

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

- 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.

ANNUAL GENERAL MEETING

On Friday, 24th 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, 1st Floor, Sanjay Building No.5-B, Mittal Industrial Estate, Sir Mathuradas VasANJI Road, Andheri (East), Mumbai – 400 059, India, on Friday, 24th September, 2010 at 5.00 p. m to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st 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 1st 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, 1856 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: 18th 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 17th September, 2010 to Friday, the 24th 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 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 the Directors seeking re-appointment at the 23rd 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 th March 2008	Reappointed as Chairman and Managing Director w.e.f. 1 st 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: 18th 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 18th 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 1st 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 : 18th 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 31st 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 31st 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. 1st 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 : 18th 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, 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 Meetings for the Board Meetings.

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C. Board Material Distributed in advance

- Agenda & notes on Agenda are circulated to the Directors, in advance, in the defined Agenda papers for facilitating meaningful & focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled before the Agenda.
- 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 2009-2010 and also other directorships. (Excluding directorships in private companies and Board Committees as at 31st March, 2010 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
Mr. Vinodray F. Jankhariya (Resigned with effect from 21.08.2009)	Non-Executive Independent	---	----	----	3
Mrs. Prabhavati Shetty	Non-Executive Independent	---	----	2	1
Mr. Vipul Kumar N. Prajapati	Non-Executive Independent	---	----	----	3

During the year 2009-2010 the Board met 5 times on the following dates:
24.04.09, 30.07.09, 21.08.09, 30.10.09 and 22.01.10.

The Last Annual General Meeting was held on 25th September, 2009.

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

Name of the Director	No. of meeting		Attended last AGM
	Held	Attended	
Mr. Rasiklal D. Thakkar	5	5	Yes
Mrs. Dakshaben R. Thakkar	5	5	Yes
Mr. Vinodray F. Jankhariya (Resigned with effect from 21.08.2009)	5	---	No
Mrs. Prabhavati Shetty	5	5	Yes
Mr. Vipul Kumar Prajapati	5	5	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.

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9. 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.
10. 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.
11. To reviews the functioning of the Whistle Blower mechanism, if and when introduced.
12. 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. Uses / application of funds raised through public issues, rights issues, preferential issues, etc.

Terms of reference

The terms of reference of this committee are in line with the norms specified under the listing agreement with the Stock Exchange.

- a. Overseeing the company's financial reporting process & the disclosure of its financial information to ensure that the financial statement is correct, sufficient & credible.
- b. Recommending the appointment & removal of external auditor, fixation & audit fee & also approval for payment for any other services.

Composition of Audit Committee

The Committee comprises of three Directors. Mrs. Prabhavati Shetty, Independent and Non Executive Director, is the Chairperson. of the Committee. The other two members are Mrs. Dakshaben R. Thakkar, Promoter and Non Executive Director and Mr. Vipul Kumar Prajapati, Independent and Non Executive Director.

Attendance during the year

The Committee meetings were held during the year on 24.04.09, 30.07.09, 21.08.09, 30.10.09 and 22.01.10. The attendance of each member of the Committee is given below:

Director	<u>No.of Meetings</u>	
	Held	Attended
Mrs. Prabhavati Shetty	5	5
Mrs. Dakshaben R. Thakkar	5	5
Mr. Vipul Kumar N. Prajapti	5	5

6. REMUNERATION COMMITTEE:

A. Terms of reference

The Remuneration Committee determines the company's policy on specific remuneration packages for Whole-time Directors/managing Directors including pension rights & any other compensation related matters & issues within the framework of the provisions & enactments governing the same.

B. Composition of the Remuneration Committee

The Committee consists of three members. Mrs. Prabhavati Shetty, Independent and Non Executive Director, is the Chairperson of the Committee. The other two members are Mrs. Dakshaben R. Thakkar, Promoter and Non Executive Director and Mr. Vipul Kumar Prajapati, Independent and Non Executive Director.

C. Attendance during the year:

No meeting of the Remuneration Committee was held during the year under review.

D. Remuneration Policy and details of remuneration paid to the Directors during the year under review :

Executive Director:

The aggregate value of salary and perquisite paid for the year ended 31st March, 2010 to the Chairman & Managing Director are within the limits prescribed under the Companies Act, 1956. No sitting fees are paid for attending the Board Meetings of the Company. Mr. Rasiklal Thakkar, the Chairman and Managing Director of the Company is paid a consolidated amount of Rs. 70,000/- p.m. He was reappointed as Managing Director w.e.f. 1st April 2010 for a period of five years.

Non-Executive Directors:

No. salary/commission is paid to Non Executive Directors for the financial year 2009-2010. Independent Non-Executive directors are paid sitting fees of Rs. 2000/- for every Board Meeting attended. Sitting fees paid to the Independent Non Executive Directors for the year under review are listed as below:

Name of Independent Non Executive Director	Sitting fees paid (Rs.) for attending Board meetings
Mrs. Prabhavati Shetty	10000/-
Mr. Vipul Kumar Narottam Prajapati	10000/-

7. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

Pursuant to clause 49 of the Listing Agreement the Board has constituted a Shareholders' / Investors' Grievance Committee comprising of three members. Mrs. Dakshaben R. Thakkar is the Chairperson of the Committee. The other two members are Shri Rasiklal D. Thakkar and Mr. Vipul Kumar Prajapati.:

Attendance during the year

The Committee meetings were held during the year on 24.04.09, 30.07.09, 21.08.09, 30.10.09 and 22.01.10.

Director	<u>No. of Meetings</u>	
	Held	Attended
Mrs. Dakshaben R. Thakkar	5	5
Shri. Rasiklal D. Thakkar	5	5
Mr. Vipul Kumar N. Prajapati	5	5

GRAVITY (INDIA) LIMITED

8. SHARE TRANSFERS:

Mr. Rasiklal D. Thakkar, Chairman & Managing Director of the Company has been delegated the powers to approve share transfers. As on 31st March, 2010 no cases of transfers were pending.

