

REPORT AND ACCOUNTS 2008-2009



GKW Limited

MANAGING DIRECTOR
J D. Curravaia

WHOLETIME DIRECTOR
G Srinivasan

DIRECTORS
M L Lahoti
N K Navalakha
P S Lodha

VICE PRESIDENT & SECRETARY
J N Ghosh

AUDITORS
Lodha & Co.

REGISTERED OFFICE
3A, Shakespeare Sarani
Kolkata 700 071
Phone : 2282 2385/2386
Fax : 2282 9747
E-mail : gkw@cal2.vsnl.net.in

BANKERS
State Bank of India
Corporation Bank
AXIS Bank Limited

REGISTRAR & SHARE TRANSFER AGENT
(For Physical & Demat)
C. B. Management Services Pvt. Ltd.
P-22, Bondel Road
Kolkata 700 019
Phone : 2280 6692 - 94
Fax : 2287 0263
E-mail : cbmsl1@cal2.vsnl.net.in

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NOTICE

Notice is hereby given that the 79th Annual General Meeting of the Members of GKW Limited will be held on Thursday, 3rd September, 2009 at 11.00 a.m. at Kala Kunj, 48, Shakespeare Sarani, Kolkata 700 017 to transact the following business :

AS ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2009, the Audited Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N. K. Navalakha who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. J. D. Curavala who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and for that purpose to consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution provided that if on the date of the Annual General Meeting not less than 25% of the subscribed share capital of the Company is held by public financial institutions and nationalised banks, the Resolution will be proposed as a Special Resolution pursuant to Section 224A of the Companies Act, 1956 :

“RESOLVED THAT Lodha & Co., Chartered Accountants of 14, Government Place East, Kolkata 700 069, be and they are hereby appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company plus out-of-pocket expenses as may be incurred by them in connection with the audit and that such remuneration be paid to them in four equal quarterly installments”.

Registered Office :
3A Shakespeare Sarani
Kolkata 700 071
29th June, 2009

By Order of the Board
J. N. Ghosh
Vice President & Secretary

NOTES:

- i) The Register of Members and Share Transfer Books will remain closed from 24th August, 2009 to 3rd September, 2009, both days inclusive.
- ii) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
- iii) Members are requested to notify any change in their addresses to the Company's Registrars and Share Transfer Agents, C.B. Management Services Private Limited, P-22, Bondel Road, Kolkata 700 019.
- iv) Members who have multi-accounts in identical name and address or in joint names in the same order are requested to intimate the Company the ledger folios of such accounts for consolidating their shareholding into one account.
- v) Individuals holding shares singly or jointly with upto two persons may nominate another person to whom the shares shall vest in the event of the shareholders death. Form 2B has been prescribed for the purpose. Blank forms are available from the Company's Secretarial Department and the Registrar's office.

PARTICULARS OF DIRECTORS WHO ARE PROPOSED TO BE RE-APPOINTED AT THE MEETING ARE GIVEN BELOW:

Name of Director	Mr. N. K. Navalakha	Mr. J. D. Curavala
Age	66 years	69 years
Date of Appointment	30.06.2004	11.08.1989
Qualifications	B.E. (Mech.)	B.Com., A.C.A, LL.B.
Exposure in specific functional areas	Having wide experience in Corporate Management	Having wide experience in Financial, Administration, Corporate Management and Business operations
Directorship held in Other companies (excluding foreign companies)	NIL	NIL
Member of Committee of Directors of other Companies	NIL	NIL
Shareholding in Company	NIL	1000 (as joint holder)

GKW Limited

Registered Office : 3A Shakespeare Sarani, Kolkata 700 071

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall. Please also bring your copy of the enclosed Annual Report.

ATTENDANCE SLIP

I hereby record my presence at the 79th Annual General Meeting of the Company held on 3rd September, 2009.

REGD. FOLIO NO. : No. of Shares :

NAME OF THE SHAREHOLDER(S) (IN BLOCK CAPITALS)

SIGNATURE OF THE SHAREHOLDER OR PROXY

GKW Limited

Registered Office : 3A Shakespeare Sarani, Kolkata 700 071

REGD. FOLIO NO. : No. of Shares :

PROXY FORM

I/We _____

of _____

_____ being a member/members of GKW Limited,

hereby appoint _____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 79th Annual General Meeting of the Company to be held on 3rd September, 2009 and at any adjournment thereof.

AS WITNESS my/our hand this _____ day of _____ 2009

Signed by the said -----



Note : The Proxy must be deposited at the Registered Office not less than 48 hours before the time for holding the Meeting.

**DIRECTORS' REPORT
TO THE SHAREHOLDERS**

- Your Directors submit their Annual Report together with the audited accounts for the year ended 31st March, 2009.
- The results for the year under review are given below :

	Rs. Crores	
	<u>2008-2009</u>	<u>2007-2008</u>
Sales	94.96	132.63
Profit/(Loss) before interest and depreciation	18.27	14.51
Interest	(2.22)	(5.56)
Gross Profit/(Loss)	16.05	8.95
Depreciation	(6.56)	(7.78)
Profit/(Loss) before Tax	9.49	1.17
Taxation (Net)	(1.83)	(0.09)
Profit/(Loss) after taxation but before exceptional items	7.66	1.08
Exceptional items	(4.25)	255.86
Profit/(Loss) after taxation and exceptional items	3.41	256.94

Figures are not strictly comparable as results for 2008-2009 include figures of Powmex Steels Undertaking (PSU) for the period 1st April, 2008 to 31st January, 2009 consequent upon demerger of PSU with effect from 1st February, 2009.

Subject to the above, profit before interest and depreciation amounted to Rs. 18.27 crores and profit before tax to Rs.9.49 crores during the year ended 31st March, 2009 compared to Rs. 14.51 crores and Rs. 1.17 crores respectively in the previous year, mainly due to cost control and increase in other income.

Exceptional items represent provision for voluntary separation costs pertaining to the Screws and Fasteners Division of the Company.

**SCHEME OF ARRANGEMENT OF DEMERGER OF
POWMEX STEELS UNDERTAKING TO GRAPHITE
INDIA LIMITED**

- The Scheme of Arrangement (Scheme) for demerger of Powmex Steels Undertaking (PSU) of the Company to Graphite India Limited (GIL), which was approved by members of the Company, was sanctioned by the Hon'ble High Court at Calcutta vide its Order dated 22nd May, 2009. A certified copy of the said Order has since been filed with the Registrar of Companies, West Bengal. The said demerger will enable the Company's shareholders to participate in the growth and prosperity of GIL by earning dividend on GIL shares allotted to them under the Scheme, and can also look forward to appreciation in their value.
- The demerger will allow your Company to focus on other business opportunities and pursue plans for development and use of its remaining business segments and assets more effectively with greater focus and attention for generating growth therein.
- Pursuant to the Scheme of demerger of PSU :
 - Share capital of the Company stands reduced and consolidated to ensure a rational capital base for your Company commensurate with its remaining business and undertakings. Accordingly, with effect from the Appointed Date, i.e. 1st February 2009 the existing issued, subscribed and paid up share capital of the Company stands reduced to Rs. 5,96,65,008/- divided into 5,96,65,008 Ordinary Shares of Re.1/- each fully paid up for each Ordinary Share of Rs.10/- held by the members of the Company as on the Record Date.
 - Simultaneously with such reduction, every resulting ten Ordinary Shares of Re. 1/- each held by the members of the Company as on the Record Date will be consolidated into one Ordinary Share of Rs. 10/- each and the fractional entitlements, if any, which do not constitute whole Ordinary Share of Rs.10/- each will be consolidated and allotted to a trustee appointed by the Committee of Directors for sale thereof and

payment of net proceeds to the persons entitled to the fractions in proportion to their respective entitlements.

- The Company has fixed 1st July, 2009 as the Record Date for the purpose of issue and allotment of one GIL Equity Share of Rs. 2/- each credited as fully paid up for every three Ordinary Shares of Rs.10/- each held by the shareholders of the Company and also for reduction and consolidation of share capital as stated above.
- the difference between the assets and liabilities of PSU transferred to GIL has been adjusted against the Restructuring Adjustment Account, Reserves and balance against the credit balance in Profit and Loss Account. (See note 26(a)(iii)).

FINANCE & ACCOUNTS

6. As in the previous year, there were no borrowings as at 31st March, 2009.
7. Capital Expenditure for the year amounted to Rs. 36.95 lakhs (2007-2008 Rs. 3 lakhs) and value of assets put into use during the year amounted to Rs. 25.17 lakhs (2007-2008 Rs.3 lakhs).
8. An amount of Rs.16.57 lakhs no longer required to be kept in Property Revaluation Reserve has been transferred to Profit & Loss Account.

CONSOLIDATED ACCOUNTS

9. In compliance with Accounting Standard 21 of The Institute of Chartered Accountants of India, consolidated accounts are annexed hereto.

MANAGEMENT DISCUSSION AND ANALYSIS ON OPERATIONS

OPERATIONS

10. During the year under review, your Directors are pleased to report that the Company has registered increase in profit mainly due to increase in other income.
11. Powmex Steels Division (PSD) registered decrease in turnover and profitability in the

second half of the year, due to sudden downturn in demand, both in the domestic and export markets. PSD was demerged into GIL with effect from 1st February, 2009.

12. Screws and Fasteners Division reported a decrease in turnover and profits, mainly on account of suspension of operations w.e.f. October, 2007. In the meantime the Company introduced Voluntary Separation Scheme (VSS) in May this year and almost all workmen have accepted the VSS and resigned from the services of the Company.
13. Metal Pressings Division at Pune registered a decrease in turnover due to sluggish demand from the automobile segment serviced by the division. As already reported last year your Company has taken several steps including workforce rationalization, reduction of input costs and improvement in operational efficiency of this unit. Currently this unit acts as a job work manufacturer of auto parts from raw materials supplied by its customers. Actions are on hand to procure raw materials and supply full value components in order to improve contribution from sales.

RISKS AND CONCERNS

14. Your Directors recognize that there are uncertainties and risks attached to any business. The risks could be external, internal, or a combination of both. External risks can be intensification of competition, product substitution, technological obsolescence, changes in Government policy with regard to taxes and levies or economic slowdown adversely impacting demand and profitability. Such risks will be continuously monitored and appropriate action taken by the Company to minimize the same. Internal risks comprise operating risks, financial risks and business risk. The Company will take effective steps to deal with such risks.

All operating Divisions of the Company would identify any risks as perceived by them and take immediate steps to minimize the impact and at the same time submit a report to the next higher level of reporting.

15. The Company has adequate internal control system to ensure protection of assets against loss from unauthorised use or disposal, proper maintenance of accounting records and adherence to Company's policies and procedures. The Company has an Internal Audit system which is commensurate with its size and nature of its business. An Audit Committee of the Board of Directors periodically reviews the internal control systems to ensure their effectiveness and adequacy as also the annual financial statements with particular reference to major accounting entries, involving estimates based on the exercise of judgement by the management. Apart from this, audit reports and follow-up actions are periodically reviewed by the Divisional heads at the unit levels.

HUMAN RESOURCES

16. The Company offered a Voluntary Retirement Package to all workmen of Screws and Fasteners Division. Almost all workmen have accepted the same. The total number of employees was 102 as on date.

OUTLOOK

17. Your Company can look forward to a period of consolidation and utilize its assets for significant growth and development hereafter.

EXPORTS

18. Products exported during the year amounted to Rs. 1317 lakhs (including agent export- Rs. 954 lakhs) (2007/2008 - Rs. 2716 lakhs and Rs. 1569 lakhs). Powmex Steels Division accounted for total exports.

19. Earnings in foreign exchange during the year amounted to Rs. 362 lakhs (2007/2008 - Rs. 1139 lakhs) and outgo was Rs. 2295 lakhs (2007/2008 - Rs. 3654 lakhs).

CONSERVATION OF ENERGY

20. The prescribed Form 'A' relating to conservation of energy in the Company's Powmex Steels Division at Titilagarh in Orissa for the period 1st April, 2008 to 31st January, 2009 is annexed.

melting, black bar and neat treatment and consumption of HSD/furnace oil was higher in rolled products mainly on account of small quantity size-wise and lower throughput during the period under review.

TECHNOLOGY AND RESEARCH & DEVELOPMENT

21. During the year under review Powmex Steels Division developed :

- New high speed steel grade M52 for domestic market
- Rolling of Alloy steel 21 mm squares also for domestic market.

SUBSIDIARY COMPANIES

22. Accounts and annual reports of the subsidiary companies have been appended hereto.

PARTICULARS OF EMPLOYEES

23. Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given with the Annexure forming part of the report.

DIRECTORS

24. Mr. P. N. Biyani, Director on the Board expired on 27th March 2009. The Board appreciated the valuable services rendered by Late P. N. Biyani during his tenure as a Director of the Company.

25. Mr. P S Lodha has been appointed as Director on the Board w.e.f. 29th June, 2009 in the casual vacancy caused by the demise of Mr. P. N. Biyani.

26. Mr. N. K. Navalakha and Mr. J. D. Curravala, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

27. Messrs. Lodha & Company, the retiring Auditors, have expressed their willingness to be re-appointed.

**DIRECTORS' RESPONSIBILITY STATEMENT
PURSUANT TO SECTION 217 (2AA) OF THE
COMPANIES ACT, 1956**

28. The Directors hereby confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

29. The Company has taken adequate steps to ensure compliance of the mandatory provisions of Corporate Governance as issued by Securities and Exchange Board of India vide Circular No. SEBI/CFD/DIL/CG/1/2004/12/10 dated 29.10.2004. A report on Corporate Governance is appended hereto.

ACKNOWLEDGEMENT

30. The Board of Directors would like to thank the Company's customers, employees, shareholders, bankers, financial institutions, suppliers and all others associated with the Company for their continued support.

Kolkata 700 071
29th June, 2009

For and on behalf of the Board
J. D. Curavala G. Srinivasan
Managing Director Director

FORM - A
(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

(A) POWER & FUEL CONSUMPTION

	Current Year Ended 31.03.2009	Previous Year Ended 31.03.2008
	Powmex Steels Divn.	Powmex Steels Divn.
1. Electricity		
a) Purchased		
Units (KWh million)	5.95	8.27
Total Amount (Rs. Crores)	2.68	3.61
Rate/Unit (Rs.)	4.50	4.36
b) Own Generation (Diesel Generator)	Nil	Nil
Unit (KWh)	Nil	Nil
Unit/Litre of Diesel Oil	Nil	Nil
Cost/Unit - Variable (Rs.)	Nil	Nil
2. HSD/Furnace Oil		
Quantity (Kilo Litre)	1556	2189
Total Amount (Rs.Crores)	5.12	5.78
Average Rate/Kilo Litre (Rs.)	32928	26315

(B) CONSUMPTION PER UNIT OF PRODUCTION (M.T.)

Electricity (KWh/tonne)	Melting	983	951
	Black Bar	991	878
	Bright Bar Finishing	60	58
	Heat Treatment	113	101
HSD/Furnace Oil (Litre/tonne)	Rolled Product	414	386

* The previous year's figures are not comparable as the period for the current year is from 1st April, 2008 to 31st January, 2009.

Particulars of Employees under section 217(2A) of the Companies Act, 1956 forming part of the Report of the Directors.

Name	Age	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Qualifications	Experience (Years)	Date of Commencement of Employment	Previous Employment position held
Curravala J D	69	Managing Director	4805077	3109725	B.Com., A.C.A., LL.B	44	01.04.70	Stewart & Lloyds Ltd. -Financial Accountant
Srinivasan G	66	Executive Director	3753808	2462169	B.E. (Mech) D.I.M.	42	13.09.97	Zuari Industries Ltd. - Executive President

Notes: 1 Gross remuneration comprises of salary, allowances, medical re-imbursment, rent/costs on accommodation, leave travel assistance, Company's contribution to provident, pension and gratuity funds, monetary value of other perquisites computed on the basis of the Income Tax Act and Rules, leave encashment and performance bonus, where applicable. With respect to those employed for a part of the year, such remuneration also includes leave encashment upon separation.

2 Net remuneration comprises cash income less: a) income tax, surcharge and education cess deducted at source. b) Directors' own contribution to provident fund.

REPORT ON CORPORATE GOVERNANCE

The following is a report on the Code of Corporate Governance practiced by your Company:

1. **Company's Philosophy on Corporate Governance**

The Company has always recognised the importance of good Corporate Governance and has strived to practice and improve its focus on it by increasing transparency and accountability to its shareholders and other stakeholders.

2. **Composition Category and Directorship In other Companies**

Board of Directors

Director	Executive/ Non-executive/ Independent	Member of Board of Other Public Cos.	Total No. of other Committee membership held	
			As Chairman	As Member
Mr. J. D. Curravala	Executive	—	—	—
Mr. G. Srinivasan	Executive	—	—	—
Mr. P. N. Biyani	Non-Executive* (expired on 27.03.2009)	—	—	—
Mr. M. L. Lahoti	Non-Executive*	GKW (Overseas Trading) Limited	—	—
Mr. N. K. Navalakha	Non-Executive*	—	—	—
Mr. P. S. Lodha	Non-Executive* (w.e.f. 29.06.2009)	—	—	—

* also independent

Board, Annual General Meeting and Attendance

Board Meetings were held on 30th June '08, 29th August '08, 21st November '08, 30th January '09 and 27th March '09. The Annual General Meeting was held on 30th September, 2008.

