

# GRAVITY (INDIA) LIMITED

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## **21st Annual Report 2007-2008**

**Regd. Office :** Gala No.131, Sanjay Bldg. No. 5-B, Mittal Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. India  
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# GRAVITY (INDIA) LIMITED

## TWENTY FIRST ANNUAL REPORT 2007-2008

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### ANNUAL GENERAL MEETING

On Tuesday, 30<sup>th</sup> September, 2008 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 (Resigned on 14-07-07)  
Mrs. Prabhavati Shetty  
Mr. Vinodray Jankhariya  
Mr. Vipul Kumar N. Prajapati

### **COMPANY SECRETARY**

Shri. Navin Choudhary  
Company Secretary

### **AUDITORS**

J. C. Kabra & Associates  
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.

**21st Annual Report 2007-2008****NOTICE**

NOTICE is hereby given that the Twenty First 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, 1<sup>st</sup> Floor, Sanjay Building No.5-B, Mittal Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai 400 059, India, on Tuesday, 30th September, 2008 at 4.00 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2008, 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 Mrs. Prabhavati Shetty who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of the Twenty First 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.

**SPECIAL BUSINESS :**

4. To consider and if thought fit, to pass with or without modification[s], the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Vipulkumar N. Prajapati, who was appointed as an Additional Director of the Company by the Board of directors and who ceases to hold the office under section 260 of the Companies Act, 1956, and the Company has received a notice in writing under section 257 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, who will be liable to retire by rotation."

By Order of the Board of Directors  
For GRAVITY (INDIA) LIMITED

Place: Mumbai  
Date: 29<sup>th</sup> August, 2008

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 a proxy need not be a member of the Company. Proxy in order to be effective must be received by the Company not less than 48 hours before the meeting.
  2. The Register of Members and Transfer Books of the Company will be closed from Monday, the 22nd September, 2008 to Tuesday, the 30th September, 2008 (both days inclusive).
  3. Members are requested to send their queries, if any, at least seven days in advance of the Meeting so that the information can be made available at the Meeting.
  4. Members/proxies should bring with them the Attendance Card, which may be submitted at the entrance, duly signed.
  5. Members are requested to immediately notify any change in their addresses to the Company's Registrars and Share Transfer Agents:
- MONDKAR COMPUTERS PVT. LTD.**  
**(Unit: GRAVITY (INDIA) LIMITED)**  
21, Shakil Niwas, Mahakali Caves Road,  
Andheri (East), Mumbai 400 093.
6. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agents of the Company enclosing their Share Certificates to enable them to consolidate their share holding in one folio.
  7. Securities and Exchange Board of India (SEBI) has mandated that delivery of shares of your Company shall be compulsorily in the dematerialized form for all investors with effect from 28th August 2000. The ISIN No. is INE995A01013.
  8. At the ensuing Annual General Meeting, Mrs. Prabhavati Shetty retires by rotation and being eligible, offers herself for re-appointment. Pursuant to clause 49 (VI) (A) of the Listing Agreement the particulars of Mrs. Prabhavati Shetty is given below.

**DETAILS OF MRS. PRABHAVATI SHETTY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING :**

Mrs. Prabhavati Shetty, aged 33 years, she completed her Graduation in .B.Com. She is engage in the activity of finance.

Mr. Vipul Kumar Prajapati appointed as a Independent Director on 24 March 2008. He completed his graduation in B.Com. and he is engage in the activity in consultancy.

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

Place: Mumbai  
Date : 29<sup>th</sup> August, 2008

Mr. Navin Choudhary  
Company Secretary

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

To the Members of  
Gravity (India) Limited  
Your Directors have pleasure in presenting this Twenty First  
Annual Report and Audited Accounts of the year ended  
31<sup>st</sup> March, 2008.

FINANCIAL RESULT (Rs. in lakhs)

<b>FINANCIAL RESULTS</b>	<b>2007-2008</b>	<b>2006-2007</b>
Income from operations	3677.13	3349.77
Profit before Interest & Depreciation	158.25	112.16
Less: Interest paid	15.38	8.08
Less: Depreciation	52.33	51.57
Profit after Interest & Depreciation	90.53	52.51
Less: Provision for taxation	15.24	10.10
Profit after taxation	75.29	42.41
Add: Balance brought forward	32.31	14.90
Profit available for appropriation	107.60	57.31
General Reserve	50.00	25.00
Balance carried forward	57.60	32.31
Total Appropriation	107.60	57.31

**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 31<sup>st</sup> March 2008.

**RESERVES**

Reserves & Surplus were Rs.254.42 Lacs at the end of the financial year. During the year the company has transferred Rs.50.00 Lacs (Previous year Rs.25.00 Lacs) out of profit to General Reserve.

**OPERATIONS**

The sales turnover of the Company has increased from Rs.3338.72 Lacs to Rs. 3664.97 Lacs. The Current year profit has increased from Rs.42.41 Lacs to Rs.75.29 Lacs. The Company had provided Rs. 9.50 Lacs towards the taxation.

**DIVIDEND**

The Company has not declared any dividend for the year.

**DIRECTORS**

Mrs. Prabhavati Shetty 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 2008-09 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:

- i. In the preparation of Annual Accounts, the applicable accounting standards had been followed, along with a proper explanation relating to material departures.
- ii. 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.
- iii. 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.
- iv. Your Directors have prepared the annual accounts on going concern basis.

**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**

J C KABRA & ASSOCIATES, 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 Mrs. Prabhavati Shetty as chairperson is an independent Director which are as follows:

<b>Name of Members</b>	<b>Status</b>
Mrs. Prabhavati Shetty	Chairperson
Mr. Vipul Kumar Prajapati	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

(Rasiklal D. Thakkar)

Date : 29<sup>th</sup> August, 2008 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 their 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
Mr. Vipul Kumar N. Prajapati	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, 1<sup>st</sup> 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.

**GRAVITY (INDIA) LIMITED**

(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 2007-2008 and also other directorships. (Excluding directorships in private companies and Board Committees as at 31<sup>st</sup> March, 2008 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 Executive	1	2	1	1
Smt.Dakshaben R. Thakkar	Promoter Non-Executive	1	2	1	3
Shri.Vinod F.Jankhariya	Non-Executive Independent	---	---	---	3
Ms. Maheen J. Lampwala (cessation on 14.07.2007)	Non-Executive Independent	---	---	2	1
Mrs.Prabhavati Shetty	Non-Executive Independent	---	---	2	1
Mr. Vipul Kumar Prajapati (appointed on 24.03.2008)	Non-Executive Independent	---	---	---	3

During the year 2007-2008, the Board met 6 times on 30-6-2007, 31-7-2007, 31-10-2007, 29-12-2007, 31-01-2008, 24-03-2008 The last Annual General Meeting was held on 29<sup>th</sup> September, 2007.

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	1	Yes
Mrs.Prabhavati Shetty	6	6	No
Mr. Vipul Kumar Prajapati	6	---	No



## 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.