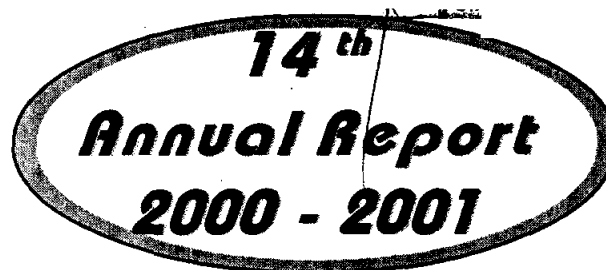


GRAVITY (INDIA) LIMITED



Report  junction.com



Regd. Office : Gala No. 131, Sanjay Bldg. No. 5-B, Mittal Ind. Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. India.
Fax : 0091-22-8595429 E-Mail : fabrics@bom4.vsnl.net.in Website : www.gravity-india.com

Gravity (India) Limited

GRAVITY (INDIA) LIMITED IS PAYING UNINTERRUPTED DIVIDENDS SINCE PAST TEN YEARS.

THE DETAILS OF DIVIDEND DECLARED BY THE COMPANY ARE AS UNDER :

Sr. No.	Year Ended	No. of Equity Shares	Paid-up Value of Shares Rs.	Rate of Dividend	Amount of Dividend Rs.
1.	31-03-1992	1,81,300	18,13,000	6%	1,18,500
2.	31-03-1993	2,97,195	29,71,950	8%	1,72,240
3.	31-03-1994	3,00,695	30,06,950	10%	2,98,173
4.	31-03-1995	10,00,000	1,00,00,000	12%	11,95,177
5.	31-03-1996	23,70,000	2,37,00,000	6%	9,40,348
6.	31-03-1997	60,01,300	4,97,30,875	2.5%	9,91,878
7.	31-03-1998	60,01,300	5,10,21,625	1%	5,10,216
8.	31-03-1999	60,01,300	5,11,63,750	5%	25,58,188
9.	31-03-2000	60,01,300	5,37,22,000	6%	32,10,383
10.	31-03-2001	60,01,300	5,46,58,750	8%	43,72,700



BSE - SCRIIP CODE - 32015

GRAVITY (INDIA) LIMITED

FOURTEENTH ANNUAL REPORT 2000-2001

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BOARD OF DIRECTORS

Shri Rasiklal D. Thakkar
(Chairman/Managing Director)
Shri Jay R. Thakkar
Shri Samir R. Thakkar
Smt. Dakshaben R. Thakkar
Smt. Pinky J. Thakkar
Shri Bharat D. Thakkar
Shri Kishorechandra P. Nagaria (NRI, Kenya)
Shri Vinodray F. Jankhariya (NRI, Kenya)

AUDITORS

P.S. Pancholi & Co.
Chartered Accountants

BANKERS

The Bharat Co-operative Bank (Mumbai) Ltd.
HDFC Bank Ltd., Silvassa
The Kalupur Commercial Co-operative Bank Ltd.
State Bank of India, Nariman Point, Mumbai.
State Bank of India, Inds. Finance Branch, Andheri (E), Mumbai.
The Madhavpura Mercantile Co-operative Bank Ltd.

REGISTERED OFFICE

Gala No. 131, Sanjay Bldg. No. 5-B,
Mittal Ind. Estate, Andheri-Kurla Road,
Andheri (East), Mumbai - 400 059. India.

FABRICS DIVISION

- Survey No. 10/1, Village Khutali,
Khanvel Dudhani Road, Silvassa,
Union Territory of Dadra and Nagar Haveli.
- Plot No. 42, Govt. Industrial Estate,
Masat, Silvassa,
Union Territory of Dadra and Nagar Haveli.

INFOTECH DIVISION

Gala No. 202, Bldg. No. A3, Sector 3,
Millennium Business Park,
TTC Indl. Estate, Mahape,
Navi Mumbai, Maharashtra.

ANNUAL GENERAL MEETING

On Friday, 20th July, 2001, at Gala No. 131,
Sanjay Bldg. No. 5-B, Mittal Ind. Estate,
Andheri Kurla Road, Andheri (East),
Mumbai - 400 059. at 3.00 p.m.

**As a measure of economy, copies of the Annual
Report will not be distributed at the Annual
General Meeting. Shareholders are requested to
kindly bring their copies to the Meeting.**

COMPANY'S REGISTRARS AND TRANSFER AGENTS

MONDKAR COMPUTERS PVT. LTD.
(Unit : Gravity (India) Ltd.)

32, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.

Gravity (India) Limited**DIRECTORS' REPORT**

To,

The Members,

Gravity (India) Limited

Your Directors have pleasure in presenting their Report and Audited Accounts of the Company for the year ended 31st March, 2001.

