

GRAVITY (INDIA) LIMITED



Report  junction.com

20th Annual Report 2006-2007

Regd. Office : Gala No.131, Sanjay Bldg. No. 5-B, Mittal Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. India
Fax : 0091-22-28595429 E-mail : fabrics@bom4.vsnl.net.in Website : www.gravity-india.com

GRAVITY (INDIA) LIMITED

TWENTIETH ANNUAL REPORT 2006-2007

CONTENTS

Notice	3
Directors' Report	5
Management Discussion and Analysis	6
Corporate Governance Disclosure	7
Auditors' Report	17
Annexure to the Auditors' Report	17
Balance Sheet	19
Profit & Loss account	20
Schedules forming part of the Account	21
Cash Flow Statement	28
Balance Sheet Abstract and Company's General Business Profile	29
Details of Dividend	30
• Proxy Form / Attendance Slip	31

ANNUAL GENERAL MEETING

On Saturday, 29th September, 2007 at Gala No.131,
Sanjay Bldg. No.5-B, Mittal Ind. Estate,
Andheri Kurla Road, Andheri (East),
Mumbai - 400 059 at 4.00 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.)
21, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.

BOARD OF DIRECTORS

Shri Rasiklal D. Thakkar
(Chairman/Managing Director)
Smt. Dakshaben R. Thakkar
Ms. Maheen J. Lampwala
Mrs. Prabhavati Shetty
Mr. Vinodray Jankhariya

COMPANY SECRETARY

Shri. Navin Choudhary
Company Secretary

AUDITORS

J. C. Kabra & Co.
Chartered Accountants
Mumbai

BANKERS

Bank of Baroda

REGISTERED OFFICE

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

MANUFACTURING FACILITIES

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

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of GRAVITY (INDIA) LIMITED will be held at the Registered Office of the Company Situated at Gala No: 131, 1st Floor, Sanjay Building No.5-B, Mittal Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai 400 059, India, on Saturday, 29th September, 2007 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007, and the Profit and Loss Account of the company for the year ended on that date along with the reports of the Board of Directors and auditors thereon.
2. To appoint a Director in place of Ms. Vinodray Jankhariya, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of the Twentieth Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and authorized the Board of Directors to fix their remuneration.

By Order of the Board of Directors

For GRAVITY (INDIA) LIMITED

Place: Mumbai
Date: 30th June, 2007

Mr. Navin Choudhary
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Transfer Books of the Company will be closed from Monday, 24th September, 2007 to Saturday, 29th September, 2007 (both days inclusive).
3. Members are requested to send their queries, if any, at least seven days in advance of the Meeting so that information can be made available at the Meeting.
4. The Memorandum of Association & the Articles of Association of the Company will be available for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.30 p.m. up to the date of this Annual General Meeting.
5. Members/Proxies are requested to bring their copies of Annual Report to the Meeting and handover the attendance slip duly signed at the entrance hall of the Meeting. Members who hold shares in dematerialized form are requested to bring their client ID No. And DP ID No. for easy identification of attendance at the Meeting.
6. Shareholders holding shares in single name are requested to fill in the nomination form and send it to the Register of the Company.
7. Members are requested to immediately notify any change in their address to the Company's Registrar & Share Transfer Agents:

MONDKAR COMPUTERS PVT. LTD.
(Unit: GRAVITY (INDIA) LIMITED)

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

8. At the ensuing Annual General Meeting, Mr. Vinodray Jankhariya retires by rotation and being eligible, offers himself for re-appointment. Pursuant to clause 49 (VI) (A) of the Listing Agreement the particulars of Mr. Vinodray Jankhariya is given below.

DETAILS OF MR. VINODRAY JANKHARIYA PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING:

Mr. Vinodray Jankhariya, aged 45 years, is a non-resident Indian & Citizen of Kenya. He is engaged in the activities of trading & imports of garments & various items in Kenya.

By order of the Board of Directors
For Gravity (India) Limited

Place: Mumbai
Date: 30th June, 2007

Mr. Navin Choudhary
Company Secretary

GRAVITY (INDIA) LIMITED**DIRECTORS' REPORT**

To the Members of
Gravity (India) Limited

Your Directors have pleasure in presenting this Twentieth
Annual Report and Audited Accounts of the year ended
31st March, 2007.