Director	No. of Board Meetings		Attended last AGM
	Held	Attended	
Mr. J. D. Curravala	5	5	Yes
Mr. G. Srinivasan	5	5	Yes
Mr. P. N. Biyani (expired on 27.03.2009)	5	5	Yes
Mr. M. L. Lahoti	5	5	Yes
Mr. N. K. Navalakha	5	5	Yes

3. **Code of Conduct**

The Company has laid down a code of conduct for all its Board Members and Senior Management Personnel. In terms of the revised Clause 49 of the Listing Agreement (Corporate Governance), the Company has received the necessary declarations affirming compliance with it during the year ended 31st March, 2009. All the Directors and Senior Management Personnel have affirmed to fulfill their responsibilities and uphold the high standards of behaviour laid down in the Code and further confirm that they will avoid any conflict of interest in the dealings with the Company.

4. **Audit Committee**

The terms of reference of the Audit Committee have been specified as per the revised Clause 49 of the Listing Agreement with the Stock Exchange. The terms of reference also fully conform to the requirement of Section 292(A) of the Companies Act, 1956. Broadly the following terms are specified for the Audit Committee:

- Appointment and terms thereof of Statutory Auditor.
- The statutory annual, half-yearly and quarterly financial reporting by the Company.
- Update of applicable accounting policies of the Company in terms of the accounting standards.
- The audit approach and methodology of statutory Auditors and any material issues arising from the audit.
- The adequacy and effectiveness of accounting and financial controls of the Company, compliance with company policies and applicable laws and regulations.
- Undertaking special tasks assigned by the Board and recommend corrective actions.
- Reviewing the adequacies of the Internal Audit function, if any, including the structure of the Internal Audit Department with reporting coverage and frequency of Internal Audit.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Compositions, Name of Members and Chairperson

Audit Committee meetings were held on 30th June '08, 29th August '08, 21st November '08, 30th January '09 and 27th March, 2009.

<u>Member</u>	<u>Category</u>	<u>Meetings Held</u>	<u>Meetings Attended</u>
Mr. P. N. Biyani - Chairman*	Non-Executive/Independent	5	5
Mr. M. L. Lahoti	- do -	5	5
Mr. N. K. Navalakha	- do -	5	5

* Expired on 27th March, 2009.

Mr. J. D. Curavala and Mr. G. Srinivasan attended all the meetings by invitation.

5. Remuneration Committee

The Remuneration Committee has been constituted with Mr. M. L. Lahoti, as its Chairman, Mr. N. K. Navalakha and Mr. P. S. Lodha as its members.

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Wholetime Directors. There was no meeting of the Committee during the year.

Remuneration Policy: The remuneration of non executive directors is decided by the Board within the limits set out in the Companies Act, 1956. The remuneration of executive directors is approved by the Remuneration Committee, the Board of Directors and the Shareholders in the General Meeting.

Details of Remuneration to Directors for the year ended 31st March 2009.

Sl. No.	Name	Salary	Commission	Perquisites & Allowances	Sitting fees	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
1.	Mr. J. D. Curavala	3900000	-	905077	-	4805077
2.	Mr. G. Srinivasan	3000000	-	753808	-	3753808
3.	Mr. P. N. Biyani (upto 27.03.2009)	-	-	-	50000	50000
4.	Mr. M. L. Lahoti	-	-	-	56000	56000
5.	Mr. N. K. Navalakha	-	-	-	56000	56000

Service Contracts, Severance Fees and Notice Period

Period of contract of Managing Director : 3 years from 11-08-2007. The Agreement may be terminated by either party giving the other three month's notice in writing or the Company paying three month's salary in lieu thereof.

There is no separate provision for payment of severance fees.

Period of contract of Wholetime Director : 3 years from 13-09-2007. The Agreement may be terminated by either party giving the other three month's notice in writing or the Company paying three month's salary in lieu thereof.

There is no separate provision for payment of severance fees.

The above remuneration is within the ceiling prescribed under the applicable provisions of the Companies Act, 1956.

6. Investors Grievance Committee

The "Investors Grievance Committee" of the Company approves transfer and transmission, duplicate, sub-division and replacement of shares, debentures, fixed deposits, other related matters and to deal with complaints regarding transfer of shares, debentures and fixed deposits, non-receipt of balance sheet and non-receipt of dividend.

The Committee is headed by Mr. N. K. Navalakha and Company Secretary is the Compliance Officer. There was no complaints of the shareholders during the year

7. General Body Meetings

A. Location and time for last three Annual General Meetings were:

<u>Financial Year</u>	<u>Date of AGM</u>	<u>Venue</u>	<u>Time</u>
31st March, 2008	30th September, 2008	G. D. Birla Sabha Ghar, Kolkata	10.30 a.m.
1st April, 2007	30th August, 2007	Kala Kunj, Kolkata	11.15 a.m.
31st March, 2006	31st August, 2006	Kala Kunj, Kolkata	11.00 a.m.

B. Special Resolutions at the last three Annual General Meetings:

- i) At the Seventy-sixth Annual General Meeting held on 31st August, 2006
 - NIL
- ii) At the Seventy-sixth Annual General Meeting held on 30th August, 2007
 - Re-appointment and revision of remuneration of Managing Director
 - Re-appointment and revision of remuneration of Wholtime Director
- iii) At the Seventy-eight Annual General Meeting held on 30th September, 2008
 - NIL

No Resolution was passed through Postal Ballot.

8. Disclosures

- i) Disclosures on materially significant related party transactions of the Company of material nature, with its promoters, the directors, the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

Disclosure of related parties transactions as per Accounting Standard 18 have been set out in Note No. 24 of Schedule No. 17 of Annual Accounts. The transactions have no potential conflict with the interest of the Company.

- ii) Details of non-compliance by the Company, penalties, strictures on the Company by Stock Exchanges, SEBI or any Statutory Authority, on any matter related to the Capital markets, during the last three years.

No penalties or strictures have been imposed by any regulatory authority on any matter related to Capital markets during the last three years.

- iii) Details of compliance with mandatory requirements and adoption of non-mandatory requirements.

All mandatory requirements with respect to Corporate Governance have duly been complied with.

- iv) Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement are reviewed by the Board from time to time.

9. Means of Communications

- | | |
|--|---|
| — Half yearly results sent to each household of shareholders | No |
| — Quarterly Results | The quarterly results published in the proforma prescribed under the Listing Agreement are approved and taken on record within one month of the close of the relevant quarter. The approved results are notified forthwith to the concerned Stock Exchange. As the Company publishes the audited financial results within the stipulated period of three months from the close of the financial year, the unaudited financial results for the last quarter of the financial year are not published as per the Listing Agreement with the Stock Exchanges. |
| — Newspaper normally published in | Financial Express (English newspaper – Kolkata & Mumbai edition)
The Dainik Statesman (Bengali newspaper – local edition) |
| — Any Website, where displayed. | No |
| — Whether it displays official news releases | No |
| — Whether presentation made to Institutional investors or to analyst. | No |
| — Whether Management discussions and Analysis report is a part of Annual Report or not | Yes |

10. General Shareholders Information

	Date	Time	Venue
AGM	3rd September, 2009	11.00 a.m.	Kala Kunj
Financial Calendar (tentative) 2009-2010 :			
i) Financial Year	:	April-March	
ii) First Quarter Results	:	July, 2009	
iii) Second Quarter Results	:	October, 2009	
iv) Third Quarter Results	:	January, 2010	
v) Audited results for the year ending 31st March, 2010	:	June, 2010	
Date of Book Closure	:	24th August, 2009 to 3rd September, 2009 (both days inclusive)	
Dividend payment Date	:	Not Applicable	

Listing on Stock Exchanges

National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051.

Stock Code	Physical	Demat
National Stock Exchange	GKW	
Demat ISIN Number	INE 528A 01012	(upto 30.06.09)

Annual listing fees have been paid to National Stock Exchange for the year 2009-2010.

Stock Market Data

Stock Market Price for the year	N S E		NSE NIFTY	
	High (Rs.)	Low (Rs.)	High	Low
Month				
April 2008	105.95	95.15	5230.75	4628.75
May 2008	105.40	94.15	5298.85	4801.90
June 2008	102.00	74.00	4908.80	4021.70
July 2008	88.80	52.95	4539.45	3790.20
August 2008	85.00	71.00	4848.85	4201.85
September 2008	85.65	65.60	4558.00	3715.05
October 2008	74.00	32.20	4000.50	2252.75
November 2008	56.00	32.00	3240.55	2502.90
December 2008	35.00	29.50	3110.45	2570.70
January 2009	39.00	27.00	3147.20	2661.65
February 2009	34.90	30.00	2989.75	2677.55
March 2009	31.90	21.05	3123.35	2539.45

Registrar and Transfer Agents : C. B. Management Services Private Limited
P-22, Bondel Road
Kolkata 700 019

Share Transfer Systems : Share transfers are registered and returned within 30 days of lodgment thereof, if the documents are clear in all respects.

Distribution of shareholding

Distribution of shareholding as on 31.03.2009

No. of Shares held	No. of Shareholders	%	No. of Shares	%
1 to 500	89230	98.46	3154858	5.29
501 to 1000	782	0.86	621293	1.04
1001 to 2000	290	0.32	444518	0.75
2001 to 3000	102	0.11	264241	0.44
3001 to 4000	38	0.04	138758	0.23
4001 to 5000	41	0.05	195413	0.33
5001 to 10000	74	0.08	551354	0.92
10001 & above	72	0.08	54294573	91.00
TOTAL	90629	100.00	59665008	100.00

GKW LIMITED

Shareholding Pattern
Shareholding Pattern as on 31.03.2009

Category	No. of Shares Held	% of shareholding of issued share capital
I PROMOTERS' HOLDING		
Promoters – a. Indian Promoters	34160143	57.25
b. Foreign Promoters	9059476	15.19
Sub-Total	43219619	72.44
II NON-PROMOTERS' HOLDING		
Institutional investors		
a. Mutual Fund & Unit Trust of India	39481	0.07
b. Banks, Financial Institutions & Insurance Companies (Central/State Govt. Institution/Non-Govt. Institution)	2102932	3.52
c. Foreign Institutional Investors	364890	0.61
Sub-Total	2507303	4.20
III OTHERS		
a. Private Corporate Bodies	7922269	13.28
b. Indian Public	5962190	9.99
c. NRIs/OCBs	41358	0.07
d. Others	12269	0.02
Sub-Total	13938066	23.36
GRAND TOTAL	59665008	100.00
NOTE: TOTAL FOREIGN SHAREHOLDING		
	No. of Shares	% of Shareholding
Foreign Holding (Non-Resident)	9059476	15.19
NRIs/OCBs	41358	0.07
FII	364890	0.61
TOTAL	9465724	15.87

Dematerialisation of shares and liquidity.

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the depository systems in India.

As on 31.3.2009, a total of ordinary shares 47835346 of the Company which forms 80.17 % of the share capital stands dematerialised under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's ordinary shares is INE 528A 01012.

Outstanding GDRs/ADRs/Warrants or any Convertible, Instruments, Conversion Date and likely impact on Equity

None

Plant Locations

Steel Division
Bolt & Nut Division
Engineering & Machinery Division
Sankey Electrical Stampings Division
97 Andul Road
Howrah 711 103
West Bengal

Metal Pressings Division
Village – Pimpri, Jagtap
Talug – Jagtap
District – Shirur
Pune 412 208

Screws & Fasteners Division
Sankey Electrical Stampings Division
Lal Bahadur Shastri Marg
Bhandup
Mumbai 400 078
Maharashtra

Address for Correspondence

GKW Limited
3A, Shakespeare Sarani
Kolkata 700 071

11. Compliance of non-mandatory requirement

- 1) Entitlement of a Non-Executive Chairman to maintain a Chairman office at the expense of the Company – Not applicable.
- 2) The Independent Directors do not have any tenure exceeding, in the aggregate period of 9 years on the Board of the Company.
- 3) Shareholder Rights –The Company publishes the quarterly results in the Newspapers in accordance with the requirements of the listing agreement. However for the present a half-yearly declaration of financial performance including summary of the significant events in last six months, are not sent to each household of shareholder.
- 4) Audit qualifications – The audit report on the financial statements of the Company for the year has no qualifications.
- 5) Training of Board Members:
All Board Members are fully aware of the business objectives as well as the risks profile of the business.
- 6) Evaluation of Non-Executive Board Members – Not adopted.
- 7) Whistle Blower policy – Not adopted

Kolkata 700 071
29th June, 2009

For and on behalf of the Board
J. D. Curravala G. Srinivasan
Managing Director Director

Auditors' Certificate on Compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement

**To The Members of
GKW Limited**

- 1) We have examined the compliance of the conditions of Corporate Governance by GKW Limited for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.
- 2) The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
- 3) In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, *except as given in para 4 below*, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- 4) The framework for risk management and its controls are yet to be defined.
- 5) We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Lodha & Co.
Chartered Accountants

14, Government Place East
Kolkata
29th June, 2009

H. S. Jha
Partner
Membership No. 55854

GKW LIMITED

**BALANCE SHEET
AS AT 31ST MARCH, 2009**

		Rs. ('000)	
	Schedule	As at 31.03.09	As at 31.03.08
SOURCE OF FUNDS			
Shareholders' fund			
Share capital	1	59665	596650
Reserves and surplus	2	<u>199688</u>	<u>1610389</u>
		259353	2207039
Deferred tax liability (Note 23)		-	-
Total		<u><u>259353</u></u>	<u><u>2207039</u></u>
APPLICATION OF FUNDS			
Fixed assets	3		
Gross block		329834	2360978
Less : Depreciation		<u>232748</u>	<u>1636806</u>
Net block		97086	724172
Capital work in progress		<u>1178</u>	-
		98264	724172
Investments	4	987	1119
Current assets, loans and advances			
Inventories	5	53005	453007
Sundry debtors	6	5361	271455
Cash and bank balances	7	191943	1536136
Loans and advances	8	63201	128935
Other current assets	9	<u>4081</u>	<u>3635</u>
		317591	2393168
Less: Current liabilities and provisions			
Liabilities	10	114990	589018
Provisions	11	<u>42499</u>	<u>322402</u>
		157489	911420
Net current assets		160102	1481748
Total		<u><u>259353</u></u>	<u><u>2207039</u></u>
Notes on accounts	17		

The Schedules referred to above and the notes attached form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date addressed to the members of the Company

On behalf of the Board

J. D. Curravala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

H. S. Jha
Partner
for and on behalf of
LODHA & CO.
Chartered Accountants

Kolkata,
29th June, 2009

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 2009

Rs. ('000)

	Schedule	1st Apr '08- 31st Mar '09	2nd Apr '07- 31st Mar '08
INCOME			
Sales (Gross)		949649	1326273
Less : Excise duty		92351	148488
Net sales		857298	1177785
Other sources	12	176769	147441
		<u>1034067</u>	<u>1325226</u>
EXPENDITURE AND CHARGES			
Operating Costs	13	847136	1169300
Depreciation	14	65600	77760
Interest	15	22165	55584
Others charges/(income)	16	4279	10846
		<u>939180</u>	<u>1313490</u>
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS			
		94887	11736
Exceptional and Prior period items (net) (note 26(b))		(42499)	2558592
PROFIT/(LOSS) BEFORE TAX			
		52388	2570328
Provision for taxation :			
- Current tax (Wealth Tax & MAT)		(6001)	(54)
- Tax for earlier years		(11400)	-
- Fringe Benefit Tax		(893)	(921)
PROFIT/(LOSS) AFTER TAX AND ADJUSTMENTS			
Surplus/(Loss) brought forward from earlier year		34094	2569353
Adjustment arising on demerger as per approved Scheme of Arrangement (note 26(a))		(186100)	(1494256)
		<u>199688</u>	<u>1075097</u>
PROFIT AVAILABLE FOR APPROPRIATION			
Dividend on Preference Shares		-	88247
Provision for Dividend Distribution Tax		-	14998
TRANSFER TO RESERVES			
Capital Redemption Reserve		-	491690
General Reserve		-	128468
Balance carried forward		199688	351694
		<u>199688</u>	<u>1075097</u>
Basic and diluted earnings per share (Rs.) (note 25)			
- before exceptional items		1.51	0.18
- after exceptional items		0.67	41.58

Notes on accounts

17

The Schedules referred to above and the notes attached form an integral part of the Profit and Loss Account.

