

GRAVITY (INDIA) LIMITED



26th Annual Report 2012-2013

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 SIXTH ANNUAL REPORT 2012-2013

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ANNUAL GENERAL MEETING

On Monday, 30th September, 2013 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

UNIVERSAL CAPITAL SECURITIES PVT. LTD.

(Formerly known as Mondkar Computers Pvt. Ltd.)

(Unit: **GRAVITY (INDIA) LIMITED**)

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

BOARD OF DIRECTORS

Mr. Rasiklal D. Thakkar
(Chairman/Managing Director)
Mrs. Dakshaben R. Thakkar
Mrs. Prabhavati Shetty
Mr. Vipul Kumar N. Prajapati

COMPANY SECRETARY

Mr. Navin Choudhary

AUDITORS

M/s 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.

NOTICE is hereby given that the **Twenty Sixth** Annual General Meeting of Gravity (India) Limited will be held at the Registered Office of the Company situated at Unit No: 131, 1st Floor, Sanjay Building No.5-B, Mittal Industrial Estate, Sir Mathuradas VasANJI Road, Andheri (East), Mumbai – 400 059, India, on Monday, 30th September 2013 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2013, Statement of Profit and Loss 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 M/s. J C Kabra & Associates, Chartered Accountants, Mumbai as the Statutory Auditor of the Company to hold office from the conclusion of the current Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

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

Place: Mumbai
Date: 30th August, 2013

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 Tuesday, 24th September, 2013 to Monday, 30th September, 2013 (both the 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:
- UNIVERSAL CAPITAL SECURITIES PVT. LTD.**
(Formerly known as Mondkar Computer 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 28th 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 Directors seeking re appointment at the 26th Annual General Meeting
(In pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mr. Vipul Kumar Prajapati
Date of Birth	2nd June 1981
Date of Appointment	24th March 2008
Qualifications	B.Com
Expertise	Accounts
Directorship in other Companies	None
Committee Positions in Gravity (India) Limited	3
Committee Positions in other Public Limited Companies	None
Relation between Directors	None
Number of Shares held in Gravity (India) Limited	25 shares

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

Place: Mumbai
Date: 30th August, 2013

Navin Choudhary
Company Secretary

DIRECTORS' REPORT

To,
The Members,
GRAVITY (INDIA) LIMITED

Your Directors have pleasure in presenting the Twenty Sixth Annual Report and Audited Accounts of the Company for the year ended March 31, 2013

1. FINANCIAL RESULTS: (₹ in lakhs)

FINANCIAL RESULTS	2012 - 2013	2011 - 2012
Income from operations and Other Income	3289.63	3192.54
Profit before Interest and Depreciation	64.47	62.61
Less: Interest paid	0.89	0.65
Less: Depreciation	54.36	53.82
Profit after Interest and Depreciation	9.21	8.14
Less: Provision for taxation	12.03	2.4
Profit after taxation	(2.82)	5.73
Add: Balance brought forward	101.65	95.92
Profit available for appropriation	98.83	101.65
Provision Reversed	0	0
Balance carried forward	98.83	101.65
Total Appropriation	98.83	101.65

2. SHARE CAPITAL

The Authorised Share Capital of the Company is divided into 150 Lakh Equity Shares of ₹ 10/- each, aggregating to ₹ 15 Crore. The Issued, Subscribed and Paid up Capital is ₹90,019,500 (Nine Crores Nineteen Thousand Five Hundred only) divided into 9,001,950 Equity Shares of ₹ 10/- each as on March 31, 2013.

3. RESERVES:

Reserves and Surplus were ₹ 2,95,64,994/- at the end of the financial year. During the year, the Company has not transferred any amount to General Reserve.

4. OPERATIONS:

During the year under review, the sales turnover of the Company increased from ₹ 3185.22 Lakhs in the previous year to ₹ 3282.78 Lakhs. The Profit of the Company before Taxation has marginally increased from 8.13 Lakhs to ₹ 9.21 Lakhs however after Tax expenses there was a Net Loss of ₹ 2.82 Lakhs.