FINANCIAL RESULT (Rs. in lakhs)

FINANCIAL RESULTS	2006-2007	2005-2006
Income from operations/Other Income	3349.77	1938.30
Gross Profit before Interest & Depreciation	112.16	102.82
Less: Interest paid	8.08	3.55
Depreciation	51.57	50.96
Profit after Interest & Depreciation	52.51	48.30
Less: Prior Period Expenses	-	2.04
Provision for taxation	10.10	7.06
Profit after tax	42.41	39.20
Add: Balance brought forward	14.90	0.71
Balance available for appropriation	57.31	39.90
Appropriations:		
Dividend	-	-
General Reserve	25.00	25.00
Income Tax for Prior Period	-	-
Tax on dividend	-	-
Balance carried forward	32.31	14.90
Total Appropriation	57.31	39.90

SHARE CAPITAL

The authorised share capital of the company is divided into 150
Lacs Equity Shares of Rs. 10/- each, aggregating to Rs 15 Crore.
The issued, subscribed and paid up capital is Rs. 9,00,19,500/-
as 31st March 2007.

RESERVES

Reserves & Surplus were Rs 179.13 Lacs at the end of the
financial year. During the year, the company has transferred
Rs25.00 Lacs (Previous year Rs25.00 Lacs) out of profits to
General Reserve.

OPERATIONS

The sales turnover of the Company has increased from
Rs.1930.85 Lacs to Rs.3338.72 Lacs. The current year net profit
has increased from Rs. 39.20 Lacs to Rs.42.41 Lacs. The
Company had provided Rs.7.00 Lacs towards the taxation.

DIVIDEND

The Company has not declared any dividend for the year.

DIRECTORS

Mr. Vinodray Jankhariya retires by rotation and being eligible,
offers himself for re-appointment. Pursuant to clause 49 (VI) (A)
of the Listing Agreement

LISTING OF SHARES

Your Company's equity shares continue to be listed on
The Stock Exchange, Mumbai in the Indo Next (S)
Group. The annual listing fee for the year 2007-08 has
been paid to the stock exchange Mumbai

FIXED DEPOSITS:

The Company has not accepted or renewed any deposits
from public during the year under review.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included
in the Annual Report. The management discussion and
analysis report is enclosed as Annexure I and forms a part
of Corporate Governance Report.

The certificate from the Company's Auditors confirming
the compliance of conditions of Corporate Governance as
stipulated in the clause 49 of the listing agreement with
the Stock Exchanges is annexed thereto.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub section (2AA) of Section 217 of the
Companies Act, 1956, the Board of Directors of the
Company hereby state and confirm that:

- In the preparation of Annual Accounts, the applicable
accounting standards had been followed, along with a
proper explanation relating to material departures.
- Your Directors have selected such accounting policies
and applied them consistently and made judgements
and estimates that are reasonable and prudent so as to
give a true and fair view of the state of affairs of the
Company at the end of the financial year under review
and for the profit or loss of the Company for that
year.
- Your Directors have taken proper and sufficient care
for the maintenance of adequate accounting records
in accordance with the provisions of the Companies
Act, 1956 for safeguarding the assets of the Company
and for preventing and detecting fraud and other
irregularities.
- Your Directors have prepared the annual accounts on
going concern basis.

20th Annual Report 2006-2007**MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT**

Management's Discussion and Analysis Report as required under the listing agreement with the Stock Exchange is annexed as Annexure II forming part of this report.

AUDITORS

M/S J.C. Kabra & Co, Chartered Accountants, Mumbai who are the Auditor of the Company and hold office until the conclusion of the forth-coming Annual General Meeting, are recommended for re-appointment.

AUDIT COMMITTEE

The terms of reference of these Audit Committee are in line with the norms specified under the listing agreement with the Stock Exchange. The Audit committee comprises of three Non-Executive Directors with Ms. Maheen J. Lampwala as chairperson is an independent Director which are as follows:

Name of Members	Status
Ms. Maheen J. Lampwala	Chairperson
Mrs. Prabhavati R. Shetty	Member
Smt. Dakshaben R. Thakkar	Member

AUDITOR'S REPORT

Observations made in the Auditor's Report are self explanatory and therefore, do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

The requirement under section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particular in the Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption, and Foreign Exchange Earnings or Outgo are given in the Schedule 19 to the Account.

PARTICULARS OF EMPLOYEES

Relations with the employees remained cordial. The Directors wish to place on record their appreciation for the co-operation received from the employees at all levels.

EMPLOYEE RELATIONS:

Relations with the employees remained cordial. The Directors wish to place on record their appreciation for the co-operation received from the employees at all levels.

