

REPORT AND ACCOUNTS 2012-2013



GKW Limited

MANAGING DIRECTOR
J D Curralava

DIRECTORS
G Srinivasan
M L Lahoti
N K Navalakha
P S Lodha

VICE PRESIDENT & SECRETARY
J N Ghosh
AUDITORS
Lodha & Co

REGISTERED OFFICE
3A, Shakespeare Sarani
Kolkata -700071
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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-700019

Phone : (033)40116700, 22806692-94/22802486

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E-mail : rta@cbmsl.com

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DIRECTORS' REPORT TO THE SHAREHOLDERS

- Your Directors submit their Annual Report together with the audited accounts for the year ended 31st March, 2013.
- The results for the year under review are given below :

	₹ lakhs	
	<u>2012-2013</u>	<u>2011-2012</u>
Total Revenue	4770.66	4837.30
Profit before depreciation	1651.92	1506.29
Depreciation	88.38	101.79
Profit before Tax	1563.54	1404.50
Taxation (including MAT credit)	(336.86)	(30.50)
Profit after taxation	1226.68	1374.00

During the period under review, profit before tax at ₹ 1563.54 lakhs was higher than the previous year's figure of ₹ 1404.50 lakhs mainly due to increase in miscellaneous income. However, profit after tax at ₹ 1226.68 lakhs was lower than the previous year's figure of ₹ 1374.00 lakhs due to higher incidence of taxation amounting to ₹ 336.86 lakhs as compared to ₹ 30.50 lakhs in the previous year.

DIVIDEND

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

FINANCE & ACCOUNTS

- Total revenue was marginally lower than the previous year mainly due to decrease in other income.
- It is proposed to transfer a sum of ₹ 1000 lakhs (2011-12 - ₹ 2000 lakhs) to General Reserve during the year.
- As in the previous year, there were no borrowings during the year ended 31st March 2013.
- During the year under review, your Company has increased investments in bank fixed deposits and mutual funds by ₹ 1431.37 lakhs and ₹ 250 lakhs respectively.
- Capital Expenditure for the year amounted to ₹ 0.68 Lakhs (2011-12 - ₹ 18.92 Lakhs) and value of assets put into use during the year amounted to ₹ 8.03 Lakhs (2011-12 - ₹ 18.92 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 REPORT

(A) INDUSTRY STRUCTURE AND DEVELOPMENTS SEGMENT-WISE PERFORMANCE

- Metal Pressings Division at Pune experienced sluggish demand for its products in the second half of the year under review. In addition, the division had to contend with severe pressure on prices and rising costs. Although the division succeeded in broadening the customer base to some extent, this could not offset the loss in volume due to slowdown in the automobile segment.

The automobile and tractor segments serviced by the division experienced negative growth during the year under review and there has been no revival in demand even in the current financial year.

- Screws and Fasteners Division at Pune has not yet reached its full potential in production and sale of steel wood screws due to slowdown in demand. Certain quality issues are being addressed by the Company. Current volumes are uneconomical and efforts are on to achieve higher volume of turnover for products of the division. There has been a reasonable response for safety pins upon its introduction in the market.
- 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 1st April, 2012. Income from this activity has been reflected in the accounts for the year under review.

(B) OPPORTUNITIES AND THREATS

- It appears that the slowdown in economic growth is taking its toll on industrial output of the country, with its downstream impact on the transportation sector. Hence the automobile segment serviced by the Company may take a while before it can bounce back to its former growth trajectory.
- Current volumes of Screws and Fasteners are uneconomical and efforts are on to achieve higher volume of turnover for products of the division.
- As a hedge against such economic cycles, the Company proposes to utilize its facilities for providing specialized warehousing services to reputed customers for which there appears to be a reasonable demand.

GKW LIMITED

(C) OUTLOOK

16. Yet again there has been improvement in the net worth and shareholders funds in your Company. However, as can be seen from the above, the Company is in the process of consolidating its position towards sustainable growth in the future.

(D) RISKS AND CONCERNS

17. 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. The Metal Pressings Division is dependent on the growth in the automobile and tractor businesses with two customers. It has to depend on considerable pressure on prices as both the customers are not willing to make any adjustment in prices in view of slowdown in demand in the automobile sectors. Screws and Fasteners Division is also facing severe competition in the market due to large number of small scale 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 competitiveness through supply of quality products in the case of Screws and Fasteners Division.

(E) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

18. 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 judgment by the management. Apart from this, audit reports and follow-up actions are periodically reviewed by the divisional heads at the unit levels.

(F) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

19. 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 74 as on 31st March, 2013.

PARTICULARS OF EMPLOYEES

20. 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

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

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

22. 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

Planned maintenance of equipments such as air compressor, capacitor banks, power generators and production machinery was carried out as an ongoing activity giving due weightage to conversion of energy.

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

There was no foreign exchange earnings and outgo during the year under review.

DIRECTORS

23. Mr. G. Srinivasan resigned as Wholetime Director of the Company with effect from the close of business on 9th May, 2013 and has been appointed as Additional Director with effect from 10th May, 2013.
24. Mr. M. L. Lahoti, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.
25. Mr. J. D. Curavala, Managing Director has been re-appointed as Managing Director of the Company for a period of one year from 11th August 2013, subject to approval of the Shareholders in General Meeting.

AUDITORS

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

COST AUDITORS

27. Pursuant to the Ministry of Corporate Affairs, (MCA) Cost Audit Branch Order F.No.52/26/CAB-2010 dated 30th June, 2011 the Company has appointed M/s. Sib Sankar Chakraborty & Associates, Cost Auditor for the Audit of Cost Accounting Records of the Screws & Fasteners Division for the financial year 2013-14. Further pursuant to the MCA, Cost Audit Branch Order F.No.52/26/CAB-2010 dated 24th January, 2012 the Company has appointed M/s. Sib Sankar Chakraborty & Associates, Cost Auditor for the Audit of Cost Accounting Records of the Metal Pressings Division for the financial year 2013-14.

The Cost Audit Report for Screws & Fasteners Division for the year ended 31st March 2012 was filed with the MCA in Form I-XBRL on 3rd January, 2013, within the extended due date of 31st January, 2013.

The due date for filing the Cost Audit Reports for the financial year ended 31.3.2013 for Screws & Fasteners Division and Metal Pressings Division is 27th September, 2013.

INFORMATION PERTAINING TO LISTING

28. 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 2013-14.

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

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

CORPORATE GOVERNANCE

30. 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

31. 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
9th May, 2013

J D Curavala G. Srinivasan
Managing Director Director

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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. Curavala	Executive	Graphite India Limited	–	2
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 23rd May'12, 1st August'12, 8th November'12 and 4th February'13. The Annual General Meeting was held on 1st August, 2012.

<u>Director</u>	<u>No. of Board Meetings</u>		<u>Attended last AGM</u>
	<u>Held</u>	<u>Attended</u>	
Mr. J. D. Curavala	4	4	Yes
Mr. G. Srinivasan	4	4	Yes
Mr. M. L. Lahoti	4	4	Yes
Mr. N. K. Navalakha	4	4	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 31st March, 2013. 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.

- b) The statutory annual, half-yearly and quarterly financial reporting by the Company including Management discussion and analysis of financial conditions and results of operation.
- c) Approval of Cost Audit and also Performance Appraisal Report for Cost Accounting Records of the Divisions of the Company.
- d) Updation of applicable accounting policies of the Company in terms of the accounting standards.
- e) The audit approach and methodology of statutory Auditors and any material issues arising from the audit.
- f) The adequacy and effectiveness of accounting and financial controls of the Company, compliance with company policies and applicable laws and regulations.
- g) Undertaking special tasks assigned by the Board and recommend corrective actions.
- h) 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.
- i) Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

Compositions, Name of Members and Chairperson

Audit Committee meetings were held on 23rd May'12, 1st August'12, 8th November'12 and 4th February, 2013.

<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	4
Mr. P. S. Lodha	- do -	4	4

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

5. Remuneration Committee

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

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Wholetime Directors. The Remuneration Committee met once on 23rd May, 2012 during the year.

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

Details of Remuneration to Directors for the year ended 31st March 2013.

Sl. No.	Name	Salary	Commission	Perquisites/ Allowances, Others	Sitting fees	Total
		₹	₹	₹	₹	₹
1.	Mr. J. D. Curavala	4200000		1309000	–	5509000
2.	Mr. G. Srinivasan	3165000		1608648	–	4773648
3.	Mr. M. L. Lahoti				105000	105000
4.	Mr. N. K. Navalakha				105000	105000
5.	Mr. P. S. Lodha				105000	105000

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Service Contracts, Severance Fees and Notice Period

Period of contract of Managing Director: 1 year from 11-08-2012. 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 13-09-2012. 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 Transfer 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. All Complaints of the shareholders have been duly resolved during the year.