On behalf of the Board

This is the Profit and Loss Account referred to in our report of even date addressed to the members of the Company

J. D. Curravala
 Managing Director

G. Srinivasan
 Director

J. N. Ghosh
 Vice-President & Secretary

A. Chakrabarti
 Sr. Vice-President (Finance)

H. S. Jha
 Partner
 for and on behalf of
 LODHA & CO
 Chartered Accountants

Kolkata,
 29th June, 2009

**SCHEDULES TO
BALANCE SHEET**

	Rs. ('000)	
	As at 31.03.09	As at 31.03.08
1. SHARE CAPITAL		
Authorised		
49250000 (2007/2008 – 49250000) Cumulative redeemable preference shares of Rs.10/- each	492500	492500
59665008 Ordinary shares of Rs.10/- each	596650	596650
	<u>1089150</u>	<u>1089150</u>
Issued and subscribed		
3669653 (2007/2008 – 36696526) Ordinary shares of Rs.10/- each fully paid up at par in cash.	36697	366965
659749 (2007/2008 – 6597499) Ordinary shares for consideration other than cash pursuant to contracts/scheme of arrangements.	6597	65975
1637098 (2007/2008 – 16370983) Bonus shares by way of capitalisation of reserves and share premium.	16371	163710
	<u>59665</u>	<u>596650</u>
2. RESERVE'S AND SURPLUS		
Capital		
Property revaluation As at 1st April, 2008	112536	132711
Less : Transfer to profit and loss account	1657	20175
	110879	112536
Less : Set off against fixed assets (note 26(d))	110879	-
	110879	112536
Capital Redemption Reserve	491690	491690
Capital – Others	67755	67755
General Reserve	586714	586714
	1146159	
Less : Adjustment arising on demerger as per approved Scheme of Arrangement (note 26(a))	1146159	-
Surplus as per Profit and Loss Account	199688	351694
	<u>199688</u>	<u>1610389</u>

**SCHEDULES TO
BALANCE SHEET**
3. FIXED ASSETS

Rs. ('000)

	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 1st April, 2008	Additions	Withdrawals/ Adjustment note 26(c&d)	Demerged note 26(a)	As at 31st March, 2009	As at 1st April, 2008	For the year	Withdrawals/ Transfer/ Adjustment note 26(c&d)	Demerged note 26(a)	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
Land	69394	-	56220	6246	6928	834	23	502	-	355	6573	68560
Buildings	397695	-	119815	164621	113259	209503	8016	64655	69017	83847	29412	188192
Railway Siding	898	-	-	-	898	895	-	-	-	895	3	3
Plant & Machinery	1860971	1216	489512	1189170	183505	1396836	58409	469328	859768	126149	57356	464135
Cars & Vehicles	17194	1301	1854	1378	15263	16644	278	1827	1373	13722	1541	550
Furniture & Fittings	14826	-	-	4845	9961	12094	531	-	4845	7780	2201	2732
	<u>2360978</u>	<u>2517</u>	<u>667401</u>	<u>1366260</u>	<u>329634</u>	<u>1636806</u>	<u>67257</u>	<u>536312</u>	<u>935003</u>	<u>232748</u>	<u>97086</u>	<u>724172</u>
Capital work-in-progress											1178	-
Per balance sheet 31st March, 2009											<u>98264</u>	<u>724172</u>
Previous year	2448596	315	87933	-	2360978	1603580	80165	46939	-	1636806	724172	

Rs. ('000)

As at
31.03.09As at
31.03.08
4. INVESTMENTS
Quoted
Trade

IDBI Ltd.

10720 shares of Rs.10 each – fully paid, at cost

871

871

Unquoted
Trade

The Bengal Chamber of Commerce and Industry

6.1/2% non-redeemable registered debentures – fully paid, at cost

Woodlands Hospital & Medical Research Centre Limited

(formerly The East India Clinic Limited)

5% non-redeemable registered debentures – fully paid, at cost

Employees' Consumers' Co-operative Societies

500 shares of Rs.10 each – fully paid, at cost

Shares in subsidiary company

GKW (Overseas Trading) Limited –

50,000 Ordinary shares of Rs.10 each – fully paid, at cost

500

500

Less: Provision for diminution in value of investments

(384)

(252)

9871119

The aggregate book value of quoted investments

487

619

Market value of quoted investments

487

619

All investments are long term investments

GKW LIMITED

**SCHEDULES TO
BALANCE SHEET**

	As at 31.03.09	Rs. ('000) As at 31.03.08
5. INVENTORIES		
At or under cost (being cost or net realisable value whichever is lower)(*)		
Raw materials	3123	185816
Work-in-progress (including scrap)	2490	196973
Finished products	18044	43075
Assets held for disposal	19780	-
Stores and spare parts	7379	24954
Loose tools	2189	2189
	<u>53005</u>	<u>453007</u>
(*) net of provisions		
6. SUNDRY DEBTORS		
Over six months		
Secured - Considered good	94	11
Unsecured - Considered good	1450	11552
- Considered doubtful	-	16208
Other debts		
Secured - Considered good	-	83
Unsecured - Considered good	3817	259809
	<u>5361</u>	<u>287663</u>
Less : Provision for doubtful debts	-	16208
	<u>5361</u>	<u>271455</u>
7. CASH AND BANK BALANCES		
Cash and cheques in hand and in transit	417	3374
Balances with scheduled banks		
Current accounts	60793	21230
Deposit accounts		
- Margin Money (under lien)	-	31189
- Fixed Deposits	130733	1480343
	<u>191943</u>	<u>1536136</u>
8. LOANS AND ADVANCES		
Considered good		
Advances recoverable in cash or for value to be received	42576	96923
Balance with Port Trusts, Customs etc.	6856	16505
Other deposits	3360	12897
Advance Payment of Tax (net of provisions)	10409	2610
Considered doubtful		
Amount recoverable from Subsidiary Companies	-	563
Advances recoverable in cash or for value to be received	-	43114
	<u>63201</u>	<u>172612</u>
Less: Provision for doubtful advances	-	43677
	<u>63201</u>	<u>128935</u>
9. OTHER CURRENT ASSETS		
Interest receivables	4025	3582
Interest accrued on investments etc.	56	53
	<u>4081</u>	<u>3635</u>
10. LIABILITIES		
Sundry creditors	113927	587942
Liability under sales tax deferral scheme	536	523
GKW (Overseas Trading) Limited (Subsidiary Company)	527	540
Liability towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
- Unclaimed fixed deposits	-	13
	<u>114990</u>	<u>589018</u>
11. PROVISIONS		
Dividend distribution tax	-	14998
Provision for settlement	42499	307404
	<u>42499</u>	<u>322402</u>

**SCHEDULES TO
PROFIT AND LOSS ACCOUNT**

	Rs.('000)	
	1st Apr '08 - 31st Mar '09	2nd Apr '07 - 31st March '08
12. INCOME FROM OTHER SOURCES		
Dividend from long term investments	21	16
Interest on deposits – Gross of tax deducted at source of Rs. 23337 ('000), (2007/2008 – Rs. 23337 ('000))	96850	11978
Other interest – Gross of tax deducted at source of Rs. 19 ('000), (2007/2008 – Rs. 21 ('000))	111	207
Net profit/(loss) on disposal/scrap of fixed assets	61	17636
Net profit/(loss) on sale of investment	-	1201
Miscellaneous income (note 21)	79726	116403
	<u>176769</u>	<u>147441</u>
13. OPERATING COSTS		
Raw materials consumed	584833	774760
Stores consumed	32539	37889
Power and fuel	83375	102620
Repairs and maintenance – Plant and machinery	20462	16556
Repairs and maintenance – Buildings and estate	1041	662
Repairs and maintenance – Cars and vehicles etc.	4421	4503
Salaries, wages and bonus	50415	69095
Contribution to provident and other funds	7804	32680
Workmen and staff welfare expenses (including Employees' State Insurance premium etc.)	5315	9150
Remuneration of Directors (note 7)	8121	7074
Provision for diminution in value of investments	132	252
Insurance	2250	3164
Rent	5657	6598
Rates and taxes	3788	4903
Printing and stationery	1644	2430
Postage, telephone & telex	2280	3321
Data processing expenses	1082	1183
Travelling expenses	3810	4891
Bank charges	2039	4522
Advertisement expenses	685	772
Freight, packing and delivery charges	9969	15576
Selling commission	800	2215
Outside processing charges for products	7643	15551
(Increase)/Decrease in stocks of finished products and work-in-progress (note 8)	(50142)	(30094)
Miscellaneous expenses (note 20)	57173	79027
	<u>847136</u>	<u>1169300</u>
14. DEPRECIATION		
On fixed assets	67257	80165
Less: Transferred from Property Revaluation Reserve	(1657)	(2405)
	<u>65600</u>	<u>77760</u>
15. INTEREST		
Interest on :		
Bank borrowings – Cash Credit	1679	17730
– Term loans	-	11986
Others	20486	25868
	<u>22165</u>	<u>55584</u>
16. OTHER CHARGES/(INCOME)		
Provision for doubtful debts and advances –(Gross)	4279	10645
Liability no longer required	(39691)	(12334)
Bad and Doubtful debts and advances written off (including Rs. 583 ('000) for Subsidiary Company)	39691	12535
	<u>4279</u>	<u>10846</u>

**17. NOTES ON ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

(1) SIGNIFICANT ACCOUNTING POLICIES

(i) a) ACCOUNTING CONVENTION AND REVENUE RECOGNITION

These accounts are prepared on the basis of historical cost. Both income and expenditure items are recognised on accrual basis. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

b) PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

Liabilities which can be measured only by using a substantial degree of estimation and in respect of which a reliable estimate can be made of the probable outflow of resources are recognised as provisions.

Contingent liabilities in the nature of possible obligations that arise from past events and the existence of which will be confirmed only by the occurrence or otherwise of future events not wholly within the control of the Company and in respect of present obligation arising from past events for which a reliable estimate of the possible future outflow cannot be made are disclosed by way of Notes to Accounts.

Contingent Assets are neither recognised nor disclosed in the financial statement.

c) USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amount of income and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

(ii) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT

- (a) Fixed assets are stated at cost.
- (b) Capital work-in-progress is stated at cost incurred during pre-operative/ installation period and includes materials in transit and advances to suppliers.
- (c) Depreciation on fixed assets items are being recognised on
 - Straight Line/Written Down Value Method at rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956,
 - or, at rates indicated in Note no. 6(a) of Schedule 17.
- (d) Depreciation is provided on the basis of month of capitalisation. Items of fixed assets individually valued upto Rs. 5000 are fully depreciated in the books of account in the year in which they are put to use.
- (e) The amounts at which fixed assets are carried in the Company's books are reviewed at the Balance Sheet date for any indication of impairment. In case of impairment, an Impairment loss is recognised when the carrying amount of assets belonging to a Cash Generating Unit (CGU) or otherwise exceeds the recoverable amount of the assets i.e. the higher of assets' net selling price or its value in use.

Subsequent reversal of such impairment loss if any, is allocated to the respective assets, except in the case of a CGU where it is allocated to all the assets on a pro-rata basis.

(iii) INVESTMENTS

Investments are stated at cost less write downs where applicable.

(iv) INVENTORIES

Year-end inventory items are valued at lower of cost and net realisable value. Cost is computed on the basis of First-In-First Out or Weighted Average Pricing methods as appropriate. Cost in respect of Work-in-Progress represents cost incurred upto the stage of completion. Provisions for obsolescence are made based on technical estimation. Tools are stated on the basis of their cost and year-end values determined on the basis of physical evaluation by technical experts having regard to their effective future life.

(v) FOREIGN CURRENCY TRANSACTIONS

- a) Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of such transaction.
- b) Receivables/payables in foreign currencies are translated at the appropriate forward contract rate, or, if not covered, at the exchange rate ruling at the balance sheet date. The gain/loss arising on account of such translation, as also on the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expense and are reflected in the profit and loss account under respective heads of accounts.

(vi) EMPLOYEE BENEFITS

Short-Term employee benefits are recognised as an expense in the year services are rendered by the employees.

Post-employment Plans :

- (a) Contribution to defined contribution schemes such as Provident Fund etc. are recognised as and when incurred.
- (b) Long-Term employee benefits under defined benefit scheme such as contribution to gratuity, leave scheme etc. are determined at close of the year at present value of the amount payable based on actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

(vii) BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for use. All other borrowing costs are charged to revenue.

(viii) SALES

Sales (net of credit notes) are recognised on accrual basis in keeping with applicable trade practice.

(ix) TAXES ON INCOME

Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax assets or liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent years is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is sufficient assurance with respect to reversal thereof in future years.

	Rs. ('000)	
	As at 31.03.09	As at 31.03.08
(2) CAPITAL EXPENDITURE COMMITMENTS		
Estimated outstanding commitments for capital expenditure (net)	3106	-
(3) CONTINGENT LIABILITIES		
<i>In respect of :</i>		
Income Tax under Appeal (approx) (net of provisions-Rs. nil, (2007/2008-Rs. 6825 ('000)))	10461	15131
Excise duty under Appeal (approx)	17394	21382
Customs duty under Appeal (approx)	-	822
Disputed Sales Tax under Appeal (approx)	50729	81021
(4) EMPLOYEE BENEFITS		
a Defined Contribution Scheme :		
Employer's Contribution to Provident Fund	3697	4372

b Defined Benefit Scheme :

The employees' Gratuity Fund scheme/Pension Fund scheme is a defined benefit plan managed by a Trust/LIC. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

	Rs. ('000)					
	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	01.04.08 to 31.03.09	02.04.07 to 31.03.08	01.04.08 to 31.03.09	02.04.07 to 31.03.08	01.04.08 to 31.03.09	02.04.07 to 31.03.08
I Expense recognised in the Income statement						
Current service cost	2724	3392	3280	1285	1658	1896
Interest cost	4536	7210	5548	3511	462	679
Expected return on plan assets	(5197)	(2987)	(8501)	(7776)	-	-
Actuarial (gain)/loss	(1786)	(14073)	(5272)	23605	(1879)	(2480)
Total Expenses	277	(6458)	(4945)	20625	241	95
II Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :						
Present value of Defined benefit obligation at the beginning of the year	91154	98447	73525	44100	8203	8901
Current service cost	2724	3392	3280	1285	1658	1896
Interest cost	4536	7210	5548	3511	462	679
Benefit payments	(54300)	(16200)	(2377)	(194)	(3500)	(793)
Actuarial (gain)/loss	(6586)	(1695)	(2546)	24823	(1879)	(2480)
Adjustment pursuant to demerger of PSD	(6728)	-	(1409)	-	(1439)	-
Present value of Defined benefit obligation at the end of the year	30798	91154	76021	73525	3505	8203

Rs. ('000)

III Changes in the fair value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows :	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	01.04.08	02.04.07	01.04.08	02.04.07	01.04.08	02.04.07
	to 31.03.09	to 31.03.08	to 31.03.09	to 31.03.08	to 31.03.09	to 31.03.08
Fair value of plan assets at the beginning of the year	87600	2635	106100	97300	-	-
Employer Contribution	28347	85800	-	-	3500	793
Expected Return on plan assets	5197	2987	8501	7776	-	-
Benefit payments	(83800)	(16200)	(2377)	(194)	(3500)	(793)
Actuarial gain/(Loss)	(4802)	12378	2726	1218	-	-
Adjustment pursuant to demerger of PSD	(5119)	-	(2061)	-	-	-
Fair value of plan assets at the end of the year	27423	87600	112889	106100	-	-
IV Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the year ended March 31, 2009 :						
Net Asset/(Liability) at the beginning of the year	(3554)	(95812)	32575	53200	(8203)	(8901)
Employer Expenses	(277)	6458	4945	(20625)	(241)	(95)
Employer Contribution	28347	85800	-	-	3500	793
Prior Period Cost Adjustment (Note II)	(29500)	-	-	-	-	-
Adjustment pursuant to demerger of PSD	1609	-	(652)	-	1439	-
Net Asset/(Liability) at the end of the year	(3375)	(3554)	36868	32575	(3505)	(8203)
V Actuarial assumptions :						
Discount rate (per annum)	6.90%	7.90%	6.90%	7.90%	6.90%	7.90%
Expected return on plan assets (per annum)	8.00%	8.00%	8.00%	8.00%	NA	NA

Notes:

- Assumptions relating to future salary increase, attrition, interest rate for discount and overall expected rate of return on assets have been considered in the actuarial valuation based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- Prior-period cost adjustment represents amount which was not considered by the actuary though debited in the accounts in the previous year. However, since the same was funded it has been considered above to reconcile net asset/liability as at the period end.

Rs. ('000)

	As at 31.03.09	As at 31.03.08
(5) STORES CONSUMED		
Total stores consumed including write-off of Rs. 3923 ('000)(2007/2008-Rs. 1000 ('000))	32539	37889

(6) DEPRECIATION

- (a) Depreciation has been provided on written down value or straight line method for assets acquired prior to April 1989 at the applicable rates as prescribed in Schedule XIV of the Companies Act, 1956 or at rates (in percentage) indicated below on straight line method. However, all assets acquired after 1.4.89 have been depreciated on straight line method at the rates prescribed in Schedule XIV.

Land – Leasehold	3.33/1.66/0.10
Buildings	3.33/2.00/1.50
Plant & Machinery – Steel Rolling Mill	3.33/8.09

Depreciation on Plant & Machinery at divisions which are not in operation or under suspension of work/lock-out during the year has been provided on single shift basis.

- (b) In accordance with the usual accounting practice followed by the Company, depreciation for the year has been calculated on the revalued amounts of the related assets at the rates applicable. Depreciation so calculated resulted in an additional charge of Rs. 1657 ('000) (02.04.07 to 31.03.08 – Rs. 20175 ('000)) and an equivalent amount has been transferred to Profit and Loss Account from property revaluation reserve.

