
Net Profit before Taxation	723.18	375.80	231.13	128.18	(35.37)
Adjustments for:					
Depreciation	67.93	25.79	13.23	7.36	7.74
Interest Income	(7.21)	(2.42)	(0.96)	(1.47)	
Dividend Income	(3.61)	(7.97)	-	-	-
Income From Bank Settlement	-	-	-	(139.78)	-
Income From UTI Fund	(0.71)	-	-	-	-
Interest Paid	167.32	40.89	19.05	1.28	-
Impact of Foreign Exchange Translation	(30.75)	(10.87)	-	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>916.14</b>	<b>421.22</b>	<b>262.45</b>	<b>(4.43)</b>	<b>(27.63)</b>
Change in Trade and Other Receivables	147.89	(230.94)	(275.65)	(186.02)	-
Change in Inventories	(128.25)	(801.18)	(85.64)	(116.07)	27.28
Change in Loans & advances	(154.24)	(191.34)	(27.16)	(40.64)	-
Change in Current Liabilities	313.48	1,088.76	89.59	436.05	0.02
Income-taxes paid	(167.96)	(108.59)	(15.35)	(0.07)	0.00
Prior Period Expenditure	(0.39)	(0.10)	-	-	-
<b>Net Cash Flow from Operating Activities (A)</b>	<b>926.66</b>	<b>177.83</b>	<b>(51.77)</b>	<b>88.81</b>	<b>(0.33)</b>
<b>Cash Flow from Investing Activities</b>					
Purchase of Fixed Assets	(607.67)	(483.14)	(108.47)	(46.10)	-
Investments Purchased	(74.02)	(31.80)	(11.23)	-	-
Dividend Received	3.61	7.97	-	-	-
Interest Received	7.21	2.42	0.96	1.47	-
Income From UTI Fund	0.71	-	-	-	-
Acquisition of minority interest in subsidiary	140.05	104.88			
<b>Net Cash Flow used in Investing Activities (B)</b>	<b>(530.12)</b>	<b>(399.68)</b>	<b>(118.74)</b>	<b>(44.63)</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>					
Changes in Borrowings	(136.74)	491.04	45.26	(229.77)	0.33
Proceeds from Issuance of Capital & Application money	-	(112.48)	152.01	55.35	-
Increase in Reserves (Due to Consolidation)	98.11	-	-	-	-
Misc Expenses incrued	(4.26)	(39.11)	-	-	-
Interest Paid	(167.32)	(40.89)	(19.05)	(1.28)	-
Income From Bank Settlement	-	-	-	139.78	-
<b>Net Cash Flow from Financing Activities(C)</b>	<b>(210.21)</b>	<b>298.57</b>	<b>178.21</b>	<b>(35.92)</b>	<b>0.33</b>
Net increase in cash and cash equivalents (A+B+C)	186.34	76.72	7.70	8.25	0.00
Cash and Cash Equivalents (Opening Balance)	92.77	16.05	8.35	0.09	0.09
Cash and Cash Equivalents (Closing Balance)	279.11	92.77	16.05	8.35	0.09

**ANNEXURE XVIII****SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATED STATEMENTS****Significant Accounting Policies and Notes on Accounts : -****1. Basis of Preparation -**

The consolidated financial statements include the financial statement of Gravita India Ltd, the parent (hereinafter referred to as 'the Company') and its subsidiary entities (collectively referred to as 'Group').

These consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, in accordance with the generally accepted accounting principles (GAPP) in India and comply with the Accounting Standard (AS) -21 'Consolidated Financial Statements' issued by 'The Institute of Chartered Accountants of India.

**2. Principals of Consolidation : -**

The Consolidated financial Statement (CFS) relate to Gravita India Limited (The Company) and its subsidiaries. The CFS has been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statement" (AS 21) and are prepared following basis

- i) The financial statement of the company and subsidiaries are combined on a line-by-line basis by having together the book value of the like items of assets, Liabilities , income and expenses, after fully eliminating inter group balances and inter group transactions including profit/losses in period end inventories. The difference between the company's cost of investment in the subsidiaries, over ex-portion of equity at the time of acquisition of shares as recognized in consolidated financial statements as goodwill or Capital reserve as case may be. Minority interest's share in net assets of consolidated subsidiaries is present in the consolidated balance sheet separate from liabilities and the equity of company shareholder. Minority interest in the consolidated financial statements is identified and recognized after taking consideration :
  - 1.The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
  2. The Minorities' share of movement in equity since the date parent – subsidiary relationship came into existence.
  3. The Losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
  4. The excess of loss over the minority interest in the equity is adjusted against General Reserve of the Company.
- ii) In case of foreign subsidiaries, being non integral foreign operations, revenue items are translated at the closing rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognized in the "Foreign Currency Translation Reserve".
- iii). 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.
- iv) Investment in associates are accounted for using equity method in accordance with AS 23. For this investments 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 for the post acquisition share of Profits/Losses.

- v) 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.
  - vi) The fixed assets acquired from group companies (inventory of selling company) are restated at the cost to the seller company and the depreciation on the reduced cost is written back in Profit & Loss Account.
- b. The subsidiary considered in the consolidated financial statements are :-

Name of Subsidiary	% of Share holding	Country Name	Date of becoming subsidiary	Consolidated From
Pagrik Ghana Limited	58.91	Ghana	31-Mar-08	2007-2008
Pagrik Mozambique Lda	51.00	Mozambique	24-Dec-07	2007-2008
Pagrik Senegal SA	50.00	Senegal	5-Aug-07	2007-2008
Gravita Exim Ltd.	99.65	India	27-Mar-09	2008-2009
Penta Exim Pvt. Ltd. *	53.85	India	27-Mar-09	2008-2009
Pagrik Ethiopia PLC *	59.79	Ethiopia	27-Mar-09	2008-2009
Pagrik Zambia Limited *	49.83	Zambia	27-Mar-09	2008-2009

\* Subsidiary of Gravita Exim Limited.

### 3. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements as prudent and reasonable. Future results could differ from these estimates. Difference between actual results and estimates are recognized in the period in which results are known/materialized

### 4. 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 realizable value. The cost has been measured on the standard cost basis and includes cost of materials and cost of conversion.
- (b) All other inventories of stores, consumables, raw materials are valued at cost. The stock of waste is valued at market price. Cost is measured on actual average for the whole year. Excise duty wherever applicable is provided on finished goods lying within the factory at the end of the year.

### 5. 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 recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized 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 recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- (c) Revenue from job work services is recognized 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.

#### **6. Fixed Assets & Depreciation**

- (a) 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 utilization.
- (b) 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.
- (c) In respect of addition and sales of assets during the year, depreciation is provided on pro rata basis.
- (d) Expenditure on projects pending capitalization is shown under the head "Capital Work in Progress" which will be capitalized in respective heads of Fixed Assets after commencement of commercial production.
- (e) Individual assets costing less than Rs. 5,000/- have been fully depreciated in the year of purchase on pro rata basis.

#### **7. Foreign Currency Transactions**

- (a) Transactions denominated in foreign currencies are normally recorded at the exchange rate declare by the custom authorized 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 s recognized in the profit and loss account.
- (e) Indian Rupee is the reporting currency of the Company and its Indian Subsidiaries. However, the functional currency of foreign subsidiaries is their local currency. The translation of foreign currency of foreign subsidiary into Indian Rupees is performed for asset, liabilities, revenue, cost and expenses using closing exchange rates. Resultant currency translation exchange gain / loss is disclosed is "Translation Reserve". Contingent liabilities are translated at closing rates.

#### **8. Investments**

- (a) Investments in associates are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.
- (b) Investments classified as held for trading that have a market price are measured at fair value and gain/loss arising on account of fair valuation is routed through profit and loss Account.

**9. 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.

**10. Borrowing Cost**

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard (AS)-30 and considered as revenue expenditure and charged to profit and loss Account for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying assets up to the date when such assets are ready for intended use which are capitalized as a part of the cost of such asset.

**11. Earning Per Share**

The group 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 available for equity share holder's for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss available for equity share holder's 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.

**12. Taxes:**

Income-Tax expense for the year comprises current tax, fringe benefit tax (FBT) and deferred tax.

- (a) Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.
- (b) Provision for FBT is made on the basis of fringe benefit provided/deemed to have been provided during the year at the rates and values applicable to the relevant assessment year.
- (c) The deferred tax asset and deferred tax liability is calculated by applying tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets in account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance sheet date, the carrying amount of deferred tax assets is reviewed to reassess amount.

**13. 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 recognized as an impairment loss in the profit and loss account

#### 14. Provision , Contingent Liabilities and Contingent Assets

Provisions involving a substantial degree of estimation in measurement are recognized 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 recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

#### 15. 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.

### Notes to the Restated consolidated Financial Statement

#### 1. Notes to Adjustments/ Non adjustments:

a.) **Depreciation**:-During the year ended March 31<sup>st</sup>, 2009 the company has changed the accounting policy of providing depreciation from Written Down Value method to Straight Line Method for all the assets and the cumulative effect of the change was recorded in the year ended 31<sup>st</sup> March 2009. However for preparation of this Restated Consolidated Financial statement the depreciation has been charged on straight line method in all the years. Consequently the deferred tax expense has also been adjusted for preparation of these restated consolidated financial statements. Further the accumulated Profit and Loss account as on 1<sup>st</sup> April 2004 had been appropriately adjusted to reflect the impact of the change pertaining to periods ended on or before 31<sup>st</sup> March 2004.

In case of subsidiary Penta Exim Pvt Limited and Pagrik Ethiopia plc which provide Depreciation not as per the current policy of the company adjustment have been carried out for the year ended 31<sup>st</sup> march 2009 for the purpose of restated consolidated financial statements.

b.) **Gratuity and leave encashment**: During the year ended March 31<sup>st</sup> 2009 the company and one of its subsidiary Gravita Exim Limited have accounted for Gratuity and Leave Encashment liability based on an actuarial valuation determined by Life insurance corporation of India consequent to adoption of AS-15 on Employee Benefits (revised 2005). However necessary adjustments and disclosures, for other prior periods and also for the subsidiaries where AS -15 has not been adopted, have not been made due to non availability of relevant data.

#### 2. Contingent Liability :

Details of restated consolidated contingent liability is as under:

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Bank Guarantees to Custom authorities for import of Raw material against Advance Licenses:	25.95	34.09	22.95	1.59	0

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
Bank Guarantees to Excise authorities for CT-1 Bond	4.75	0	0	0	0
Letter of credit	165.59	0	0	0	0
Bank guarantees for Technorec	66.00	0	0	0	0
Income tax demand for the A.Y. 2005-06 being amount of demand under dispute	31.31	0	0	0	0

3. **Related Party Disclosure:** The related parties have been determined on the basis of the requirement of the Accounting Standard (AS)-18 'Related Party Disclosure' and the same have been relied upon by the auditors. The transactions with Related Parties are presented after the consolidation of respective company.

i) **Enterprises having same Key Management Personnel and/or their relatives as the reporting enterprise:**

- a. Gravita Impex Pvt. Limited
- b. Saurabh Farms Limited
- c. Shah Buildcon Pvt. Ltd.
- d. Jalousies India Pvt. Ltd.
- e. Gravita Georgia Ltd.
- f. Mrs. Shashi Agrawal
- g. Mr. Mayank Raja
- h. Mr Rajeev Surana HUF
- i. Ms. Anchal Agrawal

ii) **Key Management Personnel:**

- a. Dr. Mahaveer Prasad Agarwal
- b. Shri Rajat Agrawal
- c. Shri Rajeev Surana
- d. Shri Suresh Asawa

iii) **Other Related Parties**

- (a) Navam Lanka Ltd.
- (b) Shrikah Tadweer Al Rasas Li-Laada Al Tansee Al Mehd

## c. Transactions with related parties are as follows:

(Rs. in lacs)