(Rs. in lakhs)

FINANCIAL RESULTS

	2000-2001	1999-2000
Gross Sales	1251.13	1012.89
Other Income	7.38	0.23
Profit before Interest & Depreciation	218.72	204.92
Interest Paid	111.13	102.56
Depreciation	55.46	52.82
Profit after Interest & Depreciation	52.13	49.54
Provision for taxation	-	-
Profit after taxation	52.13	49.54
Balance brought forward	0.51	0.28
Profit available for appropriation	52.64	49.82

Appropriations :

Interim Dividend	-	15.99
Final Dividend	43.73	16.12
Tax on Dividend	4.37	3.21
Income Tax for prior period	2.30	-
General Reserve	1.50	14.00
Balance Carried forward	0.74	0.50
	52.64	49.82

SHARE CAPITAL :

Out of call money receivable Rs.62,91,000/- on 8,38,800 Equity Shares at the beginning of the year, the Company has received

Rs.9,36,750/-, and the balance amount of Rs.53,54,250/- are still calls in arrears.

RESERVES :

Reserve of Rs.2,53,03,888/- at the end of the year includes a sum of Rs.2,32,21,750/- being Share Premium amount. Out of Share Premium of Rs. 20,97,000/- on 8,37,200 equity shares @ Rs. 2.50 per share receivable at the beginning of the year, the company has received Rs. 3,12,250/- and the balance amount of Rs.17,84,750/- is still due.

During the year, the Company has transferred Rs.1.50 lakhs (previous year Rs. 14 lakhs) out of profits to the General Reserve.

OPERATIONS :

The year under reference is the third year of operations from the New Project at Village Khutali (Union Territory of Dadra and Nagar Haveli). The Company had begun its commercial production from 1st April, 1998.

The sales turnover of the Company has increased to Rs.1251.13 Lacs from Rs.1012.89 lacs of the previous year. The turnover includes Export turnover of Rs. 219.26 lacs (Previous Year Rs. Nil). The net profit increased to Rs. 52.13 lacs from Rs. 49.54 Lacs of the previous year.

The fabric manufacturing project at Village Khutali is located in the backward area of Union Territory of Dadra and Nagar Haveli, which is entitled to "Tax Holiday Benefit" under the Income Tax Act for Five years from the date of commencement of production i.e. 1st April, 1998. As a result, the entire profits earned by the Company for Five years are Tax Free under the Income Tax Law.

DIVIDEND :

Your Directors are pleased to recommend a total dividend @ 8% for the year 2000-2001 on the Capital base of Rs.5.47 Crores. The final dividend @ 8%, if approved, would result in the payment of Rs.43,72,700/- to those shareholders whose names are registered in the Register of Members of the Company as on 20th July, 2001 without deduction of tax at source. The tax on dividend @ 10% would be borne and paid by the Company.

DIRECTORS :

The following Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment :-

- (i) Mr. Jay R. Thakkar
- (ii) Mr. Bharat D. Thakkar
- (iii) Mrs. Pinky J. Thakkar

AUDITORS :

The Company's Auditors M/s P. S. Pancholi & Co., Chartered Accountants retire, and being eligible, offer themselves for reappointment.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE :

The requirements u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo during the year are given in schedule 18 to the Accounts.

PERSONNEL :

Information in accordance with the Provisions of Section 217 (2A) of the Companies Act, 1956 read with the Company's (Particulars of Employees) Rules 1975, as amended, is given in the Annexure forming part of this Report.

For and on behalf of the Board of Directors

sd/-

Mumbai

31st May, 2001

(Rasiklal D. Thakkar)

Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Particulars of employees under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2001.

- (A) Employed throughout the financial year under review and were in receipt of remuneration for the financial year not less than Rs.3,00,000 : NIL (Previous year Rs. NIL)
- (B) Employed for a part of the year and were in receipt of remuneration at a rate not less than Rs. 25,000 per month RS. NIL (Previous year : NIL)

For and on behalf of the Board of Directors

sd/-

Mumbai

31st May, 2001.

(Rasiklal D. Thakkar)

Chairman & Managing Director



Gravity (India) Limited**AUDITORS' REPORT**

P. S. Pancholi & Co.
Chartered Accountants
Mumbai - 400 002.

To,
The Members of
Gravity (India) Limited,

We have audited the attached Balance Sheet of Gravity (India) Limited as at 31st March, 2001 and the annexed Profit and Loss Account for the year to that date. In accordance with the provisions of Section 227 (4A) of the Companies Act, 1956, we report as under :

- 1) As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 dated 7th September, 1988 issued by the Government of India under section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, our report on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the Annexure referred to in paragraph (1) above, we state that :
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by Law, have been kept by the Company, so far as appears from our examination of those books;
 - iii) The said Balance Sheet and the Profit and Loss Account are in agreement with the books of account ;
 - iv) In our opinion and to the best of our information, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act.
 - v) In our opinion and the best of our knowledge and belief we have no observation or comments to or for which have any adverse effect on the functioning of the Company.
 - vi) In our opinion and to the best of information none of the Directors of the Company is disqualified from

being appointed as Director under clause (g) of sub-section 1 of Section 274 of the Companies Act, 1956.

