

---

# REPORT AND ACCOUNTS 2011-2012

---



**GKW Limited**

MANAGING DIRECTOR  
J D Curravala

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  
Web Site : www.gkwltd.com

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 : (033) 40116700 , 22806692 - 94/22802486  
Fax : 22870263  
E-mail : rta@cbmsl.com

#### CONTENTS

	Page No.
Directors' Report	1
Report on Corporate Governance	5
Baiance Sheet	12
Statement of Profit and Loss	13
Notes	14
Cash Fiow Statement	26
Statement Regarding Subsidiary Company	28
10 Years' Profilie	29
Auditors' Report	30
Report & Accounts of Subsidiary Company	33
Consolidated Financial Statements of GKW Limited & its Subsidiary	39

## DIRECTORS' REPORT TO THE SHAREHOLDERS

- Your Directors submit their Annual Report together with the audited accounts for the year ended 31<sup>st</sup> March, 2012.
- The results for the year under review are given below :

	₹ Lakhs	
	<u>2011-2012</u>	<u>2010-2011</u>
Total Revenue	<b>4837.30</b>	5029.75
Profit before depreciation	<b>1506.29</b>	2259.94
Depreciation	<u>101.79</u>	<u>84.72</u>
Profit before Tax	<b>1404.50</b>	2175.22
Taxation (including MAT credit) <b>(30.50)</b>		192.94
Profit after taxation	<u><b>1374.00</b></u>	<u>2368.16</u>

During the period under review, profit before tax amounted to ₹ 1404.50 lakhs and profit after tax amounted to ₹ 1374.00 lakhs as compared to ₹ 2175.22 lakhs and ₹ 2368.16 lakhs respectively during the previous year, mainly due to a gain of ₹ 500 lakhs on sale of tenancy rights in 2010-11.

## DIVIDEND

- The Company continues to be in consolidation mode, hence no dividend has been considered for the year under review.

## FINANCE & ACCOUNTS

- It is proposed to transfer a sum of ₹ 2000 lakhs (2010-11 ₹ 3000 lakhs) to General Reserve.
- As in the previous year, there were no borrowings during the year ended 31<sup>st</sup> March 2012.
- Capital Expenditure for the year amounted to ₹ 18.92 Lakhs (2010-11 - ₹ 8.54 Lakhs) and value of assets put into use during the year amounted to ₹ 18.92 Lakhs (2010-11 - ₹ 8.54 Lakhs)

## CONSOLIDATED ACCOUNTS

- 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

- Total revenue was marginally lower as the decrease in operating revenue was offset by an increase in other income.
- Metal Pressings Division at Pune experienced improvement in demand for its products in the second half of the year under review and was able to take advantage of this situation by fully meeting its customers' requirement.

The Division succeeded in broadening the customer base by bringing in its fold two major automobile component manufacturers during the year under review.

The automobile and tractor segments serviced by the division achieved significant growth during the year under review, however sustainability of such growth in the future will largely depend on the domestic economic performance in particular and the global economic scenario in general.

As in earlier years, the division faced considerable pressure for price reduction and had to make price adjustments in certain cases to retain volumes. Hence the need for continuous cost reduction and productivity improvement efforts to remain competitive in a highly price sensitive market.

- Screws and Fasteners Division at Pune was able to increase production and sale of steel wood screws during the year under review, but was unable to reach full potential due to teething problems faced by it during the start up phase. These problems have now been overcome and efforts are on to improve the division's performance in the near future.

The division was able to manufacture a small quantity of Safety Pins during the year under review. This product line will also be under focus to achieve higher volumes and improved pricing.

11. During the year under review, the Business Service Centre Agreement to provide business, administrative, communication and internet services from the Company's offices at Kolkata and Mumbai was renewed for a period of one year with effect from 1<sup>st</sup> April, 2011. Income from this activity has been reflected in the accounts for the year under review.

### OUTLOOK

12. You would have observed a steady improvement in the net worth and the increase in Shareholders Funds. The business of the company is still at consolidation stage. This process of business consolidation adopted by your Company is being pursued vigorously, so that at an appropriate time the Company can take advantage of emerging business opportunities and also provide a strong base for utilization/development of its assets for significant future growth.

### RISKS AND CONCERNS

13. 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.

An operating Division 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.

Both the divisions face market risks, while the Metal Pressings Division is dependent on the growth in the automobile and tractor businesses of its customers on the one hand, it has got to contend with the resultant pressure on prices on the other. Screws and Fasteners Division has to rebuild its position in the market place and compete with low cost manufacturers. Your Company is trying to mitigate these risks by endeavouring to increase the customer base in the case of Metal Pressings Division and improving market penetration in the case of Screws and Fasteners Division.

### INTERNAL CONTROL

14. 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

15. During the year under review industrial relations in the Metal Pressings and Screws and Fasteners Divisions at Pune were stable.

The total number of employees was 75 as on 31<sup>st</sup> March, 2012.

## PARTICULARS OF EMPLOYEES

16. Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975, as amended, is not applicable as no employee is covered under the said Rules.

## SUBSIDIARY COMPANY

17. Accounts and annual report of GKW (Overseas Trading) Limited, a subsidiary company, has been appended hereto.

## INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

18. Particulars as prescribed under sub-section (1) (e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given below:

### A CONSERVATION OF ENERGY

Measures undertaken for conservation of energy during the period under review included overhaul of air compressor, plugging of leakages in compressed air supply lines and in presses. Capacitor banks were maintained for improvement in power factor.

### B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION AND INNOVATION

The nature of business activity carried on by the Company does not have much scope for any Research, Development, Technology Absorption and Innovation. However new product development and process improvement is an on-going activity.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings in foreign exchange during the year amounted to ₹ NIL (2010/ 2011 – ₹ Nil) and outgo was ₹ Nil lakhs (2010/ 2011 – ₹ 4.70 lakhs).

## DIRECTORS

19. Mr. J. D. Curavala, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.
20. Mr. P. S. Lodha, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.
21. Mr. J. D. Curavala, Managing Director was re-appointed as Managing Director of the Company for a period of one year from 11<sup>th</sup> August, 2011 and has been further reappointed as Managing Director of the Company for a period of one year from 11<sup>th</sup> August 2012, subject to approval of the Shareholders in General Meeting.
22. Mr. G. Srinivasan, Director was re-appointed as Wholetime Director of the Company for a period of one year from 13<sup>th</sup> September, 2011 and has been further reappointed as Wholetime Director of the Company for a period of one year from 13<sup>th</sup> September 2012, subject to approval of the Shareholders in General Meeting.

## AUDITORS

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

## COST AUDITORS

24. Pursuant to the Ministry of Corporate Affairs, Cost Audit Branch Order No. F.No.52/26/CAB-2010 dated 30<sup>th</sup> June, 2011 the Company has appointed Cost Auditors for the audit of Cost Accounting Records of the Screws & Fasteners Division for the financial years 2011-12 and 2012-13. The due date for filing the Cost Audit Report for the financial year ended 31.3.2012 for Screws & Fasteners Division is 27<sup>th</sup> September 2012. Further pursuant to the Ministry of Corporate Affairs, Cost Audit Branch Order No. 52/26/CAB-2010 dated 24<sup>th</sup> January, 2012 the Company has appointed Cost Auditors for the Audit of Cost Accounting Records of the Metal Pressings Division for the financial year 2012-13.

## INFORMATION PERTAINING TO LISTING

25. The Company's equity shares are listed with National Stock Exchange of India Limited. The Annual Listing Fees have been paid to National Stock Exchange of India Limited for the year 2012-13.

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

26. The Directors hereby confirm:
- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- 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;
- 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;
- that the Directors had prepared the annual accounts on a going concern basis.

## CORPORATE GOVERNANCE

27. 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

28. 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.

For and on behalf of the Board

Kolkata 700 071  
23<sup>rd</sup> May, 2012

J D Curavala      G. Srinivasan  
*Managing Director      Director*

## 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	Graphite India Limited	–	1
Mr. G. Srinivasan	Executive	–	–	–
Mr. M.L. Lahoti	Non-Executive*	GKW (Overseas Trading) Limited	–	–
Mr. N.K. Navalakha	Non-Executive*	–	–	–
Mr. P.S. Lodha	Non-Executive*	–	–	–

\* also independent

#### Board, Annual General Meeting and Attendance

Board Meetings were held on 10<sup>th</sup> May '11, 26<sup>th</sup> July'11, 14<sup>th</sup> November'11 and 13<sup>th</sup> February'12. The Annual General Meeting was held on 26<sup>th</sup> July, 2011.

<u>Director</u>	<u>No. of Board Meetings</u>		<u>Attended last AGM</u>
	<u>Held</u>	<u>Attended</u>	
Mr. J. D. Curravala	4	4	Yes
Mr. G. Srinivasan	4	4	Yes
Mr. M.L. Lahoti	4	4	Yes
Mr. N.K. Navalakha	4	3	Yes
Mr. P. S. Lodha	4	4	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 31<sup>st</sup> March, 2012. 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 and Cost Auditor.
- The statutory annual, half-yearly and quarterly financial reporting by the Company including Management discussion and analysis of financial conditions and results of operation.
- Approval of Cost Audit and also Performance Appraisal Report for Cost Accounting Records of the Divisions of the Company.
- Updation 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 10<sup>th</sup> May'11, 26<sup>th</sup> July'11, 14<sup>th</sup> November'11 and 13<sup>th</sup> February, 2012.

<u>Member</u>	<u>Category</u>	<u>Meetings Held</u>	<u>Meetings Attended</u>
Mr. M.L. Lahoti, Chairman	Non Executive/ Independent	4	4
Mr. N.K. Navalakha	- do -	4	3
Mr. P. S. Lodha	-do -	4	4

Mr. J.D. Curravaala 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. The Remuneration Committee met once on 26<sup>th</sup> July, 2011 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 31<sup>st</sup> March 2012.

Sl.No.	Name	Salary	Commission	Perquisites / Allowances, Others	Sitting fees	Total
		₹	₹	₹	₹	₹
1.	Mr. J.D.Curravaala	3983333	-	1277423	-	5260756
2.	Mr. G.Srinivasan	2865000	-	1517781	-	4382781
3.	Mr. M.L.Lahoti	-	-	-	72500	72500
4.	Mr. N.K.Navalakha	-	-	-	57500	57500
5.	Mr. P.S.Lodha	-	-	-	72500	72500

**Service Contracts, Severance Fees and Notice Period**

Period of contract of Managing Director : 1 year from 11-08-2011. 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 : 1 year from 13-09-2011. 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. Share Transfers and Investors' Grievance Committee**

The Share Transfer and Investors' Grievance Committee of the Company approves transfer and transmission, duplicate, sub-division, consolidation, replacement, rematerialization and other matters related to shares, debentures, fixed deposits 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 complaint 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>
31 <sup>st</sup> March, 2011	26 <sup>th</sup> July, 2011	Kala Kunj, Kolkata	11.00 a.m.
31 <sup>st</sup> March, 2010	30 <sup>th</sup> July, 2010	Kala Kunj, Kolkata	11.00 a.m.
31 <sup>st</sup> March, 2009	3 <sup>rd</sup> September, 2009	Kala Kunj, Kolkata	11.00 a.m.

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

- i) At the Seventy-ninth Annual General Meeting held on 3<sup>rd</sup> September, 2009.  
- NIL
- ii) At the Eightieth Annual General Meeting held on 30<sup>th</sup> July, 2010.  
- NIL
- iii) At the Eightyfirst Annual General Meeting held on 26<sup>th</sup> July, 2011.  
– Re-appointment and revision of remuneration of Managing Director.  
– Re-appointment and revision of remuneration of Wholetime Director.

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. 26 (10) of financial statement 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 45 days 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 sixty days 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 Exchange.
- Which Newspaper normally published in : Financial Express (English newspaper – (Kolkata & normally published in Mumbai)  
Aajkal (Bengali newspaper – local edition)
- Any Website, where displayed. : Yes
- Whether it displays official news releases : No

## GKW LIMITED

- 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

AGM	Date 1 <sup>st</sup> August, 2012	Time 11.00 a.m.	Venue Kala Kunj
Financial Calendar (tentative) 2012-2013			
i) Financial Year	: April-March		
ii) First Quarter Results	: August, 2012		
iii) Second Quarter Results	: November, 2012		
iv) Third Quarter Results	: February, 2013		
v) Audited results for the year ending 31 <sup>st</sup> March, 2013	: May, 2013		
Date of Book Closure	: 23 <sup>rd</sup> July, 2012 to 1 <sup>st</sup> August, 2012 (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.		

<u>Stock Code</u>	<u>Physical</u>	<u>Demat</u>
National Stock Exchange	GKW	
Demat ISIN Number	INE 528A 01020	

Annual listing fees have been paid to National Stock Exchange for the year 2012-2013.

### 11. Unclaimed Shares

The Company has since sent third reminder to comply with the Clause 5A(h) of the Listing Agreement for the shares which remained unclaimed by the Shareholders due to insufficient/incorrect information or for any other reason, before transferring in demat mode to one folio in the name of Unclaimed Suspense Account with one of the Depository participants.

### 12. Stock Market Data

Stock Market Price for the year Month	N S E		NSE NIFTY	
	High(₹)	Low(₹)	High(₹)	Low(₹)
April 2011	585.00	526.50	5944.45	5693.25
May 2011	580.00	417.00	5775.25	5328.70
June 2011	524.80	450.05	5657.90	5195.90
July 2011	530.00	470.00	5740.40	5453.95
August 2011	580.00	451.00	5551.90	4720.00
September 2011	539.00	450.00	5169.25	4758.85
October 2011	480.00	450.00	5399.70	4728.30
November 2011	474.00	423.00	5326.45	4639.10
December 2011	454.00	419.00	5099.25	4531.15
January 2012	444.00	400.00	5217.00	4588.05
February 2012	446.00	390.00	5629.95	5159.00
March 2012	444.00	384.00	5499.40	5135.95

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.

### 13. Distribution of shareholding

Distribution of share holding as on 31.03.2012

No. of Shares held	No. of Share-holders	%	No. of Shares	%
1 to 500	35507	99.61	370349	6.21
501 to 1000	62	0.17	48128	0.81
1001 to 2000	31	0.09	44976	0.75
2001 to 3000	17	0.05	43632	0.73
3001 to 4000	5	0.01	17703	0.30
4001 to 5000	2	0.01	9366	0.16
5001 to 10000	7	0.02	56311	0.94
10001 & above	14	0.04	5376035	90.10
<b>TOTAL</b>	<b>35645</b>	<b>100.00</b>	<b>5966500</b>	<b>100.00</b>

### 14. Shareholding Pattern

Shareholding Pattern as on 31.03.2012

Category	No. of Shares Held	% of share-holding of issued share capital
<b>I PROMOTERS' HOLDING</b>		
Promoters – a. Indian Promoters	3580375	60.01
b. Foreign Promoters	894500	14.99
Sub Total	4474875	75.00
<b>II NON PROMOTERS' HOLDING</b>		
<b>Institutional Investors</b>		
a. Mutual Fund & Unit Trust of India	3805	0.06
b. Banks, Financial Institutions & Insurance Companies, (Central/State Govt. Institution/Non Govt. Institution)	123186	2.07
c. Foreign Institutional Investors	1489	0.02
Sub Total	128480	2.15
<b>III Others -</b>		
a. Private Corporate Bodies/Trust	831277	13.93
b. Indian Public	525487	8.81
c. NRIS/OCBs/Foreign Nationals	5049	0.09
d. Any other (specify) Clearing members	1332	0.02
Sub Total	1363145	22.85
<b>GRAND TOTAL</b>	<b>5966500</b>	<b>100.00</b>
<b>NOTE : TOTAL FOREIGN SHARE HOLDING</b>	No. of Shares	% of Share Holding
Foreign Holding (Non – Resident)	894500	14.99
NRIS/OCBS/Foreign Nationals	5049	0.09
FII	1489	0.02
<b>TOTAL</b>	<b>901038</b>	<b>15.10</b>

15. **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 31.3.2012, a total of ordinary shares 5772012 of the Company which forms 96.74 % 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 01020.

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

None

**Plant Locations**

97, Andul Road  
Howrah 711 103  
West Bengal

Metal Pressings Division  
Screws & Fasteners Division  
Village – Pimpri Jagtap,  
Taluq - Jagtap  
District - Shirur  
Pune 412 208

Lal Bahadur Shastri Marg  
Bhandup  
Mumbai 400 078  
Maharashtra

Address for Correspondence

GKW Limited  
3A, Shakespeare Sarani  
Kolkata 700 071

16. **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 News papers 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

For and on behalf of the Board

Kolkata,  
23<sup>rd</sup> May, 2012

J D Curravala            G.Srinivasan  
*Managing Director*        *Director*

## DECLARATION

In terms of Clause 49(1)(D)(ii) of the Listing Agreement with the Stock Exchange, all the Board members and Senior management personnel of the Company have as on 31<sup>st</sup> March, 2012 affirmed their compliance of the Code of Conduct of the Company dated 7<sup>th</sup> March, 2012.