Nature of Transaction	Description of Relationship	Related Party	AS AT 31 <sup>ST</sup> MARCH				
			2009	2008	2007	2006	2005
Remuneration	Key Management Personnel	Shri Rajat Agrawal	11.00	5.00	1.20	0.00	0.00
		Shri Rajeev Surana	7.00	5.00	2.16	0.00	0.00
		Dr. M.P. Agarwal	1.40	0.48	0.00	0.00	0.00
		Suresh Asawa	1.20	0.00	0.00	0.00	0.00
Salary	Relative of Key Management Personnel	Mrs. Shashi Agarwal	5.88	1.38	0.00	0.00	0.00
		Mr. Mayank Raja	1.60	2.00	0.00	0.00	0.00
Purchases	Other Related Parties	Navam Lanka Ltd.	3,96.35	87.58	0.00	0.00	0.00
Sales	Other Related Parties	Navam Lanka Ltd.	9.18	0.00	0.00	0.00	0.00
		Shrikah Tadweer Al					
		Rasas Li-Laada Al	101.90	0.00	0.00	0.00	0.00
Rent	Relative of Key Management Personnel	Tansee Al Mehd					
	Key Management Personnel	Rajeev Surana (HUF)	3.96	3.95	0.00	0.00	0.00
		Mrs Anchal Agrawal	2.40	0.00	0.00	0.00	0.00
Tour & Traveling Exp.	Other Related Parties	Shri Rajat Agrawal	2.40	1.10	0.00	0.00	0.00
		Saurabh Farms Ltd	1.27	0.00	0.00	0.00	0.00
Electricity Charges	Other Related Charges	Gravita Impex Pvt. Ltd.	27.94	0.00	0.00	0.00	0.00
Salary	Relative of Key Management Personnel	Saurabh Farms Ltd.	1.81	0.00	0.00	0.00	0.00
Dividend Received	Other Related Parties	Ms. Anchal Agrawal	6.45	0.00	0.00	0.00	0.00
		Navam Lanka Ltd.	3.61	7.97	0.00	0.00	0.00

Investments	Other Related Parties	Shrikah Tadweer Al	1,01.90	28.43	0.00	0.00	0.00
		Rasas Li-Laada Al					
		Tansee Al Mehd					
		Navam Lanka Ltd.	0.00	14.61	0.00	0.00	0.00
	Key Management Personnel Other Related Parties Relative to key Management Personal	Dr. M P Agarwal	25.00	0.00	0.00	0.00	0.00
		Shri Rajat Agrawal	76.00	0.00	0.00	0.00	0.00
		Mr. Rajat Agrawal	3.00	0.00	0.00	0.00	0.00
		Gravita Impex Pvt. Ltd	1.00	0.00	0.00	0.00	0.00
		Ms Anchal Agrawal	30.00	0.00	0.00	0.00	0.00
Loan Taken	Key Management Personnel	Shri Rajat Agrawal	43.00	0.00	0.00	0.00	0.00
		Shri Rajeev Surana	3.00	0.00	0.00	0.00	0.00
	Other Related Parties	Gravita Impex Pvt. Ltd	1.00	0.00	0.00	0.00	0.00
			24.00	0.00	0.00	0.00	0.00
		Shah Buildcon Pvt. Ltd	30.00	0.00	0.00	0.00	0.00
		Ms Anchal Agrawal					

4. In the opinion of the group management, current assets, loans, advances and deposits are approximately of the value stated, if realized in the ordinary course of business.

**FINANCIAL INFORMATION AS REQUIRED UNDER SCHEDULE VII Financial Statements (IX) 5 (a) and 5(b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009**

To,  
The Board of Directors,  
Gravita India Limited  
402, Rajputana Tower  
A27B, Shanti Path Tilak Nagar  
Jaipur – 302004  
Rajasthan

Dear Sirs,

We have examined the audited financial statements of **Navam Lanka Limited.** for the financial years ended 31<sup>st</sup> March 2009, 2008, 2007, 2006 and 2005.

As required **UNDER SCHEDULE VII Financial Statements (IX) 5 (a) and 5(b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009** issued by the Securities and Exchange Board of India ('SEBI'), we have examined the financial information contained in Annexure attached to this report which is proposed to be incorporated in the Offer Document of **GRAVITA INDIA LIMITED** ('The Company') in connection with its proposed public issue of equity shares.

**SCHEDULE VII Financial Statements (IX) 5 (a) and 5(b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009** *inter-alia*, require that if the proceeds or any part of the proceeds of the issue of shares are to be applied for the acquisition of shares in any other body corporate ('the subsidiary') and by reason of that acquisition, the body corporate will become a subsidiary of the issuer company then, a report made by accountants upon the profits and losses and assets and liabilities of the subsidiary for the preceding five years indicating how the profits or losses of the subsidiary would have concerned the members of the issuer company and what allowance would have fallen to be made and in relation to the assets and liabilities so dealt with for holders of other shares, if the issuer company had at all material times held the shares to be acquired.

We understand that a part of the proceeds of the proposed public issue of the Company is proposed to be utilized for acquiring additional 12 % percent stake in **M/s Navam Lanka Limited** thereby increasing the holding of Gravita India Limited in 40% to 52 % of the total paid up equity capital of the company.

Based on our examination of the financial statements provided to us, of the Company, **Navam Lanka Limited**, we certify that the enclosed Financial Statements, as required under **SCHEDULE VII Financial Statements (IX) 5 (a) and 5(b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009**, have been drawn up following the Accounting Standards issued by the Institute of Chartered Accountants of India and the Financial Statements for the years ended on 31<sup>st</sup> March 2009, have been presented in Annexure IA and IB of this report.

Yours Faithfully  
**For Rajvanshi & Associates**  
**Chartered Accountants**

Sd/-  
**Vikas Rajvanshi**  
**Partner**  
**Membership No. : 073670**

**Place: Jaipur**  
**Date : 25.09.2009**

## Annexure I A

## STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lacs)

Sr. No.	PARTICULARS	AS AT 31 <sup>ST</sup> MARCH				
		2009	2008	2007	2006	2005
A.	Fixed Assets:					
	Gross Block	685.50	537.19	352.76	392.85	413.50
	Less: Depreciation	17.23	11.15	8.82	10.05	9.89
	Net Block	668.26	526.03	343.94	382.80	403.61
B	Current Assets, Loans and Advances:					
	Inventories	168.52	373.99	111.88	90.62	45.66
	Sundry Debtors	350.84	156.50	88.64	122.89	50.73
	Cash And Bank Balances	9.06	26.01	47.86	4.41	26.50
	Loans and Advances	54.33	111.76	96.63	1.15	1.44
	Foreign Exchange Translation Reserve	(96.48)	16.72	8.71	1.46	-
	Total	486.26	684.98	353.72	220.54	124.32
C	Liabilities and Provisions:					
	Secured Loans	331.60	295.69	9.48	88.91	20.50
	Unsecured Loans	-	-	-	2.35	-
	Current Liabilities & Provisions	24.38	79.25	78.58	12.09	8.27
	Total	355.98	374.94	88.05	103.35	28.77
D	<b>Net Worth</b>	<b>798.54</b>	<b>836.07</b>	<b>609.61</b>	<b>499.98</b>	<b>499.17</b>
E	Represented By					
	Share Capital	400.13	333.80	358.54	389.73	396.10
	Reserves	398.41	502.27	251.07	110.25	104.29
	Total	798.54	836.07	609.61	499.98	500.39
F	Misc. Expenditure to the extent not written off or adjusted					
	Deferred Revenue expenditure	-	-	-	-	1.22
G	<b>Net Worth (F-G)</b>	<b>798.54</b>	<b>836.07</b>	<b>609.61</b>	<b>499.98</b>	<b>499.17</b>



## Annexure :- IB

## STATEMENT OF PROFITS AND LOSSES

(Rs. in lacs)

PARTICULARS	FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH				
	2009	2008	2007	2006	2005
<b>Income</b>					
<b>Sales:</b>					
Of Products manufactured by the company	1,818.58	3,322.53	1,795.35	1,107.86	894.24
Other Income	3.94	2.37	10.98	1.55	5.58
Increase (Decrease) in Inventories	42.27	269.83	28.51	45.60	(59.96)
<b>Total</b>	<b>1,864.79</b>	<b>3,594.74</b>	<b>1,834.84</b>	<b>1,155.02</b>	<b>839.86</b>
<b>Expenditure:</b>					
Material Cost	1,610.33	2,656.16	1,074.59	758.04	492.62
Factory Overhead and Manufacturing expenses	94.81	128.93	267.58	106.20	146.47
Administration expenses	31.04	42.29	35.03	43.00	27.60
Staff Costs	48.53	35.50	29.03	27.40	27.54
Selling and Distribution Expenses	21.97	144.70	198.69	183.62	54.45
<b>Total</b>	<b>1,806.68</b>	<b>3,007.58</b>	<b>1,604.92</b>	<b>1,118.26</b>	<b>748.68</b>
<b>Earning Before Depreciation Interest &amp; Tax</b>	<b>58.11</b>	<b>587.15</b>	<b>229.92</b>	<b>36.76</b>	<b>91.18</b>
Less: Depreciation	17.23	11.15	8.82	10.05	9.89
Less :- Interest paid	29.50	30.83	20.07	18.92	30.75
<b>Net Profit before tax and extraordinary items</b>	<b>11.38</b>	<b>545.17</b>	<b>201.03</b>	<b>7.79</b>	<b>50.55</b>
Taxation:					
Less: Current Tax ( Income Tax)	-	77.95	22.89	1.82	-
<b>Net Profit after extraordinary Items</b>	<b>11.38</b>	<b>467.23</b>	<b>178.14</b>	<b>5.96</b>	<b>50.55</b>
Adjustments on Account of Prior period Expenses :-	-	-	-	-	-
<b>Net Profit after Adjustments</b>	<b>11.38</b>	<b>467.23</b>	<b>178.14</b>	<b>5.96</b>	<b>50.55</b>
Less: Dividend	98.52	207.32	35.85	-	-
Profit B/f From Previous Year	582.03	225.64	100.08	102.82	53.74
<b>Total Profit C/f to Balance Sheet</b>	<b>494.90</b>	<b>485.55</b>	<b>242.36</b>	<b>108.79</b>	<b>104.29</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements

#### 1. Overview of the Business

We are the flagship Company of the Gravita Group which was established in the year 1992 and has manufacturing set up at Jaipur. We are engaged in the business of manufacturing of Lead Metal by Recycling & Smelting process & other lead products. Our Company is promoted by first generation entrepreneurs, Dr. M.P. Agarwal and Mr. Rajat Agrawal. Our Company has a subsidiary Gravita Exim Limited, a company specializing in providing turnkey solutions and consultancy services on engineering and design for the secondary lead companies. Gravita India Limited and Gravita Exim Limited together are able to provide a complete solution right from setting up plants to providing value added lead products in the lead metal market.

We are an ISO 9001:2000 and 14001:2004 certified company and a certified Star Export house under Ministry of Commerce and Industry. We are also affiliated as a member with Federation of Indian Export Organisation, Institute of Scrap Recycling Industries Inc., FICCI, to name a few. Our company has shown consistent growth in past 3 years which proves our market credibility.

We specialize in producing high quality pure lead ingots with minimum purity level of 99.97% by weight. We have a quality control Laboratory consisting of Optical Emission Spectrometer (OES) of Spectro Germany make & Atomic Absorption Spectrometer (AAS) to monitor the purity levels of the product. Our manufacturing operations to produce Pure Lead / Lead Alloys, Lead Oxides (Litharge, Red Lead & Lead Sub-Oxide), are controlled round the clock by experienced Chemists & Quality Control supervisors

#### 2. Significant Development subsequent to last period

Except as otherwise stated in this Offer Document, the Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in this Offer Document which materially or adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay liabilities within the next twelve months.

#### 3. Factors that may affect results of operations

Except as otherwise stated in this Offer Document, the Risk Factors in this Offer Document and the following important factors could cause actual results to differ materially from the expectations.

##### A. General economic and business conditions:

As a company operating in India, we are affected by the general economic conditions in the country. The Indian economy has grown steadily over the past several years. This improved performance was propelled by the growth in industrial activity and robust services sector. The overall economic growth will therefore impact the results of our operations. The growth prospects of the business of the Company and its ability to implement the strategies will be influenced by macroeconomic factors.

##### B. Our ability to successfully implement the strategy of growth and expansion:

Our growth plans would put significant demands on the management team and other resources. Any delay in implementation of the strategy could impact the Company's roll out schedules and result in cost and time over runs.

