

GRAVITY (INDIA) LIMITED



27th
Annual Report
2013-2014

Regd. Office : Gala No.131, Sanjay Bldg. No. 5-B, Mittal Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. India
Fax : 0091-22-28595429 **Email :** gravityindia27@gmail.com **Website :** www.gravityindia.net

GRAVITY (INDIA) LIMITED

TWENTY SEVENTH ANNUAL REPORT 2013-14

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BOARD OF DIRECTORS

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

COMPANY SECRETARY

Sujata Nadgouda

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.

ANNUAL GENERAL MEETING

On Tuesday, 30th September,2014 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.

GRAVITY (INDIA) LIMITED

NOTICE

NOTICE is hereby given that the **Twenty Seventh** Annual General Meeting of the Members 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 Tuesday, 30th September 2014 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014, 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 Mrs. Dakshaben Rasiklal Thakkar (DIN: 00576846), who retires by rotation, and being eligible, offers herself for reappointment.
3. To appoint Auditors and fix their remuneration and in this regards to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, and pursuant to the recommendation of the Audit Committee, M/s J.C.Kabra & Associates, Chartered Accountants, Mumbai (Firm Registration No. 115749W) the retiring Auditors of the Company, be and is hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the fourth consecutive Annual General Meeting of the Company to be held in the year 2017 (subject to the ratification of the appointment by the members at every AGM held after his AGM), at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**, the following:

“RESOLVED THAT pursuant to the provisions of the Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, under (including any Statutory modification(s) or re-

enactment thereof for the time being in force), Mrs. Prabhavati Venugopal Shetty (DIN 01883922), a Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years commencing from 1st April, 2014.”

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**, the following:

“RESOLVED THAT pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed there under (including any Statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vipul Kumar Narottam Prajapati (DIN 02122209), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years commencing from 1st April, 2014.”

For and on behalf of the Board of Directors

(Rasiklal D. Thakkar)
Director

Place: Mumbai

Date: 26th August, 2014

NOTES:

1. The information required to be provided under the Listing Agreement entered into with the Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed and the relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item No. 3, 4 and 5 of the notice, is set out above are annexed hereto and form a part of this Notice..

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, OR, WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THAT A PROXY NEED NOT BE A MEMBER.

Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

Proxies, in order to be effective, must be received at the Registered office of the Company at Unit No: 131, 1st Floor, Sanjay Building No.5-B, Mittal Industrial Estate, Sir MathuradasVasanji Road, Andheri (East), Mumbai 400 059, India, not less than forty eight hours before the commencement of the AGM i.e. by 03.00p.m. on 28th September, 2014.

2. In case of joint holders attending the meeting, the members whose name appears as the first holder in the order of the names as per the Register of Members of the company will be entitled to vote
 3. The Explanatory Statement as required u/s Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the notice.
 4. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a Certified True Copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
 5. The Register of Members and Transfer Books of the Company will be closed from Tuesday, 23rd September, 2014 to Tuesday, 30th September, 2014 (both the days inclusive.)
 6. 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.
 7. Members/proxies should bring with them the Attendance Card, which may be submitted at the entrance, duly signed.
 8. 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.**
(Unit: GRAVITY (INDIA) LIMITED)
 21, ShakilNiwas, Mahakali Caves Road,
 Andheri (East), Mumbai – 400 093.
9. 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 in one folio.
 10. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Transfer Agents of the Company at UNIVERSAL CAPITAL SECURITIES PVT. LTD, 21, ShakilNiwas, Mahakali Caves Road, Andheri (East), Mumbai – 400 093.
 11. Members who hold shares in physical form are requested to notify promptly any change in their addresses to the Registrar and Transfer Agents (RTA) of the Company at the above address always quote their folio numbers in all correspondence with the Company & RTA. In respect of holding in electronic mode, members are requested to notify any changes in addresses to their respective depository participants.
 12. Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading benefits is permitted only in dematerialized form, electronic transfer, saving in stamp duty, prevention of forgery, etc.
 13. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, between 11:00 am to 2:00 p.m. up to the date of the meeting.
 14. 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.
 15. The Ministry of Corporate Affairs, Government of India has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars allowing companies to send official documents to their shareholders electronically. Members are requested to get in touch with the Registrar and Transfer Agent for the said purpose and provide their details, in order to collaborate with the Company in this noble initiative undertaken by the Ministry and Company.
 16. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through Electronic Clearing Services (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the company

GRAVITY (INDIA) LIMITED

will print the bank account details, as available, on the payment instrument for distribution of dividend. The company will not entertain any direct request from members holding shares on electronic mode for deletion of /change in such bank details. Further, instructions if any, already given by them in respect of share held in physical form mode will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.

17. IMPORTANT – E-Voting Instructions:

- (i) The voting period begins on Saturday, 20th September 2014 at 10:00 a.m.(IST) and ends on Tuesday, 23rd September 2014 10:00 a.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 29th August, 2014 i.e. date prior to the date of book closure, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

 - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
 - In case the sequence number is less than 8 digits enter the applicable number of 0's before

the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

DOB Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

- Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction(v).
- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Gravity (India) Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders & Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently

Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

The Company has appointed Mr. ParasRajendra Shah, as a Scrutinizer for the e-Voting and the Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s Website www.gravityindia.net and on the website of CDSL <https://www.evotingindia.com> within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited, where the shares of the Company are listed.