During the year letters / complaints were received from shareholders, all of which were replied / resolved to the full satisfaction of the shareholders.

9. GENERAL BODY MEETINGS:

Date and time for last three Annual General Meetings (AGM) were as follows:

Year	Time	Date	Special Resolution passed
2006 - 2007	4.00 p.m.	29-9-2007	No
2007 - 2008	4.00 p.m.	30-9-2008	No.
2008 - 2009	4.00 p.m.	25-9-2009	No

Location for all the above AGMs were: Regd. Office: Gala No. 131, Sanjay Bldg., No. 5-B, Mittal Industrial Estate, Andheri - Kurla Road, Andheri (East), Mumbai – 400 059.

10. DISCLOSURES

a. Disclosure of materially significant related party transaction that may have potential conflict with the interest of Company at large.

During the period there were no material transaction with any promoters, Directors & their relatives & the management had not potential conflict with the interest of the company

b. Details of non-compliance by the Company, penalties imposed on the Company by Stock Exchange or SEBI on any matter related to capital markets during the last three years.

There were one instance of levy of penalty by the SEBI.

11. MEANS OF COMMUNICATION:

The Company has regularly published its quarterly, half yearly and annual results in newspapers and submitted to the Stock Exchange in accordance with the Listing Agreement's requirements.

12. GENERAL SHAREHOLDER INFORMATION:

A. Annual General Meeting:

Date : 24th September, 2010

Time : 5.00 p.m.

Place : Unit No: 131, 1st Floor, Sanjay Building No. 5-B, Mittal Industrial Estate, Sir Mathuradas Vasanji Road, Andheri (East), Mumbai - 400 059.

B. Financial Calendar

Accounting Year : April to March

First quarter results : Last week of July

Second quarter results : Last week of October

Third quarter results : Last week of January

Fourth quarter results : Last week of April

C. Book Closure Date : 17.09.2010 to 24.09.2010 (both days inclusive)

D. Listing on Stock Exchange : The Stock Exchange, Mumbai (BSE)

E. Stock Code. : 532015

F. Demat ISIN No : INE995A01013

G. STOCK EXCHANGE PRICE DATA : HIGH / LOW DURING EACH MONTH IN LAST FINANCIAL YEAR:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Period</u>	<u>High</u>	<u>Low</u>
April 2009	3.48	2.00	Aug. 2009	5.60	4.32	Dec. 2009	6.74	5.21
May 2009	5.92	2.37	Sept. 2009	6.04	4.65	Jan. 2010	6.59	5.56
June 2009	6.30	4.64	Oct. 2009	7.10	4.86	Feb. 2010	6.02	4.80
July 2009	5.69	4.12	Nov. 2009	8.65	5.05	March 2010	5.69	4.12

H. REGISTRAR AND SHARE TRANSFER AGENTS:

For both physical and Demat (Common Registry)

Mondkar Computers Pvt. Ltd., 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.

I. SHARE TRANSFER SYSTEM:

Presently the shares, which are received in physical form, are processed and the share certificates are returned within the period of one month of the date of receipt subject to documents being valid and complete in all respects. The securities of the Company are dematerialised to enable the shareholders to have easy and safe transfer of shares.

J. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010 IS AS UNDER:

No. of shares	No. of Share Holders	% of Shareholders	Holdings	% To total Holdings
Upto- 500	2686	57.076	730109	8.111
501 – 1000	977	20.761	890628	9.894
1001 – 2000	493	10.476	810967	9.009
2001 – 3000	167	3.549	448184	4.979
3001 – 4000	79	1.679	289013	3.211
4001 – 5000	102	2.167	491494	5.460
5001 – 10000	119	2.529	880435	9.780
10001 and above	83	1.764	4461120	49.557
Total	4706	100.000	9001950	100.000

Categories of Shareholding as on 31st March, 2010

Category	No. of Shares held	(%) Shareholding
Indian Promoters	1246597	13.85
Foreign Promoters	-	-
Persons Acting in Concert	-	-
Mutual Funds and UTI	-	-
Banks / Financial Institutions / Insurance Companies	-	-
Private Corporate Bodies	714114	7.93
Indian Public	6221014	69.11
NRIs / OCBs	456955	5.08
Others	363270	4.04
Total	9001950	100.00

GRAVITY (INDIA) LIMITED

K. DEMATERIALISATION OF EQUITY SHARES AND LIQUIDITY:

As on 31.03.2010 of the total equity shares issued, 97.78 % were held in dematerialised form and the balance 2.22 % of shares in physical form.

L. PLANT LOCATIONS:

The Company's Plants are located at Silvassa, Union Territory of Dadra & Nagar Haveli.

M. ADDRESS FOR CORRESPONDENCE:

i. Investor Correspondence:

For any query relating to the Shares of the Company, held in Physical form or in Demat form.

OR

ii. For grievance redressal & any query on Annual Report.

Correspondence by the shareholders/Investors should be addressed to the Registered Office of the Company.

13. COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from the Auditors of the Company, M/s. J. C. Kabra & Associates, Chartered Accountants, confirming compliance of Corporate Governance as stipulated under clause 49, is forming part of the Annual Report.

14. WHISTLE BLOWER MECHANISM:

The company promotes ethical behavior in all its business activities & has put in place mechanism of reporting illegal or unethical behavior. Employees are free to report existing/probable violation of rules, laws, and regulations of unethical conduct to the immediate superior / notified persons. The reports received from any employee are reviewed by the Board. The Directors & senior management are obligated to maintain confidentiality of such reporting violation & ensure that the whistle blowers are not subjected to any discriminatory practices.

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE.

To
The Members of
Gravity (India) Limited

We have examined the compliance of conditions of corporate Governance by Gravity (India) Limited for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of Management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the guidance note issued by the ICAI, we have to state that no investor grievances received during the year ended 31st March 2010, were pending against the company as per records maintained by the company and presented to the investor Grievance Committee.