**C. Factors affecting industrial activity:**

Our business is also dependent on skilled labour. Any disruption in relationship with employees may lead to labour unrest and thereby affect our business. Any change in the factors such as industrial policies, tariffs, excise duties etc may also affect the activities of the lead industry and our operations.

**D. Increasing competition in the industry:**

There are several small unorganized suppliers who are able to cater the industry at low cost due to non compliance of environment regulations. The technological edge available with the Company, wide product range and global footprint has helped us in retaining our customers. The entry barriers in this industry pertain to the ability to readily source the raw material and manufacture a wide range of lead products with environment friendly technology.

**E. Increases in raw materials prices:**

We are subject to fluctuations in the raw material prices and any abnormal fluctuations could impact our working adversely. A substantial part of our cost is freight and hence any abnormal increase in the freight cost may affect our working adversely.

**F. Cyclical or seasonal fluctuations in the operating results:**

Our business is not subject to any seasonal and cyclical trends.

**G. Amount that the Company is able to realize from the clients:**

The Company has been operating in this industry for several years and has an internal system to determine the credit worthiness of its customers. The Company sells its products and the payment cycle is between 30 to 60 days. Any increase in competition may change the terms prevalent in the industry and our company would be required to review its policies.

**H. Changes in laws and regulations that apply to the industry:**

There are various rules and regulations outlined by the government of the various locations that the Company/subsidiaries operate in. Changes in government controls or regulatory frameworks may impact the industry and our Company.

**I. Changes in fiscal, economic or political conditions:**

Our Company and its subsidiaries are present in various countries in addition to India. Any major changes in fiscal, economic or political conditions in any of the locations where the Company operates may affect our business.

**J. Social or civil unrest or hostilities with neighboring countries or acts of international terrorism:**

Social or civil unrest or hostilities with neighboring countries or acts of international terrorism may affect the Company adversely, which are not anticipated as of now.

**K. Changes in the foreign exchange control regulations, interest rates and tax laws in India:**

There will be substantial impact in our industry due to change in the foreign exchange control regulation, interest rates and tax laws in India. The impact could be positive or negative.

#### 4. Discussion on Results of Operations based on restated Financials

##### Analysis of Financial Performance of Gravita India Limited

The following discussion of the financial condition and results of operation together with the financial statements for each of the financial years ended March 31, 2006, 2007, 2008 and 2009 including the notes there to and the reports, schedules and annexure thereon, which appear in the Auditors' Report included elsewhere in the Offer Document. These financial statements are prepared in accordance with Indian GAAP and the Companies Act and are in accordance with SEBI ICDR Regulations.

The Audited Financial Statements are prepared in accordance with the Indian Accounting Standards.

(Amount in Rs. Lacs)

Particulars	For the Year Ended March 31,			
	2005-06	2006-07	2007-08	2008-09
Sales	239.48	2103.20	3989.34	5869.38
Other Income	141.40	13.42	38.32	85.71
Increase/Decrease in Stock	12.64	79.67	(36.04)	(3.04)
Total Income	<b>393.52</b>	<b>2196.29</b>	<b>3991.62</b>	<b>5952.05</b>
Total Expenditure	256.42	1932.88	3605.75	5457.61
Total Expenditure as % of Sales	<b>107.07</b>	<b>91.90</b>	<b>90.38</b>	<b>92.98</b>
Depreciation	7.64	13.23	19.04	26.47
Depreciation as % of Sales	<b>3.19</b>	<b>0.63</b>	<b>0.48</b>	<b>0.45</b>
Finance Cost	1.28	19.05	37.71	110.88
Finance Cost as % of Sales	0.53	0.91	0.94	1.89
Profit/ (Loss) before Tax	128.18	231.13	329.12	357.09
Profit/ (Loss) before Tax as % of Sales	<b>53.52</b>	<b>10.99</b>	<b>8.25</b>	<b>6.08</b>
Provision for Taxation	14.54	8.38	113.95	132.23
Profit/ (Loss) After Tax and Extra Ordinary Items	<b>113.64</b>	<b>222.75</b>	<b>215.17</b>	<b>224.86</b>

**Note:** Figures have been regrouped wherever necessary to make data comparable.

## 5. Comparison of Recent Financial Years/ Periods with Previous Financial Years:

### **(A) Financial Performance for FY 2008-09 vs. FY 2007-08**

#### **Sales:**

Our Sales for the F.Y 2008-09 is Rs.5869.38 lacs as compared to Rs.3989.34 lacs in Fiscal 2007-08, which shows an impressive growth of 47.13%. The growth in sales has been driven by in all areas of operations. The export sales has increased from 2027.77 lacs to 3164.56 lacs during the F.Y. 2008-09 which shows growth of 56% due to various export orders completed during the year. The increase can mainly be attributed to growth across all our products and increase sales of export / hi-seas sales.

#### **Total Expenses**

Our company has incurred expenses of Rs.5457.61 lacs against the sales of Rs.5869.38 lacs which is 92.98% during the year 2008-09 as compared to previous year of Rs.3605.05 lacs against the sales of Rs.3989.24 lacs which is 90.38%. The increase of 2.60% in expenses is due to increase in employee cost & frequent fluctuation in lead metal prices in the global market during the year.

#### **Depreciation:**

Depreciation on the Fixed Assets charged is Rs.26.47 lacs (after adjustment of change in accounting policy) for the F.Y 2008-09 as against Rs.19.04 lacs for the F.Y. 2007-08.

During the year 2008-09 the company has changed its accounting policy hitherto followed a policy of providing depreciation on Written Down Value method at the rate prescribed under the Schedule XIV of the Companies Act 1956. From the F.Y. 2008-09 the Company has started charging the depreciation on Straight Line Method at the rate prescribed under the Schedule XIV of the Companies Act 1956 for all the assets. Accordingly the depreciation has been recomputed on the fixed assets from the date of their capitalization on the basis of changed method. This has resulted in reduction of accumulated depreciation by Rs.66.23 lacs and corresponding increase in the profit and also increase the Net Block of fixed assets by Rs.66.23 lacs as on 31.03.2009.

#### **Interest & Financial Charges:**

Interest & Financial Expenses has increased to Rs.110.88 lacs in F.Y. 2008-09 from Rs.37.71 lacs in F.Y. 2007-08. This increase is mainly due to additional working capital finance raised from banks and increase in interest rates.

#### **Net Profit after Tax:**

Our Net profit has increased by 4.50% in F.Y. 2008-09 at Rs.224.86 lacs as compared to Rs.215.17 Lacs in F.Y. 2007-08. This is due to decrease in expenses and substantial increase in sales.

### **(B) Financial Performance for FY 2007-08 vs. FY 2006-07**

#### **Sales:**

The Sales for the F.Y. 2007-08 increased to Rs.3989.34 lacs from 2103.20 lacs in F.Y. 2006-07, which shows an impressive growth of 89.68%. The growth in sales has been driven by in all areas of operations. The export sales increased from 917.33 lacs to 2027.77 lacs during the F.Y. 2007-08 which shows growth of 121.05% due to decisions of the management to manufacture value added products during the year. The increase can mainly be attributed to the growth across our products and increase in the sales of export / hi-seas sales.

**Total Expenses**

The company incurred expenses of Rs.3605.75 lacs against the sales of Rs.3989.34 lacs which is 90.38% during the year 2007-08 as compared to previous year of Rs.1932.88 lacs against the sales of Rs.2103.20 lacs which was 91.90%. The reduction in % of expenses due to increase in sales volume.

**Depreciation:**

Depreciation on the Fixed Assets increased from Rs.13.23 lacs in F.Y. 2006-07 to Rs.19.04 lacs in F.Y. 2007-08 due to additions in Fixed Assets. During the year we added Building, Plant & Machinery I.T Equipments and other fixed assets.

**Interest & Financial Charges:**

Interest & Financial Expenses increased to Rs.37.71 lacs in F.Y. 2007-08 from Rs.19.05 lacs in F.Y. 2006-07 due to increase in working capital financed by banks.

**Net Profit after Tax:**

Net profit decreased by 3.40% in F.Y. 2007-08 to Rs.215.17 lacs as compared to Rs.222.75 lacs in F.Y. 2006-07. The decrease was due to tax provision of Rs.113.95 lacs during the year 2007-08 as against tax provision of Rs.8.38 lacs for the year 2006-07. However, the profit before tax increased from Rs.231.13 lacs to Rs.329.12 lacs during the F.Y. 2007-08 which indicates a growth of 42.40%.

**(C) Financial Performance for FY 2006-07 vs. FY 2005-06****Sales:**

The Sales for the F.Y. 2006-07 was Rs.2103.20 lacs as compared to Rs.239.48 lacs in the year 2005-06, which is an increase of 778.24%. The rise in sales was due to focus on capacity utilization, identifying high value products & emphasizing on quality of the products. However, the company made efforts to diversify into high volume products and accordingly efforts were channelised in these directions. During the year 2005-06 the company revived its operation after settlement of dues with the bank and was operational for only one month resulting very low for year 2005-06.

**Total Expenses**

The company incurred expenses of Rs.1932.88 lacs against the sales of Rs.2103.20 lacs which is 91.90% during the year 2006-07 as compared to previous year of Rs.256.42 lacs against the sales of Rs.239.48 lacs which is 107.07%. The reduction in % of expenses was contributed by efficient control over expenses and increased sales volume.

**Depreciation:**

The company charged depreciation of Rs.13.23 on Fixed Assets for the F.Y. 2006-07 as against Rs 7.64 lacs for the F.Y. 2005-06. During the year we added Building, Plant & Machinery, I.T Equipments and other fixed assets.

**Interest & Financial Charges:**

Interest & Financial Expenses increased to Rs.19.05 lacs in F.Y. 2006-07 from Rs.1.28 lacs in F.Y. 2005-06. The increase was mainly due to finance taken from bank & other institution during the year.

**Net Profit after Tax:**

Net profit increased by 96.01% in F.Y. 2006-07 to Rs.222.75 lacs as compared to Rs.113.64 lacs in F.Y. 2005-06. The increase was primarily due to increase in sales volume, lower operating expenses and high margins in our value added products.

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

**1. Unusual or infrequent events or transactions:**

There have been no events, other than as described in this Offer Document, which may be called "Unusual" or "infrequent".

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations:**

Government's policy on Recycling Industry will have major bearing on companies involved in these sectors. Any major changes in policies of government would have a significant impact on the operations of our Company.

**3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:**

Apart from the risks disclosed in this Prospectus, there are no other trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations. The sales price of the lead is determined based on the London Metal Exchange (LME) and abnormal changes could have an impact on sales & profits of the company.

**4. Future changes in relationship between costs and revenues, such increase in labour cost or raw material prices will cause a material change:**

Review of trends in the Lead industry over the past few years and current developments within the user industry are positive in terms of increase in demand from existing users of industry and also from new users of the product. The Company endeavours to pass on cost due to abnormal fluctuations in raw material prices. Our Company would benefit due to rationalisation and unified direct tax structure since it would provide a level playing field on national and international scale.

**5. The extent to which there has been increase in net sales or revenue due to increased sales volume, introduction of new products or services or increased sales prices:**

The increase in turnover is due to a mix of increase in sales volume as well as increase in sales prices. Further, the sales price of our products are also determined based on lead prices.

**6. Total turnover of each major industry segment in which the Company operated:**

The Company is operating only in one segment namely Pure Lead, Lead Alloy and Lead Oxides.

**7. Status of any publicly announced new product:**

The Company has not publicly announced any new products. However the Company may deal in any new products, depending on the business strategy demand in future..

**8. Dependence on few suppliers / customers:**

The Company sources raw material from number of suppliers and is not under threat from excessive dependence on any single or a few suppliers. Similarly, the Company has global and nationwide customers for its products and hence there is no dependence on any single customer.

**9. Competitive conditions:**

The Company faces competition from small players in unorganized sector. However, in the long run, all the small and medium players are expected to be covered in single policy thereby creating a level playing field.