18. At the ensuing Annual General Meeting, Mrs. Dakshaben Rasiklal Thakkar retires by rotation and being eligible, offers herself for re-appointment. Pursuant to clause 49 (VI) (A) of the Listing Agreement the particulars of Mrs. DakshabenRasiklalThakkar is given below:

**Details of the directors seeking re appointment at the 27th Annual general meeting.
(In pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mrs. Dakshaben Rasiklal Thakkar
Date of Birth	04th March, 1957
Date of Appointment	13th March, 1987
Qualifications	S.S.C
Directorship in other Companies	None
Committee Positions in Gravity (India) Limited	Audit Committee – Member Remuneration Committee - Member
Committee Positions in other Public Limited Companies	None
Relation between Directors	Wife of Mr. Rasiklal Thakkar
Number of Shares held in Gravity (India) Limited	709060

For and on behalf of the Board of Directors

**(Rasiklal D. Thakkar)
Director**

**Place: Mumbai
Date: 26th August, 2014**

GRAVITY (INDIA) LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the business under item no. 3, 4 & 5 of the accompanying Notice dated 26th August, 2014.

Item No. 3:

This explanatory statement is provided for the information of the members, though strictly not required as per the provisions of Section 102 of the Act.

M/s J.C.Kabra & Associates, Chartered Accountants, Mumbai were appointed as the Statutory Auditors of the Company for the financial year 2013-2014 at the Annual General Meeting held on 30th September, 2013.

As per the Section 139 of the Companies Act, 2013 no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of 5 consecutive years. The Section 139 of the Act has also provides a period of 3 years from the date of commencement of the Act to comply with this requirement.

In the view of the above, M/s J.C.Kabra & Associates, Chartered Accountants, being eligible for re-appointment and based on the recommendations of the Audit Committee, the Board of Directors has at its meeting held on 26th August, 2014 proposed the appointment of M/s J.C.Kabra & Associates, as the Statutory Auditors of the Company for a period of three (3) years to hold office from the conclusion of this AGM till the conclusion of the 30th AGM to be held in the year 2017 (subject to the ratification of their appointment at every AGM)

The Board recommends the Resolution at the Item No.3 for the approval of the Shareholders.

None of the Directors of Key Managerial Personnel (KMP) or relatives of the Directors and KMP is concerned or interested in the Resolution at Item No. 3 of accompanying Notice.

Item Nos. 4 & 5:

Mrs. PrabhavatiShetty and Mr. Vipul Kumar Prajapati are the Independent Directors on the Board of Directors of the Company. They were appointed on the Board on 05/07/2004 and 24/03/2008 respectively, and were appointed as Non-Executive Independent Directors liable to retire by rotation.

As per section 149 of the Companies Act, 2013 ("the Act"), the Company should have at least one third of the total number of Directors as Independent

Directors on the Board of the Company. An Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company and no Independent Director shall hold office for more than two consecutive terms.

In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and read with rules under the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Schedule IV of the Companies Act, 2013 and in compliance with the listing agreement as amended from time to time, Mrs. PrabhavatiShetty and Mr. Vipul Kumar Prajapati are proposed to be appointed as an Independent Directors up to March 31, 2019, for a period of 5 years from the date of commencement of the Companies Act, 2013.

Mrs. PrabhavatiShetty and Mr. Vipul Kumar Prajapati are already Independent Directors of the Company under Clause 49 and also satisfy the conditions of being an Independent Director under the Companies Act, 2013. The above proposed resolution is for regularizing their appointment as an Independent Director under Companies Act, 2013.

As per the Companies Act, 2013, the Independent Director need not retire by rotation. While under the Companies Act, 2013 an Independent Director can be appointed for 2 terms of 5 years, under revised Clause 49 of the Listing Agreement, if a person has completed more than 5 years, he can be appointed for one term of 5 years from October 1, 2014.

As per their original terms of appointment and resolutions passed under Companies Act, 1956, and the Clause 49 of the Listing Agreement, Mrs. PrabhavatiShetty and Mr. Vipul Kumar Prajapati would have retired in an Annual General Meeting of the Company. But, this provision no longer applies as per new Companies Act, 2013. Therefore, it is not a case of appointment of a new Independent Director. In view of the above, special notice and deposit of requisite amount is not required to be paid.

In the opinion of the Board, Mrs. PrabhavatiShetty and Mr. Vipul Kumar Prajapati fulfill the conditions specified in the Companies Act, 2013 and rules made there under for such appointment as an Independent Director of the Company and are independent of the management.

Copy of the draft letter for appointment of for the Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company. The Board considers that this continued association would be of immense benefit

to the Company and it is desirable to continue to avail services of Mrs. Prabhavati Shetty and Mr. Vipul Kumar Prajapati as Independent Directors.

The above Independent Directors are interested in the Resolutions as set out at Item Nos. 4&5 of the Notice to the extent of their respective appointments and shareholding interest, if any, in the Company.

The relatives of the above mentioned Independent Directors viz. Mrs. Prabhavati Shetty and Mr. Vipul Kumar Prajapati may be deemed to be interested in the Resolutions set out at Item Nos. 4 and 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in these Resolutions except to the extent of their shareholding interest, if any, in the Company.

The Board recommends the Ordinary Resolutions set out at Item Nos. 4 and 5 of the Notice for the approval by the Members.

Details of the Independent Directors seeking Appointment / Re-appointment at the 27th Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Details of the Independent Directors seeking Appointment / Re-appointment at the 27th Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Particulars	Mrs. Prabhavati Shetty	Mr. Vipul Kumar Prajapati
Date of Birth	24TH March, 1975	02nd June, 1981
Date of Appointment	05th July, 2004	24th March, 2008
Qualifications	B.Com	B.Com
Expertise	Finance	Accounts
Directorship in other Companies	None	None
Committee Positions in GRAVITY (INDIA) LIMITED	Audit Committee - Chairperson Remuneration Committee - Chairperson	Audit Committee - Member Remuneration Committee - Member
Committee Positions in other Public Limited Companies	None	None
Relation between Directors	None	None
Number of Shares held in the Company GRAVITY (INDIA) LIMITED	NIL	25 Shares

For and on behalf of the Board of Directors

(Rasiklal D. Thakkar)
Director

Place: Mumbai
Date: 26th August, 2014

GRAVITY (INDIA) LIMITED

DIRECTORS' REPORT

To,
The Members,
GRAVITY (INDIA) LIMITED

Your Directors have pleasure in presenting their Twenty Seventh Report and Audited Accounts of the Company for the year ended 31st March, 2014