Place : Kolkata,  
Date : 23<sup>rd</sup> May, 2012

J D Curravala  
*Managing Director*  
GKW Limited

## **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 31<sup>st</sup> March 2012 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, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.
4. 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*  
Firm ICAI Registration No: 301051E  
H S Jha  
*Partner*  
Membership No: 55854

Place: Kolkata  
Date: 23<sup>rd</sup> May, 2012

**BALANCE SHEET**  
**AS AT 31ST MARCH 2012**

Particulars	Note No.	₹ in Lakhs	
		As at 31.03.12	As at 31.03.11
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share Capital	1	596.65	596.65
(b) Reserves and Surplus	2	6855.63	5481.63
Total ( a+b)		<u>7452.28</u>	<u>6078.28</u>
<b>Non - current liabilities</b>			
(a) Deferred tax liabilities (net)	3	-	3.83
(b) Other Long - term liabilities	4	40.13	37.04
(c) Long - term provisions	5	77.83	198.65
Total ( a+b+c)		<u>117.96</u>	<u>239.52</u>
<b>Current liabilities</b>			
(a) Trade payables	6	303.25	186.84
(b) Other current liabilities	7	293.75	384.74
(c) Short - term provisions	8	397.92	351.56
Total ( a+b+c)		<u>994.92</u>	<u>923.14</u>
<b>TOTAL</b>		<u><b>8565.16</b></u>	<u><b>7240.94</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets :			
- Tangible Assets	9	717.01	802.97
(b) Non-current investments	10	1403.71	13.71
(c) Deferred tax assets (net)	11	146.76	-
(d) Long -term loans and advances	12	1026.93	1015.45
Total ( a+b+c+d)		<u>3294.41</u>	<u>1832.13</u>
<b>Current Assets</b>			
(a) Current investments	13	821.39	841.28
(b) Inventories	14	262.35	354.39
(c) Trade receivables	15	502.82	252.59
(d) Cash and bank balances	16	3379.67	3803.85
(e) Short -term loans and advances	17	211.07	97.51
(f) Other current assets	18	93.45	59.19
Total ( a+b+c+d+e+f)		<u>5270.75</u>	<u>5408.81</u>
<b>TOTAL</b>		<u><b>8565.16</b></u>	<u><b>7240.94</b></u>
Notes to financial statements	26		

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

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

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)*

H S Jha  
*Partner*

Place : Kolkata  
Date : 23rd May, 2012

for and on behalf of  
LODHA & Co  
Chartered Accountants

**STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31ST MARCH 2012**

₹ in Lakhs

Particulars	Note No.	As at 2011/2012	As at 2010/2011
Revenue from operations	19	3290.84	4102.94
Other income	20	1546.46	926.81
<b>TOTAL REVENUE</b>		<b>4837.30</b>	<b>5029.75</b>
<b>EXPENSES :</b>			
Cost of materials consumed	21	1870.87	1322.97
Changes in inventories of finished goods, work-in-progress and stock in trade	22	89.65	129.80
Employee benefits expense	23	539.51	448.41
Depreciation and amortization expense	24	101.79	84.72
Other Expenses	25	830.98	868.63
<b>TOTAL EXPENSES</b>		<b>3432.80</b>	<b>2854.53</b>
<b>PROFIT BEFORE TAX</b>		<b>1404.50</b>	<b>2175.22</b>
<b>TAX EXPENSES:</b>			
- Current tax ( MAT)		(279.29)	(440.29)
Less: MAT Credit		98.20	637.06
Net Current Tax		(181.09)	196.77
- Deferred tax credit/(charge)		150.59	(3.83)
<b>PROFIT FOR THE YEAR</b>		<b>1374.00</b>	<b>2386.16</b>
Earnings per equity share (note 26(11))			
- Basic		23.03	39.69
- Diluted		23.03	39.69
Notes to financial statements	26		

The notes referred to above form an integral part of the Statement of Profit and Loss.

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

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

Place : Kolkata  
Date : 23rd May, 2012

for and on behalf of  
LODHA & Co  
Chartered Accountants

## NOTES TO BALANCE SHEET

AS AT 31ST MARCH, 2012

₹ in Lakhs

	<u>As at 31.03.12</u>	<u>As at 31.03.11</u>
<b>1. SHARE CAPITAL</b>		
Authorized		
49250000 (2010/2011 - 49250000) Cumulative redeemable Preference Shares of ₹ 10/- each	<b>4925.00</b>	4925.00
59665008 Ordinary shares of ₹ 10/- each	<b>5966.50</b>	5966.50
	<u><b>10891.50</b></u>	<u>10891.50</u>
Issued, Subscribed and Paid-up		
3669653 (2010/2011 - 3669653 ) Ordinary shares of ₹ 10/- each fully paid up at par in cash	<b>366.97</b>	366.97
659749 (2010/2011 - 659749 ) Ordinary shares for consideration other than cash pursuant to contracts / scheme of arrangements.	<b>65.97</b>	65.97
1637098 (2010/2011 - 1637098) Bonus shares by way of capitalisation of reserves and share premium	<b>163.71</b>	163.71
	<u><b>596.65</b></u>	<u>596.65</u>
Shareholders holding shares in the company for more than 5%		
Matrix Commercial Pvt Ltd	<b>2759599</b>	2759599
Kiwi Investments Ltd	<b>894500</b>	894500
Bellona Finvest Ltd	<b>524534</b>	524534
Likhani Leasing Limited	<b>318167</b>	318167
Rosemery Commercial Pvt Ltd	<b>308768</b>	308768
<b>2. RESERVES AND SURPLUS</b>		
General Reserve		
At the beginning of the year	<b>3000.00</b>	-
Add : Transfer as shown below	<b>2000.00</b>	3000.00
		<u>3000.00</u>
		<b>5000.00</b>
Surplus at the beginning of the year	<b>2481.63</b>	3113.47
Add: Transferred from Statement of Profit and Loss	<b>1374.00</b>	2368.16
Appropriations		
- Transfer to General Reserve	<b>(2000.00)</b>	(3000.00)
		<u>2481.63</u>
		<u><b>6855.63</b></u>
<b>3. DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liabilities :		
Depreciation	-	207.42
Less : Deferred Tax Assets :		
Unabsorbed business loss	-	157.74
Expenses allowed on payment basis	-	45.85
	<u>-</u>	<u>3.83</u>
<b>4. OTHER LONG - TERM LIABILITIES</b>		
Others :		
Security Deposit received from dealers, service etc	<b>40.13</b>	37.04
	<u>40.13</u>	<u>37.04</u>



## NOTES TO BALANCE SHEET

AS AT 31ST MARCH, 2012

₹ in Lakhs

	As at 31.03.12	As at 31.03.11
<b>5 LONG-TERM PROVISIONS</b>		
Provision for employee benefits	<u>77.83</u>	<u>198.65</u>
<b>6 TRADE PAYABLES</b>		
Trade Payables (note 26(9))	<u>303.25</u>	<u>186.84</u>
<b>7 OTHER CURRENT LIABILITIES</b>		
Other payables :		
Advance from customers	84.06	186.10
Provision for excise duty	8.49	11.94
Liability for sales tax	30.20	24.99
Miscellaneous creditors	171.00	161.71
	<u>293.75</u>	<u>384.74</u>
<b>8 SHORT-TERM PROVISIONS</b>		
Provision for employee benefits	322.66	165.03
Others :		
Liability for expenses	75.26	171.41
Provision for taxation (net)	-	15.12
	<u>397.92</u>	<u>351.56</u>

**9 FIXED ASSETS**

Reconciliation of Gross and Net carrying amount of each class of assets

₹ in Lakhs

	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions	Withdrawals/ Transfer/ Adjustment	As at 31st March, 2012	As at 1st April, 2011	For the year	Withdrawals/ Transfer/ Adjustment	As at 31st March, 2012	As At 31st March, 2012	As at 31st March, 2011
<b>TANGIBLE ASSETS</b>										
Land including Leasehold Land	69.28	-	-	69.28	3.77	0.11	-	3.88	65.40	65.51
Buildings	1152.84	0.07	140.95	1011.96	854.43	14.83	139.76	729.50	282.46	298.41
Railway Siding	8.98	-	5.15	3.83	8.95	-	5.13	3.82	0.01	0.03
Plant & Machinery	1659.06	11.74	278.84	1391.96	1261.02	78.60	276.96	1062.66	329.30	398.04
Cars & Vehicles	86.43	7.04	-	93.47	62.95	3.54	-	66.49	26.98	23.48
Furniture & Fittings	101.14	0.07	-	101.21	83.64	4.71	-	88.35	12.86	17.50
Total Tangible assets	<u>3077.73</u>	<u>18.92</u>	<u>424.94</u>	<u>2671.71</u>	<u>2274.76</u>	<u>101.79</u>	<u>421.85</u>	<u>1954.70</u>	<u>717.01</u>	<u>802.97</u>
Previous Year	3109.92	8.54	40.73	3077.73	2229.91	84.72	39.87	2274.76	802.97	

## NOTES TO BALANCE SHEET

AS AT 31ST MARCH, 2012

₹ in Lakhs

	<u>As at 31.03.12</u>	<u>As at 31.03.11</u>
<b>10 NON - CURRENT INVESTMENTS:</b>		
- Long Term ( At cost less provision )		
Investments in Equity Instruments :		
Quoted		
IDBI Ltd		
10720 shares of ₹ 10 each- fully paid at cost	8.71	8.71
Graphite India Limited		
2000000 shares of ₹ 2 each- fully paid at cost	1390.00	-
Investments in Equity Instrument in Subsidiary Company		
Unquoted		
GKW ( Overseas Trading ) Limited		
50000 Ordinary shares of ₹ 10/- each fully paid, at cost	5.00	5.00
	<u>1403.71</u>	<u>13.71</u>
The aggregate book value of quoted investments	1398.71	8.71
Market value of quoted investments	1788.43	15.56
The aggregate book value of unquoted investments	5.00	5.00
<b>11 DEFERRED TAX ASSETS (NET)</b>		
Deferred Tax Assets:		
Unabsorbed business loss	275.70	-
Expenses allowed on payment basis	68.69	-
Less : Deferred Tax Liabilities :		
Depreciation	197.63	-
	<u>146.76</u>	<u>-</u>
<b>12 LONG -TERM LOANS AND ADVANCES</b>		
Secured - Considered good :		
Security Deposits with Electricity / Government authorities	34.07	36.81
Other Loans & advances :		
- Pension Fund	219.41	313.02
- Capital advance	7.35	-
- MAT Credit Entitlement	735.26	637.06
- Other balances	30.84	28.56
	<u>1026.93</u>	<u>1015.45</u>
<b>13 CURRENT INVESTMENTS</b>		
( At lower of Cost and market value )		
Investments in Government or trust securities :		
Quoted		
12 Bonds of ₹ 1000000/- each of 8.40% T.N.E.B. Bond Series 2/2009-10 fully paid at cost	120.00	120.00
40 Bonds of ₹ 1000000/- each of 9.05% IDBI Bond, 2020 fully paid at cost	407.20	407.20
10 Bonds of ₹ 1000000/- each of 8.85% PFC Bond, 2030 fully paid at cost	100.14	100.14
10 Bonds of ₹ 1000000/- each of 9.65% YES Bond, 2020 fully paid at cost	100.38	100.38
10 Bonds of ₹ 1000000/- each of 8.90% HDFC Bond, 2020 fully paid at cost	100.00	100.00
Investments in Mutual Funds:		
Quoted		
26516.452 units of ₹ 10/- each of TATA Equity Opportunities Fund - Plan B ( Appreciation)	-	20.04
78521.671 units of ₹ 10/- each of TATA Equity P/E Fund Div Trigger Option A ( 5 percentage )	30.04	30.04
Less : Provision for diminution in value of investments	(36.37)	(36.52)
	<u>821.39</u>	<u>841.28</u>
The aggregate book value of quoted investments	821.39	841.28
Market value of quoted investments	821.39	842.29

**NOTES TO BALANCE SHEET**  
**AS AT 31ST MARCH, 2012**

	<i>₹ in Lakhs</i>	
	<u>As at 31.03.12</u>	<u>As at 31.03.11</u>
<b>14 INVENTORIES</b>		
At or under cost (being cost or net realisable value whichever is lower)(*)		
Raw materials	<b>45.66</b>	37.68
Work in progress (including scrap)	<b>37.65</b>	22.63
Finished products	<b>80.77</b>	131.35
Assets held for disposal	<b>56.83</b>	110.92
Stores and spare parts	<b>17.91</b>	28.28
Loose tools	<b>23.53</b>	23.53
	<u><b>262.35</b></u>	<u>354.39</u>
<i>(*) net of provisions</i>		
<b>15 TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months		
Unsecured - considered good	-	30.84
Other debts		
Unsecured - considered good	<b>502.82</b>	221.75
	<u><b>502.82</b></u>	<u>252.59</u>
<b>16 CASH AND BANK BALANCES</b>		
Balances with banks	<b>180.07</b>	166.17
Cash on hand	<b>7.07</b>	4.98
Other bank balances :		
Fixed Deposit accounts	<b>3192.53</b>	3632.70
	<u><b>3379.67</b></u>	<u>3803.85</u>
<b>17 SHORT - TERM LOANS AND ADVANCES</b>		
Secured - Considered good :		
Other Loans & advances :		
Raw material Advance	<b>57.28</b>	8.70
Recoverable claims	<b>13.68</b>	3.70
Prepaid Expenses	<b>5.55</b>	5.18
Balances with Customs, Excise etc.	<b>45.07</b>	30.37
Other deposits	<b>34.27</b>	40.47
Advance payment of Income tax (net of provisions)	<b>49.32</b>	-
Others	<b>5.90</b>	9.09
Considered Doubtful :		
Advances recoverable in cash or for value to be received	<b>12.93</b>	16.82
	<b>224.00</b>	114.33
Less: Allowances for bad and doubtful loans and advances	<b>12.93</b>	16.82
	<u><b>211.07</b></u>	<u>97.51</u>
<b>18 OTHER CURRENT ASSETS</b>		
Interest receivables	<b>93.45</b>	59.19

## NOTES TO STATEMENT OF PROFIT AND LOSS

₹ in Lakhs

	<u>2011/2012</u>	<u>2010/2011</u>
<b>19 REVENUE FROM OPERATIONS</b>		
<b>(a) Sale of products :</b>		
Mild steel pressed components	1700.01	1411.51
Hot rolled bars, rods and sections	89.33	189.55
Bolts,nuts and rivets	25.76	32.83
Sale of assets held for Disposal	560.25	1343.89
Woodscrews and machine screws .	127.75	63.86
Miscellaneous (including product scrap and other services)	755.96	1031.13
Gross sales	3259.06	4072.77
Less : Excise duty	251.01	212.42
Net sales	3008.05	3860.35
<b>(b) Sale of services :</b>		
Conversion charges recovered	42.79	2.59
Income from services	264.72	264.72
Less : Service tax	24.72	24.72
Net Service Income	240.00	240.00
	<u>3290.84</u>	<u>4102.94</u>
<b>20 OTHER INCOME</b>		
Interest Income	415.49	284.01
Dividend Income	4.71	7.00
Net profit on sale of fixed assets	794.64	0.16
Miscellaneous Income ( Note 26(7))	331.62	635.64
	<u>1546.46</u>	<u>926.81</u>
<b>21 COST OF MATERIALS CONSUMED</b>		
Steel Sheets	1839.49	1289.94
Wire rods and coils	31.38	33.03
	<u>1870.87</u>	<u>1322.97</u>
<b>22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stocks :		
Finished products	131.35	214.03
Work in progress	22.63	24.26
Assets held for disposal	110.92	156.41
	<u>264.90</u>	<u>394.70</u>
Closing Stocks :		
Finished products	80.77	131.35
Work in progress	37.65	22.63
Assets held for disposal	56.83	110.92
	<u>175.25</u>	<u>264.90</u>
(Increase)/decrease (including shortages, provisions & write off etc)	89.65	129.80
<b>Details of inventory</b>		
<b>Finished products:</b>		
Mild Steel pressed components	57.27	33.35
Bolts,nuts and rivets	15.33	21.89
Bright Steel Bars	-	44.46
Woodscrews and machine screws .	8.17	31.65
	<u>80.77</u>	<u>131.35</u>
<b>Work-in-progress:</b>		
Mild Steel pressed components	30.36	-
Woodscrews and machine screws .	7.29	22.63
	<u>37.65</u>	<u>22.63</u>

## NOTES TO STATEMENT OF PROFIT AND LOSS

		<i>₹ in Lakhs</i>	
		<u>2011 / 2012</u>	<u>2010 / 2011</u>
<b>23</b>	<b>EMPLOYEE BENEFITS EXPENSE</b>		
	Salaries and wages	<b>321.62</b>	276.89
	Contribution to provident and other funds	<b>182.56</b>	135.58
	Staff welfare expenses	<b>35.33</b>	35.94
		<u><b>539.51</b></u>	<u>448.41</u>
<b>24</b>	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
	Depreciation on Fixed Assets	<u><b>101.79</b></u>	<u>84.72</u>
<b>25</b>	<b>OTHER EXPENSES</b>		
	Consumption of stores and spares	<b>27.45</b>	27.57
	Power and fuel	<b>88.14</b>	72.58
	Repairs to Buildings	<b>2.35</b>	6.53
	Repairs to Machinery	<b>18.98</b>	50.06
	Repairs to Others	<b>49.04</b>	37.88
	Directors' sitting fees	<b>2.03</b>	1.95
	Provision for diminution in value of investments	-	36.52
	Insurance	<b>4.75</b>	5.15
	Rent	<b>58.87</b>	58.00
	Rates and taxes	<b>24.19</b>	63.51
	Printing and stationery	<b>11.53</b>	9.76
	Postage and Telephone	<b>14.51</b>	14.78
	Data processing expenses	<b>4.85</b>	3.75
	Travelling expenses	<b>43.87</b>	48.35
	Advertisement expenses	<b>6.60</b>	11.57
	Security charges	<b>58.74</b>	69.09
	Freight, packing and delivery charges	<b>46.15</b>	23.05
	Legal and Professional Charges	<b>159.32</b>	164.80
	Outside processing charges for products	<b>4.74</b>	11.11
	Net profit/(loss) on sale of investment	<b>0.31</b>	4.60
	Provision for doubtful debts and advances	-	4.39
	Provision no longer required	<b>(3.89)</b>	(8.94)
	Doubtful advances written off	<b>3.89</b>	8.94
	Miscellaneous expenses ( note 26(8))	<b>204.56</b>	143.63
		<u><b>830.98</b></u>	<u>868.63</u>

**26 ADDITIONAL INFORMATION BY WAY OF NOTES TO FINANCIAL STATEMENTS****(1) SIGNIFICANT ACCOUNTING POLICIES****(i) a) ACCOUNTING CONVENTION AND REVENUE RECOGNITION**

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise are consistent and 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 financial statements.