We further state that such Compliance is neither an assurance as to the future viability of the company nor the efficiency of effectiveness with which the management has conducted the affairs of the company.

For J C KABRA & ASSOCIATES
Chartered Accountants

(J. D. Kabra)
Partner

Place : Mumbai
Date : 18th August, 2010

Membership No. 38525

**ANNEXURE – II TO THE DIRECTOR'S REPORT
MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management of Gravity (India) Limited, is pleased to present its report analyzing the Company's operations in the textile industry segment. The report contains expectations of the Company's business based on the current market environment.

1. OVERVIEW:

The Company was promoted in the year 1988. The Company's principle business comprises of manufacturing and marketing of various textile products. The year under review witnessed turn around of the Indian Textile Industry. The Board considers overall performance reasonably satisfactory and indicative of the future growth of the Company.

TEXTILES' BUSINESS:

INDUSTRY STRUCTURE & DEVELOPMENT

Textile is the largest industrial sector in India, generating a turnover approximately about 7% of GDP. It is the largest employer in manufacturing sector. The Board foresees the huge demand and vast potentiality in the near future.

2. OPPORTUNITIES & THREATS:

In the post 2006 period due to India's Labour, quality of production and raw material advantages, the textile industry has expanded.

There is a very high potential for Indian as well as international opportunities, developments and growth in overall Indian Textile Industry.

However, there is a clear threat from modern textile manufacturing units in China, Pakistan, East Europe and South America. These competitors have an edge over us in manufacturing costs, better productivity and better infrastructure facilities.

3. SEGMENT-WISE / PRODUCT-WISE PERFORMANCE:

The business segment of the Company is Textiles. Segment wise performance together with discussion on financial performance with reference to operational performance has been in the Directors' Report, which should be treated as forming part of this Management Discussions and Analysis.

4. FUTURE OUTLOOK:

The future of the textile industry as a whole looks bright. Textile Units with low financial costs and labour costs with modern machinery will do well. Economy of size and location of the unit will also play a great role in the success of the unit.

5. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your Company has adopted internal control system, commensurate with its size. Through the Audit committee, your Company ensures its implementation and compliance so that assets and business interests of the Company are adequately safeguarded.

6. HUMAN RESOURCES:

Over the last few years, your Company has brought with it the need for skills and knowledge to successfully meet the requirements of different charters. Also, with the added emphasis placed on the safe operation. The training given not only covers knowledge and technical skills but also lays stress on behavioral areas, like creating a 'safety mindset', and attitude building. The Company also seeks the views of its employees for improving human relations through employee satisfaction surveys. The Company continues to have cordial relations with the employees. It recognizes the potential and performance of its employees, provides challenges and opportunities. It endeavors to upgrade knowledge, attitude and skill of the employees. The labour welfare activities are organized by the Company as an ongoing process. The Company has manpower strength of approximately 100 employees.

7. CAUTIONARY STATEMENT:

Statements in the Management Discussion and Analysis describing the Company's objectives and expectations may be "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

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

Place: Mumbai
Date : 18th August, 2010

Rasiklal D. Thakkar
Chairman & Managing Director

GRAVITY (INDIA) LIMITED

AUDITORS' REPORT

To
The Members of
Gravity (India) Limited,

1. We have audited the attached Balance, Sheet of Gravity (India) Limited as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion,
3. As required by the Companies (Auditor s Report) Order, 2003, as amended by the companies (Auditor s Report) (amended) order, 2004 ("Together the order") (hereinafter referred to as the CARO 2003) issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4 Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit,
 - ii) In our opinion, proper books of Account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. except Accounting standard 9,13,15 & 16 as referred to in notes no. 3,4,5,6 in notes to accounts of schedule "20" in the absence of the information with the company, the quantum of the same could not be determined.
 - v) Based on the representation made, the directors of the Company do not prima facie have any disqualification as on 31st March, 2010 from being appointed as a director as referred to in section 274(1)(g) of the companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said

accounts read together with Significant Accounting Policies and Notes on Accounts in Schedule 19 and 20 those appearing elsewhere in the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2010,
- b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For J C KABRA & ASSOCIATES
Chartered Accountants

(J. D. Kabra)

Partner

Place : Mumbai

Date : 18th August, 2010

Membership No. 38525

Firm Regi.: 115749-W

ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENT FOR THE YEARENDED 31ST MARCH 2010 OF GRAVITY (INDIA) LIMITED.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that :

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) During the year, there was no disposed of substantial part of fixed assets and hence the going concern of the Company is not effected,
- (ii) (a) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has granted loans & advances unsecured, to companies, firm or other parties listed in the register maintained under section 301 of the Act.
- (b) The rate of interest and other terms and conditions of

the loans / advances were prima facie not prejudicial to the interest of the Company.

- (c) The payment of principal amount are as stipulated has been changed on some of the loans and advances.
- (d) The company has not taken any loans, therefore provision of sub clause (e) (f) and (g) of clause 4(iii) of the CARO 2003 are not applicable of the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of audit, no major weakness has been noticed in these internal controls.
- (v) In respect of transaction covered under section 301 of the Act,
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register maintained under section 301 of the Act have been so entered.
 - (b) In our opinion and according to the information and explanation given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rs. 5 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accept e any deposit from the public.
- (vii) The company has no internal audit system, however, as explained to us the company has an internal check system commensurate with its size and nature of its business.
- (viii) The Company, in our opinion and according to the information and explanations given to us, is not required to maintain accounts and records as prescribed by the central government under section 209(1)(d) of the Companies Act, 1956.
- (ix) In respect of statutory dues, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, , Income-tax, Sales tax, Custom Duty, Excise Duty, Cess and other material Statutory Dues applicable to it (Except see Note 10 in notes to accounts of schedule : 20) There were no arrears at 31st March, 2010 for a period of more than six months from the date they became payable.
- (x) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company (Refer, notes no. 6 in notes to accounts of schedule "20") has not defaulted in repayment of any dues to a financial institution or bank, However secured loan from The Madhavpura

Mercantile Co-operative Bank Ltd., as informed to us, the Company had not provided interest on aforesaid loan in the accounts. In absence of the information with the Company, the quantum of the same could not be determined. The company has at no time issued any debenture.

- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a Nidhi mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the (CARO 2003) are not applicable to the company.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading (except for investments purposes) in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the (CARO 2003) are not applicable to the Company. All the investments are held by the Company in its own name.
- (xv) The Company, according to the information and explanations given to us, has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) On the basis of the records examined by us, and relying on the information complied by the company for co-relating the funds raised to the end use of the term loans, we have to state that, the company has, prima-facie, applied the term loan for the purpose for which (hey were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except long term working capital.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company has not issued any secured debentures. Accordingly, the provisions of clause 4 (xix) of the (CARO 2003) are not applicable to the Company.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) According to the information and explanation given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the company during the course of our audit.

For J C KABRA & ASSOCIATES
Chartered Accountants

(J. D. Kabra)

Partner

Place : Mumbai
Date : 18th August, 2010

Membership No. 38525
Firm Regi.: 115749-W

GRAVITY (INDIA) LIMITED

 GRAVITY (INDIA) LIMITED
 ABRIDGED BALANCE SHEET AS AT 31ST MARCH 2010

(Amt in Rs.)

PARTICULARS	SCHEDULE	As at 31ST MARCH, 2010		As at 31ST MARCH, 2009	
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	1	90,019,500		90,019,500	
Reserve and Surplus	2	28,297,004	118,316,504	26,291,674	116,311,174
Loan Funds					
Secured Loans	3	98,517,811		102,659,980	
Unsecured Loans	4	-	98,517,811	591,480	103,251,460
Deferred Tax Liability			803,783		1,604,963
Total			<u>217,638,098</u>		<u>221,167,597</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	127,497,882		126,948,453	
<u>Less</u> : Depreciation		<u>61,554,509</u>		<u>56,741,044</u>	
Net Block			65,943,373		70,207,409
Investments	6		6,21,003		6,21,003
Current Assets Loans and Advances					
Inventories	7	10,556,000		27,300,150	
Sundry Debtors	8	146,484,901		86,134,559	
Cash and Bank Balances	9	4,788,371		4,736,208	
Loans and Advances	10	14,407,122		37,346,938	
		<u>176,236,394</u>		<u>155,517,855</u>	
<u>Less</u> :					
Current Liabilities and Provisions					
Liabilities	11	21,677,672		2,478,670	
Provisions	12	<u>3,660,000</u>		<u>2,910,000</u>	
		<u>25,337,672</u>		<u>5,388,670</u>	
Net Current Assets			150,898,722		150,129,185
Miscellaneous Expenditure (To the extent not written off or adjusted)	13		175,000		210,000
Total			<u>217,638,098</u>		<u>221,167,597</u>
SIGNIFICANT ACCOUNTING POLICIES	19				
NOTES TO THE ACCOUNTS	20				

 As per our Attached report of even date
 For J C KABRA & ASSOCIATES
 Chartered Accountants

For Gravity (India) Limited

 (J. D. Kabra)
 Partner
 Membership No. 38525

 (R.D. Thakkar)
 Chairman and
 Managing Director

 (D. R.Thakkar)
 Director

 Mumbai, 18th August, 2010

Company Secretary

ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(Amt in Rs.)

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

PARTICULARS	SCHEDULE	As at 31ST MARCH, 2010		As at 31ST MARCH, 2009	
INCOME					
Income from Operations		364,313,910		267,845,578	
Other Income	14	844,044	365,157,954	1,338,369	269,183,947
EXPENDITURE					
Material Cost	15	339,309,460		242,343,655	
Employees' Remuneration & Benefits	16	9,075,820		8,022,022	
Dyeing Charges		-		13,989	
Manufacturing & Other Expenses	17	8,589,677		10,223,205	
Interest	18	224,958		720,230	
Misc. Expenditure Written off		35,000		291,956	
Depreciation		5,539,556	362,774,471	5,557,810	267,172,867
			2,383,483		2,011,080
			-		
PROFIT BEFORE TAX			2,383,483		2,011,080
Less : Provision for Current Taxation			750,000		700,000
Add : Deferred Tax Assets			801,180		745,470
Less : Fringe Benefit Tax			-		110,00
PROFIT AFTER TAX			2,434,663		455,610
Add:-Balance Brought Forward Previous Year			6,609,516		5,760,226
SURPLUS AVAILABLE FOR APPROPRIATION			9,044,179		6,215,836
APPROPRIATIONS:					
General Reserve			-		-
Provision / Advance Tax Reversed			429,332		(393,680)
Balance Carried to Balance Sheet			8,614,847		6,609,516
			9,044,179		6,215,836
Basic & Diluted Earning per Share Of Rs.10/- Each			0.27		0.05
Aggregate Number of Share used			9,001,950		9,001,950
SIGNIFICANT ACCOUNTING POLICIES	19				
NOTES TO THE ACCOUNTS	20				

As per our Attached report of even date
For J C KABRA & ASSOCIATES
Chartered Accountants

(J. D. Kabra)
Partner
Membership No. 38525

Mumbai, 18th August, 2010

For Gravity (India) Limited

(R.D. Thakkar)
Chairman and
Managing Director

(D. R.Thakkar)
Director

Company Secretary

GRAVITY (INDIA) LIMITED

 GRAVITY (INDIA) LIMITED
 SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

(Amt in Rs.)