1. FINANCIAL RESULTS: (Rupees in lakhs)

FINANCIAL RESULTS	2013-2014	2012-2013
Income from operations and Other Income	2770.00	3289.63
Profit before Interest & Depreciation	58.75	64.13
Less: Interest paid	1.98	0.56
Less: Depreciation	52.82	54.36
Profit after Interest & Depreciation	3.95	9.21
Less: Provision for taxation	1.73	12.03
Profit after taxation	2.22	-2.82
Add: Balance brought forward	98.83	101.65
Profit available for appropriation	101.05	98.83
Provision Reversed	0	0
Balance carried forward	101.05	98.83
Total Appropriation	101.05	98.83

2. SHARE CAPITAL

The Authorised Share Capital of the Company is divided into 150 Lakhs Equity Shares of Rs.10/- each, aggregating to Rs.15 Crore. The Issued, Subscribed and Paid up Capital is Rs.90,019,500 (Nine Crores Nineteen Thousand Five Hundred only) divided into 9,001,950 Equity Shares of Rs. 10/- each as on 31st March 2014.

3. RESERVES:

Reserves & Surplus were Rs. 2,97,87,247/- 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 is Rs. 2765.35 Lakhs. The Net Profit of the Company for the year is Rs. 2.22 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:

In pursuance of the Clause 49 of the Listing Agreement, the Company is required to have certain mandatory committees. In addition to those, the Company has certain non-mandatory Committee of the Board of Directors. The details of the Committee of Directors as on 31st March, 2014 are as follows:

Name of the Committee	Current Constitution of the Committee	
Audit Committee	1.	Mrs. Prabhavati Shetty
	2.	Mr. Dakshaben R Thakkar
	3.	Mr. Vipul Kumar Prajapati
Nomination & Remuneration Committee	1.	Mrs. Prabhavati Shetty
	2.	Mr. Dakshaben R Thakkar
	3.	Mr. Vipul Kumar Prajapati
Stakeholders Grievance Committee	1.	Mrs. Dakshaben R Thakkar
	2.	Mr. Rasiklal D Thakkar
	3.	Mr. Vipul Kumar Prajapati

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 2014-2015 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 & confirm that:

- In preparation of the annual accounts for the year ended March 31st, 2014, the applicable accounting standards had been followed, along with a proper explanation relating to material departures, if any.
- 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 after making taxation expenses for the year ended March 31st, 2014.

- 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 deferring fraud and other irregularities.
- iv. Your Directors have prepared the annual accounts for the year ended March 31st, 2014 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. Pursuant to the provisions of Section 139 of the Companies Act, 2013, and the Rules framed thereunder, it is proposed to appoint M/s J. C. Kabra & Associates, Chartered Accountants as Statutory Auditors of the Company from the conclusion of the forthcoming AGM till conclusion of the 30th AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

11. AUDITOR'S REPORT

Observations made in the Auditor's Report are self explanatory and therefore do not call for any further comments.

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

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.

13. 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.

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 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.

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. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

(Rasiklal D. Thakkar)
Director

Place: Mumbai
Date: 26th August, 2014

GRAVITY (INDIA) LIMITED

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 & 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 & 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 & 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 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 & 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.

(C) Board Material distributed in advance:

- (a) Agenda & notes on Agenda are circulated to the Directors, in advance, in the defined Agenda papers for facilitating meaningful & 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 & 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 2013-2014 and also other directorships as at 31st March, 2014 are as under:

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

GRAVITY (INDIA) LIMITED

During the year 2013 - 2014 the Board met **five** times on the following dates:

30th May 2013, 30th July 2013, 30th August 2013, 30th October 2013 and 31st January 2014.

The Last Annual General Meeting was held on 30th September, 2013.

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

Name of the Director	No. of meetings		Attended last AGM
	Held	Attended	
Mr. Rasiklal D. Thakkar	5	5	Yes
Mrs. Dakshaben R. Thakkar	5	5	Yes
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 being 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. Internal audit reports relating to internal control weaknesses.
5. Appointment, removal and terms of remuneration of the Chief Internal Auditor.
6. Uses/application of funds raised through public issues, rights issues, preferential issues, etc.
7. The Annexure and Proforma of the Cost Audit Reports before submission to the Board for approval.

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 Audit 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 30th May 2013, 30th July 2013,

30th August 2013, 30th October 2013 and 31st January 2014.

The attendance of each member of the Committee is given below:

Director	Number of Audit Committee Meetings	
	Held	Attended
Mrs. Prabhavati Shetty	5	5
Mrs. Dakshaben R. Thakkar	5	5
Mr. Vipul Kumar Prajapati	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:

There was no Remuneration Committee Meeting held during the year.

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, 2014 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.

GRAVITY (INDIA) LIMITED

Non-Executive Directors:

No salary/commission is paid to Non Executive Directors for the financial year 2013-2014. 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	10,000 /-
Mr. Vipul Kumar Narottam Prajapati	10,000 /-

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 30th May 2013, 30th July 2013, 30th August 2013, 30th October 2013 and 31st January 2014.

Director	Number of Shareholders/ Investors Grievance Committee Meetings	
	Held	Attended
Smt. Dakshaben R. Thakkar	5	5
Shri. Rasiklal D. Thakkar	5	5
Mr. Vipul Kumar Prajapati	5	5

8. SHARE TRANSFERS:

The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to Mr. Rasiklal Thakkar, the Managing Director of the Company. A summary of transfer/transmission of securities of the Company so approved by the Managing Director is placed at every Board meeting / Stakeholders Relationship Committee (earlier Shareholders'/Investors' Grievance Committee). The Company obtains from a Company secretary in

Practice half-yearly certificate of compliance with the share transfer formalities as required under clause 47 (c) of the Listing Agreement and files a copy of the said certificate with Stock Exchange.