	Rs. ('000)	
	As at 31.03.09	As at 31.03.08
(7) REMUNERATION OF DIRECTORS		
Total remuneration		
Amount shown separately in Schedule 13 of Profit and Loss Account [(Including directors' fees Rs. 162 ('000), (02.04.07 to 31.03.08 – Rs. 114 ('000)) contribution to funds Rs. 756 ('000) (02.04.07 to 31.03.08 – Rs. 1320 ('000)), gratuity Rs. 303 ('000) (02.04.07 to 31.03.08 – Rs. 303 ('000))]	8121	7074
Other benefits	600	475
	<u>8721</u>	<u>7549</u>
(8) (INCREASE)/DECREASE IN FINISHED AND WORK-IN-PROGRESS STOCKS		
Opening stocks		
Finished products	43075	35614
Work-in-progress	196973	174340
	<u>240048</u>	<u>209954</u>
Closing stocks		
Finished products	18044	43075
Work-in-progress	2490	196973
	<u>20534</u>	<u>240048</u>
Adjustment arising out of demerger (note 26(a))	269656	-
(Increase)/Decrease	<u>(50142)</u>	<u>(30094)</u>
(9) PAYMENTS TO FORMER DIRECTORS		
Pension paid or payable to former directors and not considered as directors' remuneration is	44	44
(10) PAYMENT TO AUDITORS		
Total amount paid or payable to the auditors :		
- As auditors of the company	600	600
- Other services (certificates, provident fund audit etc.)	500	287
Out-of-pocket expenses	12	85
	<u>1112</u>	<u>972</u>

(11) PARTICULARS IN RESPECT OF GOODS MANUFACTURED *

Class of goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		31.03.09	31.03.08	31.03.09	31.03.08	31.03.09	31.03.08
Bolts, nuts and rivets	tonne	37200	37200	37200	37200	27	30
Woodscrews, machine screws and self - tapping screws	100 nos.	16237440	16237440	26157000	26157000	-	767615
Cotter pins and screw eyes	100 nos.	288000	288000	845000	845000	-	-
Safety pins	1000 nos.	224640	224640	937500	937500	-	16139
Tubular rivets	1000 nos.	79200	79200	112500	112500	-	6684
High Speed Steel	tonne	3000	3000	3750	3750	1258	2068
Alloy Steel	tonne	3000	3000	3000	3000	259	329

* Installed capacities have been certified by the company's technical expert.

(12) PARTICULARS IN RESPECT OF SALES

Class of goods	Unit	31.03.09		31.03.08	
		Quantity	Value Rs. ('000)	Quantity	Value Rs. ('000)
Fan, motor and generator stampings	tonne	29	807	-	-
Radio, choke and meter laminations	tonne	10	581	-	-
Bolts, nuts and rivets	tonne	427	18669	29	3937
Woodscrews, machine screws and self - tapping screws	100 nos.	-	-	808706	26366
Safety pins	1000 nos.	-	-	16429	2499
Tubular rivets	1000 nos.	-	-	6462	2094
High Speed steel	tonne	1242	869066	2047	1221409
Alloy Steel	tonne	249	45336	330	55213
Miscellaneous (including product scrap and other services)		-	15190	-	14755
			<u>949649</u>		<u>1326273</u>

Conversion of customers' materials has been considered in the appropriate class of goods.

(13) PARTICULARS IN RESPECT OF FINISHED STOCKS

Class of goods	Unit	31.03.09		31.03.08		31.03.07	
		Quantity	Value Rs. ('000)	Quantity	Value Rs. ('000)	Quantity	Value Rs. ('000)
Fan, motor and generator stampings	tonne	2	10	31	244	31	248
Radio, choke and meter laminations	tonne	-	-	10	34	10	34
Mild steel pressed components	tonne	-	346	-	117	-	201
Hot rolled bars, rods and sections	tonne	935	6842	935	7659	935	7806
Bright steel bars	tonne	292	3813	292	3871	292	3926
Bolts, nuts and rivets	tonne	294	3855	694	7498	693	7357
Woodscrews, machine screws and self - tapping screws	100 nos.	471959	2590	471959	4881	513050	5598
Cotter pins and screw eyes	100 nos.	2058	-	2058	20	2058	20
Safety pins	1000 nos.	172	-	172	9	462	41
Tubular rivets	1000 nos.	8389	558	8389	863	8167	914
High Speed Steel	tonne	-	-	38	17877	17	9351
Alloy Steel	tonne	-	-	-	2	1	118
			<u>18044</u>		<u>43075</u>		<u>35614</u>

(14) ANALYSIS OF RAW MATERIALS CONSUMED

	Unit	31.03.09		31.03.08	
		Quantity	Value Rs. ('000)	Quantity	Value Rs. ('000)
Steel Sheets/Skelp	tonne	21	140	-	-
Melting scrap	tonne	1710	282570	2596	362215
Ferro alloys, fluxes and other steel making materials	tonne	218	238096	395	384621
Wire rods and coils	tonne	27	828	231	8306
Miscellaneous			63199		19618
			<u>584833</u>		<u>774760</u>

(15) VALUE OF RAW MATERIALS AND STORES (INCLUDING COMPONENTS AND SPARE PARTS) CONSUMED

	31.03.09		31.03.08	
	Rs. ('000)	%	Rs. ('000)	%
Imported	230644	37.4	359220	44.2
Indigenous	386728	62.6	453429	55.8
	<u>617372</u>	<u>100.0</u>	<u>812649</u>	<u>100.0</u>

(16) VALUE OF IMPORTS ON C.I.F. BASIS

	31.03.09	31.03.08
Raw materials	228566	358598
Stores (including components and spare parts)	775	4538
	<u>229341</u>	<u>363136</u>

(17) EXPENDITURE IN FOREIGN CURRENCY

	31.03.09	31.03.08
Commission	-	22
Others (Bank charges, travelling, professional charges etc.)	150	1
	<u>150</u>	<u>23</u>

(18) PREFERENCE DIVIDEND IN FOREIGN CURRENCY

Preference dividend to one shareholder on 22668985 preference shares of Rs. 10/- each @ 15%	-	33539
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(19) EARNINGS IN FOREIGN CURRENCIES

Export of goods calculated on f.o.b. basis	36236	113873
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(20) MISCELLANEOUS EXPENSES

Include cash discount Rs. 3855 ('000) (2007/2008 – Rs. 8709 ('000), Rs. Nil ('000) (2007/2008 – Rs. 4865 ('000) on account of various settlement with suppliers and foreign exchange loss (net) of Rs. 4346 ('000) (2007/2008 – Rs. nil ('000)).

(21) MISCELLANEOUS INCOME

Include profit on sale of asset held for disposal Rs. 28334 ('000) (2007/2008 – Rs. nil), profit on sale of scrap Rs. 10800 ('000) (2007/2008 – Rs.1391('000)) liabilities no longer required Rs. 29554 ('000) (2007/2008 – Rs. 104663 ('000)) and foreign exchange gain Rs. 1273 ('000) (2007/2008 - Rs. 7545 ('000)).

	Rs. ('000)	
	31.03.09	31.03.08
(22) (a) Total outstanding dues of micro enterprises and small enterprises	2042	11361
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	44563	354008
(c) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	123510
(d) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(f) The amount of interest accrued and remaining unpaid at the end of each accounting year, and	-	990
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

The above has been compiled based on information available with the Company and has accordingly been relied upon by the auditors.

- (23) In accordance with the Accounting Standard 22 for "Taxes on Income", the Company has accounted for deferred taxation. The Company has substantial amount of brought forward business losses and unabsorbed depreciation. However, as a matter of prudence, deferred tax assets have been recognised only to the extent of deferred tax liability.

The break-up of deferred tax assets and liabilities :

	Rs. ('000)		
	Opening balance as on 01.04.08	Charge/ (Credit) for the year	Closing balance as on 31.03.09
Deferred Tax Assets			
- Unabsorbed depreciation	178818	(152914)	25904
- Expenses allowed on payment basis	-	846	846
Total	<u>178818</u>	<u>(152068)</u>	<u>26750</u>
Deferred Tax Liabilities			
- Depreciation	178818	(152068)	26750
Net Deferred Tax Liability	<u>-</u>	<u>-</u>	<u>-</u>

- (24) "Related party Disclosures" as per Accounting Standard 18 as ascertained from available information:

<u>Name of the Related Party</u>	<u>Nature of transaction</u>	Value of transaction		Debit/(Credit) outstanding balance as on	
		31.03.09	31.03.08	31.03.09	31.03.08
		Rs. ('000)			
Subsidiary Companies					
GKW (Overseas Trading) Ltd	Receiving of services	13	25	(527)	(540)
GKW Infosystems Ltd	Advance given to meet establishment expenses	-	19	-	563
	Provision for doubtful advances	-	19	-	(563)
Key Management Personnel					
Mr. J. D. Curravala	Remuneration	4805	4272	(325)	(665)
Mr. G. Srinivasan	Remuneration	3754	3163	(250)	(508)

- (25) The Earnings per share has been calculated on the basis of number of equity shares outstanding during the period ended 31st March, 2009 in accordance with the provisions of Accounting Standard 20 (Earnings per share) :

	Rs. ('000)	
	As at 31.03.09	As at 31.03.08
Profit/(Loss) after tax and before exceptional items	76593	10761
Profit/(Loss) attributable to equity Shares	76593	10761
Weighted average Number of equity Shares	50715257	59665008
Earnings per Share (Rs.)	1.51	0.18
Profit/(Loss) after tax and exceptional items	34094	2569353
Less: Preference Share dividend	-	(88247)
Profit/(Loss) attributable to equity shares	34094	2481106
Weighted average Number of equity Shares	50715257	59665008
Earnings per Share (Rs.)	0.67	41.58

(26) General

- (a) (i) Pursuant to the Scheme of Arrangement (the Scheme) between the Company, Graphite India Ltd. (GIL) and their respective shareholders, as approved by the shareholders and sanctioned by the Hon'ble High Court at Calcutta vide its Order dated 22nd May, 2009. Powmex Steels Undertaking along with all assets and liabilities in terms of the said scheme have been transferred to and vested with GIL with effect from 1st February, 2009 (the appointed date). Consequent to above, the assets comprising of net Fixed Assets Rs. 431257 ('000), Current Assets and loans and advances Rs. 1642298 ('000) and liabilities comprising of secured loans Rs.17040 ('000) and current liabilities Rs.187271 ('000) at the value appearing in the books of account as on 31st January, 2009 aggregating to Rs. 1869244 ('000) (net) and all other debts, obligations and liabilities relating to Powmex Steels Undertaking which relate to the period upto the day immediately preceding the appointed date even though arising subsequently, has been transferred to GIL.
- (ii) In terms of the scheme upon demerger of Powmex Steels Undertaking, the existing equity share capital of the Company of Rs. 596650080 divided into 59665008 ordinary shares of Rs.10/- each has been reduced, reorganized and consolidated to Rs. 59665000 divided into 5966500 ordinary shares of Rs.10/- each fully paid up and Rs. 536985 ('000) being the aggregate amount so cancelled and reduced has been transferred to Restructuring Adjustment account.
- (iii) Rs. 1869244 ('000) being the net difference between the assets and liabilities as on 31st January, 2009 transferred as per (a)(i) above in terms of the said scheme has been first adjusted against Restructuring Adjustment account, General and other reserves of the Company and the balance thereafter against surplus as per Profit & Loss Account.
- (iv) Transfer of asset and secured loans etc. in terms of the scheme are pending completion of relevant formalities, which will be complied with in due course of time.
- In view of the aforesaid demerger with effect from 1st February, 2009 the figures for the current year are not comparable with those of the previous year.
- (b) Exceptional item represents separation cost pertaining to the voluntary separation scheme offered and accepted by workmen of the Company's Screws and Fasteners division.
- (c) Written down value of certain fixed assets amounting to Rs. 20058 ('000) has been transferred to inventory since these are held for disposal and the same has been disclosed as "assets held for disposal" in the inventory schedule.
- (d) Value of land & buildings has been restated at historical cost in these accounts by reversing the balance of Rs. 110879 ('000) lying in the credit of revaluation reserve to the respective heads of accounts.
- (e) All workmen and staff of Andul Road Works (ARW) at Howrah comprising Steel, Bolt & Nut, Engineering & Machinery Divisions and an unit of Sankey Electrical Stampings Division have accepted voluntary separation compensation and have since resigned from the services of the Company. Screws & Fasteners Division has been under lock-out since 30th October, 2007. However, certain year-end exercise with respect to physical verification of inventories and Fixed assets could not be undertaken pending this, adequate provision for possible loss has been made in these accounts.
- (f) Current assets, loans and advances have been valued at least equal to that stated in the accounts.
- (g) Previous years' figures have been rearranged and regrouped wherever considered necessary.

On behalf of the Board

J. D. Curravala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

H. S. Jha
Partner
for and on behalf of
LODHA & CO.
Chartered Accountants

Kolkata
29th June, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. REGISTRATION DETAILS**

Registration No.	7026	State Code	21
Balance Sheet Date	31 03 2009		
	Date Month Year		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. ('000))

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. ('000))

Total Liabilities	416842	Total Assets	416842
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SOURCES OF FUNDS

Paid-up Capital	59665	Reserves & Surplus	199688
Secured Loans	-	Deferred Tax Liability	-

APPLICATION OF FUNDS

Net Fixed Assets	98264	Investments	987
Net Current Assets	160102	Misc. Expenditure	-
Accumulated Losses	-		

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. ('000))

Turnover (including other income)	1126418	Total Expenditure	1031531
Profit/(Loss) Before Tax	52388	Profit/(Loss) After Tax	34094
Earnings per Share	0.67	Dividend Rate %	-

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY
(as per monetary terms)**

Item Code No.	72281000
Product Description	High Speed Steel
Item Code No.	343201003
Product Description	Screws & Fasteners
Item Code No.	331168006
Product Description	Stampings

CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

	Rs. ('000)	
	For the year ended 31st March, 2009	For the period ended 31st March, 2008
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before taxation and after exceptional items	52388	2570328
Adjustments for :		
Depreciation – Fixed Assets	65600	77760
Diminution of investments	132	252
Exceptional and Prior period items (net)	42499	(2558592)
(Profit)/Loss on disposal/scrapping of fixed assets	(61)	(17636)
(Profit)/Loss on sale of investment	-	(1201)
Stores written off	3923	1000
Foreign Exchange (gain)/loss (net)	3073	(7545)
Dividend and Income on investment	(21)	(16)
Interest income	(96961)	(12185)
Provision for doubtful debts and advances	4279	10645
Bad and doubtful debts and advances written off	39691	201
Provision no longer required	(39691)	-
Liability no longer required written back	(29554)	(104663)
Interest expense	22165	55584
	<u>15074</u>	<u>(2556396)</u>
Operating Profit/(Loss) before Working Capital changes	67462	13932
Adjustments for :		
Trade & other receivables	82226	99245
Inventories	(1163)	(142602)
Trade Payables	(564916)	(6856)
	<u>(483853)</u>	<u>(50213)</u>
Cash generation from operation	(416391)	(36281)
Direct taxes paid/refund	(26093)	(2543)
	<u>(442484)</u>	<u>(38824)</u>
Cash flow before adjustments/exceptional items	(442484)	(38824)
Foreign Exchange (loss)/gain (net)	(3073)	7545
Net Cash from operating activities	<u>(445557)</u>	<u>(31279)</u>
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(2517)	(315)
Capital WIP	(1178)	-
Sale of Fixed Assets :		
Exceptional items	-	3158625
Others	492	37696
Sale of investment	-	1201
Income on investment	21	16
Interest income	96515	8110
Net cash flow from investing activity	<u>93333</u>	<u>3205333</u>

CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT) (Contd.)

	Rs. ('000)	
	For the year ended 31st March, 2009	For the period ended 31st March, 2008
C. Cash Flow from Financing Activities		
Dividend distribution tax paid	(14998)	
Share Premium	-	(514925)
Payment against unclaimed preference share	-	(60075)
Redemption of preference shares	-	(491690)
Repayment to UTI & AGI	-	(12346)
Interest Paid	(22165)	(59978)
Dividend paid	-	(68247)
Repayment/transfer of borrowings	-	(109168)
Increase/(Decrease) in overdraft from Bank	17040	(139755)
Net cash flow from financing activities	(20123)	(1476184)
Exceptional Items	-	(275000)
Net increase in Cash and Cash equivalents (A+B+C)	(372347)	1422870
Closing Cash and Cash Equivalents as on 01.04.08	1536136	113266
Adjustment arising out of demerger (note 26(a))	(971846)	-
Adjusted cash balance	564290	113266
Closing Cash and Cash Equivalents as on 31.03.09	191943	1536136

Notes : 1. Figures in brackets represent cash outflow.

2. Closing cash balance includes Fixed deposits of Rs. 130733 ('000).

On behalf of the Board

J. D. Curravala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

Kolkata
29th June, 2009

This is the Cash Flow Statement referred to in our report of even date.