ACKNOWLEDGEMENTS

The Directors wish to express their gratitude to the shareholders Bankers, Customers and vendor's for the confidence reposed in the company's management. The Directors also convey their appreciation to the employees at all levels for their enormous personal efforts as well as collective contribution.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th June, 2007

(Rasiklal D. Thakkar)
Chairman & Managing Director

GRAVITY (INDIA) LIMITED**ANNEXURE - I TO THE DIRECTORS' REPORT****CORPORATE GOVERNANCE DISCLOSURE**

Corporate Governance is the set of policies, processes and practices by which a company conducts its affairs in pursuit of its business goals. It encompasses everyone connected or affected by the activities of the corporation - from the board room to senior management to employees to all other stake holders which includes shareholders, lenders, suppliers and customers. In fact good governance practices or their lack can have an impact on even the environment and community at large.

Corporate Governance, though multi faceted, rests on the following main pillars:

1. Transparency
2. Accountability
3. Fair and equal treatment of all shareholders
4. Compliance with regulations
5. Sustainable value creation for all shareholders
6. Ethical practices

In this background the Board of Directors and the senior management have a special responsibility to ensure that the principles of Corporate Governance such as transparency, accountability, discharge of fiduciary duties, compliance requirements and above all, shareholder interest are always at the centre of the company's activities.

Company's Governance framework is based on the following main principles.

1. Constitution of a Board of Directors of appropriate composition, size and commitment to discharge their responsibilities and duties.
2. Ensuring timely flow of information to the Board and its Committees to enable ther discharge their functions effectively.
3. Independent verification and safeguarding integrity of the Company's financial reporting.
4. A sound system of risk management and internal control.
5. Timely and balanced disclosure of all material information concerning the Company to all stakeholders.
6. Transparency and accountability.
7. Compliance with all the rules and regulations.
8. Fair and equitable treatment of all its stakeholders including employees, customers, shareholders and investors.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India (Clause 49) and the best practices followed internationally on corporate governance, the details of governance systems and processes are as under:

1. Company's philosophy on Code of Governance

Your company has complied with all corporate Governance requirements stipulated under clause 49 of the Listing Agreement. The company is committed to the consistent adherence to the said corporate governance code to maintain a greater degree of responsibility & accountability.

The mission statement of the Company states '**You rely on us. we rely on our vision and experience.**'

Your Company's philosophy on corporate governance envisages the attainment of highest level of transparency in accountability and equity in all facets of its operation and in all its interactions with its shareholders / employees, government and lenders.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders' value over a sustained period of time.

2. Board of Directors

The Board of Directors consists of following five Directors.

Mr. Rasiklal D. Thakkar	Chairman & managing Director, Promoter, Executive
Mrs. Dakshaben R. Thakkar	Promoter, Non-Executive
Mr. Vinodray F. Jankhariya	Non-Executive, Independent
Ms. Maheen J. Lampwala	Non-Executive, Independent
Mrs. Prahavati shetty	Non-Executive, Independent

3. BOARD MEETINGS.COMMITTEE MEETINGS & PROCEDURES**A. Institutional Decision Making Process:**

With a view to institutionalize all corporate affairs & set up systems & procedure for advance planning for matters requiring discussions/decisions by the board, the company has defined guidelines for the meetings of the Board & committees thereof. These guidelines seek to systemize the decision making process at the meeting of the Board/ committee in an informed & efficient manner.

B Scheduling & Selection of Agenda items for Board Meetings

- (i) Minimum board Meetings are held in each year, which are pre-scheduled. Apart from the four pre-scheduled Board meetings, additional notice to address the specific needs of the company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) The meetings are normally held at the company's registered office at Unit No: 131, 1st Floor, Sanjay Building No.5-B, Mittal Industrial Estate, Sir Mathuradas VasANJI Road, Andheri (East), Mumbai 400 059
- (iii) All departments of the company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/decision at the Board/committee meetings. All such matters are communicated to the company secretary in advance so that the same could be included in the Agenda for the board/Committee meetings.
- (iv) The Board is given presentations covering Industry Environment, Project Implementations, Project financing & Operations of the company, before taking on record the status of project implementations for the preceding quarter at each of the pre-scheduled Board Meetings.
 - Business plans, Capital Budgets & any updates.
 - Quarterly financial statement & status of project implementation & expected date of commissioning of the project.
 - Minutes of the meetings of the Audit committee & other committees of the Board, as also abstracts of resolutions passed by circulation, if any.
 - Quarterly summary of all long term borrowings made, bank guarantees issued, loans & investments made.
 - Status of business risk exposures, its management & related action plans.
 - Making loans & investments of surplus funds.
 - General notices of interest of Directors.
 - Terms of reference of Board Committee.
- (V) The Chairman of the Board & the Compliance Officer in consultation with other concerned team members of the senior management, finalise the agenda papers for the Board Meeting.