During the year there were no complaints received from the shareholders of the Company.

9. GENERAL BODY MEETINGS:

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

Year	Time	Date	Special Resolution passed
2010 - 11	3.00 p.m	30.09.2011	Yes
2011 - 12	11.00 a.m	29.09.2012	No
2012 -13	3.00 p.m	30.09.2013	No

Location for all the above AGMs were: Regd. Office: Gala No. 131, 1st Floor, Sanjay Bldg., No. 5-B, Mittal Industrial Estate, Sir MathuradasVasanji Road, Andheri - Kurla Road, Andheri (East), Mumbai -400 059.

10. DISCLOSURES

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

During the period there were material transaction with promoters, Directors & their relatives & the management had potential conflict with the interest of the Company. The details of the related party transactions are as follows:

Sr.No	Name of the Person	Nature of Payment	Amount (Rs.)
1	Shri. Rasiklal Thakkar	Remuneration	8,40,000
2	R a m m a r u t i Textiles Pvt Ltd.	Rent	1,92,000
	Total		10,32,000

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 no instances of levy of penalty by the Stock Exchange or SEBI due to non-compliance by the Company.

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 :	30th September, 2014
Time :	3.00 P.M
Place :	Unit No: 131, 1st Floor, Sanjay Building No. 5-B, Mittal Industrial Estate, Sir MathuradasVasanji 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:	23rd September, 2014 to 30th September, 2014
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D) Listing on Stock Exchange:	The Stock Exchange, Mumbai (BSE)
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E) Stock Code.:	532015
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F) Demat ISIN No	INE995A01013
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G) STOCK EXCHANGE PRICE DATA: HIGH / LOW DURING EACH MONTH IN LAST FINANCIAL YEAR:

(in Rs.)

Period	High	Low	Period	High	Low	Period	High	Low
April-13	4.95	3.08	Aug-13	5.25	4.83	Dec-13	2.56	2.38
May -13	5.5	4.6	Sep-13	5.29	5.29	Jan-14	2.88	2.1
June -13	5.7	5.39	Oct-13	5.03	2.91	Feb-14	2.25	1.82
July -13	5.61	5.07	Nov-13	3.00	2.46	Mar-14	2.43	1.91

H) REGISTRAR AND SHARE TRANSFER AGENTS:

For both physical and Demat (Common Registry)

Universal Capital Securities 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 duly endorsed 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, 2014 IS AS UNDER:

No. of shares	No. of Share-holders	% To total Share-holders	Holdings	% To total Holdings
Upto 500	2413	58.653	608252	6.757
501 – 1000	812	19.737	735052	8.165
1001 – 2000	418	10.16	683269	7.59
2001-3000	146	3.549	387529	4.305
3001 – 4000	63	1.531	228155	2.535
4001 – 5000	80	1.945	386376	4.292
5001 – 10000	107	2.601	786204	8.734
10001 & above	75	1.823	5187113	57.622
Total		100%	9001950	100%

GRAVITY (INDIA) LIMITED

CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2014:

Category	No. of Shares of Rs.10/- each	(%) Percentage
Indian Promoters	1877207	20.85
Foreign Promoters	0	-
Persons Acting in Concert	0	-
Mutual Funds and UTI	0	-
Banks / Financial Institutions / Insurance Companies	0	-
Private Corporate Bodies	449165	4.99
Indian Public	6225766	69.16
NRIs / OCBs	397501	4.42
Others	52311	0.58
Total	9001950	100%

K) DEMATERIALIZATION OF EQUITY SHARES AND LIQUIDITY:

As on 31.03.2014 of the total equity shares issued, 97.79% were held in dematerialised form and the balance 2.21 % 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) AUDITORS CERTIFICATE FOR CORPORATE GOVERNANCE

Certificate from the Auditors of the Company, M/s. J. C. Kabra & Co. & Associates, Chartered

Accountants, confirming compliance of Corporate Governance as stipulated under clause 49, forms 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.

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 turnaround 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 1% 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.

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.

For and on behalf of the Board of Directors

(Rasiklal D. Thakkar)
Director

Place: Mumbai

Date: 26th August, 2014

GRAVITY (INDIA) LIMITED

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
Gravity (India) Limited

We have examined the compliance of conditions of Corporate governance by Gravity (India) Limited ("the company") for the year ended 31 March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited.

The compliance of conditions of corporate governance is the responsibility of Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mention Listing Agreement.

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

For J C KABRA & ASSOCIATES
Chartered Accountants
Firm registration No 115749W

Place: Mumbai
Date: 30th May, 2014

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Gravity (India) Limited.

Report on the Financial Statements

1. We have audited the accompanying financial statements of Gravity (India) Limited which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view

of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), read with General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
 - b) in the case of the Profit and Loss Account, of the profit/ loss 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.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - a) 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;
 - b) 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
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For : **J C KABRA & ASSOCITATES**
Chartered Accountants
Firm Registration No :115749W

Place: Mumbai
Date: 30th May, 2014

(CA. J.D.Kabra)
Partner
Mem. No. 038525

GRAVITY (INDIA) LIMITED

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Gravity (India) Limited ("the Company) on the accounts of the company for the year ended 31st March, 2014.

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

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, 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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of

the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information and explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Income-tax, Sales-tax, Wealth Tax, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, sales tax, and

excise duty which have not been deposited on account of any disputes.