## SECTION V

## LEGAL AND REGULATORY INFORMATION

## OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

The contingent liabilities not provided for as on 31/03/2009 are as follows:

Particulars	Amount (Rs. in Lacs)
Letter of credit	165.59
Bank Guarantees to custom authorities for import of raw material against Advance Licenses	25.95
Bank Guarantees to Excise authorities for CT-1 Bond	1.25
<b>TOTAL</b>	<b>192.79</b>

## Outstanding Litigations involving Gravita India Limited:

Except as stated below there are no:

- Pending litigations against our company.
- Outstanding litigations, defaults etc pertaining to matters likely to affect operations and finances of our company including prosecution under the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against our Company or Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigation, disputes, defaults, non-payment of statutory dues, proceedings initiated for offences (including past cases irrespective of whether specified in paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the promoters and there business ventures.
- Pending litigations, defaults, non-payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Draft Red Herring Prospectus and that no litigations have arisen and the Company and its Directors take full responsibility of the information mentioned in the Prospectus.



## Details of litigation against Gravita India Limited

Sr No.	Reference to case number	Where pending	Amount Involved (Rs. in lacs)	Present Status
1	F.No. 50 D/ 62/ 98- CI (PRIHQ) dated 14/11/2002	Director of Revenue Intelligence (DRI), New Delhi	10.50	<p>The Company received a show cause notice dated 14/11/2002 for use of Duty Entitlement Pass Book (DEPB) from M/s. Harshita Limited from DRI.</p> <p>The Company has replied to aforesaid show cause notice vide letter dated 12/12/2002 to DRI and further to Commissioner of Customs, Kandla on 10/07/2003. Receipt copy obtained from Preventive Officer (ADJN), Custom House, Kandla on 28/09/04. No reply has been received thereafter</p>
2	Legal Notice dated 10/04/2009	Notice Received	1.40	Mr. M.K. Tripathi, an ex-employee of the Company has sent a legal notice for payment of the said amount. Mr. Tripathi was appointed on 11/01/2008 as Plant Incharge with a bond of 2 years. Mr. Tripathi sent the said legal notice for recovery of salary and overseas allowance to which the company has duly replied.

## Details of litigation filed by Gravita India Limited

Sr No.	Reference to case number	Where pending	Amount Involved (Rs. in lacs)	Present Status
1	8437/2009	ACJM No. 10 Jaipur Sahar, Jaipur  (before the Judicial Magistrate)	7.70	<p>Under Section 138 of Negotiable Instrument Act, 1882 Company filed a case against Mr. Shailendra Bharadwaj, proprietor of Sun Systems for an amount of Rs.7,69,718/- .</p> <p>Court has summoned Mr. Shailendra Bharadwaj on 05/10/2009.</p>

**a. Outstanding Litigations involving Promoters/ Directors of Company**

There are no outstanding litigations, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoters and director of the Company except as stated below:

Sr No.	Reference to case number	Where pending	Present Status
1	316/ 06	CJ (JD) JM, Sanganer, Jaipur	Mr. Rajeev Surana (One of the Promoter/ Director of Gravita India Limited) is implicated in vehicle accident case. The Investigation is on and his pending for submission of evidence by investigating authorities. The amount is not quantifiable.

**b. Outstanding Litigations Subsidiaries and Group Companies**

There are no outstanding litigation, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the subsidiaries and promoter group companies except as stated herein:

**Details of litigation against subsidiaries and group companies****a). Department of Revenue Intelligence**

Sr No.	Name of the Entity	Reference to case number	Where pending	Amount Involved (Rs. in lacs)	Present Status
1	Penta Exim Private Limited  (Subsidiary of Gravita Exim Limited )	Show Cause Notice	Department of Revenue Intelligence (DRI)	0.001	The Company has received a show cause notice dated 28/07/2008 from DRI, New Delhi for utilization of duty of Rs.142/- under DEPB of M/s. Sambhav Textiles Limited, Ludhiana.  The Company has replied to the aforesaid show cause notice vide letter no. PEPL/2008/0911017 dated 12/11/2008

## b). Labour Cases

Sr No.	Subsidiary/Group Company	Reference to case number	Where pending	Amount Involved (Rs. in lacs)	Present Status
1	Gravita Exim Limited (Subsidiary)	Legal Notice	Dist Civil Court, Kota, Rajasthan	7.00	Mr. Jagdish Kumar Arya was appointed by Goldline World Wide to whom GEL had supplied a plant and was made a party to the notice sent. The company claims that Mr. Jagdish Kumar Arya is not appointed by the company and sent a reply to legal notice demanding Rs. 71,000/- as compensation.
2	Gravita Exim Limited (Subsidiary)	Legal Notice	Civil Court 6, Jaipur	0.95	Mr. Om Sharma, was appointed on 25/07/2007 as a civil Engineer by the company and left the company on 19/01/2008. Mr. Sharma sent a legal a notice to the Company for payment of Rs.92,780/- as plus interest. The company agreed to pay only 18 days salary for January amounting to Rs.21,991/-. The matter is pending.
3.	Pagrik Mozambique LDA	Proc No. 97/08/A	Tribunal Justice de Matola/Maputo	60,000 Meticals  (Conversion: 1 MZN = Rs.1.74 as on 21/09/2009 - Source www.bloomber g.com)	Mr. Enroque Jossefa Siteo, an ex-employee of the Company has made a claim of 60,000 meticals against the Company for terminating him from the services.  The Company has replied on 21/08/2008 claiming that the Mr. Joseph was not terminated from services and he doesn't possess any supporting evidence to prove the same.

**Details of litigation filed by subsidiaries and group companies****Labour Cases**

<b>Sr No.</b>	<b>Subsidiary</b>	<b>Reference to case number</b>	<b>Amount Involved (Rs. in lacs)</b>	<b>Present Status</b>
1	Gravita Exim Limited	Legal Notice	0.07	The Company has sent notices to Mr. Ashok Kumar Mishra for recovery of advance salary paid. As there has been no reply a report has been filed by the Company against Mr. Mishra in Police Station , Murlipura Jaipur for recovering advance salary and foreign currency i.e. USD 100
2	Gravita Exim Limited	Legal Notice	0.75	Mr. Saurabh Sharma was appointed as Business Development Manager for overseas plant in Zambia on 15/01/2007 on 2 years service bond. The company received an e-mail on 11/05/2007 for termination of service. The company sent a notice for recovery of Rs. 74,737/- withdrawn by him from the bank.
3.	Gravita Exim Limited	Legal Notice	6.12	The company has sent a legal notice dated 01/02/2006 for refund of advance sent to Jacob Schlesinger. The company sent intimation to Indian Embassy, New Jersey. The amount involved has been written off from the books.

**MATERIAL DEVELOPMENTS**

Significant development since the last audited balance sheet as on March 31, 2009 till the date of Draft Red Herring Prospectus

No circumstances have arisen since the date of last financial statement until the date of filing of this Draft Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company.

### GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

On the basis of the indicative list of approvals below, we are permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by us to undertake the Issue or continue these business activities. It must be understood that, in granting these licenses, Government of India and/ or Reserve Bank of India does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

Our Company has opted necessary approvals and registrations from various authorities in relation to its business activities; which include:

Sr. No.	Issuing Authority	Registration Number / License	Nature of Registration/ license	Validity
1.	Registrar of Companies, Jaipur (Rajasthan)	17-06870	Certificate of Incorporation	-
2.	Income Tax Department, Jaipur	AAACG6753F	PAN Registration	-
3.	Chief Inspector of Factory	RJ 23124	Registration & Licence to Work A Factory	upto March 31, 2014
4.	Office of Regional P.F. Commissioner	RJ/19423/Enf./Cov./T2/FN o.851/1814	Certificate for E.P.F. and Misc. provisions Act,1952	-
5.	Income Tax Department	JPRG00562C	Allotment of TAN	-
6.	Deputy Director of ESI Corporation	15/23785/9207	Employees state Insurance Registration	-
7.	Rajasthan State Pollution Control Board	RPCB/ROJP/S/OTS/2541	Grant of consent to establish & operate under Water (Prevention & control of Pollution) Act,1974 and Air (Prevention & Control of Pollution) 1981.	upto December 31, 2010
8.	Rajasthan State Pollution Control Board	RPCB/HWM/2009-2010/SWMC/17	Authorization for operating facility for generation, Collection, reception, Storage, Transport, Treatment, Disposal, of Hazardous Wastes.	Upto January 30, 2014
9.	Assistant Commissioner of Central Excise	AAACG6753FST001	Service Tax Registration	-
10.	Assistant Commissioner of Central Excise	AAACG6753FXM001	Central Excise Registration	-

11.	Sales Tax Department	08461601139	Dealer registration and VAT Registration	
12.	Assistant Director General of Foreign Trade	1394007311	Certificate of Importer-Exporter Code(IEC) issued on December 16, 1994	
13.	District Industries Centre		Acknowledgement for filing memorandum for manufacturing as small enterprise  Issue Date March 01, 2008	
14.	Senior Environmental Engineer & Incharge of Hazardous Waste management Division, Central Pollution Control Board	B-29016(1250)/1/08/HWMD	Registration certificate for Re-finishing/ Recycling of Hazardous wastes	Upto May 26, 2010

**The Company has the following approvals/licenses/registration:**

Sr. No.	Concerned Authority	Approval/Consent	Identification Number
1.	RBI (Foreign Exchange Department Central Office Overseas Investment Division)	Overseas Direct Investment in a JV in Mozambique	JRJAZ20080080
2.	RBI (Foreign Exchange Department Central Office Overseas Investment Division)	Overseas Direct Investment in a JV in Ghana	JRJAZ20070113
3.	RBI (Foreign Exchange Department Central Office Overseas Investment Division)	Overseas Direct Investment in a JV in Senegal	JRJAZ20070337
4.	RBI (Foreign Exchange Department Central Office Overseas Investment Division)	Overseas Direct Investment in a JV in Saudi Arabia	ODI form filed with Axis Bank on 16/09/2009
4.	Office of Chief Examiner, Industries and Boilers	Certificate of Approval	N.A.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### A) AUTHORITY FOR THE PRESENT ISSUE

The shareholders of Gravita India Limited have authorized the Issue by a resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Annual General Meeting held on August 27, 2009.

### B) PROHIBITION BY SEBI

The Company, its Promoters, its Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The Promoters, their relatives (as per Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI / Government authorities.

### C) Eligibility for the Issue

The Company is eligible for the Issue as per regulation 26(2)(a)(i) and b(i) of the (Issue of Capital and Disclosure Requirements)

26(2)(a)(i) "the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers"

26(2)(b)(i) "the minimum post-issue face value capital of the issuer is ten crore rupees"

The Company is doing a "compulsory book-building issue" wherein the Company shall allot atleast 50% of the net public offer to QIBs and to refund full subscription monies if it fails to make allotment to the QIBs

The promoters, the company, directors of Gravita are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

No penalty has been imposed by SEBI and other regulatory bodies against the company, its directors, its promoters and companies promoted their directors.

Gravita undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

### D) DISCLAIMER CLAUSE (SEBI)

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE**

REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2009 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
  - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID\*.
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH



THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- (10) WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER:

- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

*\*Except that of Karvy Computershare Private Limited, Registrar to the issue whose registration was valid till July 31, 2009 and have applied for the renewal of registration vide their letter dated April 30, 2009*

The Promoter/Director of Gravita India Limited, Dr. M.P.Agarwal, Mr. Rajat Agrawal, Mr. Rajeev Surana, Mr. Dinesh Kumar Govil, Mr. Arun Kumar Gupta and Mr. Rajesh Patni confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Draft Red Herring Prospectus has been suppressed withheld and/or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

#### **E) DISCLAIMER STATEMENT FROM THE COMPANY AND THE BRLM**

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in this DRHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, [www.gravitaindia.com](http://www.gravitaindia.com), would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated September 25, 2009 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

## **F) DISCLAIMER WITH RESPECT TO JURISDICTION**

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Draft Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Jaipur, Rajasthan only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

## **G) DISCLAIMER CLAUSE OF THE STOCK EXCHANGES**

### **Disclaimer Clause of Bombay Stock Exchange Limited (BSE):**

"Bombay Stock Exchange Limited ("the Exchange") has given vide its letter no. [●] dated [●] permission to the Company to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- ii. Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this

Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. [●] dated [●] permission to the Issuer to use the Exchange's name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinised this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Disclaimer Clause of IPO Grading Agency**

[●]

### **H) FILING**

A copy of this DRHP has been filed with SEBI at Ahmedabad.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Rajasthan, Jaipur.