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 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.

**(ii) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT**

- (a) Fixed assets are stated at cost .
- (b) Capital work-in-progress is stated at cost incurred during installation period .
- (c) 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
Buildings	3.33/2.00

- (d) Depreciation is provided on the basis of month of capitalisation. Items of fixed asset individually valued upto ₹ 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 .

**(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 .

**(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 statement 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) SALES**

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

**(viii) 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.

		<b>₹ in Lakhs</b>	
		<b>As at</b>	<b>As at</b>
		<b>31.03.2012</b>	<b>31.03.2011</b>
<b>(2)</b>	<b>CONTINGENT LIABILITIES AND COMMITMENTS :</b>		
	<b>1) Contingent Liabilities :</b>		
	a) Excise duty under Appeal ( to the extent ascertainable )	<b>164.66</b>	164.66
	b) Disputed sales tax under Appeal	<b>507.29</b>	507.29
	c) Claims not acknowledged as debts ( to the extent ascertainable )	<b>41.46</b>	41.46

(3) EMPLOYEE BENEFITS	<i>₹ in Lakhs</i>	
	<u>2011/2012</u>	<u>2010/2011</u>
<b>a. Defined Contribution Scheme</b>		
Employer's Contribution to Provident Fund	<b>43.19</b>	19.50

**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 .

	<i>₹ in Lakhs</i>					
	Gratuity ( Funded)		Pension Fund ( Funded)		Leave Encashment ( Non-Funded)	
	<u>2011/2012</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2010/2011</u>
<b>I. Expense recognised in the Income statement</b>						
Current service cost	<b>5.77</b>	65.84	<b>38.54</b>	40.14	<b>3.34</b>	3.08
Interest cost	<b>12.06</b>	10.83	<b>78.22</b>	67.82	<b>6.48</b>	5.45
Expected return on plan assets	<b>(7.70)</b>	(7.15)	<b>(105.27)</b>	(97.90)	-	-
Past service cost due to revision in pension benefits/gratuity limit	-	12.06	-	-	-	0.58
Actuarial (gain)/loss	<b>7.18</b>	(13.83)	<b>82.12</b>	(15.76)	<b>13.81</b>	4.33
<b>Total Expenses</b>	<b>17.31</b>	67.75	<b>93.61</b>	(5.70)	<b>23.63</b>	13.44
<b>II Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>						
Present value of Defined benefit obligation at the beginning of the year	<b>157.55</b>	99.65	<b>1003.32</b>	931.68	<b>84.57</b>	76.15
Current service cost	<b>5.77</b>	65.84	<b>38.54</b>	40.14	<b>3.34</b>	3.08
Interest Cost	<b>12.06</b>	10.83	<b>78.22</b>	67.82	<b>6.48</b>	5.45
Benefit payments	<b>(6.04)</b>	(25.86)	<b>(1.01)</b>	(30.42)	<b>(2.95)</b>	(5.02)
Past service cost due to revision in pension benefits/gratuity limit	-	12.06	-	-	-	0.58
Actuarial (gain)/loss	<b>12.44</b>	(4.97)	<b>100.52</b>	(5.90)	<b>13.81</b>	4.33
<b>Present value of Defined benefit obligation at the end of the year</b>	<b>181.78</b>	157.55	<b>1219.59</b>	1003.32	<b>105.25</b>	84.57



	₹ in Lakhs					
	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011
<b>III</b>	<b>Changes in the fair value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:</b>					
Fair value of plan assets at the beginning of the year	<b>99.25</b>	95.61	<b>1316.34</b>	1239.00	-	-
Employer contribution	-	13.49	-	-	<b>2.95</b>	5.02
Expected Return on plan assets	<b>7.70</b>	7.15	<b>105.27</b>	97.90	-	-
Benefit payments	<b>(6.04)</b>	(25.86)	<b>(1.01)</b>	(30.42)	<b>(2.95)</b>	(5.02)
Actuarial gain/(Loss)	<b>5.26</b>	8.86	<b>18.40</b>	9.86	-	-
Fair value of plan assets at the end of the year	<b>106.17</b>	99.25	<b>1439.00</b>	1316.34	-	-
<b>IV</b>	<b>Reconciliation of Net Asset/ (Liability) recognised in the Balance Sheet during the year ended 31st March, 2012</b>					
Net Asset / ( Liability ) at the beginning of the year	<b>(58.30)</b>	(4.04)	<b>313.02</b>	307.32	<b>(84.57)</b>	(76.15)
Employer (Expenses)/credit	<b>(17.31)</b>	(67.75)	<b>(93.61)</b>	5.70	<b>(23.63)</b>	(13.44)
Employer Contribution	-	13.49	-	-	<b>2.95</b>	5.02
Net Asset/ ( Liability ) at the end of the year	<b>(75.61)</b>	(58.30)	<b>219.41</b>	313.02	<b>(105.25)</b>	(84.57)
<b>V</b>	<b>Actuarial assumptions :</b>					
Discount rate ( per annum)	<b>8.20%-8.40%</b>	7.80%	<b>8.20%</b>	7.80%	<b>8.20%-8.40%</b>	7.80%
Expected return on plan assets ( per annum)	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%	<b>NA</b>	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) Disclosure in terms of Para 120(n) of AS 15 ( revised 2005)

₹ in Lakhs

	Gratuity ( Funded)				Pension Fund ( Funded)			
	2011/2012	2010/2011	2009/2010	2008/2009	2011/2012	2010/2011	2009/2010	2008/2009
Present Value of Defined Benefit Obligation at the year end	<b>(181.78)</b>	(157.55)	(76.50)	(307.98)	<b>(1219.59)</b>	(1003.32)	(931.68)	(760.21)
Fair Value of Plan Assets at the year end	<b>106.17</b>	99.25	95.61	274.23	<b>1439.00</b>	1316.34	1239.00	1128.89
Surplus/(Defecit)	<b>(75.61)</b>	(58.30)	19.11	(33.75)	<b>219.41</b>	313.02	307.32	368.68
Experience Adjustments on Plan Liabilities	<b>(13.31)</b>	3.73	(9.11)	4.73	<b>(108.43)</b>	(1.46)	12.77	2.76
Experience Adjustments on Plan Assets	<b>5.26</b>	8.86	10.40	0.85	<b>18.40</b>	9.86	(1.63)	(16.57)

		₹ in Lakhs			
		<u>2011/2012</u>		<u>2010/2011</u>	
<b>(4) PAYMENT TO AUDITORS</b>					
	As:				
	- Auditors	<b>2.25</b>		2.00	
	- For other services (certificates, provident fund audit etc.)	<b>2.75</b>		1.17	
	- For re-imburement of expenses	<b>0.18</b>		0.32	
		<b>5.18</b>		3.49	
<b>(5) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :</b>					
	Travelling	-		4.70	
<b>(6) CONSUMPTION OF :</b>		<u>2011/2012</u>		<u>2010/2011</u>	
		₹ in lakhs	%	₹ in lakhs	%
	Raw materials				
	- Indigenous	<b>1870.87</b>	<b>100.00</b>	1322.97	100.00
		<b>1870.87</b>	<b>100.00</b>	1322.97	100.00
	Spare Parts and Components / Stores and Spares				
	- Indigenous	<b>27.45</b>	<b>100.00</b>	27.57	100.00
		<b>27.45</b>	<b>100.00</b>	27.57	100.00
<b>(7) MISCELLANEOUS INCOME</b>					
	Includes profit on sale of scrap ₹ 189.78 Lakhs ( 2010-11 - ₹ 51.73 Lakhs ) , income on surrender of tenancy rights - ₹ 11 Lakhs (2010-11 - ₹ 500 Lakhs ) , liabilities no longer required - ₹ 92.78 Lakhs ( 2010-11 - ₹ 29.12 Lakhs ) .				
<b>(8) MISCELLANEOUS EXPENSES</b>					
	Include interest of ₹ 44.15 Lakhs paid on finalisation of income tax assessment.				
		<b>As at</b>		<b>As at</b>	
		<b>31.03.2012</b>		<b>31.03.2011</b>	
<b>(9) SUNDRY CREDITORS INCLUDE:</b>					
<b>(a)</b>	Micro, Small and Medium Enterprises:				
<b>(i)</b>	Total outstanding dues of micro enterprises and small enterprises	-		-	
<b>(ii)</b>	Total outstanding dues of creditors other than micro enterprises and small enterprises	<b>303.25</b>		186.84	
<b>(iii)</b>	The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-		-	
<b>(iv)</b>	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 .	-		-	
<b>(v)</b>	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	-		-	
<b>(vi)</b>	The amount of interest accrued and remaining unpaid at the end of each accounting year , and	-		-	
<b>(vii)</b>	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				
<b>(b)</b>	₹ 84.06 Lakhs ( 2010-11 - ₹ 180.81 Lakhs ) received as advance against scrap and other sales				

**(10) "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	
		31.03.12	31.03.11	31.03.12	31.03.11
<b>Subsidiary Company</b>					
GKW (Overseas Trading) Ltd	Receiving of services	0.07	0.17	(4.75)	(4.83)
<b>Key Management Personnel</b>					
Mr. J. D. Curavala	Remuneration	52.61	50.86	(3.50)	(3.09)
Mr. G. Srinivasan	Remuneration	43.83	42.52	(2.73)	(2.50)

Note : The above related party information is as identified by the management and relied upon by the Auditor.

**(11) The Earnings per share has been calculated on the basis of number of equity shares outstanding during the year ended 31st March, 2012 in accordance with the provisions of Accounting Standard- 20 (Earnings per share) :**

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Profit attributable to Equity Shares ( ₹ in lakhs)	1374.00	2368.16
Weighted average Number of Equity Shares	5966500	5966500
Earnings per Share (₹)	23.03	39.69

**(12) GENERAL**

These accounts have been prepared in line with revised Schedule VI and accordingly, 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  
23rd May, 2012

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

## CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

	<i>₹ in Lakhs</i>	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>A Cash flow from Operating Activities</b>		
Net Profit/(Loss) before taxation	<b>1404.50</b>	2175.22
Adjustments for:		
Depreciation - Fixed Assets	<b>101.79</b>	84.72
Provision for diminution in value of investments	<b>(0.15)</b>	36.52
(Profit)/Loss on disposal/scrapping of fixed assets (net)	<b>(794.64)</b>	(0.16)
(Profit) / Loss on sale of investment (net)	<b>0.31</b>	4.60
Stores written off	-	6.74
Dividend and Income on investment	<b>(4.71)</b>	(7.00)
Interest income	<b>(415.49)</b>	(284.01)
Provision for doubtful debts and advances	-	4.39
Doubtful debts and advances written off	<b>3.89</b>	8.94
Provision no longer required	<b>(3.89)</b>	(8.94)
Liability no longer required written back	<b>(92.78)</b>	(29.12)
	<b>(1205.67)</b>	(183.32)
Operating Profit/(Loss) before Working Capital changes	<b>198.83</b>	1991.90
Adjustments for:		
Trade & Other receivables	<b>(227.74)</b>	(27.79)
Inventories	<b>92.03</b>	129.93
Trade Payables	<b>61.95</b>	(38.62)
Cash generation from operation	<b>125.07</b>	2,055.42
Direct taxes (paid)/refund (net)	<b>(343.73)</b>	(328.44)
Net Cash inflow/ (outflow) from operating activities	<b>(218.66)</b>	1726.98
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	<b>(18.92)</b>	(8.54)
Purchase of investment	<b>(1390.00)</b>	(960.49)
Sale of Fixed Assets	<b>797.73</b>	1.03
Sale of investment	<b>19.73</b>	198.08
Dividend and Income on investment	<b>4.63</b>	8.97
Interest income	<b>381.31</b>	270.89
Net cash inflow/ (outflow) from investing activities	<b>(205.52)</b>	(490.06)

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

	<b>₹ in Lakhs</b>	
	<b>For the year ended 31st March, 2012</b>	<b>For the year ended 31st March, 2011</b>
<b>C. Cash Flow from Financing activities</b>		
Net cash flow from financing activities	-	-
Net increase/ (decrease) in Cash and Cash equivalents (A+B+C)	<b>(424.18)</b>	1236.92
<b>Opening Cash and Cash Equivalents as on 01.04.11</b>	<b>3803.85</b>	2566.93
<b>Closing Cash and Cash Equivalents as on 31.03.12</b>	<b>3379.67</b>	3803.85

Notes: 1) Cash Flow Statement is prepared by the ' Indirect Method' as set out in Accounting Standard-3 on 'Cash Flow Statement' .

2) Cash and Cash equivalents presented in the statement includes Fixed Deposits with bank amounting to ₹ 3192.53 lakhs ( 2010-11 - ₹ 3632.70 Lakhs ) as on the Balance Sheet date.

3) Previous year's figures have been rearranged, 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  
23rd May, 2012

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

14, Government East Place  
Kolkata  
23rd May, 2012

For LODHA & CO.  
*Chartered Accountants*  
H. S. Jha  
*Partner*

**STATEMENT REGARDING SUBSIDIARY COMPANY**

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

a)	Name of Subsidiary	GKW (Overseas Trading )Limited
b)	Holding Company's interest	50000 Ordinary shares of ₹ 10 each , fully paid, holders of entire issued share capital and its nominees.
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, 2012	₹ 13450 Loss
	ii) For the previous financial year	₹ 22816 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, 2012	Nil
	ii) For the previous financial year	Nil

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  
23rd May, 2012

---

## 10 YEARS' PROFILE

₹ in Lakhs

2002-'03 2003-'04 2004-'05 2005-'06 2006-'07 2007-'08 2008-'09 2009-'10 2010-'11 2011-'12

**OPERATING RESULTS**

Sales	6456	7306	8263	13019	13006	13263	9497	2326	4075	<b>3302</b>
Profit/(Loss) before depreciation & finance charges	(589)	(238)	(1)	790	1448	1451	1827	1436	2260	<b>1507</b>
Finance Charges	(1498)	(1680)	(1820)	(537)	(545)	(556)	(222)	-	-	-
Gross Profit/Loss	(2087)	(1918)	(1821)	253	903	895	1605	1436	2260	<b>1507</b>
Depreciation	(908)	(904)	(870)	(846)	(831)	(778)	(656)	(86)	(85)	<b>(102)</b>
Profit/(Loss) before tax	(2995)	(2822)	(2691)	1902	72	25703	524	1350	2175	<b>1405</b>
Profit/(Loss) after tax	(2753)	(2548)	(2359)	2191	337	25694	341	1117	2368	<b>1374</b>
Dividend	-	-	-	-	-	-	-	-	-	-

**OTHER STATISTICS**

Net Assets Employed	7662	6329	5563	8429	9733	22070	2593	3710	6078	<b>7452</b>
Shareholders' Fund	(3327)	(5875)	(8234)	5007	7189	22070	2593	3710	6078	<b>7452</b>
PBT to Sales (%)	-	-	-	15	-	194	6	58	53	<b>43</b>
PBT to Net Assets Employed (%)	-	-	-	23	1	116	20	36	36	<b>19</b>
Dividend (%)	-	-	-	-	-	-	-	-	-	-
No. of Employees	2965	2691	2452	1839	1646	537	102	71	82	<b>75</b>
No. of shareholders ('000 nos.)	112	107	104	99	96	92	91	38	36	<b>36</b>

## 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, 2012 and also the Statement of Profit and Loss 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 of 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 reasonable bases 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) During the year fixed assets have been physically verified by the management according to a regular program of verification which, in our opinion is reasonable having regard to the size of the Company and nature of its assets. As informed, 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) As informed the inventory, have been physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, the frequency of verification 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, 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 the books of account.
  - III. As per the records of the Company, it has not taken / granted any loans, secured or unsecured from / to any companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly, clause 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 the 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 clause 4(v) of the said Order are not applicable to the Company.
  - VI. The Company has not accepted any deposits from public covered under section 58A and 58AA of the Act and rules framed there under.