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments. Accordingly, clause 4(xv) of the order is not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For : J C KABRA & ASSOCITATES
Chartered Accountants
Firm Registration No :115749W

Place: Mumbai
Date: 30th May, 2014

(CA. J.D.Kabra)
Partner
Mem. No. 038525

GRAVITY (INDIA) LIMITED**GRAVITY (INDIA) LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2.01	90,019,500	90,019,500
(b) Reserves and Surplus	2.02	29,787,247	29,564,995
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	2.03	80,626,793	80,626,793
(3) Current Liabilities			
(a) Trade Payables	2.04	5,291,666	42,957,498
(b) Other Current Liabilities	2.05	23,055,029	49,876,949
(c) Short-Term Provisions	2.06	1,053,414	1,597,873
		229,833,648	294,643,607
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	2.07	70,644,777	103,769,684
(b) Long term Loans and Advances	2.08	2,687,967	1,727,283
(c) Non Current Investment	2.09	621,003	621,003
(d) Non Current Assets	2.10	35,000	70,000
(e) Deferred Tax Assets (Net)	2.11	2,922,520	1,961,600
(2) Current Assets			
(a) Inventories	2.12	17,019,105	9,099,525
(b) Trade Receivables	2.13	129,365,789	160,161,254
(b) Cash and Bank Balances	2.14	6,183,817	16,920,400
(c) Short-Term Loans and Advances	2.15	353,669	312,858
		229,833,648	294,643,607

Significant Accounting Policies

2.00

The accompanying notes are an integral part of the financial statements

(2.00 to 2.23)

As per our report attached

For J C Kabra & Associates

Chartered Accountants

Firm Reg. No.: 115749W

For Gravity (India) Limited**(CA J.D.Kabra)**

(Partner)

Membership No. : 38525

Place:- Mumbai

Date:- 30/05/2014

Rasiklal Thakkar

(Director)

Dakshaben Thakkar

(Director)

STATEMENT OF PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014

Particulars	Note No.	As at 31/03/2014	As at 31/03/2013
Revenue from Operations	2.16	276,535,759	328,277,822
Other Income	2.17	465,032	685,288
Total Revenue		277,000,791	328,963,110
Expenses:			
Purchase of Traded Goods	2.18	255,268,169	297,407,777
Changes in Inventories of Traded Goods	2.19	(7,919,580)	3,506,898
Employee Benefit Expense	2.20	13,935,960	12,552,676
Finance Costs	2.21	197,757	55,582
Other Expenses	2.22	9,841,107	9,081,951
Depreciation and Amortization Expense	2.07	5,281,862	5,436,985
Total Expenses		276,605,275	328,041,869
PROFIT BEFORE TAX		395,516	921,241
Tax expense:			
Current tax expense for current year		1,106,751	1,259,895
Deferred tax assets		(960,920)	(960,811)
Excess/Short provision for prior years		27,433	904,362
PROFIT AFTER TAX		222,252	(282,205)
EARNINGS PER EQUITY SHARE			
Equity shares of par value Rs. 10/- each			
(1) Basic		0.17	(0.03)
(2) Diluted		0.17	(0.03)
Summary Significant Accounting Policies	2.00		
The accompanying notes are an integral part of the financial statements	(2.00 to 2.23)		

As per our report attached
For J C Kabra & Associates
Chartered Accountants
Firm Reg. No.: 115749W

For Gravity (India) Limited

(CA J.D.Kabra)
(Partner)
Membership No. : 38525
Place:- Mumbai
Date:- 30/05/2014

Rasiklal Thakkar
(Director)

Dakshaben Thakkar
(Director)

GRAVITY (INDIA) LIMITED**GRAVITY (INDIA) LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014**

Particulars	For the Year ended 31.03.14	For the Year ended 31.03.13
A Cash flow from Operating Activities:		
Net Profit before Tax as per Profit and Loss Account	395,516	921,240
Adjustment for:		
Depreciation	5,281,862	5,401,986
Interest Income	(99,152)	(109,288)
Profit on Sale of Mutual fund units	-	-
Loss on sale of fixed assets	52,367	-
Deferred Employee Compensation Cost	-	-
Share of Profit from Partnership	-	-
Preliminary / Share Issue Expenses written off	35,000	35,000
Bank Interest	197,757	55,582
Operating Profit before Working Capital changes	<u>5,863,350</u>	<u>6,304,520</u>
Adjustment for change in working capital:		
(Increase) / Decrease in Inventories	(7,919,580)	3506898
(Increase) / Decrease in Trade Receivables	30,795,463	32,273,386
(Increase) / Decrease in Advances & Other Current Assets	(690,877)	-
Increase / (Decrease) in Current Liabilities	<u>(64,993,982)</u>	<u>(49,790,759)</u>
Cash generated from Operations	<u>(36,945,626)</u>	<u>(7,705,955)</u>
Direct Taxes (Paid)/Refund	<u>(1,483,031)</u>	<u>(1,227,885)</u>
Net Cash used in Operating Activities	<u>(38,428,657)</u>	<u>(8,933,840)</u>
B Cash flow from Investing Activities:		
Purchase of/advance for Fixed Assets	(858,310)	(1,339,211)
Sale of Fixed Assets/ Refund of Capital Advance	28,648,988	-
Investments made in Gold Coins	-	-
Sale of Investments	-	-
Amount Withdrawn from Partnership Firm	-	-
Interest Income Received	99,152	109,288
Profit on Sale of Mutual fund units	-	-
Net Cash used in Investing Activities	<u>27,889,830</u>	<u>(1,229,923)</u>
C Cash flow from Financing Activities:		
Proceeds from Issue of Shares & Warrants	-	-
Proceeds from Long Term Borrowing	-	22,800,000
Repayment of Long Term Borrowing	-	-
Increase/(decrease) in Short Term Borrowing	-	-
Share Issue Expenses paid	-	-
Dividend Paid	-	-
Dividend Distribution Tax Paid	-	-
Bank Interest paid	(197,757)	(55,582)
Net Cash generated from Financing Activities	<u>(197,757)</u>	<u>22,744,418</u>
Net increase in Cash and Cash equivalents	(10,736,584)	12,580,655
Opening balance of Cash and Cash equivalents	16,920,400	4,339,744
Closing balance of Cash and Cash equivalents	<u>6,183,817</u>	<u>16,920,400</u>

As per our report attached

For J C Kabra & Associates

Chartered Accountants

Firm Reg. No.: 115749W

For Gravity (India) Limited**(CA J.D.Kabra)**

(Partner)

Membership No. : 38525

Place:- Mumbai

Date:- 30/05/2014

Rasiklal Thakkar
(Chairman Managing Director)

Note No : 2.00**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.
- 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 ` 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 if 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.

