

REPORT ON CORPORATE GOVERNANCE

1) Company's Philosophy on Code of Governance

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

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

2) Board of Directors

Composition of the Board

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

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

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

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

Board Meetings

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

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

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

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

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

Membership of Board Committees

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

Code of Business Conduct and Ethics for Directors and Senior Management

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

DECLARATION regarding compliance by board members and senior management personnel with the Company's Code of Conduct

I, Rajat Agrawal, Managing Director of Gravita India Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company, applicable to them as laid down by the Board of Directors in terms of Clause 49 (1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31, 2011

For Gravita India Limited

Sd/-
(Rajat Agrawal)
Managing Director

3) Audit Committee

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

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

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

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

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

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

Role of Audit Committee

The role of the audit committee shall include the following:

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

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

- b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
- ▶ Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - ▶ Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 - ▶ Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - ▶ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- ▶ Discussion with internal auditors any significant findings and follow up there on.
 - ▶ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - ▶ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - ▶ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- ▶ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Subsidiaries:

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

4) Remuneration Committee

Composition

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

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

Remuneration Policy

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

Details of Remuneration paid to Directors during 2010-11

(Amount in ₹)

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

Notes:

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

5) Shareholders'/Investors' Grievance Committee

Composition

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

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

No. of Meetings

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

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

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

Terms of Reference

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

Compliance Officer

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

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

Status of Investor Complaints: The Company along with its Share Transfer Agents received 1939 complaints from investors which were resolved well in stipulated time by the Company and there were no complaints pending with the Company or its Share Transfer Agents as on 31st March 2011.

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

6) General Body Meetings

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

S.No	AGM	Date	Time	Venue	No. of special resolution passed
1.	16th AGM	30.09.2008	11.30 A.M.	"Saurabh", Harsulia Mod, Diggi-Malpura Road, Tehsil Phagi, Jaipur	Nil
2.	17th AGM	11.09.2009	11.00 A.M.	"Saurabh", Harsulia Mod, Diggi-Malpura Road, Tehsil Phagi, Jaipur	3
3.	18th AGM	15.09.2010	11.00 A.M.	"Saurabh", Harsulia Mod, Diggi-Malpura Road, Tehsil Phagi, Jaipur	Nil

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

7) Disclosures

- ▶ **Financial Statements / Accounting treatments:** In the preparation of Financial Statements, the Company has followed the Accounting Standards issued by Institute of Chartered Accountants of India to the extent applicable.
- ▶ **Materially Significant Related Parties Transactions:** There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interests of the Company. Transactions with Related Parties are disclosed in Notes of Accounts in the Annual Report. The same is self-explanatory and need not call for any further clarification.
- ▶ **Disclosure on Risk Management:** The Board is periodically informed about the key risks and their minimization procedures. Business risk evaluation and management is an ongoing process within the Company.

- ▶ **Details of non-compliance with regard to the capital market:** There have been no instances of non-compliances by the Company and no penalties and/or strictures have been imposed on it by stock exchanges or SEBI or any statutory authority on any matter related to the capital markets during the last three years.
- ▶ **CEO and CFO Certification:** The certificate required under clause 49(V) of the listing agreement duly signed by the CEO and General Manager (Finance) was placed before the Board and the same is also provided with this report.
- ▶ **Compliance with the mandatory requirements of Clause 49 of the Listing Agreement:** The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under the Listing Agreement. The Company has also obtained a certificate affirming the compliances from M/s Rajvanshi & Associates, Chartered Accountants, the statutory auditors of the Company and the same is attached to this Report.

8) Means of Communication

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

9) Management Discussion and Analysis Report

Management Discussion and Analysis forms part of this Annual Report.