7. General Body Meetings

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

<u>Financial Year</u>	<u>Date of AGM</u>	<u>Venue</u>	<u>Time</u>
31st March, 2012	1st August, 2012	Kala Kunj, Kolkata	11.00 a.m.
31st March, 2011	26th July, 2011	Kala Kunj, Kolkata	11.00 a.m.
31st March, 2010	30th July, 2010	Kala Kunj, Kolkata	11.00 a.m.

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

- i) At the Eightieth Annual General Meeting held on 30th July, 2010.
 - N I L
- ii) At the Eightyfirst Annual General Meeting held on 26th July, 2011.
 - Re-appointment and revision of remuneration of Managing Director.
 - Re-appointment and revision of remuneration of Wholetime Director.
- iii) At the Eighty second Annual General Meeting held on 1st August, 2012.
 - Re-appointment and revision of remuneration of Managing Director for a period of one year from 11th August 2011 and also from 11th August, 2012 respectively.
 - Re-appointment and revision of remuneration of Wholetime Director for a period of one year from 13th September, 2011 and also from 13th September, 2012 respectively.

No Resolution was passed through Postal Ballot.

8. Disclosures

- i) Disclosures on materially significant related party transactions of the Company with its promoters, directors, management, 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. 29 of financial statements. 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 been duly 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
- 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

	<u>Date</u>	<u>Time</u>	<u>Venue</u>
AGM	7th August, 2013	11.00 a.m.	Kala Kunj
Financial Calendar (tentative) 2013-2014			
i) Financial Year	: April-March		
ii) First Quarter Results	: August, 2013		
iii) Second Quarter Results	: November 2013		
iv) Third Quarter Results	: February 2014		
v) Audited results for the year ending 31st March, 2014	: May, 2014		
Date of Book Closure	: 29th July, 2013 to 7th August, 2013 (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 & 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 2013-2014.

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11. Unclaimed Shares

The Company has transferred 41975 Unclaimed Ordinary Shares held by 5940 Shareholders, to GKW Limited - Unclaimed Suspense Account with AXIS Bank Ltd., 7, Shakespeare Sarani, Kolkata 700 071 being Depository Participant in compliance with the requirement of Clause 5A(h) of the Listing Agreement. The above shares have since been demated by the aforesaid Bank.

12. Stock Market Data

Stock Market Price for the year	N S E		NSE NIFTY	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2012	415.00	390.50	5378.75	5154.30
May 2012	414.00	390.00	5279.60	4788.95
June 2012	429.00	391.20	5286.25	4770.35
July 2012	427.00	393.00	5348.55	5032.40
August 2012	419.80	391.10	5448.60	5164.65
September 2012	409.00	400.00	5735.15	5215.70
October 2012	411.00	400.00	5815.35	4888.20
November 2012	515.20	390.20	5885.25	5548.35
December 2012	491.00	395.00	5965.15	5823.15
January 2013	420.00	400.00	6111.80	5935.20
February 2013	411.00	395.00	6052.95	5671.90
March 2013	425.00	400.00	5971.20	5604.85

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 15 days of lodgment thereof, if the documents are clear in all respects.

13. Distribution of shareholding

Distribution of share holding as on 31.03.2013

No. of Shares held	No. of Share-holders	%	No. of Shares	%
1 to 500	28753	99.56	315708	5.29
501 to 1000	54	0.19	42110	0.71
1001 to 2000	26	0.09	38524	0.64
2001 to 3000	15	0.05	39239	0.66
3001 to 4000	6	0.02	20763	0.35
4001 to 5000	2	0.01	9366	0.16
5001 to 10000	7	0.02	55226	0.92
10001 & above	16	0.06	5445564	91.27
TOTAL	28879	100.00	5966500	100.00

14. Shareholding Pattern

Shareholding Pattern as on 31.03.2013

Category	No. of Shares Held	% of share-holding of issued share capital
I PROMOTERS' HOLDING		
Promoters – a. Indian Promoters	3580375	60.01
b. Foreign Promoters	894500	14.99
Sub Total	4474875	75.00
II NON PROMOTERS' HOLDING		
Institutional Investors		
a. Mutual Fund & Unit Trust of India	2931	0.05
b. Banks, Financial Institutions & Insurance Companies, (Central/State Govt. Institution/Non Govt. Institution)	121625	2.04
c. Foreign Institutional Investors	1489	0.02
Sub Total	126045	2.11
III Others –		
a. Private Corporate Bodies/Trust	852066	14.28
b. Indian Public	465867	7.81
c. NRIS/OCBs/Foreign Nationals	4464	0.08
d. Any other (specify) Clearing members	1208	0.02
e. Unclaimed Suspense Account	41975	0.70
Sub Total	1365580	22.89
GRAND TOTAL	5966500	100.00
NOTE:TOTAL FOREIGN SHARE HOLDING	No. of Shares	% of share-holding
Foreign Holding (Non – Resident)	894500	14.99
NRIS/OCBS/Foreign Nationals	4464	0.08
FII	1489	0.02
TOTAL	900453	15.09

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 depositories NSDL and CDSL.

As on 31.3.2013, a total of ordinary shares 5778003 of the Company which forms 96.84% 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

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 31st March, 2013 affirmed their compliance of the Code of Conduct of the Company dated 7th March, 2013.

Place : Kolkata,
Date : 9th May, 2013

J D Curavala
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 on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.
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 according to the 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 the 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

Place: Kolkata
Date: 9th May, 2013

H.S.Jha
Partner
Membership No. 55854

GKW LIMITED**BALANCE SHEET
AS AT 31ST MARCH, 2013**

Particulars	Note No.	₹ in Lakhs	
		As at 31.03.13	As at 31.03.12
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	2	596.65	596.65
(b) Reserves and Surplus	3	8082.31	6855.63
Total (a+b)		<u>8678.96</u>	<u>7452.28</u>
Non - current liabilities			
(a) Deferred tax liabilities (net)	4	91.93	(146.76)
(b) Other Long - term liabilities	5	72.80	40.13
(c) Long - term provisions	6	90.02	77.83
Total (a+b+c)		<u>254.75</u>	<u>(28.80)</u>
Current liabilities			
(a) Trade payables	7	164.57	303.25
(b) Other current liabilities	8	191.59	293.75
(c) Short - term provisions	9	613.82	397.92
Total (a+b+c)		<u>969.98</u>	<u>994.92</u>
TOTAL		<u><u>9903.69</u></u>	<u><u>8418.40</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets			
– Tangible Assets	10	619.90	717.01
– Intangible assets		6.16	–
(b) Non-current investments	11	1403.71	1403.71
(c) Long -term loans and advances	12	1170.68	1026.93
(d) Other non-current assets	13	2665.39	650.04
Total (a+b+c+d)		<u>5865.84</u>	<u>3797.69</u>
Current Assets			
(a) Current investments	14	1076.85	821.39
(b) Inventories	15	128.62	262.35
(c) Trade receivables	16	192.49	502.82
(d) Cash and Bank balances	17	2301.12	2729.63
(e) Short -term loans and advances	18	232.96	211.07
(f) Other current assets	19	105.81	93.45
Total (a+b+c+d+e+f)		<u>4037.85</u>	<u>4620.71</u>
TOTAL		<u><u>9903.69</u></u>	<u><u>8418.40</u></u>
Significant Accounting Policies	1		

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

This is the Balance Sheet referred to 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
for and on behalf of
LODHA & Co.
Chartered Accountants

Kolkata
9th May, 2013

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2013**

Particulars	Note No.	₹ in Lakhs	
		Year ended 31st March, 2013	Year ended 31st March, 2012
Revenue from operations	20	3659.85	3290.84
Other income	21	1110.81	1546.46
TOTAL REVENUE		4770.66	4837.30
EXPENSES:			
Cost of materials consumed	22	1568.97	1870.87
Changes in inventories of finished goods, work-in-progress and stock in trade	23	124.32	89.65
Employee benefits expense	24	467.37	539.51
Depreciation and amortization expense	10	88.38	101.79
Other Expenses	25	958.08	830.98
TOTAL EXPENSES		3207.12	3432.80
PROFIT BEFORE TAX		1563.54	1404.50
TAX EXPENSES:			
- Current tax (MAT)		(298.47)	(279.29)
Less: MAT Credit		200.29	98.20
Net Current Tax		(98.18)	(181.09)
- Deferred tax credit/(charge)		(238.68)	150.59
PROFIT FOR THE YEAR		1226.68	1374.00
Earnings per equity share (Note 30)			
- Basic		20.56	23.03
- Diluted		20.56	23.03
Significant Accounting Policies	1		

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 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
for and on behalf of
LODHA & Co.
Chartered Accountants

Kolkata
9th May, 2013

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

1. SIGNIFICANT ACCOUNTING POLICIES

(i) a) ACCOUNTING CONVENTION & 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 Accounts.

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

c) USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported 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 Rs 5000 are fully depreciated in the books of account in the year in which they are put to use.