PARTICULARS	As at 31ST MARCH, 2010	As at 31ST MARCH, 2009
<u>SCHEDULE 1 : SHARE CAPITAL</u>		
AUTHORISED		
1,50,00,000 Equity shares of Rs. 10/- each	150,000,000	150,000,000
ISSUED, SUBSCRIBED AND PAID-UP		
90,01,950 Equity Shares of Rs.10/-each fully paid-up (Previous Year : 9001950 Equity Shares)	90,019,500	90,019,500
of the above :-		
(i) 1,18,500 Equity Shares of Rs. 10/- each issued as fully paid up for a consideration otherwise in cash.		
(ii) 8,81,500 Equity Shares of Rs. 10/- each issued for cash at par.		
(iii) 50,01,300 Equity Shares of Rs. 10/- each issued for cash at premium of Rs. 5/- per share.		
(iv) 30,00,650 Equity Shares of Rs. 10/- each issued as Bonus Shares.		
<u>SCHEDULE 2 : RESERVES AND SURPLUS</u>		
GENERAL RESERVE		
As per last balance sheet	19,682,158	19,682,158
Add : Transfer from Profit & Loss Account	-	-
	19,682,158	19,682,158
PROFIT AND LOSS ACCOUNT BALANCE		
Total	8,614,846	6,609,516
	28,297,004	26,291,674
<u>SCHEDULE 3 : SECURED LOANS</u>		
A. Industrial Hypothecation Loan From :-	98,126,793	101,626,793
The Madhavpura Mercantile Co-op.Bank Ltd., Mumbai, under Industrial Hypothecation Limit for Working capital and other requirements of the company. Secured by second equitable Mortgage of immovable properties of the company and second charge on Stocks and Book Debts of the Company. [See note no: 6. Schedule "20"]		
B. Vehicle Loans From :-	391,018	1,033,187
(i) HDFC Bank Ltd. (Secured by Motor Vehicles)		
Total	98,517,811	102,659,980
<u>SCHEDULE 4 : UNSECURED LOAN</u>		
[From Kotak Mahindra Bank]	-	591,480

PARTICULARS

As at
31ST MARCH ,2010As at
31ST MARCH, 2009**SCHEDULE 5 : FIXED ASSETS**

(Amt in Rs.)

Description of Assets	Gross Block			Depreciation			Net Block			
	as at 31/3/09	Additions During the Year	Deduction During the Year	as at 31/3/10	as on 31/3/09	Additions During the Year	Deduction During the Year	as on 31/3/10	as at 31/3/10	as at 31/3/09
Leasehold Land	1,065,936	-	-	1,065,936	-	-	-	-	1,065,936	1,065,936
Freehold Land	482,101	-	-	482,101	-	-	-	-	48,101	482,101
Building	34,746,737	1,040,450	-	35,787,187	10,340,648	1,063,223	-	11,403,871	24,383,316	24,406,089
Plant & Machinery	82,616,480	228,480	-	82,844,960	41,486,986	3,911,860	-	45,398,846	37,446,114	41,129,494
Furniture & Fixtures	1,322,889	-	38,917	1,283,972	806,381	81,272	38,917	848,736	435,236	516,508
Vehicles	5,450,530	-	687,174	4,763,356	3,260,272	443,074	687,174	3,016,172	1,747,184	2,190,258
Office Equipments	1,263,780	6,590	-	1,270,370	846,757	40,127	-	886,884	383,486	417,023
Total	126,948,453	1,275,520	726,091	127,497,882	56,741,044	5,539,556	726,091	61,554,509	65,943,373	70,207,409
Total for Previous year	126,910,672	1,222,072	1,184,291	126,948,453	51,669,047	5,557,810	485,813	56,741,044	70,207,409	75,241,625

PARTICULARS	As at 31ST MARCH, 2010		As at 31ST MARCH, 2009	
SCHEDULE 6 : INVESTMENTS				
<u>Quoted (At Cost)</u>				
50000 Equity Shares of Rs. 10 each in Madhur Food Products Limited	5,00,000		5,00,000	
<u>UnQuoted (At Cost)</u>				
1210 Equity Shares in Madhavpura Mercantile Co-operative Bank Ltd. of Rs. 100 each Fully paid up.	1,21,003		1,21,003	
		<u>6,21,003</u>		<u>6,21,003</u>
SCHEDULE 7 : INVENTORIES				
(At lower of cost or net realisable value, as taken, valued & certified by the Management)				
Finished Goods	10,556,000	<u>10,556,000</u>	27,300,150	<u>27,300,150</u>
SCHEDULE 8 : SUNDRY DEBTORS				
(Unsecured Considered good by the Management)				
Debt O/s for a period exceeding six month	33,853,961		15,447,713	
Others	112,630,940	<u>146,484,901</u>	70,686,846	<u>86,134,559</u>
SCHEDULE 9 : CASH & BANK BALANCES				
Cash In Hand	230,614		323,965	
<u>Balance with Scheduled Banks in</u>				
Current Account	61,481		49,770	
Fixed Deposit	3,794,828		3,704,763	
Cash Credit Account	701,448	<u>4,788,371</u>	657,710	<u>4,736,208</u>

GRAVITY (INDIA) LIMITED

(Amt in Rs.)

