



REPORT ON CORPORATE GOVERNANCE

1) Company's Philosophy on Code of Governance

The governance principles may vary across companies and countries, but the ultimate objectives remain constant - the commitment to manage business in most transparent manner, maximise the long-term value for shareholders and protect the interests of all stakeholders. In India, clause 49 of the listing agreement with the stock exchanges and the Ministry of Corporate Affairs' detailed Voluntary Corporate Governance Guidelines define the role and responsibilities of the Board towards greater disclosure of the information to shareholders.

The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasises the need for full transparency and accountability in

all its transactions, in order to protect the interests of its stakeholders.

2) Board of Directors

Composition of the Board

The Board is an optimum mix of executive, non-executive and independent directors, which is in compliance with the listing agreements and other statutory provisions. At present, the Board consists of 6 Directors comprising of 3 Executive and 3 Non-Executive independent Directors.

What Constitutes Independence of Directors?

For a Director to be considered independent, the Board determines that the Director does not have any direct or indirect material pecuniary relationship with the Company. The Board has adopted practices which are in line with the applicable legal requirements.

As on 31st March, 2012, the composition of Company's Board and their respective Directorship in other Companies are as follows:

Name of Director	Category of Director	Number of other Directorship#	Number of Board Level Committees where Chairperson or member	
			Chairperson	Member
Dr. Mahavir Prasad Agarwal	Executive and Promoter	3	Nil	Nil
Rajat Agrawal	Executive and Promoter	3	Nil	Nil
Rajeev Surana	Executive and Promoter	2	Nil	1
Dinesh Kumar Govil	Non-Executive Independent	2	2	Nil
Arun Kumar Gupta	Non-Executive Independent	Nil	Nil	Nil
Yogesh Mohan Kharbanda	Non-Executive Independent	1	Nil	1

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

Board Meetings

Dates of Board meetings are fixed in advance and agenda papers are circulated to Directors generally one week before the meeting. All material information is incorporated in the agenda papers to facilitate meaningful and focussed discussions at the meeting. In case of exigencies or urgencies, resolutions are passed by circulation as well. The attendance record of Board meetings held during the year 2011-12 is as follows:

Attendance Record of Board Meetings held during the year 2011-12

S.No.	Date of Meeting	Board Strength	No. of Directors Present
1.	21 st May 2011	6	5
2.	10 th August 2011	6	4
3.	23 rd September 2011	6	4
4.	22 nd October 2011	6	5
5.	29 th November 2011	6	5
6.	3 rd February 2012	6	5
7.	9 th March 2012	6	4
8.	15 th March 2012	6	5

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 27 th July 2011) Attended
Dr. Mahavir Prasad Agarwal	8	5	No
Rajat Agrawal	8	8	Yes
Rajeev Surana	8	7	Yes
Dinesh Kumar Govil	8	8	Yes
Arun Kumar Gupta	8	5	Yes
Yogesh Mohan Kharbanda	8	4	Yes

Code of Conduct

The Board has laid down a Code of Conduct for all Directors and Senior Management Personnel of the Company, which is also available on the website of the Company at www.gravitaindia.com. The Code is applicable to all the Board members, employees of Finance and Accounts department and the executive assistants of the Management. The Code is circulated annually to all Board members and Senior Management and the compliance of the same is affirmed by them annually. A declaration signed by the Managing Director affirming compliance with the Code of Conduct by the Board and senior management is appended below.

DECLARATION regarding compliance by Board members and Senior Management Personnel with the Company's Code of Conduct

I, Rajat Agrawal, Managing Director of Gravita India Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31st March 2012.

For and on behalf of the Board
Sd/-
(Rajat Agrawal)
Managing Director

3) Audit Committee

Composition: The audit committee comprises 3 members, all of whom are independent. The Audit Committee Chairman, Mr. D.K. Govil is an Independent Director and has sound financial knowledge and is heavily experienced in banking and

financial sector. Majority of the audit committee members, including the Chairman, have accounting and financial management expertise. Composition of the audit committee meets the requirements 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 2011-12

Name of Members	Designation	Number of Meetings held during the year	Meetings Attended
Dinesh Kumar Govil	Chairman	4	4
Arun Kumar Gupta	Member	4	3
Yogesh Mohan Kharbanda	Member	4	2

Number of Meetings: During the financial year 2011-12 the Audit Committee met four times i.e. on 21st May 2011, 10th August 2011, 22nd October 2011 and 3rd February 2012. Time gap between any two meetings was less than four months.

Mrs. Leena Jain, Company Secretary of the Company acted as the Secretary to the Committee.