14, Government Place East
Kolkata
29th June, 2009

for LODHA & CO
Chartered Accountants
H. S. Jha
Partner

STATEMENT REGARDING SUBSIDIARY COMPANIES

1 Pursuant to Section 212 sub-section 3 of the Companies Act, 1956.

(a) Name of Subsidiary	GKW (Overseas Trading) Limited	GKW Infosystems Ltd.
(b) Holding Company's interest	50000 ordinary shares of Rs.10/- each, fully paid, holders of entire issued share capital	50000 ordinary shares of Rs.10/- each, fully paid up, held by GKW (Overseas Trading) Ltd., holders of entire issued share capital
(c) Net aggregate of Subsidiary's Profits less Losses and not dealt with in the Company's accounts –		
(i) For the Subsidiary's financial year ended on 31st March, 2009	Rs. 514197 Loss	Rs. 13529 Loss
(ii) For the previous financial year	Rs. 2264 Profit	Rs. 19048 Loss
(d) Net aggregate amount of Subsidiary's Profits less Losses and dealt with in the Company's accounts –		
(i) For the Subsidiary's financial year ended on 31st March, 2009	Nil	Nil
(ii) For the previous financial year	Nil	Nil

On behalf of the Board

J. D. Curavala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

Kolkata
29th June, 2009

10 YEARS' PROFILE

Rs. lakhs

	99-2000	2000-'01	2001-'02	2002-'03	2003-'04	2004-'05	2005-'06	2006-'07	2007-'08	2008-'09
OPERATING RESULTS										
Sales	12841	7659	6622	6456	7306	8263	13019	13006	13263	9497
Profit/(Loss) before depreciation & finance charges	582	4217	3155	(589)	(238)	(1)	790	1448	1451	1827
Finance Charges	(3495)	(2367)	(1493)	(1498)	(1680)	(1820)	(537)	(545)	(556)	(222)
Gross Profit/Loss	(2913)	1850	1662	(2087)	(1918)	(1821)	253	903	895	1605
Depreciation	(982)	(909)	(907)	(908)	(904)	(870)	(846)	(831)	(778)	(656)
Profit/(Loss) before tax	(3895)	941	765	(2995)	(2822)	(2691)	1902	73	25703	524
Profit/(Loss) after tax	(4091)	939	754	(2753)	(2548)	(2359)	2191	337	25694	341
Dividend	-	-	-	-	-	-	-	-	-	-
OTHER STATISTICS										
Net Assets Employed	17740	12911	10055	7662	6329	5563	8429	9733	22070	2594
Shareholders' Fund	(578)	221	858	(3327)	(5875)	(8234)	5007	7189	22070	2594
PBT to Sales (%)	-	12	11	-	-	-	15	-	194	6
PBT to Net Assets Employed (%)	-	7	7	-	-	-	23	1	116	20
Dividend (%)	-	-	-	-	-	-	-	-	-	-
No. of Employees	4533	4010	3927	2965	2691	2452	1839	1648	537	102
No. of shareholders ('000 nos.)	114	114	114	112	107	104	99	96	92	91

Notes :

1. Brackets represent deductions/losses
2. Profit before tax and after tax include exceptional and prior period items.

**AUDITORS' REPORT
TO THE MEMBERS OF GKW LIMITED**

We have audited the attached Balance Sheet of GKW Limited (the Company) as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. These financial statements of the Company are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the Order") issued by the Central Government in exercise of the powers conferred by Section 227 (4A) of the Companies Act 1956, ("the Act") and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we state that :
 - I.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets;
 - b) Physical verification of the fixed assets have been conducted by the management during the year *except in respect of fixed assets of the Company's divisions which are under suspension of operations as indicated in Note No. 26 (e) of schedule 17 and status whereof is presently not ascertainable.* However in respect of Furniture and Fixtures, physical verification is conducted in a phased manner over a period of three years. As explained, no material discrepancies in respect of assets verified were noticed with respect to the book records;
 - c) The Company has not disposed off any substantial part of the fixed assets during the year.
 - II.
 - a) The inventory, have been physically verified by the management during the year, *excepting those lying at divisions under suspension of operations as indicated in Note No. 26 (e) of Schedule 17, status whereof is presently not ascertainable.* In our opinion, and according to the information and explanations given to us, the frequency of verification, wherever carried out, is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification, wherever carried out, in respect of the inventory verified, as followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) On the basis of our examination of the records of inventory, *except in respect of the Divisions under suspension of operations as indicated in Note No. 26 (e) of Schedule 17, where no such verification could be carried out,* we are of the opinion that the company is maintaining proper records of its inventory. As far as ascertained, discrepancies noticed on physical verification of inventory were not material as compared to the book records and these have been properly dealt with in the books of account.
 - III. As per the records of the Company, it has not taken/ granted any loans, secured or unsecured to any companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clauses 4 (iii) of the Order are not applicable to the Company.
 - IV. In our opinion, and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct the major weaknesses in internal controls.
 - V. According to information and explanations given to us and as per the records of the company, there are no transactions that need to be entered, in the Register maintained under Section 301 of the Act. Accordingly, the provisions of the clause 4 (v) (b) of the said Order is not applicable to the Company.

- VI. The Company has not accepted any deposit from the public during the year. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA of the Act and rules framed there under, in respect of the deposits accepted in earlier years and lying unclaimed as on 31st March, 2009.
- VII. Internal audit is being conducted by Company's own internal audit department, so as to cover the entire operation over a period of time. In our opinion the Company's internal audit system in respect of areas covered is commensurate with its size and nature of its' business.
- VIII. On the basis of records produced, we are of opinion that prima facie the cost records and account prescribed by the Central Government under Section 209(1)(d) of the Act in respect of the Company's Powmex Steels Division have been maintained. However, we have not carried out a detailed examination of such records with a view to determine whether they are accurate or complete. The Central Government has not prescribed maintenance of cost records by the Company under Section 209(1)(d) of the Act in respect of other products of the Company.
- IX. a) As far as ascertained from the the records available for our verification, statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other relevant material statutory dues wherever applicable have generally been regularly deposited during the year with the appropriate authorities.
- b) According to the information and explanations given to us, amounts of Income Tax, Sales Tax and Excise Duty amounts which have not been deposited on account of dispute are as given below:

<u>Statute</u>	<u>Nature of Tax</u>	<u>Forum where Dispute is Pending</u>	<u>Amount (Rs. in Lacs)</u>	<u>Period to which amount relates</u>
The Income Tax Act, 1961	Income Tax	Orissa High Court	104.61	1991-93
The Central Sales Tax Act, 1956	Central Sales Tax	DC (Appeals), Sales Tax Tribunal	96.85 124.48	1984,1997-2000 1983,1985,1987, 1993 to 1996 and 2004
Bengal Finance (Sales Tax) Act,1941	Sales tax	DC (Appeals) Sales Tax Tribunal	57.10 139.68	1984 and 1986 1976,1983,1985,1987 1993 to 1996
The West Bengal Sales Tax Act, 1994	Sales Tax	DC (Appeals) Sales Tax Tribunal	59.29 29.89	1997-2000 1996 and 2004
Central Excise Act, 1944	Excise Duty	CESTAT Commissioner (Appeals)	23.99 149.95	2005 1997-2000

- X. The Company does not have any accumulated losses as at the end of the year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial period.
- XI. In our opinion and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions and banks. There were no debenture holders as at the end of the year.
- XII. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other security.
- XIII. In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of the clause 4 (xiii) of the said Order are not applicable to the Company.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4 (xiv) of the Order is not applicable to the Company.

- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. As per the information and explanations given to us, the Company has not availed fresh term loan during the year.
- XVII. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.
- XVII. The Company has not made any preferential allotment of shares to parties and companies required to be covered, in the Register maintained under Section 301 of the Act, during the year.
- XIX. The Company has no outstanding Debentures at the year end.
- XX. The Company has not raised any money through a Public Issue during the year.
- XXI. During the course of our examination of books and records of the Company carried out in accordance with generally accepted auditing practices in India, we have neither come across any instances of fraud by the Company, noticed and reported during the year, nor have we been informed of any such case by the management.

2. Further to above, 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) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
- c) 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 such books; and
- d) In our opinion the Balance Sheet, Profit and Loss Account, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Act.
- e) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director of the Company in terms of section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, 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
 - i. in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata

Dated: 29th June, 2009

For Lodha & Co.
Chartered Accountants
H S Jha
Membership No. 55854
Partner

DIRECTORS' REPORT

Your Directors submit their Annual Report together with the Audited Accounts for the year ended 31st March, 2009.

ACCOUNTS

The turnover for the year was Nil (2007-2008 – Nil). Income by way of commission earned on export orders for High Speed Steels during the year was Rs. Nil as against Rs.0.25 lakhs for the year 2007-2008. The expenditure incurred by the Company in foreign currency during the year was Rs. Nil (2007-2008 – Nil) and the earnings in foreign currency was Rs. Nil (2007-2008 – Nil). Net loss for the year was Rs.5.14 lakhs as against a net profit of Rs.0.02 lakh in the year 2007-2008.

OPERATIONS

The Company continues to seek commission business as it is its main line of business.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors hereby confirm :

- i) That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that year.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:
- iv) That the Directors had prepared the annual accounts on a going concern basis.

Since the Company is not engaged in manufacturing activity, the Provisions under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo are not applicable.

DIRECTORS

Mr. M.L.Lahoti retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS

M/s. K. C. Roy & Co., the retiring auditors have expressed their willingness to be reappointed.

Kolkata
25th June, 2009

On behalf of the Board
A. Chakrabarti M. L. Lahoti
Director Director

GKW (OVERSEAS TRADING) LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF GKW (OVERSEAS TRADING) LIMITED

We have audited the attached Balance Sheet of GKW (Overseas Trading) Limited as on 31st March, 2009 and also the Profit & Loss Account for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit is a reasonable basis of our opinion.

We further report that the information pursuant to the provision of paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 has not been appended to the accounts as the Company has no activity relating to the manufacturing, trading, export and import of goods.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters which in our opinion are applicable to the Company.

Further to our comments in the Annexure referred above, we report that ;

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of the account as required by law have been kept by the Company so far as appears from the examination of those books;
- iii) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India;
 - a. In case of the Balance Sheet, of the state of the affairs of the Company as on 31st March, 2009
 - b. In the case of the Profit & Loss account, of the loss for the year ended on that date.

Kolkata
25th June, 2009

N. N. Bhattacharya
Partner
Membership No. 9584
for & on behalf of
K. C. Roy & Co.
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF GKW (OVERSEAS TRADING) LIMITED REFERRED TO IN OUR REPORT OF EVEN DATE

- (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on verification. There was no disposal of fixed assets during the year.
- (ii) There has been no inventory at any point of time during the year. Hence, items (a), (b) and (c) of Clause (ii) of the aforesaid order are not applicable.
- (iii) As informed to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.
- (v) Based on the information and explanations given to us, the transactions pertaining to contracts and arrangements that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have not been so entered since the Company inter-alia, does not undertake transactions of purchase and sale of goods, materials and services with associate and group companies, in pursuance of contracts/arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from public within the meaning of sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act.
- (vii) The paid-up capital and reserves of the Company at the commencement of the financial year did not exceed Rs. 50 Lakhs as at the commencement of the financial year or the average annual turnover for a period of three consecutive financial year immediately preceding the financial year did not exceed Rs. 5 Crores and as such, we are not commenting on the internal audit system, if any.
- (viii) Maintenance of cost records as prescribed by the Central Government under clause (d) of sub-section (1) of 209 of the Act is not applicable to the Company.
- (ix) The Company does not have any staff on its payroll and is not engaged in transaction of purchase and sale and therefore item (a) and (b) of clause (ix) of the aforesaid order are not applicable to your Company.
- (x) The Company has no accumulated losses at the end of the financial year but it has incurred cash loss in the current year but earned cash profit in immediately preceding financial year.
- (xi) The Company has not taken any loans from Financial institutions, Banks or Debenture-holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares and debentures.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- (xiv) As informed and explained to us, the Company has not dealt/traded in securities or debentures or other investments during the year.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates from bank or financial institutions.
- (xvi) The company has not taken any term loan and as such this para has no application thereof.
- (xvii) No funds raised for short term basis have been used for long term investment or vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

Kolkata
25th June, 2009

N. N. Bhattacharya
Partner
Membership No. 9584
for & on behalf of
K. C. Roy & Co.
Chartered Accountants

GKW (OVERSEAS TRADING) LIMITED

**BALANCE SHEET
AS AT 31ST MARCH 2009**

	Schedule	31st March 2009		31st March 2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		500000		500000
Reserves and Surplus	2		61835		578032
Total			<u>561835</u>		<u>1078032</u>
APPLICATION OF FUNDS					
Fixed Assets	3				
Gross Block		339847		339847	
Less: Accumulated Depreciation		332803		331434	
Net Block			7244		8413
Investments	4		-		500000
Current Assets, Loans and Advances					
Cash and Bank Balances	5	13648		13534	
Loans and Advances	6	542109		555251	
		<u>596757</u>		<u>568785</u>	
Less: Current Liabilities and Provisions					
Liabilities		-		-	
Provisions		1166		1166	
		<u>1166</u>		<u>1166</u>	
Net Current Assets			<u>584991</u>		<u>567619</u>
Total			<u>561835</u>		<u>1078032</u>
Notes on Accounts	8				

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

N. N. Bhattacharya
Partner
For and on behalf of
K. C. ROY & CO.
Chartered Accountants
Kolkata
25th June 2009

On behalf of the Board
A. Chakrabarti
Director
M. L. Lahoti
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule	2008-2009 Rs.	2007-2008 Rs.
INCOME			
Commission		-	25000
		-	25000
EXPENDITURE AND CHARGES			
Expenses	7	513028	20212
Depreciation		1166	1358
		<u>514197</u>	<u>21570</u>
PROFIT/(LOSS) BEFORE TAXATION		<u>(514197)</u>	<u>3430</u>
Provision for taxation		-	1166
PROFIT/(LOSS) AFTER TAXATION		<u>(514197)</u>	<u>2264</u>
Balance from previous year brought forward		576032	573768
Balance carried forward	8	<u>61835</u>	<u>578032</u>

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

N. N. Bhattacharya
Partner
For and on behalf of
K. C. ROY & CO.
Chartered Accountants
Kolkata
25th June 2009

On behalf of the Board
A. Chakrabarti
Director
M. L. Lahoti
Director

SCHEDULES TO BALANCE SHEET

	31st March 2009	31st March 2008		
	Rs.	Rs.		
1. SHARE CAPITAL				
Authorised				
50,000 Ordinary Shares of Rs.10/- each	<u>500000</u>	<u>500000</u>		
Issued and Subscribed				
50,000 Ordinary Shares of Rs.10/- each fully paid up in cash (The whole of the subscribed capital is held by GKW Limited and its nominees)	<u>500000</u>	<u>500000</u>		
2. RESERVES AND SURPLUS				
Profit and Loss Account	<u>61835</u>	<u>576032</u>		
3. FIXED ASSETS				
	Plant & Machinery Rs.	Furniture & Fittings Rs.	Total 2008-09 Rs.	Total 2007-08 Rs.
Cost				
As at the beginning of the year	<u>336204</u>	<u>3643</u>	<u>339847</u>	<u>339847</u>
Total as at the year end	<u>336204</u>	<u>3643</u>	<u>339847</u>	<u>339847</u>
Accumulated Depreciation				
As at the beginning of the year	<u>327792</u>	<u>3642</u>	<u>331434</u>	<u>330076</u>
Add : For the year	<u>1169</u>	<u>-</u>	<u>1169</u>	<u>1358</u>
Total as at the year end	<u>328961</u>	<u>3642</u>	<u>332603</u>	<u>331434</u>
Net Book value as at 31st March 2009	<u>7243</u>	<u>1</u>	<u>7244</u>	<u>8413</u>
Net book value as at 31st March 2008	<u>8412</u>	<u>1</u>	<u>8413</u>	<u>9771</u>
4. INVESTMENTS				
Unquoted				
GKW Infosystem Limited				
50000 Ordinary Shares of Rs. 10/- each fully paid-up at cost	<u>500000</u>		<u>500000</u>	
Less : Provided during the year	<u>(500000)</u>	<u>-</u>	<u>-</u>	
			<u>500000</u>	
5. CASH AND BANK BALANCES				
Cash and cheques in hand	<u>2673</u>		<u>4001</u>	
Bank balances with scheduled banks on current accounts	<u>10975</u>		<u>9533</u>	
	<u>13648</u>		<u>13534</u>	
6. LOANS AND ADVANCES				
Considered good				
Advances recoverable in cash or value to be received (Includes receivable from GKW Ltd. Rs. 527341 (Previous year — Rs. 540483), the holding Company	<u>527341</u>		<u>540483</u>	
TDS Receivable	<u>13878</u>		<u>13878</u>	
Advance payment of Tax (net of provisions)	<u>890</u>		<u>890</u>	
	<u>542109</u>		<u>555251</u>	

SCHEDULE TO PROFIT AND LOSS ACCOUNT

	31st March 2009 Rs.	31st March 2008 Rs.
7. EXPENSES		
Rates and taxes	4158	5642
Bank charges	120	60
Auditors' remuneration (Note 2)	6000	6000
Provision for diminution in value of investments	500000	-
Licence/Filing fees	2750	8510
	<u>513028</u>	<u>20212</u>

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

Schedule - 8

1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION AND REVENUE RECOGNITION

These Accounts are prepared under the historical cost convention. Both income and expenditure items are recognised on accrual and prudent basis.

(b) FIXED ASSETS AND DEPRECIATION

Fixed assets and capital work-in-progress are stated at cost. Depreciation on fixed assets are being recognised on Written Down Value Method at rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

(c) INVESTMENTS :

Long Term Investments are stated at cost less write downs/provided in certain cases.

(d) Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax assets or liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent years is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognisable unless there is sufficient assurance with respect to the future taxable income.