5. DIVIDEND:

On account of the ongoing global recession and the need to increase the reserves of the Company, the Board has not recommended any dividend for the year under review.

6. DIRECTORS:

Mr. Vipul Kumar Prajapati retires by rotation and being eligible, offers himself for re-appointment. The Board

recommends the reappointment of Mr. Vipul Kumar Prajapati as Director of the Company. There were no other changes in the constitution of the Board of Directors during the year under review. There are no other changes in the composition of the Board of Directors of the Company.

7. FIXED DEPOSITS:

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

8. 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 2013-2014 has been paid to The Stock Exchange, Mumbai.

9. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i. In preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards had been followed, along with a proper explanation relating to material departures, if any.
- ii. 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 loss of the company after making Taxation expenses for the year ended March 31, 2013.
- 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, and
- iv. Your Directors have prepared the annual accounts for the year ended March 31, 2013 on a going concern basis.

10. 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. As required under the provision to Section 224 (1) of the Act, the company has obtained written confirmation from J C Kabra & Associates that their appointment, if made, would be in conformity with the limits specified in Section 224 (1B) of the Act.

11. 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.

12. CORPORATE GOVERNANCE:

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

A 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.

13. MANAGEMENT DISCUSSION and ANALYSIS REPORT

The Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchange is annexed as Annexure II forming part of this report.

14. 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 updates 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.

15. 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.

16. 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.

17. ACKNOWLEDGMENTS:

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30 August, 2013

(Rasiklal D. Thakkar)
Chairman and Managing Director

ANNEXURE I TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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 and 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 four Directors.

Mr. Rasiklal D. Thakkar	Chairman and Managing Director, Promoter, Executive
Mrs. Dakshaben R. Thakkar	Promoter, Non-Executive
Mr. Vipul Kumar Narottam Prajapati	Non-executive, Independent
Mrs. Prabhavati Shetty	Non-Executive, Independent

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

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

B. Scheduling and 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 notices 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, 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 and 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 and any updates.
 - Quarterly financial statement and status of project implementation and expected date of commissioning of the project.
 - Minutes of the meetings of the Audit committee and 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 and investments made.
 - Status of business risk exposures, its management and related action plans.
 - Making loans and investments of surplus funds.
 - General notices of interest of Directors.
 - Terms of reference of Board Committee.
- (v) The Chairman of the Board and 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.

(C) Board Material distributed in advance

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

The Company Secretary records the minutes of the proceedings of each Board and 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 and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and 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 and is required to ensure adherence to all the applicable laws and regulations including the companies act, 1956 read with the rules issued there under and 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 2012-2013 and also other directorships as at 31st March, 2013 are as under:

Name of Director	Category	No. of other directorship and Committee Membership/Chairmanship			
		Public Co	Private Co.	Committee Chairmanship	Committee Membership
Mr. Rasiklal D. Thakkar	Promoter Executive	1	2	1	1
Mrs. Dakshaben R. Thakkar	Promoter Non-Executive	1	2	1	3
Mrs. Prabhavati Shetty	Non-Executive Independent	--	--	2	-
Mr. Vipul Kumar Prajapati	Non-Executive Independent	--	--	--	3

During the year 2012 - 2013 the Board met six times on the following dates:
30th April 2012, 31st July 2012, 21st August 2012, 5th September 2012, 31st October 2012 and 31st January 2013.

The Last Annual General Meeting was held on 29th September, 2012.

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

Name of the Director	No. of meetings		Attended last AGM
	Held	Attended	
Mr. Rasiklal D. Thakkar	6	6	Yes
Mrs. Dakshaben R. Thakkar	6	6	Yes
Mrs. Prabhavati Shetty	6	6	Yes
Mr. Vipul Kumar Prajapati	6	6	Yes

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 reviews 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. Appointment, removal and terms of remuneration of the Chief Internal Auditor.