

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

**GRAVITY (INDIA) LIMITED, SHRI RASIKLAL D. THAKKAR
AND GRAVITY TEXTILES PVT. LTD.**

IN THE MATTER OF

GRAVITY (INDIA) LIMITED

(CONSENT APPLICATION NO. 401 / 2008)

1. Securities and Exchange Board of India (SEBI) had conducted investigations into the alleged irregular dealings in the shares of Gravity (India) Limited (hereinafter referred to as the 'company') during December 23, 2003 – March 03, 2004. The investigations, *prima facie*, revealed that the company, Gravity Textiles Pvt. Ltd. and Shri Rasiklal D. Thakkar, (Chairman and Managing Director of the company and Director of Gravity Textiles Pvt. Ltd.), (hereinafter referred to as the 'applicants') had made a number of misleading corporate announcements, off-loaded shares after the said announcements and did not disclose change in shareholding pattern. It was, therefore, alleged that the company and Shri Rasiklal D. Thakkar violated the provisions of Regulations 3 (a) to (d) and 4 (1), 4 (2) (k) and (r) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. It was also alleged that the company and Gravity Textiles Pvt. Ltd. violated Regulations 7 (1A), (2) and (3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Regulations 13 (3), (5) and (6) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.
2. Pursuant to the said investigations, SEBI initiated proceedings under Section 11, 11B and 11(4) of the SEBI Act, 1992 against the company and Shri Rasiklal D. Thakkar and issued Show Cause Notice dated October 25, 2007 and adjudication proceedings under Chapter VI A of the SEBI

Act, 1992 against the company and Gravity Textiles Pvt. Ltd. The Adjudicating Officer issued show cause notices on November 27, 2007.

3. While the above proceedings were in progress, the applicants vide letter dated December 14, 2007, proposed settlement of the said proceedings through a consent order in terms of SEBI Circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The applicants proposed revised consent terms vide letter dated December 15, 2008. The High Powered Advisory Committee, constituted by SEBI, considered the consent terms proposed by the applicants and after deliberations, recommended the case for settlement. Accordingly, the applicants shall pay Rs.10,00,000 (Rupees ten lakh only) towards settlement charges and undertake voluntary debarment for two years. SEBI accepted the said recommendations and communicated the same to the applicants vide letter dated March 02, 2009.
4. Accordingly, the applicants, without admitting or denying the charges, have remitted a sum of Rs. 10,00,000/- (Rupees ten lakh only) towards settlement charges vide Pay Order No. 399227 dated April 13, 2009 for Rs. 5,00,000/- drawn on Bank of Baroda, Mumbai and Pay Order No. 084382 dated April 13, 2009 for Rs. 5,00,000/- drawn on The Kalupur Commercial Co-operative Bank Ltd. The applicants have also undertaken not to buy, sell or deal in securities in any manner whatsoever, directly or indirectly, for a period of two years vide letter dated December 15, 2008.
5. In view of the above, it is hereby ordered that this consent order disposes of the pending proceedings under Section 11, 11B and 11(4) of the SEBI Act, 1992 against the company and Shri Rasiklal D. Thakkar and adjudication proceedings under Chapter VI A of the SEBI Act, 1992 against the company and Gravity Textiles Pvt. Ltd. in the matter of Gravity (India) Ltd. It is also ordered that the applicants shall not buy, sell or deal in securities, in any manner whatsoever, for a period of two years from April 21, 2009.

6. A copy of this Order shall be served on all recognized stock exchanges and the depositories to ensure that the applicants Shri Rasiklal D. Thakkar (PAN AABPT1003H), M/s. Gravity (India) Ltd. (PAN AAACG2779H) and M/s. Gravity Textile Ltd. (PAN AAACG0622P) do not buy, sell or deal in securities market in any manner, whatsoever, directly or indirectly for a period of two years.
7. This Order is without prejudice to the right of SEBI to initiate enforcement action, including commencing or reopening of the proceedings pending against the applicants, if:
 - a. any representation made by the applicants in these consent proceeding is subsequently discovered to be untrue; or
 - b. the applicants breach any of the consent terms or undertakings filed in these consent proceeding.
8. This consent Order is passed on this day, the 20th of April, 2009 and shall come into force with effect from April 21, 2009.

M. S. SAHOO
WHOLE TIME MEMBER

K. M. ABRAHAM
WHOLE TIME MEMBER