- VII. Internal audit is being conducted by Company's own internal audit department, so as to cover the entire operation over 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 the records produced, we are of the opinion that prima facie the cost records and accounts prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 for one of the division of the Company have been maintained. However, we have not carried out any detailed examination of such records with a view to determine whether they are accurate or complete.
- IX. a) As far as ascertained for 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 been regularly deposited during the year with the appropriate authorities.

- b) According the information and explanations given to us, amount of Sales Tax and Excise Duty 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 (₹ in Lacs)</u>	<u>Period to which amount relates</u>
The Central Sales Tax Act, 1956	Central Sales Tax	DC (Appeals)	96.86	1984, 1996-2000
		Sales Tax Tribunal	124.48	1983, 1985, 1987 1992-1996 and 2003-2004
Bengal Finance (Sales Tax) Act 1941	Sales Tax	DC ( Appeals)	57.10	1984 and 1986
		Sales Tax Tribunal	139.68	1978,1983,1985 1987, 1992 to 1996
The West Bengal Sales Tax Act, 1994	Sales Tax	DC (Appeals)	59.28	1996-2000
		Sales Tax Tribunal	29.89	1995-1996 and 2003-2004
Central Excise Act, 1944	Excise Duty	CESTAT	23.99	2005
		Commissioner (Appeals)	46.57	1998 and 1999
		Appellate Tribunal	94.10	1998 and 2006
Customs Act, 1962	Customs Duty	High Court	41.46	1981 and 1990

- 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 year.
- XI. The Company has neither taken any loans from financial institutions and banks nor issued any debenture. Accordingly, clause 4(xi) of the Order is not applicable to the Company.
- 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 clause 4 (xiii) of the said Order is not applicable to the Company.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investment. 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.
- XVIII. 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 not issued any secured debentures during the year. Accordingly, clause 4(xix) of the Order is not applicable to the Company.
- 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 of the purpose of our audit ;
- b) The Balance Sheet, Statement of Profit and Loss 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 ;
- d) In our opinion the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director of the Company in terms of section 274(1)(g) of the Act.
- 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, 2012.
- ii. in the case of the Statement of Profit and Loss, 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.

For LODHA & CO.  
*Chartered Accountants*  
Firm ICAI Registration No. : 301051E  
H. S. Jha  
*Partner*  
Membership No. 55854

Place : Kolkata  
Date : 23rd May 2012

## DIRECTORS' REPORT

Your Directors submit the Annual Report together with the Audited Accounts for the year ended 31st March, 2012

### ACCOUNTS :

The turnover for the year was ₹ Nil ( 2010-2011 - ₹ Nil) - Income by way of commission earned during the year was ₹ Nil as against ₹ Nil for the year 2010-2011. The expenditure incurred by the Company in foreign currency during the year was ₹ Nil (2010-2011 - ₹ Nil ) and the earnings in foreign currency was ₹ Nil (2010-2011- ₹ Nil). Net Loss for the year was ₹ 0.13 lakhs (2010-2011 - ₹ 0.23 lakh).

### OPERATIONS :

The Company will continue to seek commission business. The Company is also looking at the possibility of exploring business in the service sector.

### 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 the 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 Director 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 Conservations of Energy, Technology Absorption, Foreign Exchange Earnings and outgo and Research & Development 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.

On behalf of the Board

Kolkata  
22nd May, 2012

A. Bhattacharya  
*Director*

A. Chakrabarti  
*Director*

**AUDITORS' REPORT**

**TO THE MEMBERS OF GKW (OVERSEAS TRADING) LIMITED**

We have audited the attached Balance Sheet of GKW (Overseas Trading) Limited as on 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss 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.

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, and according to the information and explanations given to us, we state that :

- (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 ₹ 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 ₹ 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 and in immediate 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.

Further to our above comments , we report that ;

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from the examination of those books;
- iii) The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012
  - b. In the case of the Statement of Profit and Loss, of the loss for the year ended on that date.

For & on behalf of  
K.C. Roy & Co  
*Chartered Accountants*  
ICAI Firm Registration No : 301161E

Place: Kolkata  
Date: 22nd May, 2012

N.N. Bhattacharya  
*Partner*  
Mem No: 9584

**GKW (OVERSEAS TRADING) LIMITED****BALANCE SHEET**

AS AT 31ST MARCH, 2012

Amount in ₹

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
(a) Share Capital	1	500000	500000
(b) Reserves and Surplus	2	7853	21303
Total ( a+b)		507853	521303
Current liabilities			
Short - term provisions	3	6000	-
<b>TOTAL</b>		<b>513853</b>	<b>521303</b>
<b>ASSETS</b>			
Non-current assets			
Fixed assets :	4		
- Tangible Assets		12	12
Current Assets			
(a) Cash and cash equivalents	5	24809	24909
(b) Short -term loans and advances	6	489032	496382
Total ( a+b)		513841	521291
<b>TOTAL</b>		<b>513853</b>	<b>521303</b>
Notes to financial statements	9		

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

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

On behalf of the Board

A. Bhattacharya  
DirectorA. Chakrabarti  
DirectorN.N. Bhattacharya  
Partner

For and on behalf of

Kolkata  
22nd May, 2012K. C. Roy & Co  
Chartered Accountants**STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED 31ST MARCH, 2012

Amount in ₹

Particulars	Note No.	2011/2012	2010/2011
Revenue from operations		-	-
Other income		-	-
<b>Total Revenue</b>		<b>-</b>	<b>-</b>
<b>EXPENSES :</b>			
Depreciation and amortization expense	7	-	6226
Other Expenses	8	13450	16590
<b>TOTAL EXPENSES</b>		<b>13450</b>	<b>22816</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(13450)</b>	<b>(22816)</b>
Notes to financial statements	9		

The notes referred to above form an integral part of the Profit and Loss statement .

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

On behalf of the Board

A. Bhattacharya  
DirectorA. Chakrabarti  
DirectorN.N. Bhattacharya  
Partner

For and on behalf of

Kolkata  
22nd May, 2012K. C. Roy & Co  
Chartered Accountants

## NOTES TO BALANCE SHEET

		Amount in ₹	
		As at 31.03.12	As at 31.03.11
<b>1 SHARE CAPITAL</b>			
Authorised			
50000 (2010/2011 - 50000) Ordinary Shares of ₹ 10/- each		<u>500000</u>	<u>500000</u>
Issued, Subscribed and Paid-up			
50000 (2010/2011 - 50000 ) Ordinary shares of ₹10/- each		<u>500000</u>	<u>500000</u>
fully paid up at par in cash			
(The whole of the subscribed capital is held by GKW Limited and its nominees )			
Reconciliation of the number of Ordinary shares Outstanding	No of shares		
Opening number of shares at the beginning of the year	50000	500000	500000
Add : Issued during the year	-	-	-
Less : Reduction /buy back for redemption during the year	-	-	-
Balance number of shares outstanding at the end of the year	<u>50000</u>	<u>500000</u>	<u>500000</u>
<b>2 RESERVES AND SURPLUS</b>			
Surplus :			
At the beginning of the year		21303	44119
Add: Transferred from Statement of Profit and Loss		(13450)	(22816)
		<u>7853</u>	<u>21303</u>
<b>3 SHORT -TERM PROVISIONS</b>			
Others :			
Liability for auditors' remuneration		<u>6000</u>	<u>-</u>
<b>4. FIXEDASSETS</b>			
Reconciliation of Gross and Net carrying amount of each class of assets			Amount in ₹
	GROSS BLOCK - AT COST	DEPRECIATION	NET BLOCK
	As at 1st April, 2011	Withdrawals/ Transfer Adjustment	As at 31st March, 2012
	As at 31st March, 2012	As at 1st April, 2011	Withdrawals/ For the year Adjustment
	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
<b>Tangible Assets</b>			
Plant & Machinery	336204		336193
Furniture & Fittings	3643		3642
Total Tangible assets	339847		339835
Previous Year	339847		333609
		6226	
<b>5 CASH AND CASH EQUIVALENTS</b>			
Balances with banks		<u>24809</u>	<u>24909</u>
<b>6 SHORT - TERM LOANS AND ADVANCES</b>			
Secured - Considered good :			
Advances recoverable in cash or value to be received ( includes receivable from GKW Ltd . ₹ 475430 ( 2010-11 - ₹ 482780 ), the holding Company)		475430	482780
Other Loans & advances :			
Advance payment of tax ( net of provisions )		<u>13602</u>	<u>13602</u>
		<u>489032</u>	<u>496382</u>

NOTES TO STATEMENT OF PROFIT AND LOSS

Amount in ₹

	<u>2011/2012</u>	<u>2010/2011</u>
<b>7 DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation on Fixed Assets	-	6226
<b>8 OTHER EXPENSES</b>		
Rates and taxes	5500	5380
Bank Charges	100	60
Auditors' Remuneration	6000	6000
Licence / Filing fees	1850	5150
	<u>13450</u>	<u>16590</u>

**9 ADDITIONAL INFORMATION BY WAY OF NOTES TO FINANCIAL STATEMENTS**

**(1) SIGNIFICANT ACCOUNTING POLICIES**

**(i) a) ACCOUNTING CONVENTION AND REVENUE RECOGNITION**

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and in consonance with generally accepted accounting principles.

**(II) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT**

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

**(III) INVESTMENTS**

Long-term investments are stated at cost less write downs / provided in certain cases.

**(IV) 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 recognisable unless there is sufficient assurance with respect to future taxable income.

Amount In ₹

	<u>2011/2012</u>	<u>2010/2011</u>
<b>(2) PAYMENT TO AUDITORS</b>		
As:		
- Auditors	<u>6000</u>	<u>6000</u>

**(3) "RELATED PARTY DISCLOSURES" AS PER ACCOUNTING STANDARD 18 AS ASCERTAINED FROM AVAILABLE INFORMATION**

<u>Name of the Related Party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Value of transaction</u>		<u>Debit/(Credit) outstanding balance as on</u>	
			<u>31.03.12</u>	<u>31.03.11</u>	<u>31.03.12</u>	<u>31.03.11</u>
GKWLimited	Holding Company	Rendering of services	7350	16530	(475430)	(482780)



**AUDITORS' REPORT**

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

1. We have audited the attached Consolidated Balance Sheet of GKW Limited ("the Company") and its subsidiary Company as at 31<sup>st</sup> March, 2012 and also the Consolidated Statement of Profit and Loss 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 company whose financial statements reflect total assets of ₹ 5.14 lacs as at 31<sup>st</sup> March 2012 and total revenue of ₹ Nil lacs 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 subsidiary 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 subsidiary 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 subsidiary, we are of the opinion that, the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Cash flow statement give a true and fair view of the consolidated state of affairs of GKW limited and its subsidiary as at 31<sup>st</sup> March, 2012, 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.

Place: Kolkata  
Date: 23<sup>rd</sup> May, 2012

For LODHA & CO.  
*Chartered Accountants*  
Firm ICAI Registration No: 301051E  
H S Jha  
*Partner*  
*Membership No. 55854*

**CONSOLIDATED BALANCE SHEET**

AS AT 31ST MARCH, 2012

₹ in Lakhs

Particulars	Note No.	As at 31.03.12	As at 31.03.11
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share Capital	1	596.65	596.65
(b) Reserves and Surplus	2	6855.85	5481.98
Total ( a+b)		7452.50	6078.63
<b>Non-current liabilities</b>			
(a) Deferred tax liabilities (net)	3	-	3.83
(b) Other Long - term liabilities	4	40.13	37.04
(c) Long - term provisions	5	77.83	198.65
Total ( a+b+c)		117.96	239.52
<b>Current liabilities</b>			
(a) Trade payables	6	298.36	181.90
(b) Other current liabilities	7	293.75	384.74
(c) Short - term provisions	8	397.98	351.56
Total ( a+b+c)		990.09	918.20
<b>TOTAL</b>		<b>8560.55</b>	<b>7236.35</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
- Tangible Assets	9	717.01	802.96
(b) Non-current investments	10	1398.71	8.71
(c) Deferred tax assets (net)	11	146.76	-
(d) Long -term loans and advances	12	1026.93	1015.45
Total ( a+b+c+d)		3289.41	1827.12
<b>Current Assets</b>			
(a) Current investments	13	821.39	841.28
(b) Inventories	14	262.35	354.39
(c) Trade receivables	15	502.82	252.60
(d) Cash and bank balances	16	3379.92	3804.10
(e) Short -term loans and advances	17	211.21	97.67
(f) Other current assets	18	93.45	59.19
Total (a+b+c+d+e+f)		5271.14	5409.23
<b>TOTAL</b>		<b>8560.55</b>	<b>7236.35</b>
Notes to financial statements	26		

As per our Report annexed.

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)

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

Kolkata  
23rd May, 2012

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	Note No.	₹ in Lakhs	
		<u>2011/2012</u>	<u>2010/2011</u>
Revenue from operations	19	3290.84	4102.94
Other income	20	1546.46	946.97
<b>TOTAL REVENUE</b>		<u>4837.30</u>	<u>5049.91</u>
<b>EXPENSES :</b>			
Cost of materials consumed	21	1870.87	1322.97
Changes in inventories of finished goods, work - in - progress and stock in trade	22	89.65	129.80
Employee benefits expense	23	539.51	448.41
Depreciation and amortization expense	24	101.79	84.78
Other Expenses	25	831.11	869.23
<b>TOTAL EXPENSES</b>		<u>3432.93</u>	<u>2855.19</u>
<b>PROFIT BEFORE TAX</b>		1404.37	2194.72
<b>TAX EXPENSES:</b>			
- Current tax ( MAT)		(279.29)	(440.29)
Less : MAT Credit		98.20	637.06
Net Current Tax		<u>(181.09)</u>	196.77
- Deferred tax credit/(charge)		150.59	(3.83)
<b>PROFIT FOR THE YEAR</b>		<u>1373.87</u>	<u>2387.66</u>
Earnings per equity share (note 26(11))			
- Basic		23.03	40.02
- Diluted		23.03	40.02
Notes to financial statements	26		

As per our Report annexed.

On behalf of the Board

J D Curraia  
*Managing Director*

G Srinivasan  
*Director*

J N Ghosh  
*Vice-President & Secretary*

A Chakrabarti  
*Sr. Vice-President (Finance)*

H S Jha  
*Partner*

Koikata  
23rd May, 2012

for and on behalf of  
LODHA & Co  
*Chartered Accountants*

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

	<i>₹ in Lakhs</i>	
	<u>As at 31.03.12</u>	<u>As at 31.03.11</u>
<b>1. SHARE CAPITAL</b>		
Authorised :		
49250000 (2010/2011 - 49250000) Cumulative redeemable Preference Shares of ₹ 10/- each	<b>4925.00</b>	4925.00
59665008 Ordinary shares of ₹ 10/- each	<b>5966.50</b>	5966.50
	<u><b>10891.50</b></u>	<u>10891.50</u>
Issued, Subscribed and Paid-up :		
3669653 (2010/2011 - 3669653) Ordinary shares of ₹ 10/- each fully paid up at par in cash	<b>366.97</b>	366.97
659749 (2010/2011 - 659749) Ordinary shares for consideration other than cash pursuant to contracts / scheme of arrangements.	<b>65.97</b>	65.97
1637098 (2010/2011 - 1637098) Bonus shares by way of capitalisation of reserves and share premium	<b>163.71</b>	163.71
	<u><b>596.65</b></u>	<u>596.65</u>
Shareholders holding shares in the Company for more than 5%		
Matrix Commercial Pvt Ltd	<b>2759599</b>	2759599
Kiwi Investments Ltd	<b>894500</b>	894500
Bellona Finvest Ltd	<b>524534</b>	524534
Likhmi Leasing Limited	<b>318167</b>	318167
Rosemery Commercial Pvt Ltd	<b>308768</b>	308768
 <b>2 RESERVES AND SURPLUS</b>		
General Reserve		
At the beginning of the year	<b>3000.00</b>	-
Add: Transfer as shown below	<b>2000.00</b>	3000.00
	<u><b>5000.00</b></u>	<u>3000.00</u>
Surplus At the beginning of the year	<b>2481.98</b>	3094.32
Add: Transferred from Statement of Profit and Loss	<b>1373.87</b>	2387.66
Appropriations		
- Transfer to General Reserve	<b>(2000.00)</b>	(3000.00)
	<u><b>1855.85</b></u>	<u>2481.98</u>
	<u><b>6855.85</b></u>	<u>5481.98</u>

**NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET**

		<i>₹ in Lakhs</i>	
		<u>As at 31.03.12</u>	<u>As at 31.03.11</u>
<b>3</b>	<b>DEFERRED TAX LIABILITIES (NET)</b>		
	Deferred Tax Liabilities :		
	Depreciation	-	207.42
	Less : Deferred Tax Assets :		
	Unabsorbed business loss	-	157.74
	Expenses allowed on payment basis	-	45.85
		<u>-</u>	<u>3.83</u>
<b>4</b>	<b>OTHER LONG - TERM LIABILITIES</b>		
	Others :		
	Security Deposit received from dealers , service etc	<u>40.13</u>	<u>37.04</u>
<b>5</b>	<b>LONG - TERM PROVISIONS</b>		
	Provision for employee benefits	<u>77.83</u>	<u>198.65</u>
<b>6</b>	<b>TRADE PAYABLES</b>		
	Trade Payables ( note 26(9))	<u>298.36</u>	<u>181.90</u>
<b>7</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Other payables :		
	Advance from customers	84.06	186.10
	Provision for excise duty	8.49	11.94
	Liability for sales tax	30.20	24.99
	Miscellaneous creditors	171.00	161.71
		<u>293.75</u>	<u>384.74</u>
<b>8</b>	<b>SHORT - TERM PROVISIONS</b>		
	Provision for employee benefits	322.66	165.03
	Others :		
	Liability for expenses	75.32	171.41
	Provision for taxation ( net )	-	15.12
		<u>397.98</u>	<u>351.56</u>

**NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET**

**9 FIXED ASSETS**

Reconciliation of Gross and Net carrying amount of each class of assets

**₹ in Lakhs**

	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions	Withdrawals/ Transfer / Adjustment	As at 31st March, 2012	As at 1st April, 2011	For the year	Withdrawals/ Transfer / Adjustment	As at 31st March, 2012	As At 31st March, 2012	As at 31st March, 2011
<b>TANGIBLE ASSETS</b>										
Land including Leasehold Land	69.28	-	-	69.28	3.77	0.11	-	3.88	65.40	65.51
Buildings	1152.84	0.07	140.95	1011.96	854.39	14.83	139.76	729.46	282.50	298.45
Railway Siding	8.98	-	5.15	3.83	8.96	-	5.13	3.83	-	0.02
Plant & Machinery	1662.41	11.74	278.84	1395.31	1264.39	78.60	276.97	1066.02	329.29	398.02
Cars & Vehicles	86.43	7.04	-	93.47	62.97	3.54	-	66.51	26.96	23.46
Furniture & Fittings	101.18	0.07	-	101.25	83.68	4.71	-	88.39	12.86	17.50
Total Tangible assets	3081.12	18.92	424.94	2675.10	2278.16	101.79	421.86	1958.09	717.01	802.96
Previous Year	3114.12	8.54	41.54	3081.12	2234.04	84.78	40.66	2278.16	802.96	

**₹ in Lakhs**

**10 NON-CURRENT INVESTMENTS:**

**- Long Term ( At cost less provision )**

Investments in Equity Instruments :

Quoted

IDBI Ltd

10720 shares of ₹ 10 each- fully paid at cost

Graphite India Limited

2000000 shares of ₹ 2 each- fully paid at cost

**As at  
31.03.12**

**As at  
31.03.11**

**8.71**

8.71

**1390.00**

-

**1398.71**

8.71

The aggregate book value of quoted investments

**1398.71**

8.71

Market value of quoted investments

**1788.43**

15.56

**11 DEFERRED TAX ASSETS (NET)**

Deferred Tax Assets:

Unabsorbed business loss

**275.70**

-

Expenses allowed on payment basis

**68.69**

-

Less : Deferred Tax Liabilities :

Depreciation

**197.63**

-

**146.76**

-

**12 LONG-TERM LOANS AND ADVANCES**

Secured - Considered good :

Security Deposits with Electricity / Government authorities

**34.07**

36.81

Other Loans & advances :

- Pension Fund

**219.41**

313.02

- Capital advance

**7.35**

-

- MAT Credit Entitlement

**735.26**

637.06

- Other balances

**30.84**

28.56

**1026.93**

1015.45

**NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET**

₹ in Lakhs

	<u>As at</u> <u>31.03.12</u>	<u>As at</u> <u>31.03.11</u>
<b>13 CURRENT INVESTMENTS</b>		
<i>( At lower of Cost and market value )</i>		
Investments in Government or trust securities :		
Quoted		
12 Bonds of ₹ 1000000/- each of 8.40% T.N.E.B. Bond Series 2/2009-10 fully paid at cost	120.00	120.00
40 Bonds of ₹ 1000000/- each of 9.05% IDBI Bond, 2020 fully paid at cost	407.20	407.20
10 Bonds of ₹ 1000000/- each of 8.85% PFC Bond, 2030 fully paid at cost	100.14	100.14
10 Bonds of ₹ 1000000/- each of 9.65% YES Bond, 2020 fully paid at cost	100.38	100.38
10 Bonds of ₹ 1000000/- each of 8.90% HDFC Bond, 2020 fully paid at cost	100.00	100.00
Investments in Mutual Funds:		
Quoted		
26516.452 units of ₹ 10/- each of TATA Equity Opportunities Fund - Plan B ( Appreciation)	-	20.04
78521.671 units of ₹ 10/- each of TATA Equity P/E Fund Div Trigger Option A ( 5 percentage )	30.04	30.04
Less : Provision for diminution in value of investments	(36.37)	(36.52)
	<u>821.39</u>	<u>841.28</u>
The aggregate book value of quoted investments	821.39	841.28
Market value of quoted investments	821.39	842.29
<b>14 INVENTORIES</b>		
At or under cost (being cost or net realisable value whichever is lower) (*)		
Raw materials	45.66	37.68
Work in progress (including scrap)	37.65	22.63
Finished products	80.77	131.35
Assets held for disposal	56.83	110.92
Stores and spare parts	17.91	28.28
Loose tools	23.53	23.53
	<u>262.35</u>	<u>354.39</u>
<i>(*) net of provisions</i>		
<b>15 TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months		
Unsecured - considered good	-	30.84
Other debts		
Unsecured - considered good	502.82	221.76
	<u>502.82</u>	<u>252.60</u>
<b>16 CASH AND BANK BALANCES</b>		
Balances with banks	180.32	166.42
Cash on hand	7.07	4.98
Other bank balances ;		
Fixed Deposit accounts	3192.53	3632.70
	<u>3379.92</u>	<u>3804.10</u>

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

		<i>₹ in Lakhs</i>	
		As at <u>31.03.12</u>	As at <u>31.03.11</u>
<b>17</b>	<b>SHORT-TERM LOANS AND ADVANCES</b>		
	Secured - Considered good :		
	Other Loans & advances :		
	Raw material Advance	57.28	8.70
	Recoverable claims	13.68	3.70
	Prepaid Expenses	5.55	5.18
	Balances with Customs, Excise etc	45.07	30.37
	Other deposits	34.27	40.47
	Advance payment of Income tax (net of provisions)	49.46	-
	Others	5.90	9.25
	Considered Doubtful :		
	Advances recoverable in cash or for value to be received	12.93	16.82
		<u>224.14</u>	<u>114.49</u>
	Less: Allowances for bad and doubtful loans and advances	12.93	16.82
		<u>211.21</u>	<u>97.67</u>
<b>18</b>	<b>OTHER CURRENT ASSETS</b>		
	Interest receivables	<u>93.45</u>	<u>59.19</u>

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		2011/2012	2010/2011
<b>19</b>	<b>REVENUE FROM OPERATIONS</b>		
	<b>(a) Sale of products</b>		
	Mild steel pressed components	1700.01	1411.51
	Hot rolled bars, rods and sections	89.33	189.55
	Bolts,nuts and rivets	25.76	32.83
	Sale of assets held for Disposal	560.25	1343.89
	Woodscrews and machine screws .	127.75	63.86
	Miscellaneous (including product scrap and other services)	755.96	1031.13
	Gross sales	3259.06	4072.77
	Less : Excise duty	251.01	212.42
	Net sales	3008.05	3860.35
	<b>(b) Sale of services</b>		
	Conversion charges recovered	42.79	2.59
	Income from services	264.72	264.72
	Less : Service tax	24.72	24.72
	Net Service Income	240.00	240.00
		<u>3290.84</u>	<u>4102.94</u>
<b>20</b>	<b>OTHER INCOME</b>		
	Interest Income	415.49	284.01
	Dividend Income	4.71	7.00
	Net profit on sale of fixed assets	794.64	0.16
	Miscellaneous Income (note 26(7))	331.62	655.80
		<u>1546.46</u>	<u>946.97</u>
<b>21</b>	<b>COST OF MATERIALS CONSUMED</b>		
	Steel Sheets	1839.49	1289.94
	Wire rods and coils	31.38	33.03
		<u>1870.87</u>	<u>1322.97</u>



## NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in Lakhs

	<u>2011/2012</u>	<u>2010/2011</u>
<b>22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS AND STOCK-IN-TRADE</b>		
Opening Stocks :		
Finished products	131.35	214.03
Work in progress	22.63	24.26
Assets held for disposal	110.92	156.41
	<u>264.90</u>	<u>394.70</u>
Closing Stocks :		
Finished products	80.77	131.35
Work in progress	37.65	22.63
Assets held for disposal	56.83	110.92
	<u>175.25</u>	<u>264.90</u>
<b>(Increase)/decrease (including shortages, provisions &amp; write off etc)</b>	<u>89.65</u>	<u>129.80</u>
<b>Details of inventory</b>		
<b>Finished products:</b>		
Mild Steel pressed components	57.27	33.35
Bolts,nuts and rivets	15.33	21.89
Bright Steel Bars	-	44.46
Woodscrews and machine screws .	8.17	31.65
	<u>80.77</u>	<u>131.35</u>
<b>Work-in-progress:</b>		
Mild Steel pressed components	30.36	-
Woodscrews and machine screws .	7.29	22.63
	<u>37.65</u>	<u>22.63</u>
<b>23 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	321.62	276.89
Contribution to provident and other funds	182.56	135.58
Staff welfare expenses	35.33	35.94
	<u>539.51</u>	<u>448.41</u>
<b>24 DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation on Fixed Assets	<u>101.79</u>	<u>84.78</u>

## NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	<i>₹ in Lakhs</i>	
	<u>2011/2012</u>	<u>2010/2011</u>
<b>25 OTHER EXPENSES</b>		
Consumption of stores and spares	<b>27.45</b>	27.57
Power and fuel	<b>88.14</b>	72.58
Repairs to Buildings	<b>2.35</b>	6.53
Repairs to Machinery	<b>18.98</b>	50.06
Repairs to Others	<b>49.04</b>	37.88
Directors' sitting fees	<b>2.03</b>	1.95
Provision for diminution in value of investments	-	36.52
Insurance	<b>4.75</b>	5.15
Rent	<b>58.87</b>	58.00
Rates and taxes	<b>24.25</b>	63.59
Printing and stationery	<b>11.53</b>	9.76
Postage and Telephone	<b>14.51</b>	14.78
Data processing expenses	<b>4.85</b>	3.75
Travelling expenses	<b>43.87</b>	48.35
Advertisement expenses	<b>6.60</b>	11.57
Security charges	<b>58.74</b>	69.09
Freight, packing and delivery charges	<b>46.15</b>	23.05
Legal and Professional Charges	<b>159.32</b>	164.80
Outside processing charges for products	<b>4.74</b>	11.11
Net profit/(loss) on sale of investment	<b>0.31</b>	4.60
Provision for doubtful debts and advances	-	4.39
Provision no longer required	<b>(3.89)</b>	(8.94)
Doubtful advances written off	<b>3.89</b>	9.20
Miscellaneous expenses ( note 26(8))	<b>204.63</b>	143.89
	<u><b>831.11</b></u>	<u>869.23</u>

**26 ADDITIONAL INFORMATION BY WAY OF NOTES TO FINANCIAL STATEMENTS****(1) SIGNIFICANT ACCOUNTING POLICIES****(i) (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 AND REVENUE RECOGNITION**

- (i) The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise are consistent and in consonance with generally accepted accounting principles.

**(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.

**(ii) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT**

- (a) Fixed assets are stated at cost .
- (b) Capital work-in-progress is stated at cost incurred during installation period .
- (c) 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.

## GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS

---

Land - Leasehold	3.33/1.66
Buildings	3.33/2.00

- (d) Depreciation is provided on the basis of month of capitalisation. Items of fixed asset individually valued upto ₹ 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 .

### (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 .

### (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 Statement of Profit and Loss 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) SALES

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

### (viii) 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**

		<i>₹ in Lakhs</i>	
		<u>As at</u>	<u>As at</u>
		<u>31.03.2012</u>	<u>31.03.2011</u>
<b>(2)</b>	<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>		
	<b>1) Contingent Liabilities :</b>		
	a) Excise duty under Appeal ( to the extent ascertainable )	<b>164.66</b>	164.66
	b) Disputed sales tax under Appeal	<b>507.29</b>	507.29
	c) Claims not acknowledged as debts ( to the extent ascertainable )	<b>41.46</b>	41.46

<b>(3)</b>	<b>EMPLOYEE BENEFITS</b>		
	<b>a. Defined Contribution Scheme</b>		
	Employer's Contribution to Provident Fund	<b>43.19</b>	19.50

**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 .

		<i>₹ in Lakhs</i>					
		<b>Gratuity</b>		<b>Pension Fund</b>		<b>Leave Encashment</b>	
		<b>( Funded)</b>		<b>( Funded)</b>		<b>( Non-Funded)</b>	
		<u>2011/2012</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2010/2011</u>
<b>I.</b>	<b>Expense recognised in the Income statement</b>						
	Current service cost	<b>5.77</b>	65.84	<b>38.54</b>	40.14	<b>3.34</b>	3.08
	Interest cost	<b>12.06</b>	10.83	<b>78.22</b>	67.82	<b>6.48</b>	5.45
	Expected return on plan assets	<b>(7.70)</b>	(7.15)	<b>(105.27)</b>	(97.90)	-	-
	Past service cost due to revision in pension benefits/gratuity limit	-	12.06	-	-	-	0.58
	Actuarial (gain)/loss	<b>7.18</b>	(13.83)	<b>82.12</b>	(15.76)	<b>13.81</b>	4.33
	<b>Total Expenses</b>	<b>17.31</b>	67.75	<b>93.61</b>	(5.70)	<b>23.63</b>	13.44
<b>II</b>	<b>Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>						
	Present value of Defined benefit obligation at the beginning of the year	<b>157.55</b>	99.65	<b>1003.32</b>	931.68	<b>84.57</b>	76.15
	Current service cost	<b>5.77</b>	65.84	<b>38.54</b>	40.14	<b>3.34</b>	3.08
	Interest Cost	<b>12.06</b>	10.83	<b>78.22</b>	67.82	<b>6.48</b>	5.45
	Benefit payments	<b>(6.04)</b>	(25.86)	<b>(1.01)</b>	(30.42)	<b>(2.95)</b>	(5.02)
	Past service cost due to revision in pension benefits/gratuity limit	-	12.06	-	-	-	0.58
	Actuarial (gain)/loss	<b>12.44</b>	(4.97)	<b>100.52</b>	(5.90)	<b>13.81</b>	4.33
	<b>Present value of Defined benefit obligation at the end of the year</b>	<b>181.78</b>	157.55	<b>1219.59</b>	1003.32	<b>105.25</b>	84.57

**GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS**

₹ in Lakhs

	Gratuity ( Funded)		Pension Fund ( Funded)		Leave Encashment ( Non-Funded)	
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011
<b>III Changes in the fair value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:</b>						
Fair value of plan assets at the beginning of the year	<b>99.25</b>	95.61	<b>1316.34</b>	1239.00	-	-
Employer contribution	-	13.49	-	-	<b>2.95</b>	5.02
Expected Return on plan assets	<b>7.70</b>	7.15	<b>105.27</b>	97.90	-	-
Benefit payments	<b>(6.04)</b>	(25.86)	<b>(1.01)</b>	(30.42)	<b>(2.95)</b>	(5.02)
Actuarial gain / (Loss)	<b>5.26</b>	8.86	<b>18.40</b>	9.86	-	-
Fair value of plan assets at the end of the year	<b>106.17</b>	99.25	<b>1439.00</b>	1316.34	-	-
<b>IV Reconciliation of Net Asset / ( Liability ) recognised in the Balance Sheet during the year ended 31st March, 2012</b>						
Net Asset / ( Liability ) at the beginning of the year	<b>(58.30)</b>	(4.04)	<b>313.02</b>	307.32	<b>(84.57)</b>	(76.15)
Employer (Expenses)/credit	<b>(17.31)</b>	(67.75)	<b>(93.61)</b>	5.70	<b>(23.63)</b>	(13.44)
Employer Contribution	-	13.49	-	-	<b>2.95</b>	5.02
Net Asset/ ( Liability ) at the end of the year	<b>(75.61)</b>	(58.30)	<b>219.41</b>	313.02	<b>(105.25)</b>	(84.57)
<b>V Actuarial assumptions :</b>						
Discount rate ( per annum)	<b>8.20%-8.40%</b>	7.80%	<b>8.20%</b>	7.80%	<b>8.20%-8.40%</b>	7.80%
Expected return on plan assets ( per annum)	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%	<b>NA</b>	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.
- Disclosure in terms of Para 120(n) of AS 15 ( revised 2005)