(e) The amounts at which fixed assets are carried in the Company's books are reviewed at the Balance Sheet date for any indication of impairment. In case of impairment, an impairment loss is recognised when the carrying amount of assets belonging to a Cash Generating Unit (CGU) or otherwise exceeds the recoverable amount of the assets i.e. the higher of assets' net selling price or its value in use. Subsequent reversal of such impairment loss if any, is allocated to the respective assets.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013****(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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

₹ in Lakhs

	<u>As at 31.03.13</u>	<u>As at 31.03.12</u>
2 SHARE CAPITAL		
Authorised:		
49250000 (2011/2012 - 49250000) Cumulative redeemable Preference Shares of ₹ 10/- each	4925.00	4925.00
59665008 Ordinary shares of ₹ 10/- each	5966.50	5966.50
	<u>10891.50</u>	<u>10891.50</u>
Issued, Subscribed and Paid-up:		
3669653 (2011/2012 - 3669653) Ordinary shares of ₹ 10/- each fully paid up at par in cash	366.97	366.97
659749 (2011/2012 - 659749) Ordinary shares for consideration other than cash pursuant to contracts/ scheme of arrangements.	65.97	65.97
1637098 (2011/2012 - 1637098) Bonus shares by way of capitalisation of reserves and share premium	163.71	163.71
	<u>596.65</u>	<u>596.65</u>
Shareholders holding shares in the company for more than 5%		
Matrix Commercial Pvt Ltd	2759599	2759599
Kiwi Investments Ltd	894500	894500
Bellona Finvest Ltd	524534	524534
Likhami Leasing Limited	318167	318167
Rosemary Commercial Pvt Ltd	308768	308768
3 RESERVES AND SURPLUS		
General Reserve:		
At the beginning of the year	5000.00	3000.00
Add: Transfer as shown below	1000.00	2000.00
	6000.00	5000.00
Surplus:		
At the beginning of the year	1855.63	2481.63
Add: Transferred from Statement of Profit and Loss	1226.68	1374.00
Appropriations		
– Transfer to General Reserve	(1000.00)	(2000.00)
	<u>2082.31</u>	1855.63
	<u>8082.31</u>	<u>6855.63</u>
4 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities:		
Depreciation	172.06	197.63
Less: Deferred Tax Assets:		
Unabsorbed business loss	5.23	275.70
Expenses allowed on payment basis	74.90	68.69
	<u>91.93</u>	<u>(146.76)</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lakhs

	As at 31.03.13	As at 31.03.12
5 OTHER LONG-TERM LIABILITIES		
Security Deposit received from dealers, service etc	<u>72.80</u>	<u>40.13</u>
6 LONG-TERM PROVISIONS		
Provision for employee benefits	<u>90.02</u>	<u>77.83</u>
7 TRADE PAYABLES		
Trade Payables	<u>164.57</u>	<u>303.25</u>
(a) The Company does not have any amount payable to vendors covered under the Micro, Small and Medium Enterprises Development Act, 2006.		
(b) The above balance includes Rs 14.39 Lakhs (2011-12 - ₹ 84.06 Lakhs) received as advance against scrap and other sales.		
8 OTHER CURRENT LIABILITIES		
Advance from customers	14.39	84.06
Provision for excise duty	3.00	8.49
Liability for sales tax	12.55	30.20
Miscellaneous creditors	<u>161.65</u>	<u>171.00</u>
	<u>191.59</u>	<u>293.75</u>
9 SHORT-TERM PROVISIONS		
Provision for employee benefits	336.31	322.66
Liability for expenses	<u>277.51</u>	<u>75.26</u>
	<u>613.82</u>	<u>397.92</u>

10 FIXED ASSETS

₹ in Lakhs

	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 1st April, 2012	Additions	Withdrawals/ Transfer/ Adjustment	As at 31st March, 2013	As at 1st April, 2012	For the year	Withdrawals/ Transfer/ Adjustment	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
(i) Tangible assets:										
Land including Leasehold Land	69.28	—	—	69.28	3.88	0.11	—	3.99	65.29	65.40
Buildings	1011.96	—	57.96	954.00	729.50	14.56	57.96	686.10	267.90	282.46
Railway Siding	3.83	—	—	3.83	3.82	—	—	3.82	0.01	0.01
Plant & Machinery	1391.96	0.45	40.33	1352.08	1062.66	68.86	39.70	1091.82	260.26	329.30
Cars & Vehicles	93.47	—	51.10	42.37	66.49	3.34	49.79	20.04	22.33	26.98
Furniture & Fittings	101.21	0.23	96.30	5.14	88.35	0.32	87.64	1.03	4.11	12.86
Total Tangible assets	<u>2671.71</u>	<u>0.68</u>	<u>245.69</u>	<u>2426.70</u>	<u>1954.70</u>	<u>87.19</u>	<u>235.09</u>	<u>1806.80</u>	<u>619.90</u>	717.01
Previous Year	3077.72	18.92	424.93	2671.71	2274.77	101.79	421.86	1954.70	717.01	—
(ii) Intangible assets:										
Computer Software acquired	—	7.35	—	7.35	—	1.19	—	1.19	6.16	—
Total Intangible assets	—	<u>7.35</u>	—	<u>7.35</u>	—	<u>1.19</u>	—	<u>1.19</u>	<u>6.16</u>	—
Previous year	—	—	—	—	—	—	—	—	—	—
Grand Total	<u>2671.71</u>	<u>8.03</u>	<u>245.69</u>	<u>2434.05</u>	<u>1954.70</u>	<u>88.38</u>	<u>235.09</u>	<u>1807.99</u>	<u>626.06</u>	717.01
Previous year	3077.72	18.92	424.93	2671.71	2274.77	101.79	421.86	1954.70	717.01	—

GKW LIMITED**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in Lakhs	
	As at <u>31.03.13</u>	As at <u>31.03.12</u>
11 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,	8.71	8.71
Graphite India Limited		
2000000 shares of ₹ 2 each- fully paid at cost,	1390.00	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>1403.71</u>
Aggregate book value of quoted investments	1398.71	1398.71
Market value of quoted investments	1562.64	1788.43
Aggregate book value of unquoted investments	5.00	5.00
12 LONG-TERM LOANS AND ADVANCES		
Secured - Considered good:		
Security Deposits with Electricity/Government authorities	34.03	34.07
Other Loans & advances:		
- Pension Fund	182.58	219.41
- Capital advance	-	7.35
- MAT Credit Entitlement	935.55	735.26
- Other balances	18.52	30.84
	<u>1170.68</u>	<u>1026.93</u>
13 OTHER NON-CURRENT ASSETS		
Deposits with Bank with more than 12 months' maturity	2665.39	650.04
14 CURRENT INVESTMENTS		
(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		
78521.671 units of ₹ 10/- each of TATA Equity P/E		
Fund Div Trigger Option A (5 percentage)	30.04	30.04
2500000 units of ₹ 10/- each of ICICI-Prudential FMP series		
66-366 Days Plan F Regular Plan-Cumulative	250.00	-
Less: Provision for diminution in value of investments	(30.91)	(36.37)
	<u>1076.85</u>	<u>821.39</u>
Aggregate book value of quoted investments	1076.85	821.39
Market value of quoted investments	1079.73	821.39

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013

	₹ in Lakhs	
	As at <u>31.03.13</u>	As at <u>31.03.12</u>
15 INVENTORIES		
At or under cost (being cost or net realisable value whichever is lower) (*)		
Raw materials	62.11	45.66
Work-in-progress (including scrap)	12.40	37.65
Finished products	35.00	80.77
Assets held for disposal	3.53	56.83
Stores and spare parts	15.43	17.91
Loose tools	0.15	23.53
	<u>128.62</u>	<u>262.35</u>
<i>(*) net of provisions</i>		
16 TRADE RECEIVABLES		
Other debts:		
Unsecured - Considered good	<u>192.49</u>	<u>502.82</u>
17 CASH AND BANK BALANCES		
Cash and Cash Equivalents:		
Cash on hand	6.23	7.07
Balances with Banks:		
– in current accounts	336.38	180.07
– in deposit account (with original maturity of less than 3 months)	<u>1458.51</u>	<u>308.00</u>
	1801.12	495.14
Other Bank Balances:		
– in deposit account (with original maturity of less than 12 months)	<u>500.00</u>	<u>2234.49</u>
	<u>2301.12</u>	<u>2729.63</u>
18 SHORT-TERM LOANS AND ADVANCES		
Secured - Considered good:		
Other Loans & advances:		
– Raw material Advance	2.54	57.28
– Recoverable claims	12.29	13.68
– Prepaid Expenses	6.99	5.55
– Balances with Customs, Excise etc	44.18	45.07
– Other deposits	38.20	34.27
– Advance payment of Income tax (net of provisions)	110.56	49.32
– Others	18.20	5.90
Considered Doubtful:		
Advances recoverable in cash or for value to be received	<u>4.90</u>	<u>12.93</u>
	237.86	224.00
Less: Allowances for bad and doubtful loans and advances	<u>4.90</u>	<u>12.93</u>
	<u>232.96</u>	<u>211.07</u>
19 OTHER CURRENT ASSETS		
Interest receivables	<u>105.81</u>	<u>93.45</u>