GRAVITY (INDIA) LIMITED

- 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 statement of profit and loss.

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 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

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014**2.01 Share Capital**

Particulars	31.3.2014	31.03.13
Authorized		
15,00,00,00 (P.Y.15,00,00,00) Equity Shares of Rs. 10/- each.	150,000,000	150,000,000
	150,000,000	150,000,000
Issued, Subscribed and Paid-Up		
90,01,950 (P.Y. 90,01,950) Equity Shares of Rs. 10/- each, Fully Paid up	90,019,500	90,019,500
Total	90,019,500	90,019,500

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2014 and March 31, 2013 is set out below:-

Particulars	31.3.2014		31.03.13	
	Numbers	Rs.	Numbers	Rs.
At the beginning of the Period	9,001,950	90,019,500	9,001,950	90,019,500
Add:- Issued During the Period	-	-	-	-
Less: Utilised / transferred during the year	-	-	-	-
Outstanding at the end of the period	9,001,950	90,019,500	9,001,950	90,019,500

The details of shareholder holding more than 5% shares as at March 31, 2014 and March 31, 2013 is set out below :-

Name of the shareholder	31.3.2014		31.03.13	
	Numbers	%	Numbers	%
Dakshaben Thakkar	709,060	7.88%	709,060	7.88%
Varun Thakkar	851,227	9.46%	851,227	9.46%
Shraddha Thakkar	585,961	6.51%	585,961	6.51%

2.02 Reserve & Surplus

Particulars	31.3.2014	31.03.13
1) SURPLUS IN THE STATEMENT OF PROFIT & LOSS A/C		
Balance as per last financial statements	29,564,995	29,847,200
Add/Less : Profit for the year	222,252	(282,205)
Closing Balance	29,787,247	29,564,995
Total	29,787,247	29,564,995

GRAVITY (INDIA) LIMITED**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014****2.03 Long Term Borrowing**

Particulars	31.03.2014	31.03.13
Secured		
Industrial Hypothecation Loan From Banks		
Madhavpura Mercantile Co-op Bank Ltd	80,626,793	80,626,793
Total	80,626,793	80,626,793

From Madhavpura Mercantile Co-Op Bank Ltd., Secured By Second Equitable Mortgage of - Immovable Properties of the company) **See Note No. 2.23, point No6**

2.04 Trade Payables

Particulars	31.3.2014	31.03.13
Trade Payable for Goods and Expenses	5,291,666	42,957,498
		-
Total	5,291,666	42,957,498

2.05 Other Current Liabilities

Particulars	31.3.2014	31.03.13
Other Advance		
Advance Received	21,077,500	49,850,000
Booked OverDraft	1,962,860	-
Other Payables		
Statutory Remittances (With holding Taxes)	14,669	26,949
Total	23,055,029	49,876,949

2.06 Short Term Provision

Particulars	31.3.2014	31.03.13
Provision for tax	-	38,229
Salaries And Wages Payable	240,647	888,373
Audit Fees Payable	112,596	111,236
Other Payables	700,171	560,035
Total	1,053,414	1,597,873

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Note:-2.07
FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance 01.04.2013	Additions	Deduction	Balance 31.03.2014	Depreciation 01.04.2013	Depreciation for the year	Deduction	Depreciation 31.03.2014	Balance 31.03.2014	Balance 31.03.2013
	Leasehold Land	1,065,936	-	-	1,065,936	-	-	-	-	1,065,936
Freehold Land	482,101	-	-	482,101	-	-	-	-	482,101	482,101
Factory Building	37,829,792	731,830	-	38,561,622	14,799,990	1,165,232	-	15,965,222	22,596,400	23,029,802
Plant & machinery	84,392,040	112,200	-	84,504,240	56,771,060	3,856,675	-	60,627,735	23,876,505	27,620,980
Furniture and Fixtures	1,283,972	14,280	-	1,298,252	1,092,666	75,086	-	1,167,752	130,500	191,306
Motor Vehicle	4,807,386	-	1,059,443	3,747,943	4,042,049	136,716	507,075	3,671,690	76,253	765,337
Office Equipment	904,902	-	-	904,902	458,602	48,153	-	506,755	398,147	446,300
TOTAL	130,766,129	858,310	1,059,443	130,564,996	77,164,367	5,281,862	507,075	81,939,154	48,625,842	53,601,762
Capital Work In Process	50,167,922	10,851,013	39,000,000	22,018,935	-	-	-	-	22,018,935	50,167,922
Previous Year Figures	129,985,502	1,339,211	-	131,324,713	72,320,965	5,401,986	-	77,722,951	53,601,762	57,664,537

GRAVITY (INDIA) LIMITED**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014****2.08 Long Term Loans & Advances**

Particulars	31.3.2014	31.3.2013
Unsecured, Considered Good :-		
(a) Security Deposit:-		
Rent Deposit	183,050	183,050
Other Deposits	2,194,299	1,544,233
(b) Income tax (Net of provisions)	310,618	-
Total	2,687,967	1,727,283

2.09 Non-Current Investment

Particulars	31.3.2014	31.3.2013
Non Trade Investment		
Unquoted shares	621,003	621,003
Total	621,003	621,003

2.10 Non-Current Assets

Particulars	31.3.2014	31.3.2013
Preliminary Expenses	35,000	70,000
Total	35,000	70,000

2.11 Deferred Tax

Particulars	31.3.2014	31.3.2013
Deferred Tax Assets	2,922,520	1,961,600
Total	2,922,520	1,961,600