₹ in Lakhs

	Gratuity (Funded)				Pension Fund (Funded)			
	2011/2012	2010/2011	2009/2010	2008/2009	2011/2012	2010/2011	2009/2010	2008/2009
Present Value of Defined Benefit								
Obligation at the year end	<b>(181.78)</b>	(157.55)	(76.50)	(307.98)	<b>(1219.59)</b>	(1003.32)	(931.68)	(760.21)
Fair Value of Plan Assets at the year end	<b>106.17</b>	99.25	95.61	274.23	<b>1439.00</b>	1316.34	1239.00	1128.89
Surplus/(Defecit)	<b>(75.61)</b>	(58.30)	19.11	(33.75)	<b>219.41</b>	313.02	307.32	368.68
Experience Adjustments on Plan Liabilities	<b>(13.31)</b>	3.73	(9.11)	4.73	<b>(108.43)</b>	(1.46)	12.77	2.76
Experience Adjustments on Plan Assets	<b>5.26</b>	8.86	10.40	0.85	<b>18.40</b>	9.86	(1.63)	(16.57)

**GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS**

	₹ in Lakhs			
	<u>2011/2012</u>		<u>2010/2011</u>	
<b>(4) PAYMENT TO AUDITORS</b>				
As:				
- Auditors	<b>2.25</b>		2.00	
- For other services (certificates, provident fund audit etc.)	<b>2.75</b>		1.17	
- For re-imburement of expenses	<b>0.18</b>		0.32	
	<u><b>5.18</b></u>		<u>3.49</u>	
<b>(5) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :</b>				
Travelling	-		4.70	
	<u>2011/2012</u>		<u>2010/2011</u>	
	₹ in lakhs	%	₹ in lakhs	%
<b>(6) CONSUMPTION OF :</b>				
Raw materials				
- Indigenous	<u>1870.87</u>	<u>100.00</u>	1322.97	100.00
	<u>1870.87</u>	<u>100.00</u>	<u>1322.97</u>	<u>100.00</u>
Spare Parts and Components / Stores and Spares				
- Indigenous	<u>27.45</u>	<u>100.00</u>	27.57	100.00
	<u>27.45</u>	<u>100.00</u>	<u>27.57</u>	<u>100.00</u>
<b>(7) MISCELLANEOUS INCOME</b>				
Includes profit on sale of scrap ₹ 189.78 Lakhs ( 2010-11 - ₹ 51.73 Lakhs ) , income on surrender of tenancy rights - ₹ 11 Lakhs (2010-11 - ₹ 500 Lakhs ) , liabilities no longer required - ₹ 92.78 Lakhs ( 2010-11 - ₹ 29.12 Lakhs).				
<b>(8) MISCELLANEOUS EXPENSES</b>				
Include interest of ₹ 44.15 Lakhs paid on finalisation of income tax assessment.				
		<u>As at</u>	<u>As at</u>	
		<u>31.03. 2012</u>	<u>31.03. 2011</u>	
<b>(9) SUNDRY CREDITORS INCLUDE:</b>				
(a) Micro, Small and Medium Enterprises:				
(i) Total outstanding dues of micro enterprises and small enterprises			-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			<b>298.36</b>	181.90
(iii) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year			-	-
(iv) 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 .			-	-
(v) 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			-	-
(vi) The amount of interest accrued and remaining unpaid at the end of each accounting year , and			-	-
(vii) 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 .				
(b) ₹ 84.06 Lakhs ( 2010-11 - ₹ 180.81 Lakhs ) received as advance against scrap and other sales				

**GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS**

(10) "Related party Disclosures" as per Accounting Standard 18 as ascertained from available information  
**₹ in Lakhs**

Name of the Related Party	Nature of transaction	Value of transaction		Debit/(Credit) outstanding balance as on	
		31.03.12	31.03.11	31.03.12	31.03.11
<b>Key Management Personnel</b>					
Mr. J. D. Curavala	Remuneration	<b>52.61</b>	50.86	<b>(3.50)</b>	(3.09)
Mr. G. Srinivasan	Remuneration	<b>43.83</b>	42.52	<b>(2.73)</b>	(2.50)

Note : The above related party information is as identified by the management and relied upon by the Auditor.

(11) The Earnings per share has been calculated on the basis of number of equity shares outstanding during the year ended 31st March, 2012 in accordance with the provisions of Accounting Standard- 20 ( Earnings per share)

	As at 31.03.2012	As at 31.03. 2011
Profit attributable to Equity Shares ( ₹ in lakhs)	<b>1373.87</b>	2387.66
Weighted average Number of Equity Shares	<b>5966500</b>	5966500
Earnings per Share (₹)	<b>23.03</b>	40.02

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

		₹ in Lakhs	
		Year ended 31.03.12	Year ended 31.03.11
<b>A</b>	<b>PRIMARY SEGMENT (BUSINESS SEGMENT)</b>		
1	<b>Segment Revenue (net sales/ income from each segment)</b>		
	Auto Components	<b>2169.88</b>	1747.70
	Fasteners	<b>127.09</b>	90.13
	Others	<b>993.87</b>	2265.11
	Net Sales/Income from operation	<b>3290.84</b>	4102.94



**GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS**

		<i>₹ in Lakhs</i>	
		Year ended <u>31.03.12</u>	Year ended <u>31.03.11</u>
<b>2.</b>	<b>Segment Results (Profit/Loss) before tax and interest from each segment</b>		
	Auto Components	<b>112.25</b>	219.61
	Fasteners	<b>(71.05)</b>	(195.79)
	Others	<b>1322.87</b>	2035.09
	Total	<b>1364.07</b>	2058.91
	Unallocated Corporate expenses ( net of income)	<b>40.30</b>	135.81
		<b><u>1404.37</u></b>	<b><u>2194.72</u></b>
<b>3</b>	<b>Segment Assets and Liabilities</b>		
		<b>As at 31.03.12</b>	
		<b>Assets</b>	<b>Liabilities</b>
	Auto Components	<b>1185.65</b>	<b>201.14</b>
	Fasteners	<b>69.66</b>	<b>56.20</b>
	Others	<b>7309.85</b>	<b>855.54</b>
	Total	<b>8565.16</b>	<b>1112.88</b>
	Unallocated Corporate assets and liabilities	<b>(4.61)</b>	<b>(4.83)</b>
		<b><u>8560.55</u></b>	<b><u>1108.05</u></b>
		<b>As at 31.03.11</b>	
		<b>Assets</b>	<b>Liabilities</b>
	Auto Components	833.99	82.89
	Fasteners	167.40	232.43
	Others	6239.55	847.35
	Total	7240.94	1162.67
	Unallocated Corporate assets and liabilities	(4.59)	(4.95)
		<b><u>7236.35</u></b>	<b><u>1157.72</u></b>
<b>4</b>	<b>CAPITAL EXPENDITURE:</b>		
	Auto Components	<b>10.03</b>	1.47
	Fasteners	<b>1.01</b>	0.40
	Others	<b>7.88</b>	6.67
	Total	<b>18.92</b>	8.54
<b>5</b>	<b>DEPRECIATION:</b>		
	Auto Components	<b>85.81</b>	68.40
	Fasteners	<b>0.19</b>	3.14
	Others	<b>8.82</b>	7.08
		<b>94.82</b>	78.62
	Unallocated Corporate Depreciation	<b>6.97</b>	6.16
	Total	<b>101.79</b>	84.78

**GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS**

	₹ in Lakhs	
	Year ended <u>31.03.12</u>	Year ended <u>31.03.11</u>
<b>6. Other Non - Cash Expenditures :</b>		
Fasteners	-	-
Unallocated Corporate Expenditure	-	4.65
Total	-	4.65

**B. SECONDARY SEGMENT ( GEOGRAPHICAL SEGMENT)**

	Year Ended <u>31.03.12</u>		Year Ended <u>31.03.11</u>	
	<u>Within India</u>	<u>Outside India</u>	<u>Within India</u>	<u>Outside India</u>
	1. Segment Revenue	<b>3290.84</b>	-	4102.94
2. Segment Assets	<b>8560.55</b>	-	7236.35	-
3. Capital Expenditure	<b>18.92</b>	-	8.54	-

**Segment Information :**

- a) 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.
- b) Company has disclosed Business Segment as the primary segment.
- c) Composition of business segment :

<u>Name of segment</u>	<u>Comprises of</u>
Auto components	Mild Steel Pressed components.
Fasteners	Woodscrews, Machine screws

- d) The Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and administrative expenses allocated on a reasonable bases as estimated by the management.

**(13) GENERAL**

- (a) The subsidiary (incorporated in India), which is included in this Consolidated Financial Statements along with the Company's holding therein are as under:

SI. No.	Name of the Company	Ownership Interest (Percent)	
		2011-12	2010-11
1.	GKW ( Overseas Trading ) Limited	100	100

- (b) These accounts have been prepared in line with revised Schedule VI and accordingly , 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)*

Kolkata  
23rd May, 2012

H S Jha  
*Partner*  
for and on behalf of  
LODHA & Co  
*Chartered Accountants*

## CONSOLIDATED CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

	<i>₹ in Lakhs</i>	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>A Cash flow from Operating Activities</b>		
Net Profit/(Loss) before taxation	1404.37	2194.72
Adjustments for:		
Depreciation - Fixed Assets	101.79	84.78
Provision for diminution in value of investments	(0.15)	36.52
(Profit)/Loss on disposal/scrapping of fixed assets(net)	(794.64)	(0.16)
(Profit) / Loss on sale of investment (net)	0.31	4.60
Stores written off	-	6.74
Dividend and income on investment	(4.71)	(7.00)
interest income	(415.49)	(284.01)
Provision for doubtful debts and advances	-	4.65
Doubtful debts and advances written off	3.89	8.94
Provision no longer required	(3.89)	(8.94)
Liability no longer required written back	(92.78)	(49.28)
	<u>(1205.67)</u>	<u>(203.16)</u>
Operating Profit/(Loss) before Working Capital changes	198.70	1991.56
Adjustments for:		
Trade & Other receivables	(228.22)	(27.79)
Inventories	92.04	129.93
Trade Payables	62.55	(73.63)
	<u>(73.63)</u>	<u>(38.45)</u>
Cash generation from operation	125.07	2055.25
Direct taxes (paid)/refund (net)	(343.73)	(328.44)
Net Cash inflow/ (outflow) from operating activities	<u>(218.66)</u>	<u>1726.81</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(18.92)	(8.54)
Purchase of investment	(1390.00)	(960.49)
Sale of Fixed Assets	797.73	1.03
Sale of investment	19.73	198.08
Dividend and Income on investment	4.63	8.97
Interest income	381.31	270.89
Net cash inflow/ (outflow) from investing activities	<u>(205.52)</u>	<u>(490.06)</u>

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

	<b>₹ in Lakhs</b>	
	<b>For the year ended 31st March, 2012</b>	<b>For the year ended 31st March, 2011</b>
<b>C. Cash Flow from Financing activities</b>		
Net cash flow from financing activities	-	-
Net increase/ (decrease) in Cash and Cash equivalents (A+B+C)	<u><b>(424.18)</b></u>	<u>1236.75</u>
<b>Opening Cash and Cash Equivalents as on 01.04.11</b>	<u><b>3804.10</b></u>	<u>2567.35</u>
<b>Closing Cash and Cash Equivalents as on 31.03.12</b>	<u><u><b>3379.92</b></u></u>	<u><u>3804.10</u></u>

Notes: 1) Cash Flow Statement is prepared by the ' Indirect Method' as set out in Accounting Standard-3 on 'Cash Flow Statement' .

2) Cash and Cash equivalents presented in the statement includes Fixed Deposits with bank amounting to ₹ 3192.53 lakhs ( 2010-11 - ₹ 3632.70 Lakhs ) as on the Balance Sheet date.

3) Previous year's figures have been rearranged, 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)*

Kolkata  
23rd May, 2012

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

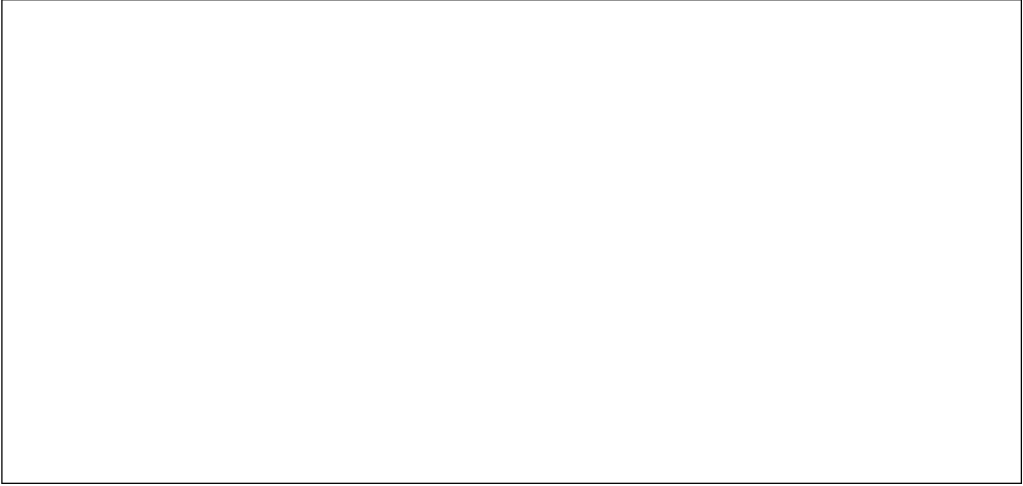
14, Government East Place  
Kolkata  
23rd May , 2012

H S Jha  
*Partner*  
for and on behalf of  
LODHA & Co  
*Chartered Accountants*





# BOOK POST



*If Undelivered please return to :*

**C. B. Management Services Pvt. Ltd.**

P-22, Bondel Road

Kolkata - 700 019



Date :27th June 2011

## **GKW LIMITED**

3A, Shakespeare Sarani, Kolkata -700071

### **IMPORTANT COMMUNICATION FOR SHAREHOLDERS**

1. The Ministry of Corporate Affairs ("MCA") has issued a Circular on 21st April, 2011 stating that the service of documents by a Company can be made through electronic mode. This Circular has been issued in pursuance of "Green initiative in the Corporate Governance" taken by MCA.
2. Keeping in view the above Circular
  - ◆ for shareholders holding shares in electronic form and whose e-mail iDs are registered with their Depository Participants have been given the option to receive documents like Notice of AGM, Annual Reports and Accounts etc. (the said documents) in electronic mode.
  - ◆ for shareholders holding shares in physical form, the said documents have been sent in physical mode.
3. All shareholders are requested to support the Green initiative by registering their e-mail iD with our Registrars at their web page at [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php)
4. However, any shareholder desiring to receive the said documents in physical mode is requested to visit the web page of our Registrars given above and exercise their option to receive the same in physical mode.

Thanking you,

For GKW Limited

J. N.GHOSH  
*Vice President & Secretary*

## NOTICE

Notice is hereby given that the 82<sup>nd</sup> Annual General Meeting of the Members of GKW Limited will be held on Wednesday 1<sup>st</sup> August, 2012 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 31<sup>st</sup> March, 2012, the Statement of Profit and Loss 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. J. D. Curravala who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. S. Lodha 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 :

**“RESOLVED THAT** Lodha & Co., Chartered Accountants of 14, Government Place East, Kolkata 700 069 (Firm's Registration No. 301051E), 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 instalments”.

### AS SPECIAL BUSINESS

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

**“RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modifications thereof and subject to such other approvals, as may be necessary, the Company hereby approves the re-appointment of and remuneration paid/ payable to Mr. J.D. Curravala as Managing Director of the Company with effect from 11<sup>th</sup> August, 2011 for a period of one year upon the terms and conditions including remuneration as set out in the Agreement duly executed by the Company with Mr. J.D. Curravala and submitted to the Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby approved and sanctioned with liberty to the Board of Directors to act and vary the terms and conditions of the said re-appointment and/or Agreement within the limit specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto, as may be agreed to between the Board of Directors and Mr. J.D. Curravala”.

**“RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take such steps and do all other acts, deeds and things as may be necessary and desirable to give effect to this Resolution.”

**“RESOLVED FURTHER THAT** where in any financial year the Company has no profit or its profits are inadequate, the Company do pay to Mr. J.D. Curravala remuneration by way of total monthly remuneration as set out in the Agreement specified above, as the minimum remuneration for a period not exceeding one year from the date of re-appointment.”

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modifications thereof and subject to such other approvals, as may be necessary, the Company hereby approves the re-appointment of and remuneration payable to Mr. J.D. Curravala as Managing Director of the Company with effect from 11<sup>th</sup> August, 2012 for a period of one year upon the terms and conditions including remuneration as set out in the Draft Agreement to be executed by the Company with Mr. J.D. Curravala and submitted to the Meeting and initialled by the Chairman for the purpose of identification, which Draft Agreement is hereby approved and sanctioned with liberty to the Board of Directors to act and vary the terms and conditions of the said re-appointment and/or Agreement within the limit

specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto, as may be agreed to between the Board of Directors and Mr. J.D. Curravala”.

“**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take such steps and do all other acts, deeds and things as may be necessary and desirable to give effect to this Resolution.”

