

# *GRAVITY (INDIA) LIMITED*



## 23rd Annual Report 2009-2010

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 THIRD ANNUAL REPORT 2009-2010

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### BOARD OF DIRECTORS

Shri Rasiklal D. Thakkar  
(Chairman/Managing Director)  
Smt. Dakshaben R. Thakkar  
Mrs. Prabhavati Shetty  
Mr. Vinodray Jankhariya (Resigned on 21-08-09)  
Mr. Vipul Kumar N. Prajapati

### COMPANY SECRETARY

Shri. Navin Choudhary

### 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

- 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.

### ANNUAL GENERAL MEETING

On Friday, 24<sup>th</sup> September, 2010 at Gala No.131,  
Sanjay Bldg. No.5-B, Mittal Ind. Estate,  
Andheri Kurla Road, Andheri (East),  
Mumbai - 400 059 at 5.00 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.

## NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of Gravity (India) Limited will be held at the Registered Office of the Company situated 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, India, on Friday, 24<sup>th</sup> September, 2010 at 5.00 p.m. to transact the following business:

## ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2010, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vipul Kumar Prajapati, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and authorize 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 pursuant to Section 198, 269,309,310,311 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956 (including any statutory modifications or reenactment thereof for the time being in force) and subject to such sanctions as may be necessary, approval is hereby given to the re-appointment of Mr. Raskiklal D. Thakkar as Chairman and Managing Director of the Company for a period of five years commencing from 1<sup>st</sup> April 2010 on the terms and conditions including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, as set out in the Explanatory Statement annexed to the Notice convening this meeting,

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to vary or modify any of the terms of the appointment and/or to increase or revise remuneration and perquisite at any time(s) as the Board may deem appropriate and in such manner so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto.

FURTHER RESOLVED THAT for the purpose of giving effect to the resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper.”

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

Place: Mumbai  
Date: 18<sup>th</sup> August, 2010

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 and 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 Friday, the 17<sup>th</sup> September, 2010 to Friday, the 24<sup>th</sup> September, 2010 (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 de-materialized form for all investors with effect from 28<sup>th</sup> August 2000. The ISIN No. is INE995A01013.
  8. At the ensuing Annual General Meeting, Mr. Vipul Kumar Prajapati 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. Vipul Kumar Prajapati is given below:

**GRAVITY (INDIA) LIMITED**

Details of the Directors seeking re-appointment at the 23<sup>rd</sup> Annual General Meeting  
(In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	MR. VIPUL KUMAR PRAJAPATI	MR. RASIKLAL THAKKAR
Date of Birth	02 / 06 / 1981	12 / 10 / 1950
Date of Appointment	24 <sup>th</sup> March 2008	Reappointed as Chairman and Managing Director w.e.f. 1 <sup>st</sup> April 2010 for a period of 5 years
Qualifications	B.Com	B.Com
Expertise	Sales Tax Consultant	40 years experience in the field of Textile Industry
Directorship in other Companies	Nil	Gravity Textiles Pvt. Ltd. - Director Dakshali Synthetics Pvt. Ltd. - Director
Committee Positions in Gravity (India) Limited	Committee Member in Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee	Committee member in Shareholders' Grievance Committee and Share Transfer Committee
Committee Positions in other Public Limited Companies	Nil	Nil
Relation between Directors	Nil	Related to Mrs. Dakshaben R. Thakkar, Director of the Company
Number of Shares held in Gravity (India) Limited	Nil	64588 (0.72%)

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

Place: Mumbai  
Date: 18<sup>th</sup> August, 2010

Mr. Navin Choudhary  
Company Secretary

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

## Item No. 4

The Board of Directors at its meeting held on 18<sup>th</sup> August 2010 re-appointed Mr. Rasiklal D. Thakkar as Chairman and Managing Director of the Company for a fresh term of five years commencing from 1<sup>st</sup> April 2010 with retrospective effect. His appointment and remuneration is fixed in accordance with Schedule XIII of the Companies Act, 1956 and is subject to the approval of the shareholders for which purpose resolution as set out in notice is proposed.