### **I) LISTING**

Applications will be made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this DRHP. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer

in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

#### J) Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

**"Any person who:**

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, Or
- b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

#### K) CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, BRLM and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

Rajvanshi and Associates, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this DRHP and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this DRHP.

#### L) EXPERT OPINION OBTAINED, IF ANY

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

#### M) EXPENSES OF THE ISSUE

The Management estimates an expense or Rs. [●]Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

<i>(Rs. in Lacs)</i>				
Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1.	Lead Management Fee, Underwriting Commissions and Selling Commissions	[●]	[●]	[●]
2.	Advertising and Marketing Expenses	[●]	[●]	[●]
3.	Printing and Stationery	[●]	[●]	[●]
4.	Others (Registrar's Fee, Legal Fee, etc.)	[●]	[●]	[●]
	<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* Will be incorporated after finalisation of Issue Price

**N) DETAILS OF FEE PAYABLE****Book Running Lead Manager to the Issue**

The total fees payable to the Book Running Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company. The Lead Manager will be reimbursed for all relevant out-of-pocket expenses such as cost of travel, stationery, postage and communication expenses.

**Fees Payable to the Registrar to the Issue**

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company dated September 29, 2009.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

**O) UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION**

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no.16 of this DRHP.

**P) PREVIOUS PUBLIC OR RIGHTS ISSUE**

The Company has not made any public or rights issue of shares either in India or abroad in the five years preceding the date of this DRHP.

**Q) PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH**

We have issued 69,000 equity shares of Rs.10/- each to Mrs. Shashi Agarwal in the year 1997 in lieu of land. Further we have issued 33,40,000 equity shares of Rs. 10 each as bonus in the ratio of 1 share for every 2 shares on September 07, 2009 by capitalizing free reserves. Other than this, we have not issued any equity shares for consideration otherwise than for cash.

**R) COMMISSION AND BROKERAGE ON PREVIOUS ISSUES**

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

**S) CAPITAL ISSUE DURING THE LAST THREE YEARS**

Gravita India Limited and its group companies have not made any capital issue during the last three years.

**T) PROMISE VIS-A-VIS PERFORMANCE**

This is a first issue of the Company and none of its group companies are listed on any stock exchanges in India.

#### U) OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this DRHP.

#### V) STOCK MARKET DATA

This being an Initial Public Offer of the Company, the Equity Shares are not listed on any stock exchange.

#### W) INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The company has appointed the registrar to the issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Karvy Computershare Private Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The Company would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Ms. Priyanka Khandelwal, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Ms. Priyanka Khandelwal  
Company Secretary & Compliance Officer  
**Gravita India Limited**  
402, Rajputana Tower, A-27B,  
Shanti Path, Tilak Nagar,

Jaipur – 302 004;

**Tel.:** +91-141-2623266, **Fax :** +91-141-2621491

**E-mail:** companysecretary@gravitaindia.com;

**X) CHANGES IN AUDITORS**

There has been no change in the auditor of the Company since past three years.

**Y) CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS**

Our Company has issued 33,40,000 Equity Shares in the ratio of 1 equity share for every 2 equity shares held (1:2), on September 07, 2009 by capitalizing the free reserves.

**Z) REVALUATION OF ASSETS DURING THE LAST 5 YEARS**

The Company has not revalued its assets during the last 5 years.



## VIII. OFFERING INFORMATION

### A) TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the Reserve Bank of India, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

### MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

### FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. [●] and the Cap Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

### RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.

### MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

## **NOMINATION FACILITY TO INVESTOR**

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

## **MINIMUM SUBSCRIPTION**

If we do not receive the minimum subscription of 90% of the Net Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

## **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

The Company has not made any arrangements for the disposal of odd lots.

## **RESTRICTIONS ON TRANSFER OF SHARES**

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

**B. ISSUE STRUCTURE**

Public Issue of 40,00,000 Equity Shares of face value Rs.10/- each for cash by the company issued at a price of Rs.[●] per Equity Share, aggregating Rs. [●]Lacs (hereinafter referred to as the "Issue"). Up to 50,000 Equity Shares will be reserved in the Issue for subscription by Employees at the Issue Price and a Net Issue of 39,50,000 Equity Shares of Rs. 10/- each. The Issue would constitute 28.53% of the post Issue paid-up capital of the Company and the Net Issue will constitute 28.17% of the post Issue paid up capital of the Company. The Issue is being made through the 100% Book Building Process:

Particulars	Eligible Employees of our company ("Employee Reservation Portion")	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 50,000 Equity Shares	At least 19,75,000 Equity Shares	Not more than 5,92,500 Equity Shares	Not more than 13,82,500 Equity Shares
Percentage of Issue Size available for Allotment/allocation		At least 50% of Net Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not more than 15% of Net Issue or Issue less allocation to QIB and Retail Individual Bidders	Not more than 35% of Net Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders. *
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate	Proportionate as follows: (a) 98,750 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) the balance 18,76,250 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.

Particulars	Eligible Employees of our company ("Employee Reservation Portion)	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Maximum Bid	Such number of Equity shares so as to ensure that the bid size does not exceed 50,000 Equity Shares	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder.	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs.100,000..
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Eligible Employees of our company	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2500	Resident Indian individuals, Eligible NRI's, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, Eligible NRI's and HUF (in the name of Karta)

Particulars	Eligible Employees of our company ("Employee Reservation Portion")	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		lacs and pension funds with minimum corpus of Rs. 2500 lacs in accordance with applicable law.		
Terms of Payment	Margin Amount applicable shall be payable at the time of submission of Bid-cum-Application Form to the members of the Syndicate.	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.***
Margin Amount	Full Bid Amount on bidding	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on bidding	Full Bid Amount on bidding

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Regulations.

\*\* In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

\*\*\* Resident Retail Individual Investor is also eligible to apply through ASBA process, for details please refer Section "ASBA Process" on page 199 of this Red Herring Prospectus.

If the aggregate demand by Mutual Funds is less than 98,750 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

#### Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity

Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

### **Withdrawal of this Issue**

Our Company, in consultation with the Book Runners, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore.

### **Bidding/Issue Programme**

<b>BID/ISSUE OPENS ON</b>	<b>[●]</b>
<b>BID/ISSUE CLOSES ON</b>	<b>[●]</b>

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form submitted through the ASBA process, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

**In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the Book Runners at the terminals of the Syndicate.**

## C) ISSUE PROCEDURE

### BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further up to 50,000 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have a right to reject the Bids only on technical grounds.

### BID CUM APPLICATION FORM

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs and FIIs applying on a repatriation basis	Blue
Eligible employees applying in the Employee Reservation Portion	Pink
ASBA Form	ASBA - White

### Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI and the SEBI Regulations and regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI,
- Multilateral and Bilateral development financial institutions
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares; and
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Eligible Employees (as defined in the section "Definitions and Abbreviations" beginning on page i of the Red Herring Prospectus.)

As per the existing regulations, OCBs cannot participate in this Issue.

#### **Participation by associates of BRLM and Syndicate Members**

The BRLM and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.



## Bids by Eligible Employees

Eligible Employee shall mean a permanent and full-time employee or a Director of the Company as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid-cum-Application Form. They do not include employees of the Promoters and the Promoter Group. Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e., pink color form).
- Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form.
- The sole/First Bidder should be Eligible Employees as defined above. In case the Bid-cum-Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at the Cut-Off Price. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.
- Bid/Application by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than 50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis.

## Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 2,38,100 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

*As per the current regulations, the following restrictions are applicable for investments by mutual funds:*

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.**

### **Bids by Eligible NRIs**

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

### **Bids by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

### **Bids by Sebi Registered Venture Capital Funds And Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for Sebi registered venture capital funds and foreign venture capital investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

### **Bids by ASBA Investor**

For ASBA process, please refer section "ASBA Process" in this Red Herring Prospectus.

### **Maximum and Minimum Bid Size**

a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Allocation shall be made on a proportionate basis. Eligible Employees, whose Bid Amount does not exceed Rs.100,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Employees whose Bid Amount exceeds Rs.100,000 may not Bid at Cut-off Price. However, the maximum Bid in this portion cannot exceed 50,000 shares.

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.**

### **Information for the Bidders:**

1. The Company will file the Red Herring Prospectus with the Designated Stock Exchange at least 3 (three) days before the Bid/Issue Opening Date.
2. The Company and the BRLMs shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English and Hindi). The Company may not disclose the floor price or price band in the Red Herring Prospectus if the same is disclosed at

least two working days before the opening of the bid, by way of an announcement in all the newspapers in which the pre-issue advertisement was released by the Company or the BRLM.

3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Head Office or from any of the members of the Syndicate and should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their bids.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
7. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.
8. The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.
9. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re.1 (One)
10. The Company in consultation with the BRLM, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Regulations. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
11. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
12. The Company in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

### **Method and Process of Bidding**

1. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 178 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

2. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 178 of this Red Herring Prospectus.
3. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
4. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.
5. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 185 of this Red Herring Prospectus.
6. For ASBA Process, please refer section "ASBA Process" on page no. 199 of this Red Herring Prospectus.

#### **Bids at Different Price Levels and Revision of Bids**

1. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 and Bidders in the Employee Reservation Portion may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders or Bidders in the Employee Reservation Portion bidding in excess of Rs. 100,000 and such bids shall be rejected.
2. Retail Individual Bidders and Bidders in Employee Reservation Portion who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders in Employee Reservation Portion bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders and Bidders in Employee Reservation Portion who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Bidders in Employee Reservation portion who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
6. Revision option is not available to ASBA investor. For details, please refer section "ASBA Process" in this Red Herring Prospectus.
7. During the Bidding/ Issue Period, any bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
8. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
9. The Bidder can make this revision any number of times during the Bidding/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had place the original Bid.
10. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
11. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
12. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**

### **Electronic Registration of Bids**

1. The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the

website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.

4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor
- Investor category – Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
- Numbers of Equity Shares bid for;
- Bid price;
- Bid cum Application Form number;
- Whether Margin Amount has been paid upon submission of Bid cum Application Form
- Depository Participant identification number and client identification number of the beneficiary account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted either by the members of the Syndicate or our Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds mentioned on page 187 of this Red Herring Prospectus.

8. It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.

9. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

#### **Bids and revisions of Bids must be:**

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRIs and FIIs applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
4. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.

5. Bids by NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purpose of allocation.
6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [●] Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
7. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms and partnerships, foreign nationals (excluding NRIs) or their nominees.
8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
9. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
10. Revision option is not available to ASBA investor. For details, please refer section "ASBA Process" in the Red Herring Prospectus.

## GENERAL INSTRUCTIONS

### Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the applicable Resident Bid cum Application Form (White in colour) or Non Resident Bid cum Application Form (Blue in colour);
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in the DEMATERIALIZED form only;
- d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act;
- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

### Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid Price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;



- d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- f) Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders, bidder in Employee Reservation Portion, for bid amount in excess of Rs. 100,000);
- g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- h) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- i) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

### **Instructions for Completing the Bid cum Application Form**

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate. For ASBA process, please refer section "ASBA Process" in this Red Herring Prospectus.

### **Bidder's Depository Account and Bank Account Details**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). Since the Issue is being made entirely in the dematerialized form, the Bank Account details used for giving refunds to the Bidders to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Bank shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allotment Advice and printing of Bank particulars on the refund orders. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**In case of Bidders not receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate

from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserves the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

## **PAYMENT INSTRUCTIONS**

### **Escrow Mechanism**

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

For ASBA Process, please refer section "ASBA Process" on page no. 199 of this Red Herring Prospectus.

### **Terms of Payment and Payment into the Escrow Accounts**

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation portion shall provide the applicable Margin Amount, and with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Terms of Payment and Payment into the Escrow Account" on page 185 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 168 of this Red Herring Prospectus. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in -Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - a. In case of Resident QIB Bidders: [●]
  - b. In case of Non Resident QIB Bidders: [●]
  - c. In case of Resident Retail and Non-Institutional Bidders: [●]
  - d. In case of Non Resident Retail and Non-Institutional Bidders: [●]
  - e. In case of Eligible Employees: [●]
4. In case of Bids by Eligible NRI's applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non- Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
5. In case of Bids by NRI's applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
6. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated/Allotted will be refunded to the Bidder from the Refund Account.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.
9. For ASBA Process, please refer section "ASBA Process" on page no. 199 of this Red Herring Prospectus.