“**RESOLVED FURTHER THAT** where in any financial year the Company has no profit or its profits are inadequate, the Company do pay to Mr. J.D. Curravala remuneration by way of total monthly remuneration as set out in the Draft Agreement specified above, as the minimum remuneration for a period not exceeding one year from the date of re-appointment.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modifications thereof and subject to such other approvals, as may be necessary, the Company hereby approves the re-appointment of and remuneration paid/ payable to Mr. G. Srinivasan as a Wholetime Director of the Company with effect from 13<sup>th</sup> September, 2011 for a period of one year upon the terms and conditions including remuneration as set out in the Agreement duly executed by the Company with Mr. G. Srinivasan and submitted to the Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby approved and sanctioned with liberty to the Board of Directors to act and vary the terms and conditions of the said re-appointment and/or Agreement within the limit specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto, as may be agreed to between the Board of Directors and Mr. G. Srinivasan”.

“**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take such steps and do all other acts, deeds and things as may be necessary and desirable to give effect to this Resolution.”

“**RESOLVED FURTHER THAT** where in any financial year the Company has no profit or its profits are inadequate, the Company do pay to Mr. G. Srinivasan remuneration by way of total monthly remuneration as set out in the Agreement specified above, as the minimum remuneration for a period not exceeding one year from the date of re-appointment.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modifications thereof and subject to such other approvals, as may be necessary, the Company hereby approves the re-appointment of and remuneration payable to Mr. G. Srinivasan as a Wholetime Director of the Company with effect from 13<sup>th</sup> September, 2012 for a period of one year upon the terms and conditions including remuneration as set out in the Draft Agreement to be executed by the Company with Mr. G. Srinivasan and submitted to the Meeting and initialled by the Chairman for the purpose of identification, which Draft Agreement is hereby approved and sanctioned with liberty to the Board of Directors to act and vary the terms and conditions of the said re-appointment and/or Agreement within the limit specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto, as may be agreed to between the Board of Directors and Mr. G. Srinivasan”.

“**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to take such steps and do all other acts, deeds and things as may be necessary and desirable to give effect to this Resolution.”

“**RESOLVED FURTHER THAT** where in any financial year the Company has no profit or its profits are inadequate, the Company do pay to Mr. G. Srinivasan remuneration by way of total monthly remuneration as set out in the Draft Agreement specified above, as the minimum remuneration for a period not exceeding one year from the date of re-appointment.”

Registered Office:  
3A Shakespeare Sarani  
Kolkata 700 071  
Dated: 23<sup>rd</sup> May, 2012

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

---

**NOTES:**

- i) The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
- ii) The Register of Members and Share Transfer Books will remain closed from 23<sup>rd</sup> July, 2012 to 1<sup>st</sup> August, 2012, both days inclusive.
- iii) 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.
- iv) Members are requested to notify any change in their addresses to the Company's Registrar and Share Transfer Agents, **C.B. Management Services Private Limited, P-22, Bondel Road, Kolkata 700 019. (Phone No. 033-40116700, Email: rta@cbmsl.com)** for recording any change of address(es), bank mandate(s), NESC or nomination(s).
- v) **The Ministry of Corporate Affairs ("MCA") has issued a Circular No. 17/2011 dated 21<sup>st</sup> April, 2011 on a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and also clarifying that the service of document can be made through electronic mode provided the Company has obtained e-mail addresses of its members for sending the notices/documents. The Company has therefore decided to issue this intimation to every shareholder to register their e-mail address and changes therein from time to time with the Company's Registrar and Share Transfer Agents or with Concerned Depository Participant. In the meantime the Company proposes to send the documents calling the Annual General Meeting, the audited accounts, directors' report, etc., for the year ended 31<sup>st</sup> March, 2012 in the electronic form to the e-mail address provided by you and made available to us by the depositories. If you desire to receive the documents above in physical form, please visit the following webpage of our Registrar and Share Transfer Agents, C.B. Management Services Private Limited: [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php)**
- vi) **The ISIN number allotted is INE 528A 01020.** In view of the advantages offered by the depository system, members are requested to avail of the facility of dematerialization of the Company's shares.
- vii) 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.
- viii) 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.
- ix) The Company has sent second reminder within 31<sup>st</sup> March, 2012 to comply with the Clause 5A(h) of the Listing Agreement for the shares which remained unclaimed by the Shareholders due to insufficient/incorrect information or for any other reason, before transferring in demat mode to one folio in the name of Unclaimed Suspense Account with one of the Depository participants. The third reminder to the Shareholders to comply with the above clause has since been sent on 27<sup>th</sup> April, 2012.
- x) Pursuant to Clause 49 of the Listing Agreement with the National Stock Exchange, it is informed that Mr. J. D. Curavala and Mr. P. S. Lodha retire by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, have offered themselves for reappointment. Mr. J. D. Curavala and Mr. G. Srinivasan will also be re-appointed as Managing Director and Wholetime Director for the respective years as proposed in the Notice as per item Nos. 5 to 8

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

Name of Director	Mr. J. D. Curavala	Mr. G. Srinivasan	Mr. P. S. Lodha
Age	72 years	68 years	71 years
Date of Appointment	11.08.1989	13.09.1997	29.06.2009
Qualifications	B.Com, A.C.A, LL.B	B.E.(Mech.), D.I.M.	B.Com. F.C.A.
Exposure in specific functional areas	Having wide experience in Finance, Administration, Corporate Management and Business operations.	Having wide experience in the Industry with the expertise in the field of Engineering and Operations.	Having wide experience in Accounts, Finance, Audit & Taxation and Corporate Management.
Directorship held in other companies (excluding foreign companies)	Graphite India Limited (Director)	NIL	NIL
Member of Committees of the Board of Directors	i) Committee of Directors(Chairman) ii) Share Transfers & Investors' Grievance Committee	i) Committee of Directors ii) Share Transfers & Investors' Grievance Committee	i) Share Transfers & Investors' Grievance Committee ii) Remuneration Committee
Member of Committee of Directors of other Companies	Investment Committee of Graphite India Ltd.	NIL	NIL
Shareholding in Company	100 Shares (Joint Holding)	50 Shares (Joint Holding)	NIL

## EXPLANATORY STATEMENT

The Explanatory Statement for Item Nos. 5 to 8 of the accompanying Notice set out hereinabove is as under:

### **Resolution No. 5 & 6**

The term of office of Mr. J.D. Curravala as the Managing Director of the Company shall expire on 10<sup>th</sup> August, 2012.

The Remuneration Committee of Directors approved the re-appointment and remuneration payable to Mr. J.D. Curravala as Managing Director of the Company for a period of one year with effect from 11<sup>th</sup> August, 2011 on the terms and conditions as set out in the Agreement executed between the Company and Mr. J. D. Curravala, pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and recommended the same to the Board of Directors ("the Board") for its consideration and approval.

The Board at its Meeting held on 26<sup>th</sup> July, 2011 re-appointed Mr. J. D. Curravala as the Managing Director for a period of one year with effect from 11<sup>th</sup> August, 2011 on the terms and conditions as set out in the Agreement entered into between the Company and Mr. Curravala. The material terms of Mr. J.D. Curravala's appointment are as under:-

Mr. J. D. Curravala ("Mr. Curravala") was re-appointed as the Managing Director of the Company for a period of one year with effect from 11<sup>th</sup> August, 2011 and shall perform such duties and exercise such powers as are or may from time to time be lawfully entrusted to and vested in him by the Board of the Company.

In consideration of his services he shall be entitled to the following by way of remuneration:

1. **Salary** : ₹ 350000/- per month in the scale of ₹ 200000/- - ₹ 500000/- with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the salary/perquisites payable to Mr. Curravala within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.
2. **Commission** : In addition to the salary and perquisites, Mr. Curravala will be entitled to such commission based on the net profit of the company in any financial year not exceeding 1% of such profit as the Board or the Remuneration Committee shall decide having regard to the performance of the Company.  
The above Salary and Commission are subject to the limits specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modifications or re-enactment thereof.
3. Mr. Curravala will also be entitled to Provident fund, Superannuation Fund, Gratuity and leave encashment and other benefits, amenities and facilities in accordance with the Company's Scheme(s)/Rule(s) applicable in this regard.
4. Provision of cars for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Curravala.
5. In the event of loss or inadequacy of profits in any financial year the remuneration by way of total monthly remuneration payable to Mr. Curravala shall be the same as stated above, but shall not exceed the limits prescribed under the Companies Act, 1956, and the Rules made thereunder or any statutory modification or re-enactment thereof.
6. Encashment of leave at the end of the tenure will not be included in the computation of perquisites.
7. Mr. Curravala shall be entitled to Earned/Privilege Leave as per rules of the Company. Leave accumulated and not availed of during his tenure in the service of the Company may be allowed to be encashed at the time of his retirement as per rules of the Company.

The Agreement provides for earlier determination in certain specified events and also sets out the mutual rights and obligations of the parties and other administrative details.

The Remuneration Committee of Directors further approved the re-appointment and remuneration payable to Mr. J. D. Curravala as Managing Director of the Company for a period of one year from 11<sup>th</sup> August, 2012 on the terms and conditions as set out in the Draft Agreement to be executed by the Company and Mr. J. D. Curravala pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and recommended the same to the Board of Directors ("the Board") for its consideration and approval.

The Board at its Meeting held on 23<sup>rd</sup> May, 2012 re-appointed Mr. J. D. Curravala as the Managing Director for a period of one year with effect from 11<sup>th</sup> August, 2012 on the terms and conditions as set out in the Agreement entered into between the Company and Mr. Curravala. The material terms of Mr. Curravala's appointment are as under:-

Mr. Curravala shall be the Managing Director of the Company for a period of one year with effect from 11<sup>th</sup> August, 2012 and shall perform such duties and exercise such powers as are or may from time to time be lawfully entrusted to and vested in him by the Board of the Company.

In consideration of his services he shall be entitled to the following by way of remuneration:

1. **Salary** : ₹ 350000/- per month in the scale of ₹ 200000/- - ₹ 500000/- with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the salary/perquisites payable to Mr. Curavala within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.
2. **Commission** : In addition to the salary and perquisites, Mr. Curavala will be entitled to such commission based on the net profit of the company in any financial year not exceeding 1% of such profit as the Board or the Remuneration Committee shall decide having regard to the performance of the Company.

The above Salary and Commission are subject to the limits specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modifications or re-enactment thereof.

3. Mr. Curavala will also be entitled to Provident fund, Superannuation Fund, Gratuity and leave encashment and other benefits, amenities and facilities in accordance with the Company's Scheme(s)/Rule(s) applicable in this regard.
4. Provision of cars for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Curavala.
5. In the event of loss or inadequacy of profits in any financial year the minimum remuneration by way of total monthly remuneration payable to Mr. Curavala shall be the same as specified above and shall not exceed the limits prescribed under the Companies Act, 1956, and the Rules made thereunder or any statutory modification or re-enactment thereof.
6. Encashment of leave at the end of the tenure will not be included in the computation of perquisites.
7. Mr. Curavala shall be entitled to Earned/Privilege Leave as per rules of the Company. Leave accumulated and not availed of during his tenure in the service of the Company may be allowed to be encashed at the time of his retirement as per rules of the Company.

The Agreement provides for earlier determination in certain specified events and also sets out the mutual rights and obligations of the parties and other administrative details.

The Board recommends this Resolution for approval.

A copy of the Agreement and also the Draft Agreement referred to in the Resolutions will be available for inspection by the Members at the Registered Office of the Company between the hours of 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the meeting and will also be available at the meeting.

No Director except Mr. J.D. Curavala is concerned or interested in this Resolution.

---

**STATEMENT PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956 TO BE CIRCULATED TO THE SHAREHOLDERS ALONG WITH THE NOTICE CALLING THE ANNUAL GENERAL MEETING ON 1<sup>ST</sup> AUGUST, 2012.**

**I. General Information : -**

- (1) Nature of industry  
Engineering :  
**Manufacturing Mild steel pressed components, wood screws.**
- (2) Date or expected date of commencement of commercial production  
**Not Applicable**
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

**Not Applicable**

- (4) Financial performance based on given indicators

**Financial parameters :**

	<u>Year</u>	
	<u>2010-2011</u>	<u>(₹ Lakhs)</u> <u>2011-2012</u>
Total Revenue	5030	4837
Net profit/(loss) (as computed under section 198)	(28664)	(27120)
Net profit/(loss) as per Statement of profit and loss	2386	1374
Amount of dividend paid	—	—
(5) Export performance and net foreign exchange collaborations Export of goods calculated on f.o.b. basis	—	—
(6) Foreign investments or collaborators, if any	—	—

**II. Information about the appointee :**

- (1) Background details

Mr. J.D. Curravala was born on 21<sup>st</sup> October, 1939 and on completion of his graduation from Bombay University qualified as a Chartered Accountant from the Institute of Chartered Accountants of India. He also obtained a bachelor's degree in law.

Mr. J. D. Curravala worked with Stewarts & Lloyds Limited, U.K. as Financial Accountant during April 1966 to January 1970. During these four years at U.K. he also attended a training course titled 'Production appreciation for Accountants'. He joined the Company in April 1970 as an Accountant in one of the operating divisions. He was soon promoted as Manager – Accounts of the division. In order to provide Mr. Curravala exposure to Company's operations he was appointed General Manager – Operations of a division in 1984 and later in 1987 he was appointed Chief Executive of a division with overall responsibility for achieving the budgeted profitability of the division. Following the restructuring of the Senior Management of the Company in 1988, Mr. Curravala was appointed Chief Executive – Finance with effect from 1.5.1988 and later from 11.8.1989 he was promoted as Director – Finance of the Company.

Mr. J. D. Curravala has attended the GKN Group (Management Development programme held in Cambridge, U.K. in 1978) which was followed by industrial visits to various establishments of the GKN Group in U.K. The Management Development programme of GKN is attended by Senior Executives of all GKN Group Companies located all over the world and the faculty is drawn from eminent personalities in various fields. The programme allows the nominee to gain rich experience through interaction with his colleagues from different parts of the world.

Mr. J. D. Curravala has over 45 years of experience of working in India and in U.K. He has the unique experience of working as General Manager – Operations of a division and as Chief Executive of a division which has allowed him to have a deep insight into the intricacies of Company's business which is extremely useful in his current assignment. As Director – Finance, Mr. Curravala had the overall responsibility for the effective and efficient functioning of the Finance, Budget, MIS, Accounts and Taxation functions of the Company. He was responsible for formulating the policies, procedures and systems relating to Financial Accounting, Cost Accounting, Funds procurement and management, Budgeting, Management Information System and Taxation. He was responsible for all financial negotiations with banks, financial institutions and other external agencies. Management of working capital and appraisal of all capital expenditure proposals including their financial implications also formed part of Mr. Curravala's responsibility. He was responsible for ensuring availability of adequate funds for running the operations of the Company and also to ensure optimum utilization of all resources of the Company.

Considering the critical importance of finance function in the Company, Mr. Curravala was appointed a Wholetime Director of the Company designated as Director – Finance with effect from 11<sup>th</sup> August, 1989.



Mr. Curravala was part of the top management team which formulated and implemented the turnaround strategy for the Company and put it back on the path of profitability.

Thereafter, the Board of Directors of the Company appointed him as Managing Director of the Company with effect from 22<sup>nd</sup> June, 1995 which position he has been holding at present.

(2) Past remuneration

	31-03-11	(₹ Lakhs) 31-03-12
Salary	36.00	39.83
Perquisites / Others	14.86	12.78
Total	50.86	52.61

(3) Recognition or awards

— —

(4) Job profile and his suitability :

Mr. J. D. Curravala has been working as Managing Director of the Company since June, 1995 for nearly 17 years. Mr. Curravala has been responsible for restructuring the Company and conceiving and implementing the turnaround strategy which resulted in the Company emerging from loss to profitability. Having regard to the qualifications, experience of Mr. J.D. Curravala as stated under BACKGROUND DETAILS, the Board of Directors of the Company is of the opinion that Mr. Curravala will be eminently suitable to continue as Managing Director of the Company for a further period of one year with effect from 11<sup>th</sup> August ,2011 and also for a further period of one year with effect from 11<sup>th</sup> August, 2012.

(5) Remuneration proposed

- i) **Salary** : ₹ 3,50,000/- per month in the scale of ₹ 2,00,000/- - ₹ 5,00,000/- with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the salary/perquisites payable to Mr. Curravala within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof for a period of one year with effect from 11<sup>th</sup> August, 2011 and also for a further period of one year with effect from 11<sup>th</sup> August, 2012 at a salary of ₹ 3,50,000/- per month in the scale of ₹ 2,00,000/- - ₹ 5,00,000/- with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the salary payable to Mr. Curravala within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.
- ii) **Commission** : In addition to the salary and perquisites, Mr. Curravala will be entitled to such commission based on the net profit of the company in any financial year for both the tenure of re-appointments not exceeding 1% of such profit as the Board or the Remuneration Committee shall decide having regard to the performance of the Company.
- iii) Mr. Curravala will also be entitled to Provident Fund, Superannuation Fund, Gratuity and leave encashment and other benefits, amenities and facilities in accordance with the Company's Scheme(s)/Rule(s) applicable in this regard for both the terms of re-appointments.
- iv) Provision of cars for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Curravala for both the terms of re-appointments.
- v) In the event of loss or inadequacy of profits in any financial year for both the terms of re-appointments the remuneration by way of salary, payable to Mr. Curravala shall be the same as stated above, but shall not exceed the limits prescribed under the Companies Act, 1956, and the Rules made thereunder or any statutory modification or re-enactment thereof.
- vi) Encashment of leave at the end of the tenure of the respective years of re-appointments will not be included in the computation of perquisites
- vii) Mr. Curravala shall be entitled to Earned/Privilege Leave as per rules of the Company. Leave accumulated and not availed of during his tenure in the service of the Company in the said re-appointments may be allowed to be encashed at the time of his retirement as per rules of the Company.