PARTICULARS	As at 31ST MARCH, 2010		As at 31ST MARCH, 2009	
SCHEDULE 10 : LOANS AND ADVANCES				
(Unsecured Considered good by the Management) Advances recoverable in cash or kind or for value to be received	10,137,821		33,525,687	
Income Tax	4,141,299		3,593,249	
Cenvat (Excise)	128,002		128,002	
Fringe Benefit Tax	-	14,407,122	100,000	37,346,938
SCHEDULE 11 : CURRENT LIABILITIES				
Sundry Creditors	20,350,791		1,081,355	
Sundry Creditors (Others)	1,326,881	21,677,672	1,397,315	2,478,670
SCHEDULE 12 : PROVISIONS				
Provision for Income Tax	3,660,000		2,800,000	
Provision for fringe benefit Tax	-		110,000	
		3,666,000		2,910,000
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE				
Preliminary Expenses [To the extent not written off or adjusted]	210,000		501,956	
Less:- 1/10 Preliminary Exp.Written off	35,000	175,000	291,956	210,000
SCHEDULE 14 : OTHER INCOME				
Interest on Fixed Deposits	62,847		31,498	
Interest From Others - [Gross, Incl Of T.D.S. : Rs.22957.00]	88,414		294,077	
Rent [Inclusive of TDS RS. 94050.00]	576,000		672,000	
Others [Insurance Claim]	116,783	844,044	340,794	1,338,369
SCHEDULE 15 : MATERIAL COST				
Opening Stock	27,300,150		32,076,200	
Add : Purchase	322,565,310		237,567,605	
	349,865,460		269,643,805	
Less : Closing Stock	10,556,000	339,309,460	27,300,150	242,343,655
SCHEDULE 16 : EMPLOYEE'S REMUNERATION AND BENEFITS				
Salaries ,Wages and Bonus	7,573,944		6,038,858	
Remuneration to Directors	840,000		840,000	
Staff Quarter's	20,900		51,000	
Staff Welfare Expenses	37,616		54,670	
Providend fund	132,041		113,157	
Canteen Expenses	37,192		177,707	
Insurance Charges	434,127	9,075,820	746,630	8,022,022
SCHEDULE 17 : MANUFACTURING & OTHER EXPENSES				
Transport Charges		125,226		48,216
Consumable Stores		1,325,531		1,180,447

(Amt in Rs.)

PARTICULARS	As at 31ST MARCH, 2010		As at 31ST MARCH, 2009	
Electricity & Fuel Charges		2,007,823		3,932,527
Sample Purchase & Development		114,026		81,180
Mending Charges & Beam Drawing Chg		676,835		674,326
Auditor's Remuneration		65,000		65,000
Brokerage		212,667		478,633
Electricity expenses		76,110		104,800
Freight & Delivery Charges		74,324		57,406
Insurance charges		288,481		314,058
Motor Vehicle expenses		701,557		678,815
Packing & Forwarding		4,290		22,593
Repairs & Maintenance				
Plant & Machinery	394,765		237,805	
Factory Building	57,910		154,654	
Electrical Installation	348,141		162,712	
Office Equipment	14,695	815,511	9,800	564,971
Postage & Courier		75,552		67,423
Miscellaneous Expenses		2,026,744		1,952,810
Total		<u>8,589,677</u>		<u>10,223,205</u>
SCHEDULE 18 :				
INTEREST & FINANCE CHARGES				
Interest on				
Cash credit	80,859		424,720	
Car Loan	76,699		278,691	
Others	67,400	224,958	16,819	720,230

SCHEDULE 19 :**SIGNIFICANT ACCOUNTING POLICIES****a. Basis of preparation of financial statements**

The financial statement have been prepared to comply in all material respect with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India, in accordance with Indian Generally Accepted Accounting Policies and as per the provision of the Companies Act, 1956. The financial statements are prepared as a going concern under the historical cost convention on an accrual basis.

b. Use of estimates

The preparation of financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities on the date of financial statements, the reported amount of revenues and expenses and the disclosures relating to contingent liabilities as on the date of financial statements. Actual results could differ from those of estimates. Any revision in accounting estimates is recognized in accordance with the respective accounting standard.

c. Revenue Recognition

- i. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- ii. Revenue from sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer under the terms of contract. Sales are after deducting sales return, claims etc.

GRAVITY (INDIA) LIMITED

- iii. Revenue from services is recognized on accrual basis over the period of services.
- iv. Interest income is accrued at applicable interest rates.
- d. Fixed Assets and Depreciation
Fixed Assets are stated at cost of acquisition/construction less accumulated depreciation. Cost includes direct expenses as well as administrative and other general overhead expenses that are specifically attributable to construction or acquisition of fixed assets or bringing the fixed assets to working condition and are allocated and capitalized as a part of the cost of the fixed assets.
Fixed Assets are depreciated on a straight-line basis at the rates specified in Schedule XIV of Companies Act, 1956. Proportionate depreciation is charged for addition / deletion during the year. Individual assets of value less than Rs.5000 are written off in the year of purchase.
- e. Impairment of Assets:
The carrying amounts of assets are reviewed at each balance sheet date for indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable value. Any such impairment loss is recognised by charging it to the profit and loss account. An impairment loss recognized in prior accounting periods is reversed when it no longer exists and the asset is restated to that effect.
- f. Investment:
 - i. Investments are valued at cost of acquisition.
 - ii. Investments are recorded as Long term investments unless they are expected to be sold within one year. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.
- g. Valuation of Inventories:
 - i. Cost of inventories is inclusive of taxes or duties incurred and is determined on FIFO basis except otherwise stated.
 - ii. Raw materials and Work in progress are being valued at cost or net realisable value whichever is lower.
 - iii. Packing materials are being valued at cost.
 - iv. Finished stocks are being valued at cost or net realisable value whichever is lower.
- h. Miscellaneous Expenditure:
Miscellaneous expenditure, such as preliminary expenditure and share issue expenses are amortised over a period of 10 years.
- i. Income from Investments:
Income from Investments is taken into revenue in full on declaration or on receipt and tax deducted at source thereon is treated as advance tax.
- j. Provisions, Contingent Liabilities and Contingent Assets:
The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made. Contingent Assets are neither recognized nor disclosed.
- k. Employee Benefits
No provision has been made for gratuity, leave encashment and other employee benefits. They will be accounted for as and when paid. Provident fund contribution is recognized as an expense in the profit & loss account.
- l. Earning Per Share:
The earnings considered in ascertaining the Company's Earning Per Share (EPS) comprise the net profit after tax. The number of shares used in computing the basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity share.
- m. Tax on Income
Tax expenses comprises of both current as well as deferred tax. Income tax & fringe benefit tax represents the amount of income tax for the period determined in accordance with the Income tax Act, 1961.