### **Submission of Bid cum Application Form**

All Bid/cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB with whom the bank account to be blocked, is maintained. For further details pertaining to ASBA process, please refer section "ASBA Process" in this Draft Red Herring Prospectus.

## **OTHER INSTRUCTIONS**

### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Bids**

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids made by employees under both under the Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

The Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

### **Unique Identification Number ("UIN")**

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN's in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

### **Our Right to Reject Bids**

In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids under the Employee Reservation portion, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

### **GROUNDINGS FOR TECHNICAL REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- i. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- ii. Bank account details (for refund) are not given;
- iii. Age of First Bidder not given;
- iv. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- v. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- vi. PAN not stated or copy of GIR number furnished instead of PAN. See the section titled "Issue Procedure - PAN or GIR Number" beginning on page 187 of this Red Herring Prospectus;
- vii. GIR number furnished instead of PAN;
- viii. Bids for lower number of Equity Shares than specified for that category of investors;
- ix. Bids at a price less than lower end of the Price Band;
- x. Bids at a price more than the higher end of the Price Band;

- xi. Bids at Cut-off Price by Non-Institutional, QIB Bidders and Bidders in the Employee Reservation Portion whose Bid Amount exceeds Rs.100,000;
- xii. Bids for number of Equity Shares, which are not in multiples of [●];
- xiii. Category not ticked;
- xiv. Multiple Bids as defined in this Red Herring Prospectus;
- xv. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- xvi. Bids accompanied by Stockinvest/ money order/postal order/cash;
- xvii. Signature of sole and/or joint Bidders missing;
- xviii. Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
- xix. Bid cum Application Form does not have the Bidder's depository account details;
- xx. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- xxi. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- xxii. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- xxiii. Bids by QIBs not submitted through members of the Syndicate;
- xxiv. Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- xxv. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- xxvi. Bids by OCBs;
- xxvii. Bids by employees or directors of the Company or its subsidiaries who are not eligible to apply in the Employee Reservation Portion;
- xxviii. Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- xxix. Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
- xxx. Bids through ASBA process by Non-institutional & QIB Bidders

### **Price Discovery and Allocation**

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company in consultation with the BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be upto 50% of the Net Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 15% and 35% of the Net Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. Under-subscription, if any, in any category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than 2,38,100 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLM and the Designated Stock Exchange. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.

Under-subscription, if any, in any category, would be met with spill over from other categories at our sole discretion in consultation with the BRLM.

5. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
6. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
8. The allotment details shall be put on the website of the Registrar to the Issue.

#### ***Signing of Underwriting Agreement and Filing with the Designated Stock Exchange***

(a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.

(b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

#### ***Filing of the Prospectus with the Registrar of Companies***

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### ***Announcement of pre-Issue Advertisement***

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations in two widely circulated newspapers (one each in English & Hindi).

#### ***Advertisement regarding Issue Price and Prospectus***

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### ***Issuance of Confirmation of Allocation Note ("CAN")***



- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for Retail Bidders and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLM or the members of the Syndicate would then dispatch the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all Allotted to such Bidder.
- (d) The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth herein.

#### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Regulations, certain Bid cum Applications Forms may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

#### **Designated Date and Allotment of Equity Shares**

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the successful Bidders depository account within 2 working days of the date of allotment.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.**

***Equity Shares in Dematerialized Form with NSDL or CDSL***

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated [●] with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated [●] with CDSL, the Company and the Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- f) The Bidder is responsible for the correctness of his or her Demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

**DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) or instructions to Self Certified Syndicate Banks by the Registrar to the Issue, in Application Supported by Blocked Amount process and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit, RTGS or through unblocking the relevant bank accounts, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds

through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 15 (fifteen) working days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) working days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen) days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI ICDR Regulations.

#### **Interest on refund of excess Bid Amount**

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders /instruction to Self Certified Syndicate Banks by the Registrar are not dispatched within 15 working days from the Bid/Issue Closing Date.

### **BASIS OF ALLOTMENT**

#### **A. For Retail Individual Bidders**

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 33,33,400 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 33,33,400 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

#### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 14,28,600 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 14,28,600 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment, refer below.

### **C. For QIB Bidders**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - (b) In the second instance, Allotment to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for upto 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment to QIB Bidders shall be upto 47,62,000 Equity Shares.

### **D. Employee Reservation Portion**

- Only Eligible Employees are eligible to apply under the Employee Reservation Portion
- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 50,000 Equity Shares up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Only Employees (as defined above) are eligible to apply under Employee Reservation Portion. For the method of proportionate allocation, refer below.

Under-subscription, if any, in any category would be met with spill-over from other categories at our sole discretion, in consultation with the BRLM.

### **Method of Proportionate Basis of Allotment in the Issue**

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

## PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at his/her sole risk and neither the Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

**I. ECS** - Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centers.

**II. Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank.

**III. RTGS** – Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

**IV. NEFT (National Electronic Fund Transfer)** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Whenever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

**V.** For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

### **Letters of Allotment or Refund Orders**

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or dematerialised credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Mode of making refunds for Applications Supported by Blocked Amount**

Once the basis of allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant bank accounts.

### **UNDERTAKINGS BY THE COMPANY**

We undertake that:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of basis of allotment
- The funds required for making refund to unsuccessful applicants as per the modes disclosed shall be made available to the registrar to the captioned Public Issue.
- Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refund shall be

credited along with amount and expected date of electronic credit of refund.

- The promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro-rata basis before the calls are made on public.
- The certificates of the shares/ refund orders to the Non-Resident Indians shall be dispatched within the specified time.
- No further issue of securities shall be made till the shares offered through the prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc
- That at any given time there shall be only one denomination for the shares of the company,
- That the company shall comply with such disclosure and accounting norms specified by the Board (SEBI) from time to time and
- That the adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

## UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) all monies received out of the issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- (b) details of all monies utilised out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised, and
- (c) details of all unutilised monies out of the issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board of Directors also certifies that:

- the utilization of monies received under the Employee Reservation shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received under Employee Reservation shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.



By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

### **Subscription by NRIs/ FIIs**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company incase such sub account is a foreign corporate or an individual. The aggregate FII holding should not exceed 24% of the total issued capital of our company.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

### **ISSUE PROCEDURE FOR ASBA BIDDERS**

**This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this DRHP. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.**

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on [www.sebi.gov.in](http://www.sebi.gov.in). For details on designated branches of SCSB collecting the ASBA Form, please refer the above-mentioned SEBI website.

### **ASBA Process**

A Resident Retail Individual Investor shall submit his Bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by

the ASBA Bidder (**ASBA Account**) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, The Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM

### **ASBA Form**

ASBA Bidders shall use the ASBA Form bearing the code of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA form which shall be at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA form shall be considered as the Application Form. Upon completing and submitting the ASBA form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

### **Who can Bid?**

In accordance with the SEBI Regulations, only Resident Retail Individual Investor can submit their application through ASBA process to bid for the Equity Shares of our Company.

### **Maximum and Minimum Bid Size for ASBA Bidders**

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The ASBA Bidder should ensure that maximum amount blocked in respect of the ASBA Bidder does not exceed Rs. 1,00,000/-. The ASBA Bidders shall bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

### **Information for the ASBA Bidders:**

- The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA form to the SCSB's and the SCSB's will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSB's are provided with soft copies of the abridged prospectus and the ASBA form and that the same are made available on the websites of the SCSB's
- ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA form can obtain the same from the Designated Branches of the SCSB's, or the BRLMs. ASBA

Bidders can also obtain a copy of the abridged prospectus and/or the ASBA form in electronic form on the websites of the SCSB's.

- The Bids should be submitted on the prescribed ASBA form if applied in physical mode. SCSB's may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- ASBA forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB.
- ASBA Bidders shall bid for Equity Shares only at the Cut-off Price, with a single bid option as to the number of Equity Shares.
- ASBA Bidders shall correctly mention the bank account number in the ASBA form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch.
- If the ASBA Account holder is different from the ASBA Bidder, the ASBA form should be signed by the account holder as provided in the ASBA form.
- ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA form.
- ASBA Bidders shall not be allowed to revise their Bid and shall not bid under any reserved category.

### **Method and Process of Bidding**

- ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSB's. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSB's or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSB's shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.
- The Designated Branches of the SCSB's shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- Each ASBA form will give the ASBA Bidder only one option to bid for the Equity Shares at the Cut-off Price i.e. at the cap price of the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in such option. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with the Non-ASBA Retail Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.
- Upon receipt of the ASBA form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA form, prior to uploading such Bids with the Stock Exchanges.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (.TRS.). The TRS shall be furnished to the ASBA Bidder on request.
- An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA form or a non-ASBA form after bidding on one ASBA form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be.

- Submission of a second ASBA form or a Non-ASBA form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

**ASBA Bidders are cautioned that Bids for Equity Shares made in the Issue through the ASBA form cannot be revised.**

### **Mode of Payment**

Upon submission of an ASBA form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.\

### **Electronic registration of Bids by SCSB's**

- In case of ASBA forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless it has received the ASBA in a physical or electronic form; and it has blocked the application money in the ASBA account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.
- At the time of registering each Bid, the Designated Branches of the SCSB's shall enter the information pertaining to the investor into the online system, including the following details:
  - Name of the Bidder(s);

- Application Number;
- Permanent Account Number;
- Number of Equity Shares Bid for;
- Depository Participant identification No.; and
- Client identification No. of the Bidder's beneficiary account.
- In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).
- A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.
- The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA forms shall be final and binding on all concerned.

### **Price Discovery and Allocation**

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels.

### **Advertisement regarding Issue Price and Prospectus**

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

### **Issuance of CAN**

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSB's, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the

demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSB's shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

### **Allotment of Equity Shares**

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.

(b) As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

### **GENERAL INSTRUCTIONS**

#### **Do's:**

- a Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- b Ensure that you use the ASBA form specified for the purposes of ASBA process.
- c Read all the instructions carefully and complete the ASBA form .
- d Ensure that your Bid is at the Cut-off Price.
- e Ensure that you have mentioned only one Bid option with respect to the number of equity shares in the ASBA form
- f Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- g Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or or BRLM.
- h Ensure that the ASBA form is signed by the account holder in case the applicant is not the account holder
- i Ensure that you have mentioned the correct bank account No. in the ASBA form.
- j Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in ASBA account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch of the SCSB.
- k Ensure that you have correctly checked the authorisation box in the ASBA form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA form in your ASBA Account maintained with a branch of the concerned SCSB.

- l Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA form.
- m Ensure that you have mentioned your Permanent Account Number (PAN) allotted under the I.T. Act.
- n Ensure that the name(s) and PAN given in the ASBA form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA form.
- o Ensure that the Demographic Details are updated, true and correct, in all respects.