Mr. Rasiklal D. Thakkar possesses more than 40 years experience in the textile industry.

The Board of Directors have fixed the following remuneration to be paid to the Chairman and Managing Director during the fresh term, but within the ceiling laid down in Schedule XIII of the Companies Act, 1956 or any statutory amendment or relaxation thereof.

1. Salary : Rs. 70,000/- (Rupees Seventy Thousand Only) per month with such increase as may be decided by Board from time to time.
2. Perquisites :
  - i. Company's contribution to the Provident Fund and Super Annuation Fund to the extent these either singly or put together are not taxable under Income Tax Act.
  - ii. Gratuity at the rate of one month's salary for each completed year of service.
  - iii. Leave with full pay as per the rules of the Company, encashment of unavailed leave being allowed at the end of the tenure.
  - iv. Free furnished residential accommodation with gas, electricity, water and furnishing.
  - v. Reimbursement of medical expenses, incurred for self and family (consisting of spouses and dependent children and dependent parents) in India or abroad, including hospitalization nursing, home and surgical charges and in case of any medical treatment abroad, the airfare boarding/lodging for patient attendant.
  - vi. Reimbursement of actual traveling expenses for proceeding on leave from Mumbai to any place in India and return there from once in a year in respect of him and family.
  - vii. Reimbursement of servant's salary, subject to a maximum of two servants on a salary of upto Rs. 2000/- per servant per month.
  - viii. Reimbursement of membership fee for clubs in India or abroad including any admission/life membership fees.
  - ix. Personal accident insurance policy in accordance with scheme applicable to senior employees
  - x. Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment as Chairman of the Company, as approved by the Board of Directors from time to time.

- xi. Reimbursement of entertainment expenses incurred in the course of business of the Company.
- xii. Free use of Company's car for Company's work as well as for professional purposes alongwith driver.
- xiii. Telephone, tele-fax and other communication facilities at resident at Company's cost.
- xiv. Subject to any statutory ceilings, the Managing Director as may be given, any other allowances, perquisites, benefits and facilities as the Board of Directors from time to time may decide.

## 3. Evaluation of Perquisites :

Perquisites/allowances shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such rules, shall be evaluated at actual cost.

## 4. Minimum Remuneration :

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the Chairman and Managing Director shall be paid salary and perquisites as set out above, as the minimum remuneration, in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

## 5. Computation of ceiling :

The following shall not be included in the computation of prerequisite for the purpose of ceiling:

- a) Contribution to Provident and Super Annuation Funds referred in para 3(i) above
- b) Gratuity payable as per para 3 (ii), to the extent of half a month's salary for each completed year of service
- c) Encashment of leave at the end of the tenure as per para (iii) above

The Company has prepared a draft agreement with Mr. Rasiklal D. Thakkar laying down inter alia, the aforesaid terms of remuneration and the powers and authorities delegated to him. A copy of the said draft agreement is available for inspection by the Members during business hours on any working day between 10.00 a.m. to 12 noon at the Registered Office of the Company upto the date of the meeting.

Except Shri Rasiklal D. Thakkar, the proposed appointee and Smt. Dakshaben Thakkar, Director of the Company, no other director is interested in the resolution.

The above may also be deemed to be abstract of the terms of appointment of Managing Director and the nature of the concern or interest of director therein, as required by Section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for approval.