2.12 Inventories

Particulars	31.3.2014	31.3.2013
Finished Goods	17,019,105	9,099,525
Total	17,019,105	9,099,525

2.13 Trade Receivables

Particulars	31.3.2014	31.3.2013
Over Six Months		
Considered Good	29,796,908	22,518,150
Others		
Considered Good	99,568,881	137,643,104
Total	129,365,789	160,161,254

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

2.14 Cash & Bank Balance

Particulars	31.3.2014	31.3.2013
Cash & Cash Equivalents		
i) Cash-on-Hand	1,826,329	527,471
Balance with Bank		
i) In Current Account	310605	11,915,951
Other Bank Balances		
i) FD for Bank Guarantee	4,046,883	4,476,978
Total	6,183,817	16,920,400

2.15 Short Terms Loans and Advances

Particulars	31.3.2014	31.3.2013
Unsecured -Considered Good		
Loan and advance to employees	170,000	112,810
Prepaid Expenses	55,667	72,046
Others	128,002	128,002
Total	353,669	312,858

2.16 Revenue From Operation

Particulars	31.03.2014	31.03.2013
Sale	276,595,223	328,352,389
Less: Discount	(59464)	(74,567)
Total	276,535,759	328,277,822

2.17 Other Income

Particulars	31.03.2014	31.03.2013
Rent Received	365,880	576,000
Interest Received	99,152	109,288
Total	465,032	685,288

2.18 Purchase of Traded Goods

Particulars	31.03.2014	31.03.2013
Purchase Of Cloth	255,268,169	297,407,777
Total	255,268,169	297,407,777

GRAVITY (INDIA) LIMITED**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014****2.19 Changes in Inventories of Traded Goods**

Particulars	31.03.2014	31.03.2013
Closing Stock	(17019105)	(9099525)
Less;- Opening Stock	9,099,525	12,606,423
Total	(7919580)	3,506,898

2.20 Employee Benefit Expenses

Particulars	31.03.2014	31.03.2013
Directors Remuneration and sitting fees	860,000	864,000
Bonus	1,766,350	861,895
Salaries	794,776	681,284
Staff Welfare	465,932	494,999
Gratuity and Provident Fund	243,860	315,006
Wages	9,805,042	9,335,492
Total	13,935,960	12,552,676

2.21 Finance Cost

Particulars	31.03.2014	31.03.2013
Interest on :		
Bank interest	197,757	55,582
Total	197,757	55,582

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

2.22 OTHER EXPENSES

Particulars	31.03.2014	31.03.2013
<u>Direct Expenses</u>		
Beam Drawing / Noting Charges	658,150	424,240
Consumable Stores	2,258,849	787,788
Dropping and Folding	292,407	28,878
Fuel & Electricity	2,929,992	3,096,110
Mending Expenses	588,862	474,857
Repair & Maintenance - Office Equipment	2,200	449,663
Repairs & Maintenance -Electric	157,151	136,657
Repairs & Maintenance -Machineries	455,456	995,103
Sample and Development	14,777	75,982
Freight and Delivery	296,527	193,111
Total	7,654,371	6,662,389
<u>Indirect Expenses</u>		
Auditor Remuneration	110,000	123,596
Advertisement Expenses	81,391	48,598
Brokerage & Commission	141,135	287,316
Donation	39,375	56,825
Electricity Charges	119,211	70,070
Factory Expenses	212,172	114,339
Insurance Premium	166,903	221,791
Listing and Depository Fees	67,371	68,764
Motor Car Expenses	595,599	945,347
Postage & courier	97,846	64,158
Printing & Stationery	70,255	78,247
Telephone Charges	98,083	105,298
Other Miscellenous Expenses	387,395	235,212
Total	2,186,736	2,419,562
Grand Total	9,841,107	9,081,951

GRAVITY (INDIA) LIMITED

2.23 NOTES ON ACCOUNTS

1. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of business. Adequate provision have been made for all known liabilities
 2. Balance due to/from sundry debtors, sundry creditors, loans and advances and other liabilities are subject to confirmation
 3. The Company has not provided interest receivable on fixed deposit with The Madhavpura Mercantile co-operative bank Ltd, (presently defunct bank).
 4. As per AS 13, no provision have been made for the losses due to decline in the present value of investments. The Company in which investment made have been delisted,
 5. No provision has been made for gratuity for employees, as per As 15. The management has informed that the same shall be claimed at the time of making the payment.
 6. The company has not made any provisions nor has provided any interest on the old disputed Industrial Hypothecation Loan granted by The Madhavpura Mercantile co-operative bank Ltd, (presently a defunct bank) The matter is pending before Court .
 7. The Work in Progress under Fixed assets is the payment for premises allotment for running as MRP at Kondivita-Andheri. However during the year some of the part of the premises are sold, the same has been reduced from the total work in progress account, the management is in view to ascertain the profitability on complete of the said project.
- 8. Auditors Remuneration**

	Year ended	Year ended
	31.03.2014	31.03.2013
Statutory Audit Fees	80000	80000
Income Tax Audit Fees	20000	20000
Income Tax Matters	10000	10000
Total	110000	110000

9. Income tax assessment has been completed up to assessment year 2009-2010. However, a tax demand of Rs. 424350/- have been determined for assessment year 2009-10. A rectification application has been filed against the said demand

10. Micro and Medium scale business entities

There is no information available for Micro, small and medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2014. 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 to the extent of information gathered

11. No commission has been paid to the Directors, only the salary and perquisite has been paid to the Directors as per the provision of section 198 & 309 of the Companies Act,1956 and schedule XII to the said Act.