#### **Don'ts:**

- a Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- b Do not submit an ASBA Bid if you are applying under any reserved category, including Employee Reservation Portion.
- c Do not revise your Bid.
- d Do not Bid for lower than the minimum Bid size.
- e Do not Bid on another ASBA or Non-ASBA form after you have submitted
- f Submit the Bid to a Designated Branch of the SCSB.
- g Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSB's, shall not be accepted under the ASBA process.
- h Do not send your physical ASBA form by post; instead submit the same to Designated Branch of the SCSB only.
- i Do not fill up the ASBA form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000/-.
- j Do not mention the GIR number instead of the PAN Number.
- k Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

#### **Bids by ASBA Bidders must be:**

- Made only in the prescribed ASBA form, if submitted in physical mode, or electronic mode.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA form.
- The Bids must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject that the Bid Amount does not exceed Rs. 1,00,000/-.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

#### **ASBA Bidders depository account and bank details**

**ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANTS NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME AND PAN GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT**

**IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM.**

**ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, (Demographic Details.). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA form.**

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSB's, the members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected. ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

### **Payment mechanism under ASBA**

The ASBA Bidders shall specify the bank account number in the ASBA form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

### **ASBA Bids under Power of Attorney**

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA form. Failing this, our Company, in consultation with and BRLM, reserves the right to reject such ASBA Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

## **OTHER INSTRUCTIONS**

### **Withdrawal of ASBA Bids**



In case an ASBA Bidder wants to withdraw the ASBA form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account. In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

### **Joint ASBA Bids**

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

### **Right to Reject ASBA Bids**

The Designated Branches of the SCSB's shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds. Further, in case any DP ID, Client ID or PAN mentioned in the ASBA form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue

### **GROUND FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS**

1. In addition to the grounds listed under Grounds for Technical Rejection. on page no. 187 of this DRHP, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:
2. Amount mentioned in the ASBA form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bids at a price other than at the Cut-off Price;
4. Bid made by categories of investors other than Resident Retail Individual Investors;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
6. PAN not stated, or GIR number furnished instead of PAN. See .Issue Procedure - PAN or GIR Number. on page no. 187;
7. Bids for number of Equity Shares, which are not in multiples of [●];
8. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
9. Multiple Bids as defined in the Red Herring Prospectus;
10. In case of Bid under power of attorney, relevant documents are not submitted;
11. Signature of sole and/or joint Bidders missing in case of ASBA forms submitted in physical mode;
12. ASBA form does not have the stamp of the SCSB and/or a member of the Syndicate;
13. ASBA form does not have the Bidder's depository account details;
14. ASBA form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA form and the Red Herring Prospectus;
15. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA form at the time of blocking such Bid Amount in the ASBA Account;
16. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), PAN, the DP ID and the beneficiary account number; and

17. If the ASBA Bid in the Issue is revised. Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

## **COMMUNICATIONS**

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the required information from the SCSB's for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

## **Disposal of Investor Grievances**

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

## **Basis of Allotment**

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section **Issue Procedure- Basis of Allotment** on page no. 192 of this DRHP.

## SECTION VIII

## MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Sr No	Particulars	Articles of Association
<b>SHARES AND CERTIFICATES</b>		
1.	<b>Shares to be numbered progressively and no shares to be sub divided</b>	The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned no shares shall be sub-divided. Every forfeited or surrendered shares shall continue to bear the number by which the same was originally distinguished.
		In addition to and without derogating from the powers for that purpose conferred on the Board under Article 6 and 7, the Company in General Meeting may determine that any shares whether forming part of the original capital or of any increased capital of the Company shall be offered to such persons (whether member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the company, either (subject to compliance with the provisions of section 78 and 79 of the Act) at a premium or at par or a discount. Such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions what so ever for the issue, allotment, removal of difficulty in allotment of shares or disposal of any shares.
2.	<b>Acceptance of shares</b>	Any application signed by or on behalf of any applicant for shares in the Company followed by an allotment of any share herein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any of shares and whose name is on the Register shall for the purpose of these Article be a member.
3.	<b>Limitation of time for issue of certificates</b>	Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of delivery to all such holder.
4.	<b>Further issue of</b>	1. at the time after the expiry of two years from the formation of the

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	shares	<p>company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:</p> <p>(a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.</p> <p>(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.</p> <p>(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.</p> <p>PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.</p> <p>(d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.</p> <p>2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.</p> <p>(a) If a special resolution to that effect is passed by the company in General Meeting, or</p> <p>(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.</p> <p>3. Nothing in sub-clause (c) of (1) hereof shall be deemed:</p> <p>(a) To extend the time within which the offer should be accepted; or</p> <p>(b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour</p>

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		<p>the renunciation was first made had declined to take the shares comprised in the renunciation.</p> <p>4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:</p> <p>(i) To convert such debentures or loans into shares in the company; or</p> <p>(ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise)</p> <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:</p> <p>(a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and</p> <p>(b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.</p>
5.	<b>Shares at the disposal of the Director</b>	<p>Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting.</p>
6.	<b>Dematerialization of Securities</b>	<p>Definitions for the purpose of this Article:</p> <p>"Beneficial Owner" means a person (s) whose name is recorded as such with a depository;</p> <p>"SEBI" means The Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992;</p> <p>"Depository" means a Company formed and registered under the</p>

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		Companies Act, 1956, and which has been granted a certificate of registration to act as a Depositor under the SEBI Act, 1992; "Deposit Act" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof; "Registered Owner" means a Depository whose name is entered as such in the records of the Company; "Security " means such Security, as may be specified by the SEBI from time to time.
	<b>Dematerialization/ Rematerialization of Securities</b>	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act.
	<b>Intimation to Depository</b>	Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the Details of allotment of securities to Depository immediately on allotment of such Securities
	<b>Options for investors</b>	Every person subscribing to securities offered by the company shall have the option to receive security certificated or to hold the securities with a depository, such a person who is the beneficial owner of the securities can opt out of depository, if permitted by law, in respect of any security in the manner provided by the Depository Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities. If a person opts to hold his security with a depository, the company shall intimate such depository; the details of allotment of the security, and on receipt of information, the depository shall enter in the records, the name of the allottee as the beneficial owner of the securities.
	<b>Securities in Depositories to be in fungible form</b>	All securities held by a Depository shall be dematerialized and shall be in fungible form. No Certificate shall be issued for the securities held by the depository. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
	<b>Transfer of Securities</b>	Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities affected by a transferor and transferee, both of whom are entered as beneficial owners in the records of a depository.
	<b>Allotment of Securities dealt within a Depository</b>	Notwithstanding anything contained in the Act, or these Articles, where a depository deals within or the securities, the Company shall intimate the details of allotment of relevant securities to the depository immediately on allotment of such securities.
	<b>Distinctive Nos. of Securities held in a Depository</b>	Notwithstanding in the Act, or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall not apply to securities held with a depository.
	<b>Register and Index of beneficial owners</b>	The Register and index of beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of members and other security holders for the purpose of these Articles.
	<b>Right of Depositories and</b>	(a) Notwithstanding anything contained in the Provisions of the Companies Act, 1956 and these Articles, a depository shall be deemed to

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	<b>beneficial owners</b>	<p>be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.</p> <p>(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.</p> <p>(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be member of the company. The beneficial owners of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of their securities, which are held by the depository.</p>
<b>JOINT HOLDERS</b>		
6.	<b>Joint holders</b>	<p>Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to the following and other provisions contained in the articles.</p> <p>Shares may be registered in the name of any person, company or other body corporate but not more than three persons shall be registered jointly as members in respect of any shares.</p>
7.	<b>To which of joint holder certificate to be issued</b>	The certificate of shares registered in the names of two or more persons shall be delivered to the person first named on the Register.
8	<b>Several liabilities of Joint holders</b>	The joint holders of shares shall be jointly and severally liable to pay all call in respect thereof.
9	<b>The first named joint holder deemed Sole holder</b>	If any share stands in the names of two or more person, the person first named in the register shall, as regards receipt of share certificates, dividends or bonus or service or notice and all or any other matter connected with the company, except voting at meeting and the transferee of the shares be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
10.	<b>Death of one or more joint holders of share</b>	In the case of death any one or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the on having any title to or interest in such share, but nothing herein contained shall be taken to release the state of a deceased joint-holder from any liability on shares held by him jointly with any other person
11.	<b>Votes of joint member's</b>	If there be joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he was solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then one of the said persons so present whose name stands higher on the register of members shall alone be entitled to vote in respect of such shares, but the other of others or of the joint holders shall be entitled to be present at the meeting and several executors or administrators of a deceased member in whose names shares stand shall for the purpose of these articles be deemed joint holders thereof.
12.	<b>On joint holders</b>	A document or notice may be served or given by the Company on or to

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		the joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the register of members in respect of the share.
<b>FORFEITURE AND LIEN</b>		
13.	<b>Forfeiture and Lien</b>	If any member fails to pay any call or installment on or before the day appointed for the payment of the same the directors may at any time there after during such time as the call or installment remains unpaid serve a notice on such member requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment
14.	<b>Forfeited share to become property of the company</b>	Any share so forfeited shall be deemed to be property of the Company and the directors may re-allot or otherwise dispose of the same in such manner as they think fit.
15.	<b>Power to annul forfeited</b>	The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise dispose off annul the forfeiture thereof on such conditions as they think fit.
16.	<b>Arrears to be paid Notwithstanding forfeiture</b>	Any member-whose shares have been forfeited shall notwithstanding be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon, from the time of forfeiture until payment at 12 percent per annum and the Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.
17.	<b>Effect of forfeiture</b>	The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved
18.	<b>Company's lien on shares</b>	The Company shall have first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause
19.	<b>As to enforcing lien by sale</b>	For the purpose of enforcing such lien, the directors may sell the shares subject there to in such manner as they think fit, but no sale shall be made until such period as aforesaid sale shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee curators, bonis or other legal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for



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		seven days after such notice.
20.	<b>Application of Proceeds of sale</b>	The net proceeds of any such sale be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to like lien for sums not presently payable, as existed upon the share before the sale) be paid to the person entitled to the shares at the date of the sale.
21.	<b>Validity of sales upon Forfeiture</b>	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the directors may appoint some persons to execute an instrument of transfer of the shares sold and cause the purchaser's to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings not to the application of the purchase money and after his name has been entered in the register in respect of such share, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damage only and against the company exclusively.
22.	<b>Cancellation of old certificate</b>	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respects of the relative share shall (unless the same shall on demand by the company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such number as they think fit from the old certificate or certificates.
<b>TRANSFER AND TRANSMISSION OF SHARES</b>		
23.	Execution of transfer	The instruments of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.
24.	Application by transferor	Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor on registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 101 of the Act, and subject to provisions of these Articles of the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
25.	Instrument of transfer	The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
26.	Directors May Refuse to Register Transfer	Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline

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		to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused
27.	No fees for transfer or Transmission	No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document
28.	The Company not Liable for immediately disregard of notice in Prohibiting registration of transfer	<p>The Company shall incur no liability or responsibility whatever consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right; title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest of notice prohibiting registration.</p> <p>The Directors may at any time, accept the surrender of any shares from or by any shareholder desirous of surrendering the same on such terms as the directors may think fit. Except as otherwise required by a statutory provision or under an order of the competent court of law, the Directors of the Company may in their absolute discretion refuse sub-division of share certificates or debenture certificates into denominations of less than the marketable lots.</p>
<b>BORROWING POWERS</b>		
29.	Power to Borrow	Subject to the provision of the Act and these Articles, the Board may from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance of calls or otherwise and raise or borrow or secure the payment of any sum or sum of money for the Company.
30.	The payment or repayment of money & borrowed	The payment or repayment of money so borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by a resolution passed at meeting of the Board or by a circular resolution by the issue of debentures or debenture-stock of the Company (both present and future) including its uncalled capital for the time being and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and person to whom the same may be issued.
31.	Terms of issue of debenture	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that shall be convertible into shares of denomination and with any privileges or conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings, appointment of

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		directors and otherwise.
32.	Assignment of uncalled capital	If any uncalled capital of the Company is included in or charged by any mortgage or other securities, the directors may make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.
33.	Indemnity may be Given	If the directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.
<b>GENERAL MEETINGS</b>		
34.	When annual general meeting to be held	In addition to any other meetings, general meetings of the Company shall be held at such intervals and at such times and places as may be determined by the Board as required under section 166 and 167 of the Act.
35.	Distinction between ordinary meetings and extra ordinary meetings	All other meetings of the company other than those referred to in the preceding Article shall be called Extra-Ordinary General meetings.
36.	When extraordinary meeting to be called	The directors may, whenever they think fit and they shall, on the requisitions of the holders of not less than one-tenth of the paid up capital of the Company as at the date entitled to vote in regard to the matter in respect of which the requisition is made, forth with proceed to convene an Extra-Ordinary General Meeting of the Company
37.	Notice of meeting	Twenty-one days notice at least of every General Meeting, annual or extra-Ordinary and by whatsoever name called, specifying day, place and hours of meeting and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided to such persons as are under these Articles or the act entitled to receive notice from the company provided that, in the case of an annual general meeting with consent in writing of all the members entitled to vote thereat and in the case of any other meeting with consent of the members holding not less than 95 percent (95%) of such part of the paid up capital of the company as gives a right to vote at the meeting a meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than, (i) the consideration of the accounts, balance sheet and reports of the Board and Auditors, (ii) the declaration of dividend, (iii) the appointment of directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of the Auditors is to be transacted and in the case of any other meeting, all business shall be deemed special business and in any event, there shall be annexed to the notice of the meeting a statement setting out all the material facts concerning each such item of business, including in particular the nature or extent of the interest, if any, therein of every director and the manager (if any) . Where any such item of business relates to or affects any other company the extent of shareholding