Other terms and conditions are set out in the Agreement and the Draft Agreement between Mr. J. D. Curravala and the Company.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with reference to the country of his origin)

While approving the above remuneration during both the terms of reappointments the Remuneration Committee considered the challenges posed by the growth opportunities in the engineering and automotive industry, the availability of senior managerial personnel at Board level. The Committee also considered the achievement of the Managing Director in turning around the Company from loss making to a profit making Company and the responsibilities cast upon him for steering the Company in a competitive and growth oriented scenario in the engineering and automotive sector which justified the remuneration. The Committee also noted that the profile of the incumbent Managing Director is eminently suited to the overall profile of this position.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.  
NIL

III. **Other information :**

- (1) Reasons of loss or inadequate profits

Due to recession in the industry in general and engineering/automobile industry in particular, coupled with high interest burden and high manpower costs resulted in accumulated losses which arose in the earlier years. Even though the Company has made profit in the last six years, there was inadequacy of profit.

- (2) Steps taken or proposed to be taken for improvement

The Company has already taken appropriate steps to restructure its businesses in order to attain profitability. The Company has been consistently making profits. The Company has already achieved net profit of ₹1374 lakhs for the year 2011-12.

- (3) **Expected increase in productivity and profits in measurable terms :**

The expected productivity and profits in measurable terms are as follows:

	<u>2010-11</u>	(₹ Lakhs) <u>2011-12</u>
	<u>Actual</u>	<u>Actual</u>
Total Revenue	5030	4837
PBDIT	2260	1506

It is expected that from the year 2012-13 the level of profitability will be maintained.

**Resolution No. 7 & 8**

The term of office of Mr. G. Srinivasan as Wholetime Director of the Company shall expire on 12<sup>th</sup> September, 2012.

The Remuneration Committee of Directors approved the re-appointment and remuneration paid/ payable to Mr. G. Srinivasan as Wholetime Director for a period of one year with effect from 13<sup>th</sup> September, 2011 on the terms and conditions as set out in the Agreement between the Company and Mr. Srinivasan, pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and recommended the same to the Board for its consideration and approval.

The Board of Directors of the Company ("the Board") at its Meeting held on 26<sup>th</sup> July, 2011 approved the re-appointment and remuneration payable to Mr. G. Srinivasan as the Wholetime Director for a period of one year with effect from 13<sup>th</sup> September, 2011 on the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. G. Srinivasan. The material terms of Mr. G. Srinivasan's appointment are as under; Mr. G Srinivasan ("Mr. Srinivasan") shall be the Wholetime Director of the Company for a period of one year with effect from 13<sup>th</sup> September, 2011 and shall perform such duties and exercise such powers as are or may from time to time be lawfully entrusted to and vested in him by the Board and/or the Managing Director (MD) of the Company either alone or jointly with any other persons as the Board and/or the MD may from time to time impose.

In consideration of his services he shall be entitled to the following by way of remuneration:

- Salary :** ₹ 250000/- per month in the scale of ₹ 200000/- - ₹ 400000/- with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the salary payable to Mr. Srinivasan within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.

2. **Commission** : In addition to the salary and perquisites, Mr. Srinivasan will be entitled to such commission based on the net profit of the company in any financial year not exceeding 1% of such profit as the Board or the Remuneration Committee shall decide having regard to the performance of the Company.

3. **Perquisites** : In addition to the above Mr. Srinivasan shall be entitled to the perquisites which are as follows:-

	(₹ per annum)
House Rent Allowance	300000
Gas and electricity	70000
L T A	180000
Club Fees	10000
Personal Accident Insurance	4000
Medical Reimbursement	36000
	<u>600000</u>

The above perquisites will be restricted to ₹ 50000/- per month with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the perquisites payable to Mr. Srinivasan within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.

The above Salary and Commission are subject to the limits specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modifications or re-enactment thereof.

4. Mr. Srinivasan will also be entitled to Provident Fund, Superannuation Fund, Gratuity and leave encashment and other benefits, amenities and facilities in accordance with the Company's Scheme(s)/Rule(s) applicable in this regard.

5. Provision of cars for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Srinivasan.

6. In the event of loss or inadequacy of profits in any financial year the remuneration by way of total monthly remuneration payable to Mr. Srinivasan shall be the same as stated above as minimum remuneration and shall not exceed the limits prescribed under the Companies Act, 1956, and the Rules made thereunder or any statutory modification or re-enactment thereof.

7. Encashment of leave at the end of the tenure will not be included in the computation of perquisites.

8. Mr. Srinivasan shall be entitled to Earned/Privilege Leave as per rules of the Company. Leave accumulated and not availed of during his tenure in the service of the Company may be allowed to be encashed at the time of his retirement as per rules of the Company.

The Agreement provides for earlier determination in certain specified events and also sets out the mutual rights and obligations of the parties and other administrative details.

The Remuneration Committee of Directors further approved the re-appointment and remuneration payable to Mr. G. Srinivasan as Wholetime Director for a period of one year with effect from 13<sup>th</sup> September, 2012 on the terms and conditions as set out in the Draft Agreement ("the Agreement") between the Company and Mr. G. Srinivasan, pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and recommended the same to the Board for its consideration and approval.

The Board of Directors of the Company ("the Board") at its Meeting held on 23<sup>rd</sup> May, 2012 approved the re-appointment and remuneration payable to Mr. G. Srinivasan as the Wholetime Director for a period of one year with effect from 13<sup>th</sup> September, 2012 on the terms and conditions as set out in the Agreement to be entered into between the Company and Mr. G. Srinivasan. The material terms of Mr. G. Srinivasan's appointment are as under; Mr. G Srinivasan ("Mr. Srinivasan") shall be the Wholetime Director of the Company for a period of one year with effect from 13<sup>th</sup> September, 2012 and shall perform such duties and exercise such powers as are or may from time to time be lawfully entrusted to and vested in him by the Board and/or the Managing Director (MD) of the Company

either alone or jointly with any other persons as the Board and/or the MD may from time to time impose. In consideration of his services he shall be entitled to the following by way of remuneration:

1. Salary : ₹ 2,75,000/- per month in the scale of ₹ 2,00,000/- - ₹ 4,00,000/- with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the salary payable to Mr. Srinivasan within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.
2. **Commission** : In addition to the salary and perquisites, Mr. Srinivasan will be entitled to such commission based on the net profit of the company in any financial year not exceeding 1% of such profit as the Board or the Remuneration Committee shall decide having regard to the performance of the Company.
3. **Perquisites** : In addition to the above Mr. Srinivasan shall be entitled to the perquisites which are as follows:-

	(₹ per annum)
House Rent Allowance	300000
Gas and electricity	100000
L T A	200000
Club Fees	16000
Personal Accident Insurance	4000
Medical Reimbursement	100000
	<u>720000</u>

The above perquisites will be restricted to ₹ 60000/- per month with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the perquisites payable to Mr. Srinivasan within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.

The above Salary and Commission are subject to the limits specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modifications or re-enactment thereof.

4. Mr. Srinivasan will also be entitled to Provident Fund, Superannuation Fund, Gratuity and leave encashment and other benefits, amenities and facilities in accordance with the Company's Scheme(s)/Rule(s) applicable in this regard.
5. Provision of cars for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Srinivasan.
6. In the event of loss or inadequacy of profits in any financial year the minimum remuneration by way of total monthly remuneration payable to Mr. Srinivasan shall be the same as stated above, but shall not exceed the limits prescribed under the Companies Act, 1956, and the Rules made thereunder or any statutory modification or re-enactment thereof.
7. Encashment of leave at the end of the tenure will not be included in the computation of perquisites.
8. Mr. Srinivasan shall be entitled to Earned/Privilege Leave as per rules of the Company. Leave accumulated and not availed of during his tenure in the service of the Company may be allowed to be encashed at the time of his retirement as per rules of the Company.

The Agreement provides for earlier determination in certain specified events and also sets out the mutual rights and obligations of the parties and other administrative details.

The Board recommends the Resolutions for approval.

A copy of the Agreement and also the Draft Agreement referred to in the Resolutions will be available for inspection by the Members at the Registered Office of the Company between the hours of 11.00 A.M. and 1.00 P.M. on any working day prior to the date of the meeting and will also be available at the meeting.

No Director except Mr. G. Srinivasan is concerned or interested in this Resolution.

---

**STATEMENT PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956 TO BE CIRCULATED TO THE SHAREHOLDERS ALONG WITH THE NOTICE CALLING THE ANNUAL GENERAL MEETING ON 1<sup>ST</sup> AUGUST, 2012**

**I. General Information :****(1) Nature of industry**

Engineering

**Manufacturing Mild steel pressed components, wood screws.****(2) Date or expected date of commencement of commercial production****Not Applicable****(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.****Not Applicable****(4) Financial performance based on given indicators****Financial parameters**

	Year (₹ Lakhs)	
	<u>2010-2011</u>	<u>2011-2012</u>
Total Revenue	5030	4837
Net profit/(loss) (as computed under section 198)	(28664)	(27120)
Net profit/(loss) as per Statement of profit and loss	2386	1374
Amount of dividend paid	-	-
<b>(5) Export performance and net foreign exchange collaborations</b>	-	-
Export of goods calculated on f.o.b. basis	-	-
<b>(6) Foreign investments or collaborators, if any.</b>	-	-

**II. Information about the appointee :****(1) Background details**

Mr. G. Srinivasan was born on 29<sup>th</sup> June, 1944, joined the Company in 1967 as trainee engineer. Mr. Srinivasan is a graduate in mechanical engineering. After working in various departments Mr. Srinivasan was appointed as General Manager of the Company's Unit at Bangalore in 1986 and later in 1987 he was appointed Chief Executive of one of the operating divisions of the Company. Mr. Srinivasan was appointed a Wholetime Director in charge of operations of Western and Southern regions of the Company with effect from 7<sup>th</sup> April, 1988. Mr. Srinivasan has over 45 years' experience in various fields of industry and was personally responsible for the operations of Sankey Electrical Stampings and Screws & Fasteners Divisions and Heat Treated Products Unit of the Company. The aggregate turnover of these units was more than 60% of the total turnover of the Company. Mr. Srinivasan left the Company for a brief period between 1994 and 1997 and was again re-appointed as Wholetime Director on 13<sup>th</sup> September, 1997 for a period of 5 years.

The Board of Directors of the Company re-appointed him as Wholetime Director of the Company with effect from 13<sup>th</sup> September, 2011 for a further period of one year and also for a period of one year from 13<sup>th</sup> September, 2012 which position he has been holding at present.

Mr. Srinivasan was part of the top management team which implemented a turnaround strategy for the Company.

## (2) Past remuneration

	₹ Lakhs	
	<u>31-03-11</u>	<u>31-03-12</u>
Salary	27.00	28.65
Perquisites / Others	15.52	15.18
Total	<u>42.52</u>	<u>43.83</u>

## (3) Recognition or awards

-

## (4) Job profile and his suitability

Mr. G. Srinivasan has been working as Wholetime Director of the Company since September, 1997 for over 14 years. Having regard to the qualifications, experience of Mr. G. Srinivasan as stated under BACKGROUND DETAILS, the Board of Directors of the Company is of the opinion that Mr. Srinivasan will be eminently suitable to continue as Wholetime Director of the Company for a further period of one year with effect from 13<sup>th</sup> September, 2011 and also for a further period of one year with effect from 13<sup>th</sup> September, 2012.

## (5) Remuneration proposed :

- i) **Salary** : ₹ 250000/- per month in the scale of ₹ 200000/- - ₹ 400000/- with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the salary payable to Mr. Srinivasan within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof for a period of one year with effect from 13<sup>th</sup> September, 2011 and also for a further period of one year with effect from 13<sup>th</sup> September, 2012 at a salary of ₹ 275000/- per month in the scale of ₹ 200000/- - ₹ 400000/- with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the salary payable to Mr. Srinivasan within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.
- ii) **Commission** : In addition to the salary and perquisites, Mr. Srinivasan will be entitled to such commission based on the net profit of the company in any financial year for both the tenure of re-appointments not exceeding 1% of such profit as the Board or the Remuneration Committee shall decide having regard to the performance of the Company.
- iii) **Perquisites** : In addition to the above Mr. Srinivasan shall be entitled to the perquisites for both the tenures of appointments which are as follows:-

	₹ (per annum)	
	<u>13.09.2011 to 12.09.2012</u>	<u>13.09.2012 to 12.09.2013</u>
House Rent Allowance	300000	300000
Gas and electricity	70000	100000
L T A	180000	200000
Club Fees	10000	16000
Personal Accident Insurance	4000	4000
Medical Reimbursement	36000	100000
	<u>600000</u>	<u>720000</u>

The above perquisites will be restricted to ₹ 50000/- per month for a period of one year with effect from 13<sup>th</sup> September, 2011 and also will be restricted to ₹ 60000/- per month for a period of one year with effect from 13<sup>th</sup> September, 2012 with an authority to the Remuneration Committee and the Board of Directors to vary and/or fix in its absolute discretion the perquisites payable to Mr. Srinivasan within the limit specified in Schedule XIII of the Companies Act, 1956 and the Rules made thereunder or any modification or re-enactment thereof.

- iv) Mr. Srinivasan will also be entitled to Provident Fund, Superannuation Fund, Gratuity and leave encashment and other benefits, amenities and facilities in accordance with the Company's Scheme(s)/ Rule(s) applicable in this regard for both the terms of re-appointments.
- v) Provision of cars for use on Company's business and telephones at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Srinivasan for both the terms of re-appointments.
- vi) In the event of loss or inadequacy of profits in any financial year for both the terms of re-appointments the remuneration by way of salary, payable to Mr. Srinivasan shall be the same as stated above, but shall not exceed the limits prescribed under the Companies Act, 1956, and the Rules made thereunder or any statutory modification or re-enactment thereof.
- vii) Encashment of leave at the end of the tenure of the respective years of re-appointments will not be included in the computation of perquisites.
- viii) Mr. Srinivasan shall be entitled to Earned/Privilege Leave as per rules of the Company. Leave accumulated and not availed of during his tenure in the service of the Company in the said re-appointments may be allowed to be encashed at the time of his retirement as per rules of the Company.

Other terms and conditions are set out in the Agreement and also in the Draft Agreement for the terms of re-appointments as above between the Company and Mr. G. Srinivasan.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with reference to the country of his origin)

While approving the above remuneration during both the terms of re-appointments, the Remuneration Committee considered the challenges posed by the growth opportunities in the engineering and automotive industry, the availability of senior managerial personnel at Board level. The Committee also considered the achievement of the Wholtime Director in turning around the Company from loss making to a profit making Company as a part of the Top management team and the responsibilities cast upon him for steering the Company in a competitive and growth oriented scenario in the engineering and automotive sector. The Committee noted that the profile of the incumbent Wholtime Director is eminently suited to the overall profile of this position.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any - NIL

### III. Other information :

- (1) Reasons of loss or inadequate profits

Due to recession in the industry in general and engineering/automobile industry in particular, coupled with high interest burden and high manpower costs resulted in accumulated losses which arose in the earlier years. Even though the Company has made profit in the last six years, there was inadequacy of profit.

- (2) Steps taken or proposed to be taken for improvement

The Company has already taken appropriate steps to restructure its businesses in order to attain profitability. The Company has been consistently making profits. The Company has already achieved net profit of ₹ 1374 lakhs for the year 2011-12.

- (3) **Expected increase in productivity and profits in measurable terms.**

The expected productivity and profits in measurable terms are as follows:

	<u>2010-11</u>	<u>(₹Lakhs)</u> <b>2011-12</b>
	<u>Actual</u>	<u>Actual</u>
Total Revenue	5030	4837
PBDIT	2260	1506

It is expected that from the year 2012-13 the level of profitability will be maintained.

Registered Office:  
3A Shakespeare Sarani  
Kolkata 700 071  
Dated: 23<sup>rd</sup> May, 2012

By Order of the Board

J. N. Ghosh  
Vice President & Secretary

**GKW Limited**

Registered Office : 3A Shakespeare Sarani, Koikata 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 82<sup>nd</sup> Annual General Meeting of the Company held on 1<sup>st</sup> August, 2012.

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 \_\_\_\_\_

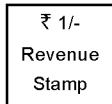
or failing him \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 82<sup>nd</sup> Annual General Meeting of the Company to be held on 1<sup>st</sup> August, 2012 and at any adjournment thereof.

AS WITNESS my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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.