(C) Board Material Distributed in advance

- (a) Agenda & notes on Agenda are circulated to the Directors, in advance, in the defined Agenda papers for facilitating meaningful & focussed discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the Agenda.

20th Annual Report 2006-2007

(b) In Special & exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance

(D) Recording minutes of proceedings at Board & Committee Meetings

The Company Secretary records the minutes of the proceedings of each Board & committee meeting. Draft minutes are circulated to all the members of the Board/Committee for their comments. The finalised minutes of proceedings of a meeting are entered in the minutes book within 30 days from the conclusion of that meeting.

(E) Post Meeting follow-up Mechanism

The guidelines for Board & Committee meetings facilitate an effective post meeting follow-up, review & reporting process for the decisions taken by the Board & Committees thereof. Action taken report on the decisions / minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board /Committee for noting by the Board/Committee.

(F) Compliance:

The Compliance Officer while preparing the agenda, notes on agenda, minutes etc.of the meeting(s),is responsible for & is required to ensure adherence to all the applicable laws & regulations including the companies act,1956 read with the rules issued there under & to the extent feasible, the secretarial standards recommended by the Institute of Company Secretaries Of India, New Delhi.

4. COMPOSITION AND CATEGORY OF DIRECTORS:

The particulars of Directors their attendance at the Board Meetings, Annual General Meeting during the financial year 2006-2007 and also other directorships. (Excluding directorships in private companies and Board Committees as at 31st March, 2007 are as under:

Name of Director	Category	No. of other directorship and Committee Membership/Chairmanship			
		Public Co.	private Co.	Committee Chairmanship	Committee Membership
Shri.Rasiklal D. Thakkar	Promoter	1	2	---	1
	Executive				
Smt.Dakshaben R. Thakkar	Promoter	1	2	1	3
	Non-Executive				
Shri.Vinod F.Jankhariya	Non-Executive	---	---	---	--
	Independent				
Ms. Maheen J.Lampwala	Non-Executive	---	---	---	3
	Independent				
Mrs.Prabhavati Shetty	Non-Executive	---	---	---	1
	Independent				

During the year 2006-2007, the Board met 6 times on 24.04.2006,30.06.2006,31.07.2006,31.10.2006,24.01.2007 & 02.02.2007. The last Annual General Meeting was held on 30th September 2006.

The attendance of the Directors of the company at the Board Meeting and Annual General Meeting are as follows:

Name of the Director	No. of meeting		Attended last AGM
	Held	Attended	
Shri.Rasiklal D. Thakkar	6	6	Yes
Smt.Dakshaben R. Thakkar	6	6	Yes
Shri.Vinodray F.Jankhariya	6	---	No
Ms. Maheen J. Lampwala	6	6	Yes
Mrs.Prabhavati Shetty	6	6	Yes

GRAVITY (INDIA) LIMITED

5 Audit Committee

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

The terms of reference/powers of the Audit Committee has been specified by the Board of Directors as under :

A. The Audit Committee shall have the following powers:-

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. 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 statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
- Approval of payment to the 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:
 1. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 2. Changes, if any, in accounting policies and practices and reasons for the same.
 3. Major accounting entries involving estimates based on the exercise of judgment by the management.
 4. Significant adjustments made in the financial statements arising out of audit findings.
 5. Compliance with listing and other legal requirements relating to financial statements.
 6. Disclosure of related party transactions, if any. Qualifications in the draft audit report.
 7. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 8. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
 9. 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 audits.
 10. Discussion with internal auditors regarding any significant findings and follow up thereon.
 11. Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 12. Discussion with statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern.
 13. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends and creditors.)
 14. To review the functioning of the Whistle Blower mechanism, if and when introduced.
 15. Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and / or other Committee(s) of Directors of the Company.

C. Information for Review:

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as may be defined by the audit committee), submitted by management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit reports relating to internal control weaknesses.
5. Appointment, removal and terms of remuneration of the Chief Internal Auditor.
6. Uses / application of funds raised through public issues, rights issues, preferential issues, etc
7. The Annexure and Proforma of the Cost Audit Reports before submission to the Board for approval.