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 among others), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

4) Remuneration Committee

Composition: The Company's Remuneration Committee comprises of three Non-executive and Independent Directors.

During the financial year 2011-12 the Remuneration Committee met three times i.e. on 21st May 2011, 23rd September 2011 and 29th November 2011.

Remuneration Policy

The remuneration of Executive/Non-Executive Directors is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards.

Details of Remuneration paid to Directors during 2011-12

(Amount in ₹)

Name of Director	Salary	HRA	Other Allowances	Stock Options	Total
Dr. Mahavir Prasad Agarwal	14,40,000	5,76,000	15,84,000	Nil	36,00,000
Rajat Agrawal	14,40,000	5,76,000	15,84,000	Nil	36,00,000
Rajeev Surana	11,60,000	4,64,000	9,76,000	Nil	26,00,000

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 travelling expenses to the Directors for attending Board Meeting. No sitting fee is paid for attending the meetings of Committees of Directors.
2. None of the Independent Directors has any share of the Company.

5) Shareholder's/ Investor's Grievance Committee

Composition

The Company has an Investors' Grievance Committee to specifically look into the redressal of Investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend among others.

The Committee comprises of three Directors including Non-Executive Independent Director, Mr. Dinesh Kumar Govil, who chair the Committee.

Number of Meetings

The Committee met 5 (Five) times during the financial year 2011-12 namely on, 9th April 2011, 22nd April 2011, 13th May 2011, 26th July 2011, 24th January 2012.

Details of Composition as well as Attendance record of the Shareholder's /Investor's Grievance Committee Meetings held during 2011-12

Name of Members	Designation	Number of Meetings held during the year	Meetings Attended
Dinesh Kumar Govil	Chairman	5	5
Dr.Mahavir Prasad Agarwal	Member	5	3
Rajeev Surana	Member	5	3

Terms of Reference

The role of Shareholder Committee involves:

- To consider and review shareholders'/investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/or legal impediments.
- To approve and register transfers and transmission of equity shares;
- To sub-divide, consolidate and/or replace any share certificate of the Company;
- To authorise affixation of common seal of the Company to share certificates;
- To do all other acts and deeds as may be necessary or incidental to the above;

Compliance Officer

Mrs Leena Jain Company Secretary is the Compliance Officer for complying with the requirements of Securities Laws and the Listing Agreement with the Stock Exchanges in India.

Status of Investor Complaints

The Company received 28 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 2012.

The majority of complaints were regarding non-receipt of dividend warrants and/or non-receipt of the refund of the money invested in the IPO. However, the Company has resolved all the complaints relating to its IPO and after getting NOC from SEBI has got the 1% security deposit of the Company released from The BSE Limited, the Designated Stock Exchange of the Company towards IPO of the Company.

6) Compensation Committee

In terms of the requirement of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Company has constituted the Compensation Committee comprising of three Directors, two of whom are Non-executive Independent Directors and one is Executive Director. The Chairman of Compensation Committee is Mr. Dinesh Kumar Govil.

Number of Meetings

The Committee met 2 (Two) times during the financial year 2011-12 namely on, 23rd September, 2011 and 22nd October, 2011.

Details of Composition as well as Attendance record of the Compensation Committee Meeting held during 2011-12

Name of Members	Designation	Number of Meetings held during the year	Meetings Attended
Dinesh Kumar Govil	Chairman	2	2
Rajat Agrawal	Member	2	2
Yogesh Mohan Kharbanda	Member	2	1

Terms of Reference

The role of Compensation Committee involves:

- The quantum of Options to be granted under the Gravita ESOP 2011 per eligible employee and in the aggregate;
- The time and manner in which the Options are to be granted;
- The number of tranches in which the Options are to be granted, the number of Options to be granted in each such tranche and the determination of eligible employees to whom the Options are to be granted;
- The criteria for determining the number of Options to be

granted to each eligible employee,

- The assignment of weightage and such other criteria as may be determined by the Board to grade each eligible employee;
- The terms and conditions subject to which the Options granted would vest in each eligible employee and the vesting period;
- The terms and conditions subject to which and the time period within which the Options vested shall be exercised by the eligible employee;
- The exercise price for each Option;

- The number of Options to be apportioned/allocated for various grades of eligible employees;
- The number of Options to be granted to each eligible employee;
- Obtaining permissions from, making periodic reports to regulatory authorities, as may be required and ensuring compliance with all guidelines applicable to the Gravita ESOP 2011;
- Framing appropriate procedures and policies for granting, vesting and exercising of Options;
- The number of Options reserved, if any, for grant to new employees and directors who provide services to the Company in future and become eligible employees;
- The exercise period within which an eligible employee should exercise an Option and that Option would lapse on failure to exercise the Option within such exercise period;
- The specified time period within which an eligible employee shall exercise the vested options in the event of termination or resignation of such eligible employee;
- Procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions;
- Conditions under which an eligible employee shall have the

right to exercise all the Options vested in him at one time or at various points of time within the exercise Period;