12. Deferred Tax Assets/Liabilities

As per AS 22 Deferred Tax Liability/Assets is recognized on timing difference, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent year. The management has recognized the Deferred tax from the end of the exempt period u/s 80I of the Income tax Act

13. Segment Reporting:

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

14. Related Party Disclosure:

- a. The control of the Company exists with Shri Rasiklal D. Thakkar - Chairman & Managiing Director of the company, who is also key management personnel
- b. 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 having Shivani Textiles,

Radha Textiles, Rasiklal D Thakkar & Rammaruti Textiles Pvt. Ltd the associate companies and where relative of key personnel are proprietor

i. Licensed, installed and Actual Capacity for Production.

(Figure in Meters)

Name of the Product	Synthetic fabrics
Licensed Capacity	65,70,000
Installed Capacity	40,40,000
Capacity Utilised	31,50,500

c. Summary of the party disclose:-

Nature of Transaction	Volume of Transaction	
	Current Year	Previous Year
Rashiklal Thakkar – Remuneration	840000	840000
Rammaruti Textiles Pvt Ltd.-Pur	3169251	3659232
Rammaruti Textiles Pvt Ltd.-Rent	192000	192000
Shivani Textiles - Rent	-	192000
Radha Textiles – Rent	-	192000
Radha Textiles	1131875	-
Shivani Textiles	1358249	-

ii. Quantitative Information

Particulars	Unit	CY 2013-14	P Y 2012- 13
A. Fabrics Manufactured/ Purchased	Mtrs	2599981.700	3020238.310
B. Sales of Fabrics	Mtrs	2557281.300	3049183.350
C. Shrinkage / Shortage	Mtrs	985.000	1975.000

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

As per our report attached
For J C Kabra & Associates
 Chartered Accountants
 Firm Reg. No.: 115749W

(CA J.D.Kabra)
 (Partner)
 Membership No. : 38525
 Place:- Mumbai
 Date:- 30/05/2014

16. Figures for the previous year have been recast/ regrouped/ rearranged, wherever considered necessary.

17. Figures in the brackets indicates previous years or negative figures.

For Gravity (India) Limited

Rasiklal Thakkar
 (Director)

Dakshaben Thakkar
 (Director)



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

FORM No.MGT-11

(Pursuant to section 105(6) of the Companies act 2013 and rules 19(3) of the companies (Management and Administration) Rules, 2014)

CIN: L17110MH1987PLC04899

Name of the Company: _____

Registered office: _____

Name of the Members _____	E-mail id _____
Registered Address : _____	Folio No/Client Id _____
	DP ID _____

Application for members holding shares in electronics form

I/We being the members holding _____ Shares of Gravity (India) Limited, Hereby Appoint:

- | | |
|---------------------------------|---------------------------------|
| 1. Name: _____ | 2. Name: _____ |
| Address: _____ | Address: _____ |
| email Id: _____ | email Id: _____ |
| Signature: _____ or failing him | Signature: _____ or failing him |

As My/Our Proxy to Attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the company, to be held on Tuesday, the 30th September,2014 at 3.00 p.m. or soon after the conclusion of the Annual General Meeting Gravity India Limited Convened on the same day, whichever is later at at Unit No: 131, 1st Floor, Sanjay Building No.5-B,Mittal Industrial Estate, Sir Mathuradas VasANJI Road, Andheri (East), Mumbai-400059, India or at any adjournment thereof. In respect of such resolution as are indicated below.

Affix
Revenue
Stamp

Signed this _____ day of _____ 2014.

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of 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 27th ANNUAL GENERAL MEETING of the Company held on Tuesday , 30th September, 2014 at 3.00 p.m, at Unit No: 131, 1st Floor, Sanjay Building No.5-B, Mittal Industrial Estate, Sir Mathuradas VasANJI 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.

GRAVITY (INDIA) LIMITED

Regd. Office : Gala No. 131, 1st Floor, Sanjay Bldg., No. 5-B, Mittal Estate, Andheri Kurla Road, Andheri (East), Mumbai - 400059, India Phone : 6694 9715 /16 Fax : 00 91-22-2859 5429
E-mail : gravityindia27@gmail.com, Web : www.gravityindia.net



CIN 17110MH1987PLC042899

Dear Shareholder,

Re:- Green Initiative in Corporate Governance - Save paper

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars (No. 17/2011 dated 21.4.2011 and No.18/2011 dated 29.4.2011) stating that the service of document by a Company can be made through electronic mode.

We trust that you would wholeheartedly support this initiative of the MCA in the conservation of paper and promoting a greener environment. By registering yourself with the Company for e-communication, you will be able to receive Annual Report promptly by electronic mode and without loss in postal transit.

In furtherance of the above mentioned initiative of the MCA, we propose to send the Annual Report containing the documents like the Notice convening the Annual General Meeting, audited financial statements, Directors' report, Auditors' report etc., henceforth in electronic form, to the e-mail address provided by you and made available to us by the Depositories.

In case you desire to receive Notice convening the Annual General Meeting, audited financial statements, Directors' report, Auditors' report etc., in electronic form, please inform us by sending us an e-mail on **gravityindia27@gmail.com** with the message "**Save paper**". Your mail will be considered as an affirmation and accordingly Notice convening the Annual General Meeting, audited financial statements, Directors' report, Auditors' report etc., will be sent to you in electronic form.

In case we do not receive any mail from you, then the Company will send you physical copy of the Annual Report.

The Annual Report will also be displayed on our Company's website www.gravityindia.net in due course of time.

Please note that you will be entitled to be furnished, free of cost, with a copy of the Annual Report upon receipt of a requisition from you, any time, as a member of the Company.

Looking forward to your co-operation in the protection of our environment.

For **GRAVITY (INDIA) LIMITED**

Sd/-

Rasiklal Dalpatram Thakkar
(MANAGING DIRECTOR)

GRAVITY (INDIA) LIMITE D

REGD. OFFICE : GALA NO.131,
SANJAY BLDG. NO. 5-B, MITTAL INDUSTRIAL ESTATE,
ANDHERI-KURLA ROAD, ANDHERI (EAST),
MUMBAI - 400 059. INDIA