	2008/2009 Rs.	2007/2008 Rs.
2. PAYMENTS TO AUDITORS		
As auditors of the Company	<u>6000</u>	<u>6000</u>
3. (a) Total outstanding dues of micro enterprises and small enterprises	NIL	NIL
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	NIL	NIL
(c) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year	NIL	NIL
(d) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
(f) The amount of interest accrued and remaining unpaid at the end of each accounting year, and	NIL	NIL
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL

- | | 2007-2008
Rs. | 2006-2007
Rs. |
|--|------------------|------------------|
| 4. CLAUSE 4-C OF PART II OF SCHEDULE VI IS NOT APPLICABLE TO THE COMPANY | | |
| 5. VALUE OF IMPORTS OF CIF BASIS | NIL | NIL |
| 6. EXPENDITURE IN FOREIGN CURRENCY | NIL | NIL |
| 7. In view of accumulated losses brought forward from earlier years, the provision for current taxation as well as for deferred tax assets or liability in terms of Accounting Standard (AS) - 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India have not been recognised since there is no sufficient assurance with respect to reversal thereof in future years. | | |
| 8. Regarding "Related Party Disclosures" as per Accounting Standard 18 of the Institute of Chartered Accountants of India we give below the following details : | | |

Name of Related Party	Nature of relationship	Nature of transaction	Value of transaction for the year		Debit/(Credit) Outstanding as on	
			2008/09	2007/08	31.03.09	31.03.08
GKW Limited	Holding Company	Rendering of services	13142	25000	527341	540483

INFORMATION PURSUANT TO PART IV OF THE COMPANIES ACT, 1956

9. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. 27207	State Code	21
Balance Sheet Date 31 03 2009		
Date Month Year		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rupees)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rupees)

Total Liabilities	563001	Total Assets	563001
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IV. SOURCES OF FUNDS

Paid-up Capital	500000	Reserves & Surplus	61835
Secured Loans	-	Unsecured Loans	-

APPLICATION OF FUNDS

Net Fixed Assets	7244	Investments	-
Net Current Assets	554591	Misc. Expenditure	Nil
Accumulated Losses			-

IV. PERFORMANCE OF THE COMPANY (Amount in Rupees)

Turnover	Nil	Total Expenditure	514197
Total Income	Nil	Profit/(Loss) After Tax	(514197)
Profit/(Loss) Before Tax	(514197)	Dividend Rate %	Nil
Earnings per Share	-		

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

(as per monetary terms)	
Item Code No. (ITC Code)	Nil
Product Description	Nil

10. Previous Year's figures have been re-grouped/re-arranged where necessary.
Signature to Schedules 1 to 8 forming part of Balance Sheet and Profit and Loss Account.

On behalf of the Board

Kolkata
25th June, 2009

A. Chakrabarti
Director

M. L. Lahoti
Director

**DIRECTORS' REPORT
TO THE SHAREHOLDERS**

Your Directors submit their Annual Report together with the Audited Accounts for the year ended 31st March, 2009.

ACCOUNTS

The turnover for the year was NIL (2007-2008 – NIL). The Company incurred a loss of Rs.13,529/- (2007-2008 – Rs.19,048/-) during the said period.

In respect of Auditors' Report as stated in item No. (vi) of Annexure of the Report, the item No. 9(a) of Notes of Accounts is self-explanatory.

Since the Company is not engaged in manufacturing activity, the provision under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption, is not applicable.

OPERATIONS

The Company continued to pass through difficult period resulting in erosion of networth. The Company's training activities continued to remain suspended as the revival of demand did not materialize. Various options are being explored to deal with the business of the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings and outgo.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors hereby confirm :

- i) That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors had prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

There was no employee in respect of remuneration required to be reported under Section 217(2A) of the Companies Act, 1956.

DIRECTORS

Mr. A. Chakrabarti will retire at the forthcoming Annual General Meeting and being eligible offers himself for re-election.

AUDITORS

M/s. K. C. Roy & Co., Chartered Accountants, the retiring Auditors have expressed their willingness to be re-appointed.

For and on behalf of the Board

A. Chakrabarti
Director

M. K. Mallik
Director

Kolkata
25th June, 2009

AUDITORS' REPORT**TO THE MEMBERS OF GKW INFOSYSTEMS LIMITED**

We have audited the attached Balance Sheet of GKW Infosystems Limited as on 31st March, 2009 and also the Profit & Loss Account for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit is a reasonable basis of our opinion.

We further report that the information pursuant to the provision of paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 has not been appended to the accounts as the Company has no activity relating to the manufacturing, trading, export and import of goods.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of the account as required by law have been kept by the Company so far as appears from the examination of those books;
- iii) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) **As indicated in Note 9(a) of Schedule - 8, the Companies' training and other activities continues to remain suspended during the year as the Company did not have the capacity to make the required investments for reviving the business. However, various options are being explored to deal with the business of the Company. Consequential adjustments in assets and liabilities will be made once the option is exercised. Accordingly, the accounts have been prepared on going concern basis.**
- vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India;
 - a. In case of the Balance Sheet, of the state of the affairs of the Company as on 31st March, 2009
 - b. In the case of the Profit & Loss account, of the loss for the year ended on that date.

N. N. Bhattacharya
Partner
Membership No. 9584

for & on behalf of
K. C. Roy & Co.
Chartered Accountants

Kolkata,
25th June, 2009

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF GKW INFOSYSTEMS LIMITED,
REFERRED TO IN OUR REPORT OF EVEN DATE**

- (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on verification. There was no disposal of fixed assets during the year.
- (ii) There has been no inventory at any point of time during the year. Hence, items (a), (b) and (c) of Clause (ii) of the aforesaid Order are not applicable.
- (iii) As informed to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business. No major weakness have been noticed in the internal control in respect of those areas during discourse of our audit.
- (v) Based on the information and explanations given to us, the transactions pertaining to contracts and arrangements that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have not been so entered since the Company inter-alia, does not undertake transactions of purchase and sale of goods, materials and services with associate and group companies, in pursuance of contracts/arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from public within the meaning of sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Companies Act, 1956.
- (vii) The paid-up capital and reserves of the Company at the commencement of the financial year did not exceed Rs. 50 Lakhs as at the commencement of the financial year or the average annual turnover for a period of three consecutive financial year immediately preceding the financial year did not exceed Rs. 5 Crores and as such, we are not commenting on the internal audit system, if any.
- (viii) Maintenance of cost records as prescribed by the Central Government under clause (d) of sub-section (1) of 209 of the Act is not applicable to the Company.
- (ix) The Company does not have any staff on its payroll and is not engaged in transaction of purchase and sale and therefore item (a) and (b) of clause (ix) of the aforesaid order are not applicable to your Company.
- (x) ***The Company has accumulated losses at the end of the financial year which has exceeded its total net worth and it has also incurred cash losses in the current and in immediately preceding financial year.***
- (xi) The Company has not taken any loans from Financial Institutions, Banks or Debenture-holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares and debentures.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/societies.
- (xiv) As informed and explained to us, the Company has not dealt/traded in securities or debentures or any other investments during the year.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates from bank or financial institutions.
- (xvi) The Company has not taken any term loan and as such this para has no application thereof.
- (xvii) No funds raised for short term basis have been used for long term investment vice versa.
- (xviii) The Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

N. N. Bhattacharya
Partner
Membership No. 9584

for & on behalf of
K. C. Roy & Co.
Chartered Accountants

Kolkata,
25th June, 2009

**BALANCE SHEET
AS AT 31ST MARCH 2009**

SOURCES OF FUNDS	Schedule	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
Shareholders' funds					
Share Capital	1		<u>500000</u>		<u>500000</u>
Total			<u>500000</u>		<u>500000</u>
APPLICATION OF FUNDS					
Fixed Assets	2				
Gross Block		<u>80700</u>		<u>80700</u>	
Less : Depreciation		<u>80699</u>		<u>80699</u>	
Net Block			1		1
Current Assets, loans and advances					
Sundry debtors	3				
Cash and bank balances	4	<u>17705</u>		<u>13185</u>	
Loans and Advances	5	<u>25879</u>		<u>25879</u>	
		<u>43584</u>		<u>39064</u>	
Current Liabilities and provisions	6	<u>2002980</u>		<u>1984931</u>	
Net Current Assets			<u>(1959396)</u>		<u>(1945867)</u>
Profit and Loss Account			<u>2459395</u>		<u>2445866</u>
Total			<u>500000</u>		<u>500000</u>

Notes on Accounts

8

The Schedules referred to above and the notes attached form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

N. N. Bhattacharya
Partner
For and on behalf of
K. C. ROY & CO.
Chartered Accountants

Kolkata
25th June, 2009

On behalf of the Board

A. Chakrabarti
Director

M. K. Mallik
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2009**

	Schedule	2008-2009 Rs.	2007-2008 Rs.
INCOME			
EXPENDITURE AND CHARGES			
Operating Costs	7	<u>13529</u>	<u>19048</u>
		<u>13529</u>	<u>19048</u>
Profit/(Loss) before Taxation		<u>(13529)</u>	<u>(19048)</u>
Provision for Taxation			
Balance from previous year brought forward		<u>(2445866)</u>	<u>(2426818)</u>
Balance of Profit/(Loss) account		<u>(2459395)</u>	<u>(2445866)</u>

Notes on Accounts

8

The Schedules referred to above and the notes attached form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

N. N. Bhattacharya
Partner
For and on behalf of
K. C. ROY & CO.
Chartered Accountants

Kolkata
25th June, 2009

On behalf of the Board

A. Chakrabarti
Director

M. K. Mallik
Director

SCHEDULE TO PROFIT AND LOSS ACCOUNT

	2006-2009 Rs.	2007-2008 Rs.
7. OPERATING COSTS		
Audit Fees	6000	6000
Bank Charges	480	1756
Rates and Taxes	2500	4792
Miscellaneous Expenses (filing fees, License fees and others)	4549	6500
	<u>13529</u>	<u>19048</u>

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

Schedule 8

1. SIGNIFICANT ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION AND REVENUE RECOGNITION

These Accounts are prepared under the historical cost convention. Both income and expenditure items are recognised on accrual and prudent basis.

Course fees received is accounted on prorata basis depending upon the duration of the course.

Franchisee Registration fees is recognised at the time of signing of MOU with Franchisee.

Preliminary Expenses are being amortised in five equal instalments.

(b) FIXED ASSETS AND DEPRECIATION

Fixed Assets are stated at historical cost. Depreciation on fixed assets are being recognised on Straight line method at rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

(c) FOREIGN CURRENCY TRANSACTIONS

Foreign Currency balances at the year-end are translated at the appropriate forward contract or year end rates.

(d) TERMINAL EMPLOYEE BENEFITS

Gratuity payable to the employees will be provided in the accounts on the basis of the Payment of Gratuity Act, 1972, accrued leave liability will be provided on the basis of management estimate.

(e) ACCOUNTING FOR TAXATION

Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent years is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognisable unless there is sufficient assurance with respect to the future taxable income.

	2006-2009 Rs.	2007-2008 Rs.
2. CAPITAL EXPENDITURE COMMITMENTS		
Estimated outstanding commitments for capital expenditure (Net)	NIL	NIL
3. CONTINGENT LIABILITY	NIL	NIL
4. PAYMENT TO AUDITORS		
As auditors of the Company	6000	6000
5. (a) Total outstanding dues of micro enterprises and small enterprises	NIL	NIL
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	770150	751358
(c) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year	NIL	NIL
(d) The amount of interest paid by the buyer in terms of section 18 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL

GKW INFOSYSTEMS LIMITED

	2008-2009	2007-2008
(f) The amount of interest accrued and remaining unpaid at the end of each accounting year, and	NIL	NIL
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
6. CLAUSE 4-C OF PART II OF SCHEDULE VI IS NOT APPLICABLE TO THE COMPANY		
7. VALUE OF IMPORTS ON CIF BASIS	NIL	NIL
8. EXPENDITURE IN FOREIGN CURRENCY	NIL	NIL
9. GENERAL		
(a) The Company's training and other activities continued to remain suspended during the year as the Company did not have the capacity to make the required investments for reviving the business. However, various options are being explored to deal with the business of the Company. Consequential adjustments in assets and liabilities will be made once the option is exercised. Accordingly, the accounts have been prepared on going concern basis.		
(b) In view of the accumulated losses brought forward from earlier years, the provision for current taxation as well as deferred tax assets or liability in terms of AS-22 (Accounting for Taxes on Income) issued by the Institute of Chartered Accountants of India have not been recognised since there is no sufficient assurance with respect to reversal in future years.		
(c) Regarding Related party disclosures as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, we give below the following details :		Amount in Rs.

Name of Related Party	Nature of relationship	Nature of transaction	Value of transaction		Debit/(Credit) Outstanding as on 31.03.2009	
			2008/2009	2007/2008	2008/2009	2007/2008
GKW (Overseas Trading) Limited	Holding Company	NIL	NIL	NIL	NIL	NIL
GKW Limited	Holding Company of GKW (Overseas Trading) Limited	Receiving of services	-	19048	-	(582949)

INFORMATION PURSUANT TO PART IV OF THE COMPANIES ACT, 1956

9. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. 27207	State Code	21
Balance Sheet Date 31 03 2009	Date Month Year	

II. CAPITAL RAISED DURING THE YEAR (Amount in Rupees)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rupees)

Total Liabilities	2502980	Total Assets	2502980
SOURCES OF FUNDS			
Paid-up Capital	500000	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL
APPLICATION OF FUNDS			
Net Fixed Assets	1	Investments	NIL
Net Current Assets	(1959396)	Misc. Expenditure	NIL
Accumulated Losses	2459395		

IV. PERFORMANCE OF THE COMPANY (Amount in Rupees)

Total Income	-	Total Expenditure	13529
Profit/(Loss) Before Tax	(13529)	Profit/(Loss) After Tax	(13529)
Earnings per Share	-	Dividend Rate %	NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Product Description	Education
	Corporate Training
	Software Development

Signature to Schedules 1 to 9 forming part of Balance Sheet and Profit and Loss Account.

On behalf of the Board

Kolkata
25th June, 2009

A. Chakrabarti
Director

M. K. Mallik
Director

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF GKW LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GKW LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of GKW Limited ("the Company") and its subsidiary Companies as at 31st March, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of the subsidiary companies whose financial statements reflect total assets of Rs. 5.69 lacs as at 31st March 2009 and total revenues of Rs. nil for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards 21, "Consolidated Financial Statements" and on the basis of the separate audited financial statements of GKW Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of GKW Limited and its subsidiaries, we are of the opinion that, the Consolidated Balance Sheet, Profit and loss account and Cash flow statement give a true and fair view of the consolidated state of affairs of GKW limited and its subsidiaries as at 31st March, 2009, consolidated results of their operation and their consolidated cash flows for the year ended on that date in conformity with the accounting principles generally accepted in India.

Kolkata
29th June, 2009

H. S. Jha
Membership No. 55854
Partner
For Lodha & Co.
Chartered Accountants

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2009**

		Rs.('000)	
	Schedule	As at 31.03.09	As at 31.03.08
SOURCE OF FUNDS			
Shareholders' fund			
Share capital	1	59665	596650
Reserves and surplus	2	197791	1609081
		<u>257456</u>	<u>2205731</u>
Deferred tax liability (Note 7)		-	-
Total		<u>257456</u>	<u>2205731</u>
APPLICATION OF FUNDS			
Fixed assets	3		
Gross block		330254	2361398
Less : Depreciation		233163	1637220
Net block		<u>97091</u>	<u>724178</u>
Capital work in progress		1178	-
		<u>98269</u>	<u>724178</u>
Investments	4	487	619
Current assets, loans and advances			
Inventories	5	53005	453007
Sundry debtors	6	5361	271455
Cash and bank balances	7	191975	1536163
Loans and advances	8	63248	128981
Other current assets	9	4081	3635
		<u>317670</u>	<u>2393241</u>
Less: Current liabilities and provisions			
Liabilities	10	116471	589905
Provisions	11	42499	322402
		<u>158970</u>	<u>912307</u>
Net current assets		158700	1480934
Misc. expenditure to the extent not written off		-	-
Total		<u>257456</u>	<u>2205731</u>
Notes on accounts	17		

On behalf of the Board

As per our Report annexed

J. D. Curavala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

H. S. Jha
Partner
for and on behalf of
LODHA & CO.
Chartered Accountants

Kolkata
29th June, 2009

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2009**

	Schedule	1st Apr '08- 31st Mar '09	Rs. ('000)	2nd Apr '07- 31st Mar '08
INCOME				
Sales (Gross)		949649		1326273
Less : Excise duty		92351		148488
Net sales		857298		1177785
Other sources	12	176769		147441
		<u>1034067</u>		<u>1325226</u>
EXPENDITURE AND CHARGES				
Operating Costs	13	847162		1169314
Depreciation	14	65601		77761
Interest	15	22165		55584
Others charges/(income)	16	4841		10827
		<u>939769</u>		<u>1313486</u>
PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		94298		11740
Exceptional and Prior period items (net) (note 11(b))		<u>(42499)</u>		<u>2558592</u>
PROFIT/(LOSS) BEFORE TAX		51799		2570332
Provision for taxation :				
- Current tax (Wealth Tax & MAT)		(6001)		(55)
- Tax for earlier years		(11400)		-
- Fringe Benefit Tax		(893)		(921)
PROFIT/(LOSS) AFTER TAX AND ADJUSTMENTS		33505		2569356
Surplus/(Loss) brought forward from earlier year		350257		(1495696)
Adjustment arising on demerger as per approved Scheme of Arrangement (note 11(a))		<u>(186100)</u>		-
PROFIT AVAILABLE FOR APPROPRIATION		<u>197662</u>		<u>1073660</u>
Dividend on Preference shares		-		88247
Provision for Dividend Distribution Tax		-		14998
TRANSFER TO RESERVES				
Capital Redemption Reserve		-		491690
General Reserve		-		128468
Balance carried forward		197662		350257
		<u>197662</u>		<u>1073660</u>
Basic and diluted earnings per share (Rs.) (note 9)				
- before exceptional items		1.50		0.18
- after exceptional items		0.66		41.58