- Deferred Tax

The company provides for deferred tax using the liability method, based on the timing difference resulting from the recognition of items in the financial statements / and in estimating its current income tax provision. Deferred Tax Assets arising from temporary timing difference are recognized to the extent, there is reasonable certainty that the assets can be realized in future. Deferred tax assets are recognized only if there is a virtual certainty backed by convincing evidence of realization of such assets. Deferred tax assets and liabilities are reviewed as at each balance sheet date and are appropriately adjusted, to the extent considered necessary, to reflect the amount that is reasonably or virtually certain to be realized are appropriately adjusted from the end of tax holiday exempted period, to the extent

SCHEDULE 20 :

NOTES ON ACCOUNTS:

- In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The Provision for all known liabilities is adequate.
 - Balance due to/from sundry debtors, sundry creditors, loans and advances and other liabilities are subject to confirmation.
 - The Company has not provided interest receivable on fixed deposit with MMCB.
 - The Present value of Investment are not ascertainable as share are not traded in the market and not traded in the market and both the companies have been delisted, no provision has been made for possible losses.
 - No provision has been made for gratuity for employees, as per As 15, as inform to us that the same will be provided as and when paid.
 - The Company has not provided interest on Industrial Hypothecation loan from The Madhavpura Mercantile Co-op. Bank Ltd. Mumbai [MMCB]. The MMCB has closed down its Banking operation. After various representations made to MMCB and in absence of the information the Company had not provided Interest payable on aforesaid loan however the repayment of principal amount has been started during the year. The matter is still pending before Arbitration Court.
- | 7. Auditors Remuneration | Year ended
31.03.2010 | Year ended
31.03.2009 |
|--------------------------|--------------------------|--------------------------|
| Statutory Audit Fees | 40,000 | 40,000 |
| Income Tax Audit Fees | 18,000 | 18,000 |
| Income Tax Matters | 7,000 | 7000 |
| | <u>65,000</u> | <u>65,000</u> |
- Loans and advances
Advances recoverable in cash or kinds or for value to be received are inclusive of due by firms or private companies in which directors are interested.
 - Income tax assessment has been completed up to assessment year 2006-2007 with a demand for Income tax Rs. 524406/- and Fringe Benefit Tax Rs. 154337/- Application for rectification of mistake is pending for give the effect of Tax deducted at source in the above demand.
 - Appeal with ITAT for penalty proceeding are pending for A.Y. 2003-04 with penalty demand of Rs. 21,100/-.
 - Micro and Medium scale business entities
There is no Micro, small and medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, small and medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
 - No commission has been paid to the Directors, only the salary & perquisite has been paid to the Directors as per the provision of section 198 & 309 of the Companies Act, 1956 and schedule XIII to the said Act.
 - Deferred Tax Assets/Liabilities
As per Accounting standard 22 Deferred Tax Liability is recognised on timing difference, being the difference between taxable

GRAVITY (INDIA) LIMITED

income and accounting income that originate in one year and are capable of reversal in one or more subsequent years from the end of exempted period.

13. Segment Reporting :

At present the Company has one activity namely dealing of Textile Fabrics.

14. Related Party Disclosure :

- The control of the Company exists with Shri Rasiklal D. Thakkar - Chairman & Managing Director of the company, who is also key management personnel.
- The names, along with relation, of the relatives of key management personnel and related parties of the company where control of the company exists and their enterprises, where transaction have taken place are Gravity Textiles Pvt. Ltd., Dakshali Synthetics Pvt. Ltd., the associate companies, and Jay textiles, Sony Industries, R. D. Thakkar HUF where relative of key personnel are proprietor & himself is Karta.
- Summary of the transaction with the above related parties :

Nature of Transaction	Volume of Transaction		Balance as on debit/(credit)	
	2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009
Rasiklal Thakkar- Remuneration	840000	840000		
Rammaruti Textile Pvt. Ltd.-Purchase	4526275	262301		
Rammaruti Textile Pvt. Ltd.- Rent	192000	192000		
Shivani Textiles- Rent	192000	192000		
Radha Textiles- Rent	192000	192000		
Shree Shiva Shiv Textile (HUF) – Rent	-	96000		

	Amount Received (Rupees)		Amount Paid (Rupees)		Balance as on (Rupees)		Balance as on (Rupees)	
	2009 - 2010	2008 - 2009	2009 - 2010	2008 - 2009	31-3-10	31-3-09	31-3-10	31-3-09
Loans taken/ Payable	-	8,63,370	-	40,000	-	-	-	-
Deposits/ Loans Given/ Receivables	-	-	-	-	-	-	-	-

15. Additional information required under schedule VI Part II of the companies Act, 1956.

i. Licensed, installed and Actual Capacity for Production. (Figure in Meters)

Name of the Product	Licensed Capacity	Installed Capacity	Capacity Utilised
Synthetic fabrics	65,70,000	40,43,300	32,50,750

ii. Quantitative Information

Particulars	Unit	Current year Quantity	Previous Year Quantity
A. Fabrics Manufactured / Purchased	Mtrs	4665171.720	3345350.120
B. Sales of Fabrics	Mtrs	4867802.160	3365671.300
Shrinkage / Shortage	Mtrs	25239.000	20525.000
C. Purchase of Raw Material (Yarn)	Kgs	1129.620	11976.640
Consumption	Kgs	1084.120	26119.640
Wastage	Kgs	45.500	522.500

D.	Unit	Current Year Quantity	Current Year Amount Rs.	Previous Year Quantity	Previous Year Amount Rs.
Closing Stock					
Raw Material (Yarn)		NIL	NIL	NIL	NIL
Fabrics		154867.16	10555999	382736.61	27300150

iii. Expenditure in Foreign Currency :

	(In Rs.)	Current Year	Previous Year
i Travelling		NIL	NIL
ii Membership Fees		NIL	NIL
Total		NIL	NIL

Earning in Foreign Exchange :

i From Export of Fabrics Value rupees		NIL	NIL
---------------------------------------	--	-----	-----

16. Earning per share

		<u>2009 - 2010</u>	<u>2008-2009</u>
Weighted average no. of Shares	Nos.	9001950	9001950
Face Value of Share	Rupee	10	10
Net Profit after tax	Rupee	2434663	455610
Basic & diluted earning per share	Rupee	0.27	0.05

17. Figures for the previous year have been regrouped, rearranged and recasted wherever necessary.

18. Figures in the brackets indicate previous years or negative figures.

As per our Attached report of even date
For J C KABRA & ASSOCIATES
Chartered Accountants

For Gravity (India) Limited

(J. D. Kabra)
Partner
Membership No. 38525

(R.D. Thakkar)
Chairman and
Managing Director

(D. R.Thakkar)
Director

Mumbai, 18th August, 2010

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Amt in Rs.)