GKW LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	<i>₹ in Lakhs</i>	
	Year ended 31st March, 2013	Year ended 31st March, 2012
20 REVENUE FROM OPERATIONS		
(a) Sale of products:		
Mild steel pressed components	1510.95	1700.01
Hot rolled bars, rods and sections	–	89.33
Bolts, nuts and rivets	21.90	25.76
Woodscrews and machine screws	115.77	127.75
Safety Pins	24.73	–
Sale of assets held for Disposal	1197.17	560.25
Miscellaneous (including product scrap and other services)	790.76	755.96
Gross sales	3661.28	3259.06
Less: Excise duty	265.77	251.01
Net sales	3395.51	3008.05
(b) Sale of services:		
Conversion charges recovered	0.34	42.79
Income from services	296.63	264.72
Less: Service tax	32.63	24.72
Net Service Income	264.00	240.00
	<u>3659.85</u>	<u>3290.84</u>
21 OTHER INCOME		
Interest Income	471.92	415.49
Dividend Income	72.44	4.71
Provision for diminution in value of investments written back	5.45	–
Net profit on sale/scrapping of fixed assets	12.87	794.64
Miscellaneous Income	548.13	331.62
	<u>1110.81</u>	<u>1546.46</u>
<p>Miscellaneous Income includes amount of ₹ 500 Lakhs received on Compromise Settlement pertaining to Leased assets written off in earlier years (2011-12 - ₹ Nil Lakhs), Profit on sale of scrapped materials - ₹ 13.52 Lakhs (2011-12 - ₹ 189.78 Lakhs), income on surrender of tenancy rights - ₹ 1 Lakh (2011-12 - ₹ 11 Lakhs) and liabilities no longer required - ₹ 27.73 Lakhs (2011-12 - ₹ 92.78 Lakhs).</p>		
22 COST OF MATERIALS CONSUMED		
Steel Sheets	1529.39	1839.49
Wire rods and coils	39.58	31.38
	<u>1568.97</u>	<u>1870.87</u>
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening 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>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lakhs

	Year ended 31st March, 2013	Year ended 31st March, 2012
Closing Stocks:		
Finished products	35.00	80.77
Work-in-progress	12.40	37.65
Assets held for disposal	3.53	56.83
	<u>50.93</u>	<u>175.25</u>
(Increase)/decrease (including shortages, provisions & write off etc)	<u>124.32</u>	<u>89.65</u>
Details of inventory:		
Finished products:		
Mild Steel pressed components	14.80	57.27
Bolts, Nuts and rivets	-	15.33
Woodscrews and machine screws.	20.20	8.17
	<u>35.00</u>	<u>80.77</u>
Work-in-progress:		
Mild Steel pressed components	8.88	30.36
Woodscrews and machine screws.	3.52	7.29
	<u>12.40</u>	<u>37.65</u>
24 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	333.90	321.62
Contribution to provident and other funds	94.02	182.56
Staff welfare expenses	39.45	35.33
	<u>467.37</u>	<u>539.51</u>
25 OTHER EXPENSES		
Consumption of stores and spares	48.48	27.45
Power and fuel	80.32	88.14
Repairs to Buildings	7.65	2.35
Repairs to Machinery	17.45	18.98
Repairs to Others	46.52	49.04
Directors' sitting fees	3.15	2.03
Insurance	3.16	4.75
Rent	72.06	58.87
Rates and taxes	30.39	24.19
Printing and stationery	9.56	11.53
Postage, telephone & telex	16.10	14.51
Data processing expenses	4.05	4.85
Travelling expenses	28.93	43.87
Advertisement expenses	12.88	6.60
Security charges	67.34	58.74
Freight, packing and delivery charges	26.46	46.15
Legal and Professional Charges	115.48	136.86
Outside processing charges for products	13.97	4.74
Net loss on sale of current investment	-	0.31
Provision for doubtful debts and advances	6.11	-
Provision no longer required	(11.45)	(3.89)
Doubtful advances written off	11.45	3.89
Miscellaneous expenses	348.02	227.02
	<u>958.08</u>	<u>830.98</u>

GKW LIMITED

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	₹ in Lakhs	
	Year ended 31st March, 2013	Year ended 31st March, 2012
(a) Payment to auditors (included in Miscellaneous expenses)		
As:		
- Auditor	2.25	2.25
- For other services (certificates, provident fund audit etc.)	2.82	2.75
- For re-imbursement of expenses	0.10	0.18
	<u>5.17</u>	<u>5.18</u>
(b) Miscellaneous expenses include interest of ₹ Nil Lakhs paid on finalisation of income tax assessment (2011-12 - ₹ 44.15 Lakhs) and ₹ 200.77 lakhs (2011-12 - ₹ Nil) on account of claims made against the company.		

26 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities:

a) Excise duty under Appeal (to the extent ascertainable)	164.66	164.66
b) Disputed sales tax under Appeal	507.29	507.29
c) Claims not acknowledged as debts (to the extent ascertainable and not provided for)	132.23	41.46

27 EMPLOYEE BENEFITS

a. Defined Contribution Scheme

Employer's Contribution to Provident Fund	22.86	43.19
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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.

	₹ in Lakhs					
I Expense recognised in the Income statement	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
Current service cost	5.46	5.77	47.33	38.54	3.66	3.34
Interest cost	14.61	12.06	98.88	78.22	8.62	6.48
Expected return on plan assets	(7.99)	(7.70)	(114.02)	(105.27)	-	-
Actuarial (gain)/loss	6.12	7.18	4.64	82.12	3.85	13.81
Total Expenses	18.20	17.31	36.83	93.61	16.13	23.63
II Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:						
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
Present value of Defined benefit obligation at the beginning of the year	181.78	157.55	1219.59	1003.32	105.25	84.57
Current service cost	5.46	5.77	47.33	38.54	3.66	3.34
Interest Cost	14.61	12.06	98.88	78.22	8.62	6.48
Benefit payments	(12.47)	(6.04)	(27.49)	(1.01)	(3.15)	(2.95)
Actuarial (gain)/loss	7.92	12.44	24.85	100.52	3.85	13.81
Present value of Defined benefit obligation at the end of the year	197.30	181.78	1363.16	1219.59	118.23	105.25

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lakhs

III Changes in the fair value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
Fair value of plan assets at the beginning of the year	106.17	99.25	1439.00	1316.34	-	-
Employer contribution	-	-	-	-	3.15	2.95
Expected Return on plan assets	7.99	7.70	114.02	105.27	-	-
Benefit payments	(12.47)	(6.04)	(27.49)	(1.01)	(3.15)	(2.95)
Actuarial gain/(Loss)	1.80	5.26	20.21	18.40	-	-
Fair value of plan assets at the end of the year	103.49	106.17	1545.74	1439.00	-	-
IV Reconciliation of Net Asset/ (Liability) recognised in the Balance Sheet during the year ended 31st March, 2013						
Net Asset/(Liability) at the beginning of the year	(75.61)	(58.30)	219.41	313.02	(105.25)	(84.57)
Employer (Expenses)/credit	(18.20)	(17.31)	(36.83)	(93.61)	(16.13)	(23.63)
Employer Contribution	-	-	-	-	3.15	2.95
Net Asset/(Liability) at the end of the year	(93.81)	(75.61)	182.58	219.41	(118.23)	(105.25)
V Actuarial assumptions:						
Discount rate (per annum)	7.90%	8.20%-8.40%	7.90%	8.20%	7.00%	8.20%-8.40%
Expected return on plan assets (per annum)	8.00%	8.00%	8.00%	8.00%	NA	NA

Notes:

- i) Assumptions relating to future salary increase, attrition, interest rate for discount and overall expected rate of return on Assets have been considered in the actuarial valuation based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- ii) Disclosure in terms of Para 120(n) of AS 15 (revised 2005)

	Gratuity (Funded)				Pension Fund (Funded)			
	2012/2013	2011/2012	2010/2011	2009/2010	2012/2013	2011/2012	2010/2011	2009/2010
Present Value of Defined Benefit Obligation at the year end	(197.30)	(181.78)	(157.55)	(76.50)	(1363.16)	(1219.59)	(1003.32)	(931.68)
Fair Value of Plan Assets at the year end	103.49	106.17	99.25	95.61	1545.74	1439.00	1316.34	1239.00
Surplus/(Defecit)	(93.81)	(75.61)	(58.30)	19.11	182.58	219.41	313.02	307.32
Experience Adjustments on Plan Liabilities	4.41	(13.31)	3.73	(9.11)	(2.83)	(108.43)	(1.46)	12.77
Experience Adjustments on Plan Assets	1.80	5.26	8.86	10.40	20.21	18.40	9.86	(1.63)

GKW LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	₹ in Lakhs			
	2012/2013		2011/2012	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
28 CONSUMPTION OF:				
Raw materials				
- Indigenous	<u>1568.97</u>	<u>100.00</u>	1870.87	100.00
	<u>1568.97</u>	<u>100.00</u>	1870.87	100.00
Spare Parts and Components/Stores and Spares				
- Indigenous	<u>48.48</u>	<u>100.00</u>	27.45	100.00
	<u>48.48</u>	<u>100.00</u>	27.45	100.00