- vii) In our opinion and to the best of our knowledge and according to the explanation given to us, the said accounts read together with significant accounting policies in Schedule 18 and other notes appearing therein, with the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view :

- a) in the case of Balance Sheet, of the state of the Company's affairs as at 31st March, 2001, and
- b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

P. S. Pancholi & Co.
Chartered Accountants
by hands of

sd/-

Mumbai
31st May, 2001

(P. S. Pancholi)
Proprietor

ANNEXURE TO THE AUDITORS' REPORT

(Refer Paragraph (1) of our report of even date)

As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 dated 07th September, 1988 issued by the Company Law Board under Section 227 (4A) of the Companies Act, 1956, we report as under :

1. The company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets. We are informed that these fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
2. The fixed assets of the Company have not been revalued during the year.
3. As explained to us, stock of finished goods, stores, spare parts, raw materials and components have been physically verified by the Management at reasonable intervals during the year.
4. As per information given to us, the procedures of physical verification followed by the management are, in our

14th Annual Report 2000-2001

opinion, reasonable and adequate in relation to the size of the Company and nature of its business.

5. The discrepancies noticed on physical verification of stocks as compared to book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
8. The Company has granted loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
9. The parties to whom loans, or advances in the nature of loans have been given, are repaying the principal amount as stipulated and are also regular in payment of interest, where applicable.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods of the Company.
11. According to the information and explanation give to us, there are no purchase of goods and materials and sale of goods and materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in value in respect of each party.
12. As explained to us, unserviceable or damaged stores, raw materials and finished goods are determined by the

Company and adequate provisions for loss have been made in the accounts.

13. The Company has not accepted any deposit from the public and hence the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder do not apply to the company.
14. In our opinion, the Company is maintaining reasonable records for sale and disposal of realisable scrap. We are informed that the Company has no realisable by-products.
15. We are of the opinion that the company has an internal audit system commensurate with its size and nature of its business.
16. The Company, in our opinion and according to the information and explanations given to us, is not required to maintain accounts and records as prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.
17. The Company has regularly deposited during the year Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs duty and Excise duty as at 31st March, 2001 for a period of more than 6 months from the date they became payable.
19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue accounts, other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a sick industrial company within the meaning of clause(o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

P.S.Pancholi & Co.,
Chartered Accountants
by hands of
sd/-
(P.S. Pancholi)
Proprietor

Mumbai
31st May, 2001.

Gravity (India) Limited**ABRIDGED BALANCE SHEET AS AT 31ST MARCH 2001**

PARTICULARS	SCHEDULE	31ST MARCH, 2001 RS. Rupees		31ST MARCH 2000 RS. Rupees	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	5,46,58,750		5,37,22,000	
Reserves and Surplus	2	2,53,77,405	8,00,36,155	2,48,92,447	7,86,14,447
Loan Funds					
Secured Loans	3	11,26,31,243		10,10,39,395	
Unsecured Loans	4	48,277	11,26,79,520	9,16,593	10,19,55,988
Total		19,27,15,675		18,05,70,435	
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	12,34,94,505		12,09,46,599	
Less : Depreciation		1,58,61,980		1,04,75,459	
Net Block			10,76,32,525		11,04,71,140
Investments					
	6		6,95,008		6,71,008
Current Assets Loans and Advances					
Inventories	7	3,09,74,690		1,63,26,960	
Sundry Debtors	8	3,83,57,063		4,45,27,578	
Cash and Bank Balances	9	74,95,383		48,63,507	
Loans and Advances	10	2,45,73,147		2,04,84,994	
		10,14,00,283		8,62,03,039	
Less:					
Current Liabilities and Provisions					
Liabilities	11	1,48,26,744		1,79,64,230	
Provisions	12	48,09,970		17,72,826	
		1,96,36,714		1,97,37,056	
Net Current Assets			8,17,63,569		6,64,65,983
Miscellaneous Expenditure	13		26,24,573		29,62,304
Total		19,27,15,675		18,05,70,435	
Notes to the Accounts		18			