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

Place: Mumbai  
Date : 18<sup>th</sup> August, 2010

Mr. Navin Choudhary  
Company Secretary

## GRAVITY (INDIA) LIMITED

### DIRECTORS' REPORT

To,  
The Members,  
GRAVITY (INDIA) LIMITED

Your Directors have pleasure in presenting their Twenty Third Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010

FINANCIAL RESULTS	2009-2010	2008-2009
Income from operations & Other Income	3651.58	2691.84
Profit before Interest & Depreciation	81.48	82.89
Less: Interest paid	2.25	7.20
Less: Depreciation	55.40	55.58
Profit after Interest & Depreciation	23.83	20.11
Add/Less: Provision for taxation	00.51	15.55
Profit after taxation	24.35	4.56
Add: Balance brought forward	66.09	57.60
Profit available for appropriation	90.44	62.16
Provision Reversed	4.29	(3.94)
Balance carried forward	86.14	66.09
Total Appropriation	90.44	62.16

#### 1. 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 (Nine Crores Nineteen Thousand Five Hundred Only) divided into 90,01,950 Equity Shares of Rs. 10/- each as on 31<sup>st</sup> March 2010.

#### 2. RESERVES:

Reserves & Surplus were Rs. 282.97 Lacs at the end of the financial year. During the year, the Company has not transferred any amount to General Reserve.

#### 3. OPERATIONS:

During the year under review, the sales turnover of the Company increased from Rs. 2678.46 Lacs in the previous year to Rs. 3643.14 Lacs.. The Net Profit has increased from 4.56 Lacs in the previous year to Rs. 24.34 Lacs in the current financial year.

#### 4. DIVIDEND:

As the profits are not adequate, the Company has not declared any dividend for this year.

#### 5. DIRECTORS:

Mr. Vipul Kumar Prajapati retires by rotation and being eligible, offers himself for re-appointment. Mr. Rasiklal Thakkar, Chairman and Managing Director of the Company, is reappointed as Managing Director, for a further period of five years w.e.f. 1<sup>st</sup> April 2010. Resolution seeking approval of members for reappointment of Mr. Rasiklal D. Thakkar as Managing Director has been incorporated in the Notice of this Annual General Meeting and the Explanatory Statement thereto.

#### 6. FIXED DEPOSITS:

The Company has not accepted any fixed deposits during the financial year.

#### 7. LISTING OF COMPANY'S 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 2010-2011 has been paid to The Stock Exchange, Mumbai.

#### 8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- In preparation of the 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 judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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 a going concern basis.

#### 9. AUDITORS:

M/s. J. C. Kabra & Associates, Chartered Accountants, Mumbai who are the Auditors of the Company and hold office until the conclusion of the forthcoming Annual general meeting, are recommended for re-appointment.

**10. AUDITOR'S REPORT**

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

**11. CORPORATE GOVERNANCE:**

A separate section on Corporate Governance is included in the Annual Report as Annexure I. and forms a part of this 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.

**12. MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Management Discussion & Analysis Report as required under the Listing Agreement with the stock exchange is annexed as Annexure II forming part of this report.

**13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:****(a) CONSERVATION OF ENERGY:**

During the year under review, your Company has taken necessary steps to conserve the energy and improve the efficiency of machines. Your Company has also taken steps like reduction in daily A.C. running time, switching off lights and air conditioning during lunch breaks, to conserve energy.

**(b) TECHNOLOGY ABSORPTION:**

Your Company has advanced machines like Sulzer and hence no updations were undertaken during the year under review.

**(c) FOREIGN EXCHANGE:**

As your Company has no offices abroad nor does it have any business activities outside India, there were no foreign exchange earnings or outflow, during the year under review.

**14. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A):**

There are no employees whose particulars are required to be shown in terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with and the rules framed there under.

**15. 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.

**16. ACKNOWLEDGEMENTS:**

The Directors wish to express their gratitude to the shareholders, bankers, customers & vendors 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.

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

Place: Mumbai  
Date : 18<sup>th</sup> August, 2010

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 them 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.

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 Directors.

Mr. Rasiklal D. Thakkar	Chairman & managing Director, Promoter, Executive
Mrs. Dakshaben R. Thakkar	Promoter, Non-Executive
Mr. Vinodray F. Jankhariya (Resigned with effect from 21-08-2009)	Non-Executive, Independent
Mr. Vipul Kumar Narottam 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 & procedures 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 meetings 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 are also sent and 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 Meetings for the Board Meetings.