29 "Related party Disclosures" as per Accounting Standard 18 as ascertained from available information:

<u>Name of the Related Party</u>	<u>Nature of transaction</u>	Value of transaction		Debit/(Credit) outstanding balance as on	
		<u>31.03.13</u>	<u>31.03.12</u>	<u>31.03.13</u>	<u>31.03.12</u>
Subsidiary Company:					
GKW (Overseas Trading) Ltd	Receiving of services	0.23	0.07	0.23	(4.75)
Key Management Personnel:					
Mr. J. D. Curavala	Remuneration	55.09	52.61	(3.50)	(3.50)
Mr. G. Srinivasan	Remuneration	47.74	43.83	(3.00)	(2.73)
		102.83	96.44	(6.50)	(6.23)

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

30 The Earnings per share has been calculated on the basis of number of equity shares outstanding during the year ended 31st March, 2013 in accordance with the provisions of Accounting Standard- 20 (Earnings per share):

	₹ in Lakhs	
	<u>As at 31-Mar-13</u>	<u>As at 31-Mar-12</u>
Profit attributable to Equity Shares (Rs in Lakhs)	1226.68	1374.00
Weighted average Number of Equity Shares	5966500	5966500
Earnings per Share (Rs)	20.56	23.03

31 Comparative

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)

H S Jha
Partner
for and on behalf of

Kolkata
9th May, 2013

LODHA & Co.
Chartered Accountants

CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

₹ in Lakhs

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
A. Cash flow from Operating Activities		
Net Profit/(Loss) before taxation	1563.54	1404.50
Adjustments for:		
Depreciation - Fixed Assets	88.38	101.79
Provision for diminution in value of investments	-	(0.15)
(Profit)/Loss on disposal/scraping of fixed assets (net)	(12.87)	(794.64)
(Profit)/Loss on sale of investment (net)	-	0.31
Dividend and Income on investment	(72.44)	(4.71)
Interest income	(471.92)	(415.49)
Provision for doubtful debts and advances	6.11	-
Doubtful debts and advances written off	11.45	3.89
Provision no longer required	(11.45)	(3.89)
Liability no longer required written back	(27.73)	(92.78)
Provision for diminution in value of investments written back	(5.45)	-
	<u>(495.92)</u>	<u>(1205.67)</u>
Operating Profit/(Loss) before Working Capital changes	1067.62	198.83
Adjustments for:		
Trade & Other receivables	400.11	(227.74)
Inventories	133.73	92.03
Trade Payables	(45.13)	61.96
Bank deposits with maturity more than 3 months and less than 12 months	1734.49	2223.20
	<u>2223.20</u>	<u>(2234.50)</u>
Cash generation from operation	3290.82	(2109.42)
Direct taxes (paid)/refund (net)	(266.93)	(343.73)
Net Cash inflow/(outflow) from operating activities	3023.89	(2453.15)
B. Cash Flow from investing activities		
Purchase of fixed assets	(8.03)	(18.92)
Purchase of investment	(250.00)	(1,390.00)
Sale of Fixed Assets	23.47	797.73
Sale of investment	-	19.73
Bank deposits with maturity more than 12 months	(2015.35)	(650.04)
Dividend & Income on investment	72.44	4.63
Interest income	459.56	381.31
Net cash inflow/(outflow) from investing activity	(1717.91)	(855.56)

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

	₹ in Lakhs	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012
C. Cash Flow from Financing activities		
Net cash flow from financing activities	—	—
Net increase/ (decrease) in Cash and Cash equivalents (A+B+C)	<u>1305.98</u>	<u>(3308.71)</u>
Opening Cash and Cash Equivalents as on 01.04.12	<u>495.14</u>	<u>3803.85</u>
Closing Cash and Cash Equivalents as on 31.03.13	<u>1801.12</u>	<u>495.14</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 ₹ 1458.51 lakhs (2011-12 - ₹ 308.00 Lakhs) as on the Balance Sheet date.

3) Previous year's figures have been rearranged, where 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
9th May, 2013

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

14, Government East Place
Kolkata
9th May, 2013

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

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
(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, 2013	₹ 5256 Loss
(ii) For the previous financial year	₹ 13450 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, 2013	Nil
(ii) For the previous financial year	Nil

On behalf of the Board

J D Curavala
Managing Director

G Srinivasan
Director

J N Ghosh
Vice-President & Secretary

A Chakrabarti
Sr. Vice-President (Finance)

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

Kolkata
9th May, 2013

GKW LIMITED**10 YEARS' PROFILE**

₹ in Lakhs

2003-'04 2004-'05 2005-'06 2006-'07 2007-'08 2008-'09 2009-'10 2010-'11 2011-'12 **2012-'13**

OPERATING RESULTS										
Sales	7306	8263	13019	13006	13263	9497	2326	4075	3302	3662
Profit/(Loss) before depreciation & finance charges	(238)	(1)	790	1448	1451	1827	1436	2260	1507	1652
Finance Charges	(1680)	(1820)	(537)	(545)	(556)	(222)	-	-	-	-
Gross Profit/Loss	(1918)	(1821)	253	903	895	1605	1436	2260	1507	1652
Depreciation	(904)	(870)	(846)	(831)	(778)	(656)	(86)	(85)	(102)	(88)
Profit/(Loss) before tax	(2822)	(2691)	1902	72	25703	524	1350	2175	1405	1564
Profit/(Loss) after tax	(2548)	(2359)	2191	337	25694	341	1117	2368	1374	1227
Dividend	-	-	-	-	-	-	-	-	-	-

OTHER STATISTICS										
Net Assets Employed	6329	5563	8429	9733	22070	2593	3710	6078	7452	8679
Shareholders' Fund	(5875)	(8234)	5007	7189	22070	2593	3710	6078	7452	8679
PBT to Sales (%)	-	-	15	-	194	6	58	53	43	43
PBT to Net Assets Employed (%)	-	-	23	1	116	20	36	36	19	18
Dividend (%)	-	-	-	-	-	-	-	-	-	-
No. of Employees	2691	2452	1839	1646	537	102	71	82	75	74
No. of shareholders ('000 nos.)	107	104	99	96	92	91	38	36	36	29

Notes:

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

INDEPENDENT AUDITOR'S REPORT**To the Members of GKW Limited****1. Report on the Financial Statements**

We have audited the accompanying financial statements of GKW Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

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

As required by section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

GKW LIMITED

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For LODHA & CO.
Chartered Accountants
Firm ICAI Registration No: 301051E

Place: Kolkata
Date: 9th May, 2013

H. S. Jha
Partner
Membership No. 55854

Annexure referred to in paragraph 5 of our report of even date.

- 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 in the books of account.
- III. As per the records of the Company, it has not taken/ granted any loans, secured or unsecured to any companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly 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 deposit 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 a period of time. In our opinion the company's internal audit system in respect of areas covered is commensurate with its size and nature of its' business.
- VIII. On the basis of 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 from 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 tax during the year with the appropriate authorities.
- b) According to the information and explanations given to us, amounts of Sales Tax and Excise Duty which have not been deposited on account of dispute are as given below:

Statute	Nature of Tax	Forum where Dispute is pending	Amount (Rs. in Lacs)	Period to which amount relates
The Central Sales Tax Act, 1956	Central Sales Tax	DC (Appeals) Sales Tax Tribunal	96.86	1984, 1996- 2000
			124.48	1983, 1985, 1987, 1992- 1996 and 2003-2004.
Bengal Finance (Sales Tax) Act, 1941	Sales Tax	DC (Appeals) Sales Tax Tribunal	57.10	1984 and 1986
			139.68	1978, 1983, 1985, 1987, 1992 to 1996
The West Bengal Sales Tax Act, 1994	Sales Tax	DC (Appeals) Sales Tax Tribunal	59.28	1996-2000
			29.89	1995-1996 and 2003-2004
Central Excise Act, 1944	Excise Duty	CESTAT Commissioner (Appeals) Appellate Tribunal	23.99	2005
			46.57	1998 and 1999
			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.

GKW LIMITED

- XI. The Company has neither taken any loans from financial institutions and banks nor issued any debentures. 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 are not applicable to the Company.
- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4 (xiv) of the Order is not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. As per the information and explanations given to us, the Company has not availed fresh term loan during the year.
- XVII. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.
- 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.

For LODHA & CO.
Chartered Accountants
Firm ICAI Registration No: 301051E

Place: Kolkata
Date: 9th May, 2013

H.S.Jha
Partner
Membership No. 55854

DIRECTORS' REPORT

Your Directors submit the Annual Report together with the Audited Accounts for the year ended 31st March, 2013.

ACCOUNTS:

The turnover for the year was ₹ Nil (2011-2012 – ₹ Nil). Income by way of other income during the year was ₹ 30696/- as against ₹ Nil for the year 2011-2012. The expenditure incurred by the Company in foreign currency during the year was ₹ Nil (2011-2012 – ₹ Nil) and the earnings in foreign currency was ₹ Nil (2011-2012 – ₹ Nil). Net loss for the year was ₹ 0.05 lakhs (2011-2012 – ₹ 0.13 lakh).