Notes on accounts 17

On behalf of the Board

As per our Report annexed

J. D. Curravala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

H. S. Jha
Partner
for and on behalf of
LODHA & CO.
Chartered Accountants

Kolkata
29th June, 2009

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED
BALANCE SHEET AS AT 31ST MARCH 2009**

	Rs. ('000)	
	As at 31.03.09	As at 31.03.08
1. SHARE CAPITAL		
Authorized		
49250000 (2007/2008 – 49250000) Cumulative redeemable preference shares of Rs.10/- each	492500	492500
59665008 Ordinary shares of Rs.10/- each	596650	596650
	<u>1089150</u>	<u>1089150</u>
Issued and subscribed		
3669653 (2007/2008–36696526) Ordinary shares of Rs. 10/- each fully paid up at par in cash.	36697	366965
659749 (2007/2008–6597499) Ordinary shares for consideration other than cash pursuant to contracts/scheme of arrangements	6597	65975
1637098 (2007/2008–16370983) as bonus shares by way of capitalisation of reserves and share premium	16371	163710
	<u>59665</u>	<u>596650</u>
2. RESERVES AND SURPLUS		
Capital		
Property revaluation		
As at 1st April, 2008	112536	132711
Less : Transfer to Profit and loss account	1657	20175
	<u>110879</u>	112536
Less : Set off against fixed assets (note 11(d))	110879	–
Capital Reserve on consolidation	–	129
Capital Redemption Reserve	491690	491690
Capital – Others	67755	67755
General Reserve	586714	586714
	<u>1146159</u>	
Less: Adjustment arising on demerger as per approved Scheme of Arrangement (note 11(a))	1146159	–
Surplus as per Profit and Loss Account	197662	350257
	<u>197791</u>	<u>1609081</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED
BALANCE SHEET AS AT 31ST MARCH 2009**

3. FIXED ASSETS

	GROSS BLOCK						DEPRECIATION			NET BLOCK		
	As at		Withdrawals/ Transfer/ Adjustment		As at		As at		Withdrawals/ Transfer/ Adjustment		As at	
	1st April, 2008	Additions	note 11 (c & d)	Demerged note 11(a)	31st March, 2009	1st April, 2008	For the year	note 11 (c & d)	Demerged note 11(a)	31st March, 2009	31st March, 2009	31st March '08
Land	69394	-	58220	6246	6928	834	23	502	-	355	6573	68560
Buildings	397695	-	119815	164621	113259	209499	8016	64655	69017	83843	29416	188196
Railway Siding	898	-	-	-	898	895	1	-	-	896	2	3
Plant & Machinery	1861387	1216	489512	1189170	183921	1397248	58409	469328	859768	126561	57360	464139
Cars & Vehicles	17194	1301	1854	1378	15263	16645	278	1827	1373	13723	1540	549
Furniture & Fittings	14830	-	-	4845	9985	12099	531	-	4845	7785	2200	2731
	<u>2361398</u>	<u>2517</u>	<u>667401</u>	<u>1366260</u>	<u>330254</u>	<u>1637220</u>	<u>67258</u>	<u>536312</u>	<u>935003</u>	<u>233163</u>	<u>97091</u>	<u>724178</u>
Capital work in progress											1178	-
Per balance sheet 31st March, 2009											<u>98269</u>	<u>724178</u>
Previous year	<u>2449017</u>	<u>315</u>	<u>87932</u>		<u>2361398</u>	<u>1803992</u>	<u>80166</u>	<u>46938</u>		<u>1637220</u>	<u>724178</u>	

4. INVESTMENTS

Quoted

Trade

IDBI Ltd.

10720 shares of Rs.10 each—fully paid at cost

871

871

Unquoted

Trade

The Bengal Chamber of Commerce and Industry —

6.1/2% non-redeemable registered debentures—fully paid, at cost

Woodlands Hospital & Medical Research Centre Limited

(formerly The East India Clinic Limited) —

5% non-redeemable registered debentures—fully paid, at cost

Employees' Consumers' Co-operative Societies —

500 shares of Rs.10 each—fully paid, at cost

Shares in subsidiary companies

GKW (Overseas Trading) Limited

50,000 ordinary shares of Rs.10 each—fully paid, at cost

GKW Infosystem Limited

50,000 ordinary shares of Rs. 10 each fully paid, at cost

Less : Provided during the year

Less: Provision for diminution in value of investments

(384)

(252)

487

619

The aggregate book value of quoted investments

487

619

Market value of quoted investments

487

619

All investments are long term investments

Rs. ('000)

As at
31.03.09

As at
31.03.08

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED
BALANCE SHEET AS AT 31ST MARCH 2009**

	As at 31.03.09	Rs. ('000)	As at 31.03.08
5. INVENTORIES			
At or under cost (being cost or net realisable value whichever is lower)(*)			
Raw materials	3123		185816
Work-in-progress (including scrap)	2490		196973
Finished products	18044		43075
Assets held for disposal	19780		–
Stores and spare parts	7379		24954
Loose tools	2189		2189
	<u>53005</u>		<u>453007</u>
(*) net of provisions			
6. SUNDRY DEBTORS			
Over six months			
Secured – Considered good	94		11
Unsecured– Considered good	1450		11552
– Considered doubtful	664		16872
Other debts			
Secured – Considered good			83
Unsecured– Considered good	3817		259809
	<u>6025</u>		<u>288327</u>
Less : Provision for doubtful debts	664		16872
	<u>5361</u>		<u>271455</u>
7. CASH AND BANK BALANCES			
Cash and cheques in hand and in transit	420		3378
Balances with scheduled banks			
Current accounts	60822		21253
Deposit accounts			
– Margin Money (under lien)	–		31189
– Fixed Deposits	130733		1480343
	<u>191975</u>		<u>1536163</u>
8. LOANS AND ADVANCES			
Considered good			
Advances recoverable in cash or for value to be received	42622		96968
Balance with Port Trusts, Customs etc.	6856		16505
Other deposits	3362		12899
Advance Payment of Tax (net of provisions)	10408		2609
Considered doubtful			
Advances recoverable in cash or for value to be received	211		43324
	<u>63459</u>		<u>172305</u>
Less : Provision for doubtful advances	211		43324
	<u>63248</u>		<u>128981</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED
BALANCE SHEET AS AT 31ST MARCH 2009**

	Rs. ('000)	
	As at 31.03.09	As at 31.03.08
9. OTHER CURRENT ASSETS		
Interest receivables	4025	3582
Interest accrued on investments etc.	58	53
	<u>4081</u>	<u>3635</u>
10. LIABILITIES		
Sundry creditors	115935	589369
Liability under sales tax deferral scheme	536	523
Liability towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due		
– Unclaimed fixed deposits	–	13
	<u>116471</u>	<u>589905</u>
11. PROVISIONS		
Dividend distribution tax	–	14998
Provision for settlement	42499	307404
	<u>42499</u>	<u>322402</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Rs. ('000)	
	1st Apr '08 – 31st Mar '09	2nd Apr '07– 31st Mar '08
12. INCOME FROM OTHER SOURCES		
Dividend from long term investments	21	16
Interest on deposits - Gross of tax deducted at source of Rs. 23337('000), (2007/2008 – Rs.1417 ('000)	96850	11978
Other interest – Gross of tax deducted at source of Rs.19 ('000), (2007/2008 – Rs. 21('000))	111	207
Net profit/(loss) on disposal/scrapped of fixed assets	61	17636
Net profit/(loss) on sale of investment	–	1201
Miscellaneous income (note 6)	79726	116403
	<u>176769</u>	<u>147441</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

Rs. ('000)

	<u>1st Apr '08 – 31st Mar '09</u>	<u>2nd Apr '07– 31st Mar '08</u>
13. OPERATING COSTS		
Raw materials consumed	584833	774760
Stores consumed	32538	37889
Power and fuel	83375	102620
Repairs and maintenance - Plant and machinery	20462	16556
Repairs and maintenance - Buildings and estate	1041	662
Repairs and maintenance - Cars and vehicles etc.	4421	4503
Salaries, wages and bonus	50415	69095
Contribution to provident and other funds	7804	32681
Workmen and staff welfare expenses (including Employees' State Insurance, premium etc.)	5315	9150
Remuneration of Directors	8121	7074
Provision for diminution in value of investments	132	252
Insurance	2250	3164
Rent	5657	6598
Rates and taxes	3794	4912
Printing and stationery	1644	2430
Postage, telephone & telex	2280	3321
Data processing expenses	1082	1183
Travelling expenses	3810	4891
Bank charges	2040	4524
Advertisement expenses	685	772
Freight, packing and delivery charges	9969	15576
Selling commission	800	2190
Outside processing charges for products	7643	15551
(Increase)/Decrease in stocks of finished products and work-in-progress (note 5)	(50142)	(30094)
Miscellaneous expenses	57193	79054
	<u>847162</u>	<u>1169314</u>
14 DEPRECIATION		
On fixed assets	67258	80166
Less: Transferred from Property Revaluation Reserve	(1657)	(2405)
	<u>65601</u>	<u>77761</u>
15 INTEREST		
Interest on :		
Bank borrowings		
- Cash Credit	1679	17730
- Term loans	-	11986
Others	20486	25868
	<u>22165</u>	<u>55584</u>
16 OTHER CHARGES/(INCOME)		
Provision for doubtful debts and advances - (Gross)	4841	10626
Liability no longer required	(39691)	(12334)
Bad and Doubtful debts and advances written off	39691	12535
	<u>4841</u>	<u>10827</u>

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31.03.09 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

(1) SIGNIFICANT ACCOUNTING POLICIES

(a) PRINCIPLES AND PROCEDURES OF CONSOLIDATION

The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard - 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. Certain significant policies and procedures for consolidation as followed in terms of the said Accounting Standards are as follows:

- (i) The Financial Statement of the Company and its subsidiaries have been combined on line by line basis by adding together book values of like items of assets and liabilities, income and expenditure. The impact of inter-company transactions and inter-group balances have been eliminated.
- (ii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions in accordance with the generally accepted accounting principles.
- (iii) Differential with respect to the cost of the investments in the subsidiary companies over the parent's portion of the equity is recognised in the consolidated financial statement as goodwill or capital reserve, as the case may be.

(b) ACCOUNTING CONVENTION & REVENUE RECOGNITION

- (i) These accounts are prepared on the basis of historical cost (except in the case of revaluation of certain assets). Both income and expenditure items are recognised on accrual basis. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

Course fees received is accounted on pro-rata basis depending upon the duration of the course. Franchise Registration fees is recognised at the time of signing of MOU with Franchisee. Preliminary Expenses are being amortised in five equal instalments.

- (ii) **PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS**

Liabilities which can be measured only by using a substantial degree of estimation and in respect of which a reliable estimate can be made of the probable outflow of resources are recognised as provisions. Contingent liabilities in the nature of possible obligations that arise from past events and the existence of which will be confirmed only by the occurrence or otherwise of future events not wholly within the control of the Company and in respect of present obligation arising from past events for which a reliable estimate of the possible future outflow cannot be made are disclosed by way of Notes to Accounts.

Contingent Assets are neither recognised nor disclosed in the financial statement.

- (iii) **USE OF ESTIMATES**

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

(c) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT

- (i) Fixed assets are stated at cost except in the case of certain items of land, buildings, railway sidings and plant & machinery which are stated on the basis of their revaluations, being inclusive of resultant writeups.
- (ii) Capital work-in-progress is stated at cost incurred during pre-operative/installation period and include materials in transit and advances to suppliers.
- (iii) Depreciation on fixed assets items are being recognised on;

Straight Line/Written Down Value Method at rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation is provided on the basis of month of capitalisation. Items of Plant and Machinery individually valued upto Rs. 5000 are fully depreciated in the books of account in the year in which they are put to use.

The amounts at which fixed assets are carried in the Company's books are reviewed at the Balance

17. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31.03.09 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

Sheet date for any indication of impairment. In case of impairment, an impairment loss is recognised when the carrying amount of assets belonging to a cash generating unit (CGU) or otherwise exceeds the recoverable amount of the assets i.e. the higher of assets' net selling price or its value in use.

Subsequent reversal of such impairment loss, if any, is allocated to the respective assets except in the case of a CGU where it is allocated to all the assets on a pro-rata basis.

(d) INVESTMENTS

Investments are stated at cost less write downs where applicable.

(e) INVENTORIES

Year-end inventory items are valued at lower of cost and net realisable value. Cost is computed on the basis of First-In-First Out or Weighted Average Pricing methods as appropriate. Cost in respect of Work-in-Progress represents cost incurred upto the stage of completion. Provisions for obsolescence are made based on technical estimation. Tools are stated on the basis of their cost and year-end values determined on the basis of physical evaluation by technical experts having regard to their effective future life.

(f) FOREIGN CURRENCY TRANSACTIONS

a) Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of such transaction.

b) Receivables/payables in foreign currencies are translated at the appropriate forward contract rate, or, if not covered, at the exchange rate ruling at the balance sheet date. The gain/loss arising on account of such translation, as also on the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expense and are reflected in the profit and loss account under respective heads of accounts.

(g) EMPLOYEE BENEFITS

Short Term Employee benefits are recognised as an expense in the year services are rendered by the employees.

Post-employment Plans :

(a) Contribution to defined contribution schemes such as Provident Fund etc. are recognised as and when incurred.

(b) Long Term employee benefits under defined benefit scheme such as contribution to gratuity, leave scheme etc. are determined at close of the year at present value of the amount payable based on actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

In case of GKW Infosystems Ltd., Gratuity payable to employees will be provided in the accounts on the basis of the Payment of Gratuity Act, 1972. Accrued leave liability will be provided on the basis of management estimate.

(h) BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for use. All other borrowing costs are charged to revenue.

(i) SALES

Sales (net of credit notes) are recognised on accrual basis in keeping with applicable trade practice.

(j) TAXES ON INCOME

Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax assets or liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent years is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is sufficient assurance with respect to reversal thereof in future years.

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

	Rs. ('000)	
	As at 31.03.09	As at 31.03.08
(2) CAPITAL EXPENDITURE COMMITMENTS		
Estimated outstanding commitments for capital expenditure (net)	3106	-
(3) CONTINGENT LIABILITIES		
<i>In respect of :</i>		
Income Tax under Appeal (approx) (net of provisions – Rs.Nil, 2007/08 – Rs. 6825 ('000))	10461	15131
Excise duty under Appeal (approx)	17394	21382
Customs duty under Appeal (approx)	-	822
Disputed Sales Tax under Appeal (approx)	50729	81021
(4) EMPLOYEE BENEFITS		
a Defined Contribution Scheme :		
Employer's Contribution to Provident Fund	3697	4372

b Defined Benefit Scheme :

The employees' Gratuity Fund scheme/Pension Fund scheme is a defined benefit plan managed by a Trust/LIC. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

	Rs. ('000)					
	Gratuity (Funded)		Pension Fund (Funded)		Leave-Encashment (Non-Funded)	
	01.04.08 to 31.03.09	02.04.07 to 31.03.08	01.04.08 to 31.03.09	02.04.07 to 31.03.08	01.04.08 to 31.03.09	02.04.07 to 31.03.08
I Expense recognised in the Income statement						
Current service cost	2724	3392	3280	1285	1658	1896
Interest cost	4536	7210	5548	3511	462	679
Expected return on plan assets	(5197)	(2987)	(8501)	(7776)	-	-
Actuarial (gain)/loss	(1786)	(14073)	(5272)	23605	(1879)	(2480)
Total Expenses	277	(6458)	(4945)	20625	241	95
II Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:						
Present value of Defined benefit obligation at the beginning of the year	91154	98447	73525	44100	8203	8901
Current service cost	2724	3392	3280	1285	1658	1896
Interest cost	4536	7210	5548	3511	462	679
Benefit payments	(54300)	(16200)	(2377)	(194)	(3500)	(793)
Actuarial (gain)/loss	(6588)	(1695)	(2546)	24823	(1879)	(2480)
Adjustment pursuant to demerger of PSD	(8728)	-	(1409)	-	(1439)	-
Present value of Defined benefit obligation at the end of the year	30798	91154	76021	73525	3505	8203

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

	Rs. ('000)					
	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	01.04.08 to 31.03.09	02.04.07 to 31.03.08	01.04.08 to 31.03.09	02.04.07 to 31.03.08	01.04.08 to 31.03.09	02.04.07 to 31.03.08
III Changes in the fair value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows :						
Fair value of plan assets at the beginning of the year	87600	2635	106100	97300	-	-
Employer Contribution	28347	85800	-	-	3500	793
Expected Return on plan assets	5197	2987	8501	7776	-	-
Benefit payments	(83800)	(16200)	(2377)	(194)	(3500)	(793)
Actuarial gain/(Loss)	(4802)	12378	2726	1218	-	-
Adjustment pursuant to demerger of PSD	(5119)	-	(2061)	-	-	-
Fair value of plan assets at the end of the year	27423	87600	112889	106100	-	-
IV Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet during the year ended March 31, 2009 :						
Net Asset/(Liability) at the beginning of the year	(3554)	(95812)	32575	53200	(8203)	(8901)
Employer Expenses	(277)	6458	4945	(20625)	(241)	(95)
Employer Contribution	28347	85800	-	-	3500	793
Prior Period Cost Adjustment (Note ii)	(29500)	-	-	-	-	-
Adjustment pursuant to demerger of PSD	1609	-	(652)	-	1439	-
Net Asset/(Liability) at the end of the year	(3375)	(3554)	36868	32575	(3505)	(8203)
V Actuarial assumptions :						
Discount rate (per annum)	6.90%	7.90%	6.90%	7.90%	6.90%	7.90%
Expected return on plan assets (per annum)	8.00%	8.00%	8.00%	8.00%	NA	NA

Notes:

- i) Assumptions relating to future salary increase, attrition, interest rate for discount and overall expected rate of return on assets have been considered in the actuarial valuation based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- ii) Prior-period cost adjustment represents amount which was not considered by the actuary though debited in the accounts in the previous year. However, since the same was funded it has been considered above to reconcile net asset/liability as at the period end.