PARTICULARS	As at 31ST MARCH, 2010	As at 31ST MARCH, 2009
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	2,383,483	2,011,080
Adjustment for: Depreciation and Amortisation	5,574,556	5,849,766
Loss on sale of fixed assets	0	391,478
Interest paid	224,958	720,230
Interest Received on Fixed Deposit	(62,847)	(31,498)
	<u>5,736,667</u>	<u>6,929,976</u>
Operating Profit before working Capital Changes	8,120,150	8,941,057
Adjustment for: Trade and other Receivables	(37,234,635)	114,862,786
Inventories	16,744,150	4,776,050
Trade Payable	19,199,002	(121,378,099)
	<u>(1,291,483)</u>	<u>(1,739,263)</u>
Cash Generated From Operations	6,828,667	7,201,794
Interest paid	(224,958)	(720,230)
Direct taxes paid	(605,223)	(663,956)
Cash Flow Before Adjustments For Prior Years	5,998,486	5,817,608
Prior year Adjustments	-	-
Net cash from operating Activities	<u>5,998,486</u>	<u>5,817,608</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,275,520)	(1,222,072)
Sale of Fixed Assets	-	307,000
Sale of Investment	-	-
Interest Received & other Income	62,847	31,498
Net Cash used in investing Activities	<u>(1,212,673)</u>	<u>(883,574)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share Capita	-	-
Increase /decrease Lease Finance Borrowing	(4,142,169)	(218,766)
Charge in / Working Capital Borrowing	-	(5,307,938)
Increase /decrease in unsecured loans	(591,480)	591,480
Increase /decrease from Long Terms Borrowing	-	-
Dividends Paid/Taxation	-	-
Net cash used in Financing Activities	<u>(4,733,649)</u>	<u>(4,935,224)</u>
Net Increase in cash and cash equivalents	52,164	(1,190)
Cash and cash equivalents, beginning of the year	4,736,208	4,737,398
Cash and cash equivalents, end of the year	4,788,371	4,736,208

For and on behalf of the Board

Place: Mumbai
Date: 18th August, 2010Rasiklal D. Thakkar
Chairman & Managing Director

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement of Gravity (India) Ltd for the year ended March 31, 2010. The statement has been prepared by the Company in accordance with the requirements of the listing agreement with Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 18th August, 2010 to the members of the Company.

For J C KABRA & ASSOCIATES
Chartered AccountantsPlace : Mumbai
Date : 18th August, 2010(J. D. Kabra)
Partner
Membership No. 38525

GRAVITY (INDIA) LIMITED

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

4 2 8 9 9

State Code

1 1

Balance Sheet

Date

3 1 0 3 2 0 1 0

Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

2 5 3 3 7 . 6 7

Total Assets

2 4 2 8 0 0 . 7 7

SOURCES OF FUNDS

Paid-up Capital

9 0 0 2 0

Reserves and Surplus

2 8 2 9 7 . 0 0

Secured Loans

9 8 5 1 7 . 8 1

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

6 5 9 4 3 . 3 7

Investments

6 2 1

Net Current Assets

1 5 0 8 9 8 . 7 2

Misc. Expenditure

1 7 5

Accumulated Losses

N I L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

3 6 5 1 5 7 . 9 5 4

Total Expenditure

3 6 2 7 7 4 . 4 7

+ - Profit / Loss Before Tax

2 3 8 3 . 4 8

+ - Profit / Loss After Tax

2 4 3 4 . 6 6

(Please tick Appropriate box + for Profit, - for Loss)

Earning per share in Rs

0 . 2 7

Dividend @ %

N I L

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No.

(ITC Code)

Product Description

5 4 0 7 5 1 0 1
S Y N T H E T I C F A B R I C S



GRAVITY (INDIA) LIMITED

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

PROXY FORM

I,/We of being member(s) of the above named company hereby
appoint of or failing him/her of
..... as my/our proxy in my/our absence to attend and vote for me / us on my / our behalf at 23rd ANNUAL
GENERAL MEETING of the Company held on Friday, 24th September, 2010, at 5.00 P.M. at Gala No. 131, Sanjay Bldg. No. 5-B,
Mittal Ind. Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. India
Signed this day of 2010

Folio no.	
DP ID No.	
Client ID No.	
NOTE of shares	

Affix Re. 1
revenue
stamp and
sign across
it

Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and the proxy need not be a member. The proxy form duly completed should be deposited at the Registered Office of the Company, not later than 48 hours before the time for holding the meeting.



GRAVITY (INDIA) LIMITED

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

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the meeting venue)

I hereby record my presence at the 23rd ANNUAL GENERAL MEETING of the Company held on Friday, 24th September, 2010,
at 5.00 P.M. at Gala No. 131, Sanjay Bldg. No. 5-B, Mittal Ind. Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. India.

Folio no.		Signature
DP ID No.		
Client ID No.		
Full Name of Shareholder (in block Letters)		
Full Name of Proxy (in block Letters)		Signature

NOTE :

- Interested Joint Members may obtain Attendance Slips from the Registered/Corporate office of the Company.
- Members/Joint Members/Proxies are requested to bring the Attendance Slip with them. Duplicate Attendance Slip will not be issued at the entrance of meeting room.