- Conditions under which vesting under the Gravita ESOP 2011 shall be accelerated at the discretion of the Board;
- Treatment of invested options upon termination of employment, or upon a Director ceasing to hold office;
- Stipulating necessary guidelines and/or requirements for any mandatory exercise of Options by the eligible employees;
- The grant, vest and exercise of Option in case of eligible employees who are on long leave or are guilty of misconduct or violation of Company's policies; and
- Procedure for cashless exercise of options.

7) Investment Committee

An Investment Committee was constituted on 10th August, 2011. The Committee comprises 3 Directors all of whom are Executive Directors.

No. of Meetings

The Committee met 3(Three) times during the financial year 2011-12 namely on, 29th November 2011, 29th February 2012 and 9th March 2012.

Details of Composition as well as Attendance record of the Investment Committee Meeting held during 2011-12

Name of Members	Designation	Number of Meetings held during the year	Meetings Attended
Rajat Agrawal	Member	3	3
Rajeev Surana	Member	3	2
Dr. Mahavir Prasad Agarwal	Member	3	3

Terms of Reference

The role of Investment Committee involves:

- To make decisions about investments to be made by the Company in various overseas ventures whether by way of equity or capitalisation of exports or by way of loan;
- To make decisions about investments to be made by the

Company in shares, stocks, units of mutual funds, subscription to public issues of other companies among others and

- To make decisions about disinvestments/alienation/sale/transfer/gift or pledge of any of the investments made in clause mentioned above which the Committee may consider most beneficial in the interest of the Company.

8) 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.	17th AGM	11 th September 2009	11.00 A.M.	“Saurabh”, Chittora Road, Harsulia Mod, Diggi-Malpura, Tehsil-Phagi, Jaipur	3
2.	18th AGM	15 th September 2010	11.00 A.M.	“Saurabh”, Chittora Road, Harsulia Mod, Diggi-Malpura, Tehsil-Phagi, Jaipur	Nil
3.	19th AGM	27 th July 2011	04.30 P.M.	Fortune Park, Bellacasa, Cityplex, 1 Ashram Marg, Tonk Road, Jaipur-302018	6

9) Disclosures

- **Financial Statements/Accounting treatments:** In the preparation of Financial Statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- **Materially Significant Related Party Transactions:** There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interests of the Company
- **Disclosure on Risk Management:** The Board is periodically informed about the key risks and their minimisation procedures. Business risk evaluation and management is an ongoing process within the Company.
- **Details of non-compliance with regard to the capital market:** There have been no instances of non-compliance by the Company and no penalties and/or strictures have been imposed on it by stock exchanges or SEBI or any statutory authority on any matter related to the capital markets during the last three years.
- **CEO and CFO Certification:** The certificate required under clause 49(V) of the listing agreement duly signed by the 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.

10) Means of Communication

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

11) Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of this Annual Report.

12) General Shareholder Information

1. Annual General Meeting

Date	6 th August 2012
Venue	“Saurabh Farms”, Chittora Road, Harsulia Mod, Digg Malpura, Tehsil-Phagi, Jaipur 303904 (Rajasthan)
Time	11-30 A.M.
Financial Year	2011-12
Book Closure Dates	Wednesday, 1 st August 2012 to Monday, 6 th August 2012 (both days inclusive)
Rate of Dividend	30% (₹0.60/- per share)
Date of payment	Between 11 th August 2012 to 4 th September 2012

3. Listing at Stock Exchanges

The Company's shares are presently listed on BSE Ltd and National Stock Exchange of India Ltd (NSE). The Company has paid listing fees to BSE and NSE for the financial year 2012-13.

4. Stock Code

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

BSE Ltd : 533282
National Stock Exchange : GRAVITA

2. Tentative Financial Calendar (For FY 2012-13)

The tentative schedule of financial results of the Company is as follows:

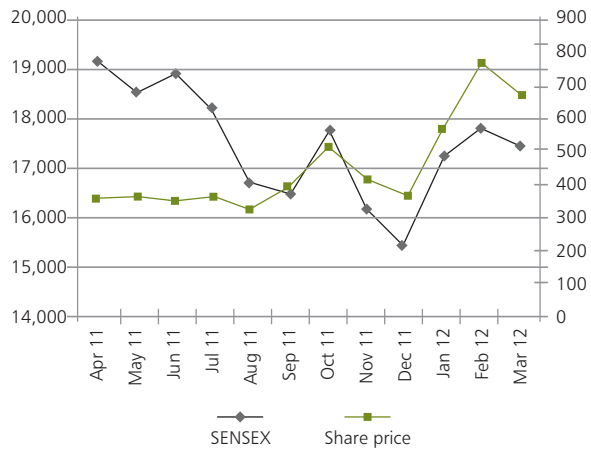
June Quarter Ending Results	Within 45 days from end of quarter
September Quarter Ending Results	Within 45 days from end of quarter
December Quarter Ending Results	Within 45 days from end of quarter
March Quarter/ Year Ending Results	Within 45 days from end of quarter (Un-audited) OR With in 60 days from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

5. Stock Market Data

a) Market price data for the Financial Year 2011-12:

Year and Month	BSE			NSE		
	High (₹)	Low(₹)	Volume in '000 (in No.)	High (₹)	Low(₹)	Volume in '000 (In No)
April 2011	428.90	329.00	6847.209	430.50	329.60	11106.557
May 2011	379.70	332.60	2446.009	380.00	332.00	3400.157
June 2011	391.00	333.35	1649.067	377.70	334.10	2193.602
July 2011	410.00	337.25	1843.218	410.00	335.00	2837.988
Aug 2011	401.95	303.00	2783.393	400.95	302.00	3258.074
Sept 2011	481.50	305.00	10111.690	481.95	292.65	17708.767
Oct 2011	526.10	302.00	8649.337	526.00	353.65	13427.977
Nov 2011	564.50	398.00	4797.475	564.80	397.10	7364.660
Dec 2011	428.35	345.00	2486.431	427.45	345.05	4005.354
Jan 2012	591.60	363.00	3995.930	592.00	363.05	6770.297
Feb 2012	773.70	538.25	2826.631	773.80	538.20	4300.233
March 2012	841.55	600.00	2830.211	841.75	600.00	3973.984

b) Performance of the Company's Share Price vis-à-vis BSE SENSEX during the year 2011-12

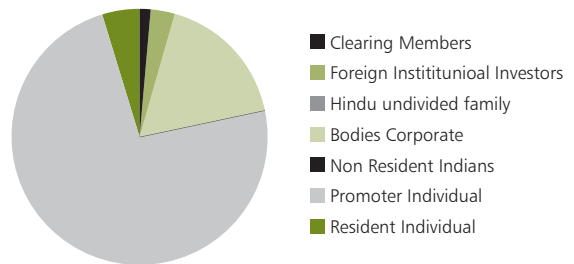


c) Performance of the Company's Share Price vis-à-vis NSE Nifty during the year 2011-12



6. Shareholding Pattern as on 31st March 2012

Category	Number of Shares	Percentage
Clearing members	194318	1.43
Foreign institutional investor	420034	3.08
Hindu undivided family	24570	0.18
Indian financial institutions	130	0.00
Bodies corporate	2324716	17.07
Non resident Indians	1963	0.01
Promoter individuals	10014000	73.52
Resident individuals	640269	4.70
Grand total	1,36,20,000	100.00



7. Distribution Schedule as on 31st March 2012

Nominal Value of Each Equity Share is ₹10/-

Number of Equity Shares Held	Number of Share Holders	% of Share Holders	Number of Shares	Amount (In ₹)	% of Total Shares
0001-5000	2173	91.53	102021	1020210.00	0.75
5001-10000	28	1.18	22706	227060.00	0.17
10001-20000	29	1.22	42195	421950.00	0.30
20001-30000	12	0.51	31734	317340.00	0.23
30001-40000	10	0.42	36902	369020.00	0.27
40001-50000	17	0.72	78802	788020.00	0.58
50001-100000	28	1.18	209355	2093550.00	1.54
100001 & Above	77	3.24	13096285	130962850.00	96.15
TOTAL	2374	100.00	13620000	136200000.00	100.00

8. Dematerialisation of Shares and Liquidity

The Shares of the Company are required to be traded in the dematerialised form and are available for trading under both the Depository Systems in India – NSDL and CDSL. The annual custody fee for the financial year 2012-13 has been paid to NSDL and CDSL, the Depositories.

Old ISIN- INE024L01019

New ISIN- INE024L01027

9. Share Transfer System

The share transfers documents complete in all respects are registered and/or share transfers 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 2011-12.

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. T P Raju, General Manager
Karvy Computershare Pvt Ltd
Plot No. 17 to 24, Vittal Rao Nagar, Madhapur
Hyderabad – 500 081. Tel. 040-2342 0818
Email: einward.ris@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