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		interest in that other company of every director and manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty percent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
38.	As to omission to give notice	The accidental omission to give any such notice to or the non receipt of notice by any of the members or persons entitled to receive the same shall not invalidate the proceedings at any such meeting
39.	Quorum at General Meeting	Five members present in person shall be a quorum for a General Meeting. A corporation being a member shall be deemed to be personally present if it is represented, in accordance with Section 187 of the Act. The President of India or the Governor of a State shall be deemed to be personally present if he is represented in accordance with Section 187-A of the act.
40.	Questions at general meeting how to decide	At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares, in the Company which confer a power to vote on the resolution, not being less than one-tenth of the total voting power in respect of the resolution, or on which aggregate sum of not less than fifty thousand rupees has been paid up, and unless a poll is so demanded a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously or by particular majority or lost, and an entry to that effect in the minutes book of Company shall be conclusive evidence of the facts, without proof of the number or proportion of the votes recorded in favour of or against the resolution.
41.	Chairman's casting vote	In the case of an equality of votes the Chairman shall both on a show of hands and at poll (if any) have a casting vote in addition to the vote or votes which he may be entitled to as a member.
42.	Poll to be taken if demanded	If poll is demanded as aforesaid the same shall subject to Article 72 be taken at such time (not later than forty-eight hours from the time when demand was made) and place and either by open voting or by ballot as the Chairman shall direct and either at once or after an interval of adjournment or otherwise and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons or the persons who made the demand.
43.	Demand to poll scrutineers of the poll	Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from the office and fill

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		vacancies in office of scrutineer arising from such removal or from any other cause.
44.	Business to proceed notwithstanding	The demand for a poll, shall not prevent the continuance of a meeting of the transaction of any business other than the question on which the poll has been demanded
		<b>VOTES OF MEMBERS</b>
45.	Members in arrears not to vote	No member shall be entitled to vote either personally or by proxy for another member at any General Meeting or meeting of a class of shareholders registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has any right or lien and has exercised the same.
46.	Voting rights of members	On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity shares whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company
47.	Casting of votes by a member entitled to more than one votes	On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses
48.	How member non compos mentis and minor may vote	A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy, if any member be a minor the vote in respect of his shares be cast by his guardian or any one of his guardians, if more than one.
49.	Voting in person or by Proxy	(i) Subject to the provisions of these Articles votes may be given either personally or by proxy. A corporation being a member may vote by representative duly authorised in accordance with Section 187 of the Act, and such representative shall be entitled to speak, demand a poll, vote, appoint a proxy and in all other respects exercise the right of a member and shall be reckoned as a member for all purposes.
50.	Appointments of Proxy	Every proxy (whether a member or not) shall be appointed in writing under the hand of appointer or his attorney, or if such appointer is a corporation under the Common seal of such corporation or the hand of its officer or an attorney, duly authorised by it and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings
51.	Deposit of instrument of appointment	The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of execution.
52.	Form of proxy	Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the Act.

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53.	Validity of vote given by proxy notwithstanding death of member	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer shall have been received at the office before the meeting.
54.	Time for objection to vote	No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such meeting or poll, shall be deemed valid for all purpose of such meeting or poll whatsoever.
55.	Chairman of any meeting to be the judge of validity of any vote	The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
56.	Minutes of general meetings and inspection thereof by member	The Company shall cause to be kept minutes of all proceedings of general meeting which shall contain a fair and correct summary of the proceedings thereat and a book containing such minutes shall be kept at the registered office of the Company and shall be open during business hours or such period not being less than two hours in each day as the directors may determine for inspection of member without charge. The minutes aforesaid shall be kept in accordance with the provisions of section 193 of the Act.
<b>DIVIDENDS</b>		
57.	How profits shall be divisible	Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which it shall from time to time determine to divide in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company but so that a partly paid up share shall only entitle the holder with respect thereto to such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amounts of such share and so that where capital is paid-up in advance of calls upon the following that same shall carry interest, such capital shall not whilst carrying interest confer a right to participate in profit.
58.	Declaration of dividends	The Company in General Meeting may declare dividends to be paid to the members according to their rights and interest out of the profits and may fix the time for payment.
		No larger dividend shall be declared than is recommended by the Directors but the company in General Meeting may declare a smaller dividend.
		No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits.
59.	Ascertainment of amount available for dividend	When any assets, business or property is bought by the Company as from a past date upon terms that the Company shall as from that date take the profits and bear the losses thereof such profits and losses as the case may be shall, at the discretion of the Directors, be so credited or debited wholly or in part to the Profit and Loss Account and in that case the amounts so credited or debited shall for the purpose of ascertaining

Sr No	Particulars	Articles of Association
		the fund available for dividend be treated as a profit or loss arising from the business of the Company and available for dividend According, if any shares or securities are purchased with dividend or interest such dividend or interest when paid may at the discretion of the directors be treated as revenue and it shall not be obligatory to apitalize the same or any part thereof.
60.	What to be deemed net profits	The declaration of the directors as to the amount of the net profits of the company shall be conclusive.
61.	Interim dividend	The Director may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.
62.	Debts may be reduced	The directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagement in respect of which the lien exists.
63.	Dividend and call together	Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against call.
64.	No member to receive dividend whilst indebted to the Company and right of reimbursement there out	No member shall be entitled to receive payment of any interest on dividend in respect of his shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise however either alone or jointly with any other persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
65.	Transfer of shares must be registered	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
66.	Dividend how remitted	Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. If several persons are registered as joint-holders of any shares any one of them can give effectual receipt for any dividends or other moneys payable in respect thereof.
67.	Unpaid Dividend Account	Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Gravita India Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend



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		warrant has been posted. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due. No unclaimed or unpaid dividend shall be forfeited by the Board.
<b>DOCUMENTS AND NOTICE</b>		
<b>68.</b>	Service of document or notices on members by the company	<p>A document or notice may be served or given by the company on any member or an office thereof either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address if any within India supplied by him to the Company for serving documents or notices on him.</p> <p>Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing prepaying and posting a letter containing the document or notice provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of meeting at the expiration of forty-eight hours after the letter containing the document or notice is posted in any other case at the time at which the letter would be delivered in the ordinary course of post.</p>
<b>69.</b>	By advertisement	A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company any address within India for the service of document on him or the sending of notice to him.
<b>70.</b>	On personal Representative	A document or notice may be served or given by the Company on or to the persons entitled to a share consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to him by name or by the title of representative of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the person claiming to be so entitled or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have given if the death or insolvency had not occurred.
<b>71.</b>	To whom Documents or Notices must be Served or given	Documents or notices of every General Meeting shall be served or given in same manner hereinbefore authorised on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member or bound by every document of a member and (c) the auditor or auditors for the time being of the Company



Sr No	Particulars	Articles of Association
72.	Members bound by document or notice served or on given to previous holders	Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share, shall be bound by every document or notice in respect of each share previously to his name and address being entered on the Register of Members shall have been duly served on the person from whom he derives his title to such shares.
73.	Document or notice by company and Signature thereto	Any document or notice to be served or given by the Company may be signed by a director or some person duly authorised by the Board for such purpose and the signature may be written, printed or lithographed.
74.	Service of document or notice of member	All documents or notices to be served or given by members on or to the Company or any officer thereof shall be served or given by sending them to the Company or officer at the office by post under a certificate of posting or by registered post or by leaving it at the office.
		<b>WINDING UP</b>
75.	Liquidator may divide assets in specie	The liquidator on any winding up (whether voluntary, under supervision or compulsory) may with the sanction of a special resolution/orders of the court but subject to the rights attached to any preference shares capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.
		<b>INDEMNITY AND RESPONSIBILITY</b>
76.	Indemnity	Subject to the provisions of Section 201 of the Act, every director, manager, officer or servant of the Company or any person (whether an officer of the company or not) employed by the company as auditor shall be indemnified out of the funds of the Company against all claims and it shall be the duty of the directors out of the funds of the Company, to pay all costs, charges, losses and damages which any such person may incur or become liable to by reason of any contract entered into or act or thing done, about the execution or discharge of his duties or supposed duties (except such, if any, as he shall incur or sustain through or by his own wilful act, neglect or default) including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager, officer or auditor in defending any proceeding whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
77.		Subject to the provisions of the Act, no director, auditor or other officer of the Company shall be liable for the act, receipt, neglects or defaults of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the director on behalf of the Company or for the insufficiency or deficiency or any security in or upon which any of the money of the Company shall be invested or for any loss or damages, arising from the bankruptcy, insolvency or tortuous act of any person, firm or company to or with whom any money, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of

Sr No	Particulars	Articles of Association
		judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.
78.		No member shall be entitled to visit or inspect any works of the Company without the permission of the directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the directors it would be inexpedient in the interest of the Company to discover.

## SECTION IX: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by our Company or contracts entered into more than two years before this Draft Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this Draft Red Herring Prospectus may be inspected at the registered office/ corporate office of our Company from 10:00 am to 5:00 pm on any working day from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

#### Material contracts to the Issue

1. Memorandum of Understanding dated September 25, 2009 entered into amongst our Company and Keynote Corporate Services Limited, Lead Manager to the Issue.
2. Memorandum of Understanding dated September 29, 2009 entered into between our Company and Karvy Computershare Private Limited, Registrar to the Issue.
3. Escrow Agreement dated [●], between the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between the Company, BRLM and Syndicate Members.
5. Underwriting Agreement dated [●] between the Company, BRLM and Syndicate Members.
6. Copy of Tripartite agreement dated [●] entered into between the Company, CDSL and Registrar to the Issue.
7. Copy of Tripartite agreement dated [●] entered into between the Company, NSDL and Registrar to the Issue.

#### Material Documents

1. Copy of Memorandum of Association and Articles of Association of Gravita India Limited, as amended from time to time.
2. Copy of Certification of Incorporation of Gravita India Limited
3. Copy of Special Resolution passed under section 81 (1A) of the Companies Act, 1956 at their Extra Ordinary General Meeting held on August 27, 2009 authorizing present issue of equity shares.
4. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
5. Copies of annual reports of our Company for the financial years ending on March 31, 2005, 2006, 2007, 2008 and 2009.
6. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Domestic Legal Counsel to the Company, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
7. Legal Due Diligence report dated September 26, 2009 from Legal Advisors to the issue, Chir Amrit Law Chambers.

8. Copy of certificate dated September 25, 2009 issued by M/s. Rajvanshi and Associates Chartered Accountants and Statutory Auditors of the Company in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio for the year ended 31st March 2005, 2006, 2007, 2008 and 2009
9. Copy of letter dated September 17, 2009 issued by M/s. M/s. Rajvanshi and Associates Chartered Accountants and Statutory Auditors of our Company regarding tax benefits accruing to the Company and its shareholders.
10. Copy of certificate dated September 25, 2009 received from M/s. Rajvanshi and Associates Chartered Accountants and Statutory Auditors of our Company regarding sources and deployment of funds.
11. Copy of certificate dated September 25, 2009 received from M/s. Ponnampuruma & Co, Chartered Accountant, Colombo, Sri Lanka regarding valuation of shares of Navam Lanka Limited
12. Undertakings by the Company.
13. Due Diligence Certificate dated September 29, 2009 to SEBI from Keynote Corporate Services Limited.
14. Copy of In-principle listing approval received from BSE & NSE vide their letter nos. [•]dated [•]
15. IPO Grading Report of [•] along with their rationale dated [•]
16. SEBI Observation Letter No. [•] dated [•] issued by the Securities and Exchange Board of India.

## DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### Signed By the Directors of Our Company

Sd/-

Dr M.P. Agarwal

**Chairman**

Sd/-

Mr. Rajat Agrawal

**Managing Director**

Sd/-

Mr. Rajeev Surana

**Director**

Sd/-

Mr. D.K. Govil

**Director**

Sd/-

Mr. Arun Kumar Gupta

**Director**

Sd/-

Mr. Rajesh Patni

**Director**

### Signed by the Company Secretary and Compliance Officer

Sd/-

Priyanka Khandelwal

**Place:** Jaipur**Date:**