OPERATIONS:

The Company is also looking at the possibility of exploring business in the service sector in addition to seeking commission business.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors hereby confirm :

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

Since the Company is not engaged in manufacturing activity, the provisions under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo and Research & Development are not applicable. The Company had no employee during the year.

DIRECTORS:

Mr. A. Chakrabarti retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

AUDITORS:

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

Kolkata
8th May, 2013

A. Bhattacharya
Director

On behalf of the Board

A. Chakrabarti
Director

GKW (OVERSEAS TRADING) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GKW (OVERSEAS TRADING) LIMITED

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of GKW (Overseas Trading) Limited ("the Company") which comprise the Balance Sheet as on 31st March, 2013 and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENTS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give true and fair view of the financial position, financial performance in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In case of the Balance Sheet, of the state of the affairs of the Company as on 31st March, 2013
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that;
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of the account as required by law have been kept by the Company so far as appears from the examination of those books;

GKW (OVERSEAS TRADING) LIMITED

- c) The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Place: Kolkata
Date: 8th May, 2013

N. N. Bhattacharya
Partner
Mem No: 9584

The Annexure referred to in paragraph 5 of Our Report of even date to the members of GKW (Overseas Trading) Limited on the accounts for the year ended 31st March, 2013.

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. There has been no inventory at any point of time during the year. Hence items (a) (b) and (c) of Clause 2 of the aforesaid Order are not applicable.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the Order are not applicable to the Company.
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.

GKW (OVERSEAS TRADING) LIMITED

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records as prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act is not applicable to the Company.
9. (a) According to the records of the Company, there are no undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, and cess to the extent applicable According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company does not have any accumulated loss and has incurred loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For & on behalf of
K. C. Roy & Co.
Chartered Accountants
ICAI Firm Registration No: 301161E
N. N. Bhattacharya
Partner
Mem No: 9584

Place: Kolkata
8th May, 2013

GKW (OVERSEAS TRADING) LIMITED

**BALANCE SHEET
AS AT 31ST MARCH, 2013**

Particulars	Note No.	Amount in ₹	
		As at 31st March' 13	As at 31st March' 12
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	2	500000	500000
(b) Reserves and Surplus	3	2597	7853
Total (a+b)		<u>502597</u>	<u>507853</u>
Current liabilities			
(a) Other current liabilities	4	23180	-
(b) Short - term provisions	5	6000	6000
Total (a+b)		<u>29180</u>	<u>6000</u>
TOTAL		<u>531777</u>	<u>513853</u>
ASSETS			
Non-current assets			
- Fixed assets	6		
- Tangible Assets		12	12
Other non-current assets	7	425000	-
Total		<u>425012</u>	<u>12</u>
Current Assets			
(a) Cash and cash equivalents	8	89001	24809
(b) Short -term loans and advances	9	16672	489032
(c) Other current assets	10	1092	-
Total (a+b+c)		<u>106765</u>	<u>513841</u>
TOTAL		<u>531777</u>	<u>513853</u>

Significant Accounting Policies 1

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

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

On behalf of the Board

A. Bhattacharya
Director

A. Chakrabarti
Director

N.N. Bhattacharya
Partner
for and on behalf of
K. C. Roy & Co.
Chartered Accountants

Kolkata
8th May, 2013

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2013**

Particulars	Note No.	Amount in ₹	
		As at 31st March' 13	As at 31st March' 12
Revenue from operations			
Other income	11	30696	-
Total Revenue		<u>30696</u>	<u>-</u>
Expenses			
Other Expenses	12	35952	13450
Total expenses		<u>35952</u>	<u>13450</u>
Profit/(loss) for the year		<u>(5256)</u>	<u>(13450)</u>
Significant Accounting Policies	1		

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 our report of even date.

On behalf of the Board

A. Bhattacharya
Director

A. Chakrabarti
Director

N.N. Bhattacharya
Partner
for and on behalf of
K. C. Roy & Co.
Chartered Accountants

Kolkata
8th May, 2013

GKW (OVERSEAS TRADING) LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

(i) ACCOUNTING CONVENTION & 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.

	<i>Amount in ₹</i>		
	As at	As at	
	31.03.13	31.03.12	
2 Share Capital			
Authorised:			
50000 (2011/2012 - 50000) Ordinary Shares of ₹ 10/- each	<u>500000</u>	<u>500000</u>	
Issued, Subscribed and Paid-up:			
50000 (2011/2012 - 50000) Ordinary shares of Rs.10/- each fully paid up at par in cash (The whole of the subscribed capital is held by GKW Limited and its nominees)	<u>500000</u>	<u>500000</u>	
	No of		
	shares		
Reconciliation of the number of Ordinary shares outstanding			
Opening number of shares at the beginning of the period	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 period	<u>50000</u>	<u>500000</u>	<u>500000</u>

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

		<i>Amount in ₹</i>	
		As at 31.03.13	As at 31.03.12
3 Reserves and surplus			
Surplus			
At the beginning of the year		7853	21303
Add: Transferred from Statement of Profit and Loss		(5256)	(13450)
		<u>2597</u>	<u>7853</u>
4 Other current liabilities			
Other payables			
- Liability for expenses		<u>23180</u>	<u>-</u>
5 Short - term provisions			
Others			
- Liability for auditors' remuneration		<u>6000</u>	<u>6000</u>
6 Fixed Assets			

		<i>Amount in ₹</i>								
		GROSS BLOCK - AT COST			DEPRECIATION			NET BLOCK		
		As at 1st April, 2012	Withdrawals/ Transfer/ Adjustment	As at 31st March, 2013	As at 1st April, 2012	For the year	Withdrawals/ Transfer/ Adjustment	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
Tangible assets:										
Plant & Machinery		336204		336204	336193	-		336193	11	11
Furniture & Fittings		3643		3643	3642			3642	1	1
Total Tangible assets		<u>339847</u>	-	<u>339847</u>	<u>339835</u>	-	-	<u>339835</u>	<u>12</u>	<u>12</u>
Previous Year		<u>339847</u>	-	<u>339847</u>	<u>339835</u>	-	-	<u>339835</u>	<u>12</u>	

		<i>Amount in ₹</i>	
		As at 31.03.13	As at 31.03.12
7 Other Non- Current Assets			
- Deposits with Bank with more than 12 months' maturity		<u>425000</u>	<u>-</u>
8 Cash and cash equivalents			
- Balances with banks		<u>89001</u>	<u>24809</u>

GKW (OVERSEAS TRADING) LIMITED**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013***Amount in ₹*

	<u>As at 31.03.13</u>	<u>As at 31.03.12</u>
9 Short - term loans and advances		
Secured - Considered good		
Advances recoverable in cash or value to be received (includes receivable from GKW Ltd. ₹ Nil lakhs (2011-12 - ₹ 475430), the holding Company)	-	475430
Other Loans & advances		
- Advance payment of tax/TDS receivable	<u>16672</u>	<u>13602</u>
	<u><u>16672</u></u>	<u><u>489032</u></u>
10 Other current assets		
Interest receivables	<u>1092</u>	<u>-</u>

Amount in ₹

	<u>As at 31.03.13</u>	<u>As at 31.03.12</u>
11 Other Income		
Interest Income	<u>30696</u>	<u>-</u>
12 Other expenses		
Professional charges	22000	-
Rates and taxes	5380	5500
Bank Charges	122	100
Auditors' Remuneration	6000	6000
Licence / Filing fees	<u>2450</u>	<u>1850</u>
	<u>35952</u>	<u>13450</u>
Payment to auditors (included in Other Expenses)		
As		
- Auditor	<u>6000</u>	<u>6000</u>

13 "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>31.03.13</u>	<u>31.03.12</u>	<u>31.03.13</u>	<u>31.03.12</u>
GKW Limited	Holding Company	Rendering of services	23180	4850	(23180)	475430

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 31st March, 2013 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 statement of the subsidiary company whose financial statements reflect total assets of ₹ 5.32 lacs as at 31st March 2013 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, 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 31st March, 2013, 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.