(5) (INCREASE)/DECREASE IN FINISHED AND WORK-IN-PROGRESS STOCKS

	2008/2009	2007/2008
Opening stocks		
Finished products	43075	35614
Work-in-progress	196973	174340
	<u>240048</u>	<u>209954</u>
Closing stocks		
Finished products	18044	43075
Work-in-progress	2490	196973
	<u>20534</u>	<u>240048</u>
Adjustment arising out of demerger (note 11(a))	269656	-
(Increase)/Decrease	<u>(50142)</u>	<u>(30094)</u>

(6) MISCELLANEOUS INCOME

Include profit on sale of asset held for disposal Rs. 28334 ('000) (2007/2008 – Rs. nil), profit on sale of scrap Rs. 10800 ('000) (2007/2008 – Rs.1391('000)) liabilities no longer required Rs. 29554 ('000) (2007/2008 – Rs.104663 ('000)) and foreign exchange gain Rs.1273 ('000) (2007/2008 – Rs.7545 ('000)).

- (7) In accordance with the Accounting Standard 22 for "Taxes on income", the Company has accounted for deferred taxation. The Company has substantial amount of brought forward business losses and unabsorbed depreciation. However, as a matter of prudence, deferred tax assets have been recognised only to the extent of deferred tax liability.

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

The break-up of deferred tax assets and liabilities :

	Opening balance as on 01.04.08	Charge/ (Credit) for the year	Rs. ('000) Closing balance as on 31.03.09
Deferred Tax Assets			
– Unabsorbed depreciation	178818	(152914)	25904
– Expenses allowed on payment basis	–	846	846
Total	178818	(152068)	26750
Deferred Tax Liabilities			
– Depreciation	178818	(152068)	26750
Net Deferred Tax Liability	–	–	–

(8) "Related party Disclosures" as per Accounting Standard 18 as ascertained from available information:

Name of the Related Party	Nature of transaction	Value of transaction		Debit/(Credit) outstanding balance as on	
		31.03.09	31.03.08	31.03.09	31.03.08
Subsidiary Companies					
GKW (Overseas Trading) Ltd.	Receiving of services	13	25	(527)	(540)
GKW Infosystems Ltd.	Advance given to meet establishment expenses	–	19	–	563
	Provision for doubtful advances	–	19	–	(563)
Key Management Personnel					
Mr. J. D. Curravala	Remuneration	4805	4272	(325)	(665)
Mr. G. Srinivasan	Remuneration	3754	3163	(250)	(508)

(9) The Earnings per share has been calculated on the basis of number of equity shares outstanding during the year ended 31st March 2009 in accordance with the provisions of Accounting Standard - 20 (Earnings per share)

	As at 31.03.09	As at 31.03.08
	Rs. ('000)	
Profit/(Loss) after tax and before exceptional items	76004	10764
Profit/(Loss) attributable to equity shares	76004	10764
Weighted average Number of equity Shares	50715257	59665008
Earnings per Share (Rs.)	1.50	0.18
Profit/(Loss) after tax and exceptional items	33505	2569356
Less: Preference Share dividend	–	(88247)
Profit/(Loss) attributable to equity shares	33505	2481109
Weighted average Number of equity Shares	50715257	59665008
Earnings per Share (Rs.)	0.66	41.58

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

(10) The Disclosure requirement under "Segment Reporting" as per Accounting Standard - 17 issued by the Institute of Chartered Accountants of India is given below :

		Rs. ('000)	
A	PRIMARY SEGMENT (BUSINESS SEGMENT)	Year ended 31.03.09	Period ended 31.03.08
1	Segment Revenue (net sales/ income from each segment)		
	Steel	915900	1276622
	Fasteners	18669	35789
	Electricals	4475	1126
	Auto Components	12277	14463
	Others	-	-
	Total	951321	1328000
	Less: Inter segment Revenue	(1672)	(1727)
	Net Sales/Income from operation	949649	1326273
2	Segment Results (Profit/Loss) before tax and interest from each segment		
	Steel	48471	90997
	Fasteners	(6204)	(17951)
	Electricals	13183	2945
	Auto Components	982	(1777)
	Others	16358	1427
	Total	72790	75641
	Unallocated Corporate expenses (net of income)	43673	(8317)
		116463	67324
	Less: (i) Interest	(22165)	(55584)
	(ii) Other unallocable expenditure net off unallocable income	(42499)	2558592
		51799	2570332
3	Segment Assets and Liabilities	31.03.09	31.03.08
		Assets	Liabilities
		Assets	Liabilities
	Steel	26411	3835
	Fasteners	36670	35109
	Electricals	8763	10762
	Auto Components	89869	26004
	Others	255127	81778
	Total	416840	157488
	Unallocated Corporate assets and liabilities	(414)	1482
		416426	158970
		1321699	395783
		100480	43709
		39844	19218
		99490	36538
		1556945	416170
		3118458	911418
		(420)	889
		3118038	912307

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

	Rs. ('000)	
	Year ended 31.03.09	Period ended 31.03.08
4 Capital Expenditure		
Steel	1037	–
Fasteners	–	–
Electricals	–	–
Auto Components	–	9
Others	1480	306
	<u>2517</u>	<u>315</u>
Unallocated Corporate Expenditure	–	–
Total	<u><u>2517</u></u>	<u><u>315</u></u>
5 Depreciation		
Steel	56288	68095
Fasteners	1587	1914
Electricals	1085	1783
Auto Components	7339	7434
Others	98	144
	<u>66397</u>	<u>79370</u>
Unallocated Corporate Depreciation	(796)	(1609)
Total	<u><u>65601</u></u>	<u><u>77761</u></u>
6. Other Non-Cash Expenditure		
Steel	1400	2735
Fasteners	1118	1473
Electricals	354	5242
Auto Components	304	–
Others	660	–
	<u>3836</u>	<u>9450</u>
Unallocated Corporate Expenditure	1005	1377
Total	<u><u>4841</u></u>	<u><u>10827</u></u>

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

Rs. ('000)

B SECONDARY SEGMENT (GEOGRAPHICAL SEGMENT)

	Year ended 31.03.09		Period ended 31.03.08	
	Within India	Outside India	Within India	Outside India
1 Segment Revenue	802955	146694	1054664	271609
2 Segment Assets	416426	-	3011664	106374
3 Capital Expenditure	2517	-	315	-

Segment information :

- Segments have been identified in line with the Accounting Standard AS-17 taking into account the organisation structure as well as the differing risk and return.
- Company has disclosed Business Segment as the primary segment.
- Composition of business segment :

<u>Name of segment</u>	<u>Comprises of</u>
Steel	Hot Rolled bars, Bright Steel bars, High Speed Steel, Alloy Steel
Fasteners	Bolt & Nuts, Woodscrews, Machine screws, Self tapping screws, rivets, safety pins
Electricals	Stampings & Laminations, Magnetic strip, Wound cores
Auto components	Wheels, Mild Steel Pressed components
Others	Gears & Machinery, Special purpose machine tools, Services & Computer Training

- Inter-segment revenues are recognised at Works/factory of the transferor unit/divisions or at sales price.
- The segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and administrative expenses allocated on a reasonable basis as estimated by the management.
- As part of secondary reporting revenues are attributed to geographic areas based on location of the customers.

(11) GENERAL :

- (a) (i) Pursuant to the Scheme of Arrangement (the Scheme) between the Company, Graphite India Ltd. (GIL) and their respective shareholders, as approved by the shareholders and sanctioned by the Hon'ble High Court at Calcutta vide its Order dated 22nd May, 2009. Powmex Steels Undertaking along with all assets and liabilities in terms of the said scheme have been transferred to and vested with GIL with effect from 1st February, 2009 (the appointed date). Consequent to above, the assets comprising of net Fixed Assets Rs. 431257 ('000) , Current Assets and loans and advances Rs. 1642298 ('000) and liabilities comprising of secured loans Rs. 17040 ('000) and current liabilities Rs. 187271 ('000) at the value appearing in the books of accounts as on 31st January, 2009 aggregating to Rs. 1869244 ('000) (net) and all other debts, obligations and liabilities relating to Powmex Steels Undertaking which relate to the period upto the day immediately preceding the appointed date even though arising subsequently, has been transferred to GIL.
- (ii) In terms of the scheme upon demerger of Powmex Steels Undertaking, the existing equity share capital of the Company of Rs. 596650080 divided into 59665008 ordinary shares of Rs.10/- each has been reduced, reorganized and consolidated to Rs. 59665000 divided into 5966500 ordinary shares of Rs.10/- each fully paid up and Rs. 536985 ('000) being the aggregate amount so cancelled and reduced has been transferred to Restructuring Adjustment account.
- (iii) Rs.1869244 ('000) being the net difference between the assets and liabilities as on 31st January, 2009 transferred as per (a)(i) above in terms of the said scheme has been first adjusted against Restructuring Adjustment account, General and other reserves of the Company and the balance thereafter against surplus as per Profit & Loss Account.
- (iv) Transfer of assets and secured loans etc. in terms of the scheme are pending completion of relevant formalities, which will be complied with in due course of time.

In view of the aforesaid demerger with effect from 1st February, 2009 the figures for the current year are not comparable with those of the previous year.

- (b) Exceptional item represents separation cost pertaining to the voluntary separation scheme offered and accepted by workmen of the Company's Screws and Fasteners division.
- (c) Written down value of certain fixed assets amounting to Rs. 20058 ('000) has been transferred to inventory since these are held for disposal and the same has been disclosed as "assets held for disposal" in the inventory schedule.
- (d) Value of land & buildings has been restated at historical cost in these accounts by reversing the balance of Rs. 110879 ('000) lying in the credit of revaluation reserve to the respective heads of accounts.
- (e) All workmen and staff of Andul Road Works (ARW) at Howrah comprising Steel, Bolt & Nut , Engineering & Machinery Divisions and an unit of Sankey Electrical Stampings Division have accepted voluntary separation compensation and have since resigned from the services of the Company. Screws & Fasteners Division has been under lockout since 30th October, 2007. However, certain year-end exercise with respect to physical verification of inventories and Fixed assets could not be undertaken pending this, adequate provision for possible loss has been made in these accounts.
- (f) Current assets, loans and advances have been valued at least equal to that stated in the accounts.

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

(g) The Company's training and other activities continued to remain suspended during the year as the Company did not have the capacity to make the required investments for reviving the business. However, various options are being explored to deal with the business of the Company . Consequential adjustments in assets and liabilities will be made once the option is exercised. Accordingly, the accounts have been prepared on a going concern basis.

(h) **SUBSIDIARY COMPANIES INCLUDED IN CONSOLIDATION**

Name GKW (Overseas Trading) Limited & GKW Infosystems Limited

Country of Incorporation : India

Proportion of ownership

interest : 100% subsidiary

These accounts have been considered for the purpose of consolidation.

However, there being no major activity, the impact on the accounts of the Consolidated Financial Statements is not material.

(i) Previous years' figures have been rearranged and regrouped wherever considered necessary

On behalf of the Board

J. D. Curavala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

Kolkata,
29th June, 2009

H. S. Jha
Partner
for and on behalf of
LODHA & CO
Chartered Accountants

CONSOLIDATED CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

	Rs.('000)	
	For the year ended 31st March, 2009	For the period ended 31st March, 2008
A. Cash Flow from Operating activities		
Net Profit/(Loss) before taxation and after exceptional items	51799	2570332
Adjustments for:		
Depreciation – Fixed Assets	65601	77761
Diminution of investments	132	252
Exceptional and Prior period items (net)	42499	(2558592)
(Profit)/Loss on disposal/scrapping of fixed assets	(61)	(17636)
(Profit)/Loss on sale of investment	–	(1201)
Stores written off	3923	1000
Foreign Exchange (gain)/loss (net)	3073	(7545)
Dividend and Income on investment	(21)	(16)
Interest income	(96961)	(12185)
Provision for doubtful debts and advances	4841	10626
Bad and doubtful debts and advances written off	39691	201
Provision no longer required	(39691)	–
Liability no longer required written back	(29554)	(104663)
Interest expense	22165	55584
	<u>15637</u>	<u>(2556414)</u>
Operating Profit/(Loss) before Working Capital changes	67436	13918
Adjustments for :		
Trade & Other receivables	82226	97356
Inventories	(1163)	(142602)
Trade Payables	<u>(564885)</u>	<u>(4952)</u>
Cash generation from operation	<u>(416386)</u>	<u>(36280)</u>
Direct taxes paid/refund	<u>(26093)</u>	<u>(2543)</u>
Cash flow before adjustments/exceptional items	<u>(442479)</u>	<u>(38823)</u>
Foreign Exchange (loss)/gain (net)	<u>(3073)</u>	<u>7545</u>
Net Cash flow from operating activities	<u>(445552)</u>	<u>(31278)</u>
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(2517)	(315)
Capital WIP	(1178)	–
Sale of Fixed assets :		
Exceptional items	–	3158625
Others	492	37696
Sale of investment	–	1201
Income on investment	21	16
Interest income	96515	8110
Net Cash flow from investing activity	93333	3205333

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

	Rs. ('000)	
	For the year ended 31st March, 2009	For the period ended 31st March, 2008
C. Cash Flow from Financing activities		
Dividend distribution Tax paid	(14998)	-
Share Premium	-	(514925)
Payment against unclaimed preference share	-	(60075)
Redemption of preference shares	-	(491690)
Repayment to UTI & AGI	-	(12346)
Interest Paid	(22165)	(59978)
Dividend Paid	-	(88247)
Repayment/transfer of borrowings	-	(109168)
Increase/(Decrease) in overdraft from Bank	17040	(139755)
Net Cash flow from financing activities	(20123)	(1476184)
Exceptional items	-	(275000)
Net increase in Cash and Cash equivalents (A+B+C)	(372342)	1422871
Closing Cash and Cash Equivalents as on 01.04.08	1536163	113292
Adjustment arising out of demerger (note 26(a))	(971846)	-
Adjust Cash Balance	564317	113292
Closing Cash and Cash Equivalents as on 31.03.09	191975	1536163

Notes: 1. Figures in brackets represent cash outflow.

2. Closing cash balance includes Fixed deposits of Rs. 130733 ('000).

On behalf of the Board

J. D. Curravala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

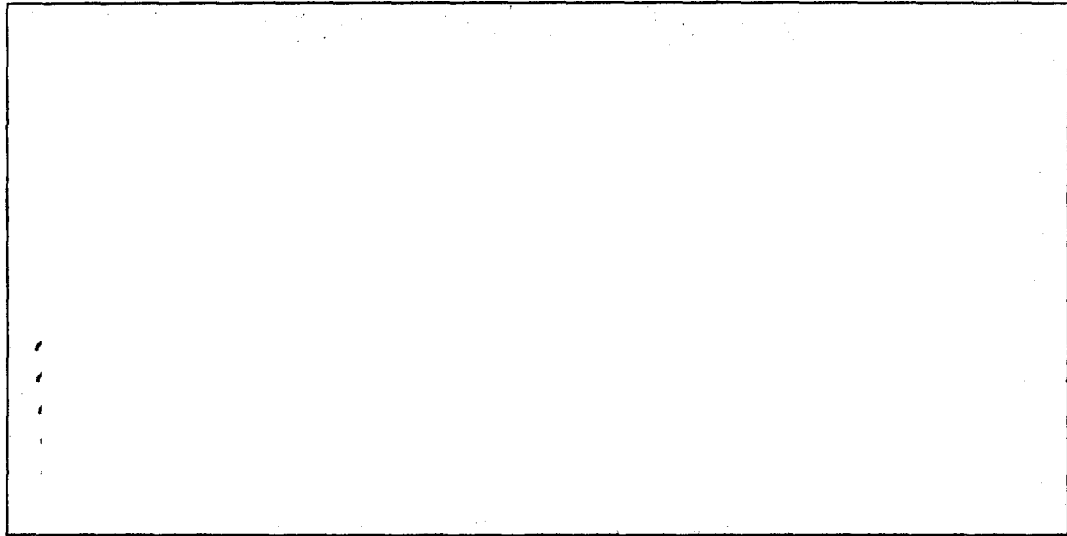
Kolkata,
29th June, 2009

This is the Cash Flow Statement referred to in our report of even date.

14, Government Place East
Kolkata,
29th August, 2008

H. S. Jha
Partner
for and on behalf of
LODHA & CO
Chartered Accountants

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