As per our report attached
For P. S. Pancholi & Co.
Chartered Accountants

sd/-

(P. S. Pancholi)
Proprietor

Mumbai, 31st May, 2001

For Gravity (India) Limited

sd/-

(R. D. Thakkar)
Chairman and
Managing Director

sd/-

(D. R. Thakkar)
Director

sd/-

(S. R. Thakkar)
Director

14th Annual Report 2000-2001**ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2001**

(Statement containing salient features of Profit & Loss Account as per Section 219(1)(b)(iv) of the Companies Act, 1956)

PARTICULARS	SCHEDULE	31ST MARCH, 2001		31ST MARCH 2000	
		RS.	Rupees	RS.	Rupees
INCOME					
Sales		12,51,12,791		10,12,88,968	
Other Income	14	7,37,948	12,58,50,739	22,800	10,13,11,768
EXPENDITURE					
Material Cost	15	6,96,00,328		5,69,38,626	
Employees' Remuneration & Benefits	16	96,86,057		89,17,648	
Excise Duty		5,85,886		2,16,658	
Dyeing Charges		19,67,407		8,17,248	
Garment Making Charges		18,70,262		-	
Other Expenses	17	2,02,68,722		1,39,29,865	
Interest		1,11,12,851		1,02,55,866	
Depreciation		55,46,246	12,06,37,759	52,81,824	9,63,57,735
PROFIT BEFORE TAXATION			52,12,980		49,54,033
Provision for Taxation			-		-
PROFIT AFTER TAXATION			52,12,980		49,54,033
Balance Brought Forward			50,809		28,197
PROFIT AVAILABLE FOR APPROPRIATION			52,63,789		49,82,230
APPROPRIATION					
Interim Dividend			-		15,98,723
Proposed Dividend (Final)			43,72,700		16,11,660
Tax on Dividend			4,37,270		3,21,038
General Reserve			1,50,000		14,00,000
Income Tax (for earlier years)			2,30,302		-
Balance Carried forward			73,517		50,809
			52,63,789		49,82,230

Notes to the Accounts

18

As per our report attached
For P. S. Pancholi & Co.
Chartered Accountants

For Gravity (India) Limited

sd/-

(P. S. Pancholi)
Proprietor

sd/-

(R. D. Thakkar)
Chairman and
Managing Director

sd/-

(D. R. Thakkar)
Director

sd/-

(S. R. Thakkar)
Director

Mumbai, 31st May, 2001

Gravity (India) Limited**SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001**

PARTICULARS	31ST MARCH, 2001		31ST MARCH 2000	
	RS.	Rupees	RS.	Rupees
SCHEDULE 1 : SHARE CAPITAL				
AUTHORISED				
70,00,000 Equity shares of Rs. 10/- each		7,00,00,000		7,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP				
60,01,300 Equity shares of Rs.10/-each.	6,00,13,000		6,00,13,000	
Less : Allotment Money/Calls in arrears on 7,13,900 shares @ 7.50 per share.	53,54,250	5,46,58,750	62,91,000	5,37,22,000
of the above :-				
(i) 1,18,500 Equity shares of Rs. 10/- each issued as fully paid up for a consideration otherwise in cash.				
(ii) 8,81,500 Equity shares of Rs. 10/- each issued for cash at par upto 31/03/1996.				
(iii) 50,01,300 Equity Shares of Rs.10/- each issued for cash at premium of Rs. 5/- per share.				
SCHEDULE 2 : RESERVES AND SURPLUS				
GENERAL RESERVE				
As per last balance sheet	19,32,138		5,32,138	
Add : Transfer from Profit & Loss Account	1,50,000		14,00,000	
	20,82,138		19,32,138	
SHARE PREMIUM	2,32,21,750	2,53,03,888	2,29,09,500	2,48,41,638
PROFIT AND LOSS ACCOUNT BALANCE		73,517		50,809
Total		2,53,77,405		2,48,92,447
SCHEDULE 3 : SECURED LOANS				
A. Term Loan From :-				
1. Industrial Development Bank of India (IDBI), under Project Finance Scheme, including interest due for the Fabric Divn. at Khutali, Silvassa, Union Territory of Dadra & Nagar Haveli, Secured by the equitable mortgage of Immovable and Movable (except Current Assets) Assets of the Company.		73,24,438		1,04,70,647
2. Maharashtra Industrial Development Corporation for purchase of premises for Infotech Division at Millenium Business Park, Mahape (Navi Mumbai), MIDC Area, secured by the mortgage of the said premises.		14,95,275		16,70,700
B. Industrial Hypothecation Loan From :-				
The Madhavpura Mercantile Co-op. Bank Ltd., Mumbai, under Industrial Hypothecation Limit for working capital and other requirements of the company. Secured by second equitable Mortgage of immovable properties of the company and second charge on Stocks and Book Debts of the Company.		10,22,50,770		8,75,25,876