10) General Shareholder Information

1. Annual General Meeting

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

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

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

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

3. Listing at Stock Exchanges

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

4. Stock Code

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

Bombay Stock Exchange : 533282

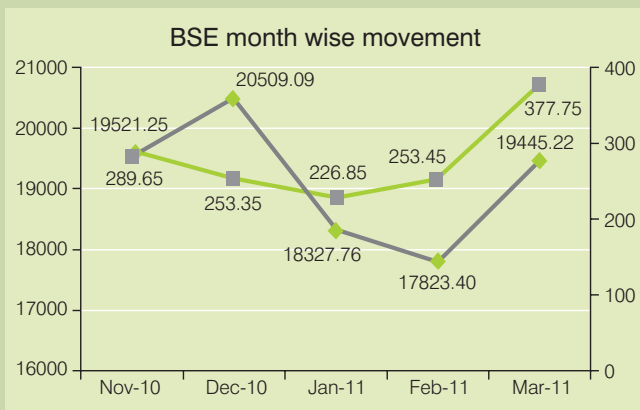
National Stock Exchange : GRAVITA

5. Stock Market Data

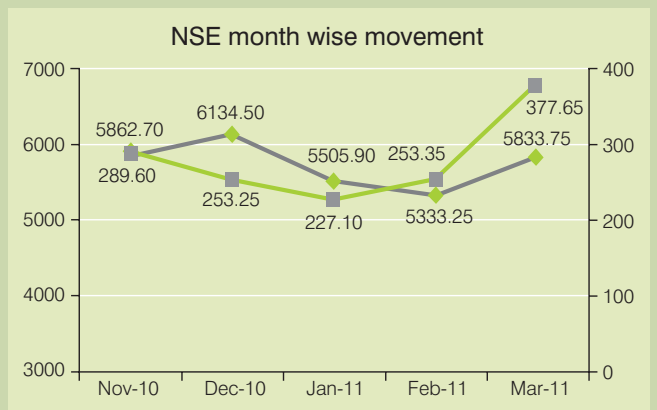
a) Market price data for the Financial Year 2010-11:

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

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

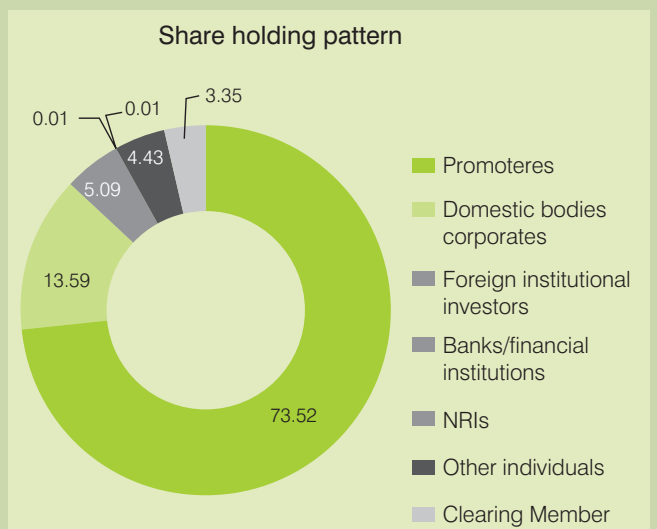


c) Performance of the Company's Share Price vis-à-vis NSE CNX Nifty since Listing of the Stock



6. Shareholding Pattern As on 31st March, 2011

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



7. Distribution Schedule as on 31st March, 2011

Nominal Value of Each Equity Share is ₹10/-

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

8. Dematerialization of Shares and Liquidity

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

9. Share Transfer System

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

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

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

11. Address for Correspondence

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

Registrar and Share Transfer Agents

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

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

Corporate Office

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

Registered Office

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

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

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

12. Plant Location

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

CEO/CFO CERTIFICATION

14.05.2011

To
The Board of Directors
Gravita India Limited
Jaipur.

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

1. These statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make these statements;
2. These statements and other financial information included in this annual report present, in all material respects, a true and fair view of the Company's State of affairs and are in Compliance with existing Accounting Standards and / or applicable laws and regulations;
3. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of Internal Control System of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to ratify these deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
 - a. Significant changes in Internal Control over financial reporting during the year;
 - b. Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the Financial statements; and
 - c. Instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

For Gravita India Limited

For Gravita India Limited

Sd/-

Rajat Agrawal
Managing Director

Sd/-

Sunil Kansal
General Manager (Finance)

AUDITORS' CERTIFICATE

To
The Members
Gravita India Limited
Jaipur

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

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

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

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

For Rajvanshi & Associates
Chartered Accountants

Sd/-
Vikas Rajvanshi
Partner
Membership No. 073670

Place: Jaipur
Date: 21.05.2011