For LODHA & CO.
Chartered Accountants
Firm ICAI Registration No: 301051E

Place: Kolkata
Date: 9th May, 2013

H.S.Jha
Partner
Membership No. 55854

GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS

**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2013**

Particulars	Note No.	₹ in Lakhs	
		As at 31.03.13	As at 31.03.12
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share Capital	2	596.65	596.65
(b) Reserves and Surplus	3	8082.48	6855.85
Total (a+b)		<u>8679.13</u>	<u>7452.50</u>
Non - current liabilities			
(a) Deferred tax liabilities (Net)	4	91.93	(146.76)
(b) Other Long - term liabilities	5	72.80	40.13
(c) Long - term provisions	6	90.02	77.83
Total (a+b+c)		<u>254.75</u>	<u>(28.80)</u>
Current liabilities			
(a) Trade payables	7	164.57	298.36
(b) Other current liabilities	8	191.82	293.75
(c) Short-term provisions	9	613.88	397.98
Total (a+b+c)		<u>970.27</u>	<u>990.09</u>
TOTAL		<u><u>9904.15</u></u>	<u><u>8413.79</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets	10		
- Tangible Assets		619.90	717.01
- Intangible assets		6.16	-
(b) Non-current investments	11	1398.71	1398.71
(c) Long-term loans and advances	12	1170.68	1026.93
(d) Other non-current assets	13	2669.64	650.04
Total (a+b+c+d)		<u>5865.09</u>	<u>3792.69</u>
Current Assets			
(a) Current investments	14	1076.85	821.39
(b) Inventories	15	128.62	262.35
(c) Trade receivables	16	192.49	502.82
(d) Cash and cash equivalents	17	2302.01	2729.88
(e) Short-term loans and advances	18	233.27	211.21
(f) Other current assets	19	105.82	93.45
Total (a+b+c+d+e+f)		<u>4039.06</u>	<u>4621.10</u>
TOTAL		<u><u>9904.15</u></u>	<u><u>8413.79</u></u>
Significant Accounting Policies	1		

On behalf of the Board

As per our Report annexed.

J D Curavala
Managing Director

G Srinivasan
Director

J N Ghosh
Vice-President & Secretary

A Chakrabarti
Sr. Vice-President (Finance)

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

Kolkata
9th May, 2013

GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	₹ in Lakhs	
		Year ended 31st March' 13	Year ended 31st March' 12
Revenue from operations	20	3659.85	3290.84
Other income	21	1111.12	1546.46
TOTAL REVENUE		<u>4770.97</u>	<u>4837.30</u>
EXPENSES:			
Cost of materials consumed	22	1568.97	1870.87
Changes in inventories of finished goods, work in progress and stock in trade	23	124.32	89.65
Employee benefits expense	24	467.37	539.51
Depreciation and amortization expense	10	88.38	101.79
Other Expenses	25	958.44	831.11
TOTAL EXPENSES		<u>3207.48</u>	<u>3432.93</u>
PROFIT BEFORE TAX		1563.49	1404.37
TAX EXPENSES:			
- Current tax (MAT)		(298.47)	(279.29)
Less: MAT Credit		<u>200.29</u>	<u>98.20</u>
Net Current Tax		(98.18)	(181.09)
- Deferred tax credit/(charge)		(238.68)	150.59
PROFIT FOR THE YEAR		<u>1226.63</u>	<u>1373.87</u>
Earnings per equity share (Note 30)			
- Basic		20.56	23.03
- Diluted		20.56	23.03

Significant Accounting Policies 1

On behalf of the Board

As per our Report annexed.

J D Curravala
Managing Director

G Srinivasan
Director

J N Ghosh
Vice-President & Secretary

A Chakrabarti
Sr. Vice-President (Finance)

H S Jha
Partner

Kolkata
 9th May, 2013

for and on behalf of
 LODHA & Co.
Chartered Accountants

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

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 & 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.

Land - Leasehold	3.33/1.66
Buildings	3.33/2.00

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

- (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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	<i>₹ in Lakhs</i>	
	As at 31.03.13	As at 31.03.12
2 SHARE CAPITAL		
Authorised:		
49250000 (2011/2012 - 49250000) Cumulative redeemable Preference Shares of ₹ 10/- each	4925.00	4925.00
59665008 Ordinary shares of ₹ 10/- each	5966.50	5966.50
	<u>10891.50</u>	<u>10891.50</u>
Issued, Subscribed and Paid-up:		
3669653 (2011/2012 - 3669653) Ordinary shares of ₹ 10/- each fully paid up at par in cash	366.97	366.97
659749 (2011/2012 - 659749) Ordinary shares for consideration other than cash pursuant to contracts/scheme of arrangements.	65.97	65.97
1637098 (2011/2012 - 1637098) Bonus shares by way of capitalisation of reserves and share premium	163.71	163.71
	<u>596.65</u>	<u>596.65</u>
Shareholders holding shares in the company for more than 5%		
Matrix Commercial Pvt Ltd	2759599	2759599
Kiwi Investments Ltd	894500	894500
Bellona Finvest Ltd	524534	524534
Likhmi Leasing Limited	318167	318167
Rosemery Commercial Pvt Ltd	308768	308768
3 RESERVES AND SURPLUS		
General Reserve:		
At the beginning of the year	5000.00	3000.00
Add: Transfer as shown below	1000.00	2000.00
	6000.00	5000.00
Surplus:		
At the beginning of the year	1855.85	2481.98
Add: Transferred from Statement of Profit and Loss	1226.63	1373.87
Appropriations		
- Transfer to General Reserve	(1000.00)	(2000.00)
	<u>2082.48</u>	<u>1855.85</u>
	<u>8082.48</u>	<u>6855.85</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	<i>₹ in Lakhs</i>	
	As at 31.03.13	As at 31.03.12
4 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Depreciation	172.06	197.63
Less: Deferred Tax Assets	-	-
Unabsorbed business loss	5.23	275.70
Expenses allowed on payment basis	74.90	68.69
	91.93	(146.76)
5 OTHER LONG-TERM LIABILITIES		
Security Deposit received from dealers, service etc	72.80	40.13
6 LONG-TERM PROVISIONS		
Provision for employee benefits	90.02	77.83
7 TRADE PAYABLES		
Trade Payables	164.57	298.36
(a) The Company does not have any amount payable to vendors covered under the Micro, Small and Medium Enterprises Development Act, 2006.		
(b) The above balance includes ₹ 14.39 Lakhs (2011-12 - ₹ 84.06 Lakhs) received as advance against scrap and other sales.		
8 OTHER CURRENT LIABILITIES		
Advance from customers	14.39	84.06
Provision for excise duty	3.00	8.49
Liability for sales tax	12.55	30.20
Miscellaneous creditors	161.88	171.00
	191.82	293.75
9 SHORT-TERM PROVISIONS		
Provision for employee benefits	336.31	322.66
Liability for expenses	277.57	75.32
	613.88	397.98

GKW LIMITED
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**
10 FIXED ASSETS

	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 1st April, 2012	Additions	Withdrawals/ Transfer/ Adjustment	As at 31st March, 2013	As at 1st April, 2012	For the year	Withdrawals/ Transfer/ Adjustment	As at 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
	₹ in Lakhs									
Tangible assets										
Land including Leasehold Land	69.28	-	-	69.28	3.88	0.11	-	3.99	65.29	65.40
Buildings	1011.96	-	57.96	954.00	729.47	14.56	57.96	686.07	267.93	282.49
Railway Siding	3.83	-	-	3.83	3.82	-	-	3.82	0.01	0.01
Plant & Machinery	1395.31	0.45	40.33	1355.43	1066.02	68.86	39.70	1095.18	260.25	329.29
Cars & Vehicles	93.47	-	51.10	42.37	66.51	3.34	49.79	20.06	22.31	26.96
Furniture & Fittings	101.25	0.23	96.30	5.18	88.39	0.32	87.64	1.07	4.11	12.86
Total Tangible assets	<u>2675.10</u>	<u>0.68</u>	<u>245.69</u>	<u>2430.09</u>	<u>1958.09</u>	<u>87.19</u>	<u>235.09</u>	<u>1810.19</u>	<u>619.90</u>	<u>717.01</u>
Previous Year	3081.12	18.92	424.94	2675.10	2278.16	101.79	421.86	1958.09	717.01	
Intangible assets										
Computer Software acquired	-	7.35	-	7.35	-	1.19	-	1.19	6.16	-
Total Intangible assets	-	7.35	-	7.35	-	1.19	-	1.19	6.16	-
Previous year	-	-	-	-	-	-	-	-	-	-
Grand Total	<u>2675.10</u>	<u>8.03</u>	<u>245.69</u>	<u>2437.44</u>	<u>1958.09</u>	<u>88.38</u>	<u>235.09</u>	<u>1811.38</u>	<u>626.06</u>	<u>717.01</u>
Previous year	3081.12	18.92	424.94	2675.10	2278.16	101.79	421.86	1958.09	717.01	

₹ in Lakhs

As at	As at
31.03.13	31.03.12

11 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	8.71	8.71
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Graphite India Limited, 2000000 shares of ₹ 2 each- fully paid at cost	1390.00	1390.00
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	<u>1398.71</u>	<u>1398.71</u>
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Aggregate book value of quoted investments	1398.71	1398.71
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Market value of quoted investments	1562.64	1788.43
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12 LONG-TERM LOANS AND ADVANCES

Secured - Considered good:

Security Deposits with Electricity/Government authorities	34.03	34.07
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Other Loans & advances:

- Pension Fund	182.58	219.41
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- Capital advance	-	7.35
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- MAT Credit Entitlement	935.55	735.26
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- Other balances	18.52	30.84
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	<u>1170.68</u>	<u>1026.93</u>
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	₹ in Lakhs	
	As at <u>31.03.13</u>	As at <u>31.03.12</u>
13 OTHER NON-CURRENT ASSETS		
Deposits with Bank with more than 12 months maturity	<u>2669.64</u>	<u>650.04</u>
14 CURRENT INVESTMENTS		
<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		
78521.671 units of ₹ 10/- each of TATA Equity P/E Fund Div Trigger Option A (5 percentage)	30.04	30.04
2500000 units of ₹ 10/- each of ICICI - Prudential FMP series 66-366 Days Plan F Regular Plan - Cumulative	250.00	–
Less: Provision for diminution in value of investments	<u>(30.91)</u>	<u>(36.37)</u>
	<u>1076.85</u>	<u>821.39</u>
Aggregate book value of quoted investments	1076.85	821.39
Market value of quoted investments	1079.73	821.39
15 INVENTORIES		
At or under cost (being cost or net realisable value whichever is lower) (*)		
Raw materials	62.11	45.28
Work in progress (including scrap)	12.40	38.03
Finished products	35.00	80.77
Assets held for disposal	3.53	56.83
Stores and spare parts	15.43	17.91
Loose tools	0.15	23.53
	<u>128.62</u>	<u>262.35</u>
(*) net of provisions		
16 TRADE RECEIVABLES		
Other debts:		
Unsecured – Considered good	<u>192.49</u>	<u>502.82</u>

GKW LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	<i>₹ in Lakhs</i>	
	As at 31.03.13	As at 31.03.12
17 CASH AND BANK BALANCES		
Cash and Cash Equivalents:		
Cash on hand	6.23	7.32
Balances with Banks:		
- in current accounts	337.27	180.07
- in deposit account (with original maturity of less than 3 months)	1458.51	308.00
	1802.01	495.39
Other Bank Balances:		
- in deposit account (with original maturity of less than 12 months)	500.00	2234.49
	2302.01	2729.88
	2302.01	2729.88
18 SHORT-TERM LOANS AND ADVANCES		
Secured - Considered good:		
Other Loans & advances:		
- Raw material Advance	2.54	57.28
- Recoverable claims	12.29	13.68
- Prepaid Expenses	6.99	5.55
- Balances with Customs, Excise etc	44.18	45.07
- Other deposits	38.20	34.27
- Advance payment of Income tax (net of provisions)	110.73	49.46
- Others	18.34	5.90
- Considered Doubtful:		
Advances recoverable in cash or for value to be received	4.90	12.93
	238.17	224.14
Less: Allowances for bad and doubtful loans and advances	4.90	12.93
	233.27	211.21
	233.27	211.21
19 OTHER CURRENT ASSETS		
Interest receivables	105.82	93.45
	105.82	93.45

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	<i>₹ in Lakhs</i>	
	<u>Year ended 31st March' 13</u>	<u>Year ended 31st March' 12</u>
20 REVENUE FROM OPERATIONS		
(a) Sale of products		
Mild steel pressed components	1510.95	1700.01
Hot rolled bars, rods and sections	—	89.33
Bolts, nuts and rivets	21.90	25.76
Woodscrews and machine screws.	115.77	127.75
Safety Pins	24.73	—
Sale of assets held for Disposal	1197.17	560.25
Miscellaneous (including product scrap and other services)	790.76	755.96
Gross sales	<u>3661.28</u>	<u>3259.06</u>
Less: Excise duty	<u>265.77</u>	<u>251.01</u>
Net sales	3395.51	3008.05
(b) Sale of services		
Conversion charges recovered	0.34	42.79
Income from services	296.63	264.72
Less: Service tax	<u>32.63</u>	<u>24.72</u>
Net Service Income	<u>264.00</u>	<u>240.00</u>
	<u><u>3659.85</u></u>	<u><u>3290.84</u></u>
21 OTHER INCOME		
Interest Income	472.23	415.49
Dividend Income	72.44	4.71
Provision for diminution in value of investments written back	5.45	—
Net profit on sale of fixed assets	12.87	794.64
Miscellaneous Income	548.13	331.62
	<u>1111.12</u>	<u>1546.46</u>
Miscellaneous Income includes amount of ₹ 500 Lakhs received on Compromise Settlement pertaining to Leased assets written off in earlier years (2011-12 - ₹ Nil Lakhs), Profit on sale of scrapped materials ₹ 13.52 Lakhs (2011-12 - ₹ 189.78 Lakhs), income on surrender of tenancy rights - ₹ 1 Lakh (2011-12 - ₹ 11 Lakhs) and liabilities no longer required - ₹ 27.73 Lakhs (2011-12 - ₹ 92.78 Lakhs).		
22 COST OF MATERIALS CONSUMED		
Steel Sheets	1529.39	1839.49
Wire rods and coils	39.58	31.38
	<u>1568.97</u>	<u>1870.87</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013

	<i>₹ in Lakhs</i>	
	<u>Year ended 31st March' 13</u>	<u>Year ended 31st March' 12</u>
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stocks:		
Finished products	80.77	131.35
Work-in-progress	37.65	22.63
Assets held for disposal	<u>56.83</u>	<u>110.92</u>
	<u>175.25</u>	<u>264.90</u>
Closing Stocks:		
Finished products	35.00	80.77
Work-in-progress	12.40	37.65
Assets held for disposal	<u>3.53</u>	<u>56.83</u>
	<u>50.93</u>	<u>175.25</u>
(Increase)/decrease (including shortages, provisions & write off etc)	<u><u>124.32</u></u>	<u><u>89.65</u></u>
 Details of inventory		
Finished products:		
Mild Steel pressed components	14.80	57.27
Bolts, nuts and rivets	-	15.33
Woodscrews and machine screws.	<u>20.20</u>	<u>8.17</u>
	<u>35.00</u>	<u>80.77</u>
Work-in-progress:		
Mild Steel pressed components	8.88	30.36
Woodscrews and machine screws.	<u>3.52</u>	<u>7.29</u>
	<u>12.40</u>	<u>37.65</u>
 24 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	333.90	321.62
Contribution to provident and other funds	94.02	182.56
Staff welfare expenses	<u>39.45</u>	<u>35.33</u>
	<u><u>467.37</u></u>	<u><u>539.51</u></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

	₹ in Lakhs	
	<u>Year ended 31st March' 13</u>	<u>Year ended 31st March' 12</u>
25 OTHER EXPENSES		
Consumption of stores and spares	48.48	27.45
Power and fuel	80.32	88.14
Repairs to Buildings	7.65	2.35
Repairs to Machinery	17.45	18.98
Repairs to Others	46.52	49.04
Directors' sitting fees	3.15	2.03
Insurance	3.16	4.75
Rent	72.06	58.87
Rates and taxes	30.44	24.25
Printing and stationery	9.56	11.53
Postage, telephone & telex	16.10	14.51
Data processing expenses	4.05	4.85
Travelling expenses	28.93	43.87
Advertisement expenses	12.88	6.60
Security charges	67.34	58.74
Freight, packing and delivery charges	26.46	46.15
Legal and Professional Charges	115.70	159.32
Outside processing charges for products	13.97	4.74
Net profit/(loss) on sale of investment	-	0.31
Provision for doubtful debts and advances	6.11	-
Provision no longer required	(11.45)	(3.89)
Doubtful advances written off	11.45	3.89
Miscellaneous expenses	348.11	204.63
	<u>958.44</u>	<u>831.11</u>
(a) Payment to auditors (included in Miscellaneous expenses)		
As:		
- Auditor	2.25	2.25
- For other services (certificates, provident fund audit etc.)	2.82	2.75
- For re-imburement of expenses	0.10	0.18
	<u>5.17</u>	<u>5.18</u>
(b) Miscellaneous expenses include interest of ₹ Nil Lakhs paid on finalisation of income tax assessment (2011-12 - ₹ 44.15 Lakhs) and ₹ 200.77 lakhs (2011-12 - ₹ Nil) on account of claims made against the company.		
26 CONTINGENT LIABILITIES AND COMMITMENTS		
Contingent Liabilities		
a) Excise duty under Appeal (to the extent ascertainable)	164.66	164.66
b) Disputed sales tax under Appeal	507.29	507.29
c) Claims not acknowledged as debts (to the extent ascertainable and not provided for)	132.23	41.46

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

₹ in Lakhs

	As at 31.03.13	As at 31.03.12
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27 EMPLOYEE BENEFITS**a. Defined Contribution Scheme**

Employer's Contribution to Provident Fund

22.86

43.19

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

₹ in Lakhs

I Expense recognised in the Income statement	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	<u>2012/2013</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2011/2012</u>
Current service cost	5.46	5.77	47.33	38.54	3.66	3.34
Interest cost	14.61	12.06	98.88	78.22	8.62	6.48
Expected return on plan assets	(7.99)	(7.70)	(114.02)	(105.27)	–	–
Actuarial (gain)/loss	6.12	7.18	4.64	82.12	3.85	13.81
Total Expenses	18.20	17.31	36.83	93.61	16.13	23.63
II Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	<u>2012/2013</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2011/2012</u>
Present value of Defined benefit obligation at the beginning of the year	181.78	157.55	1219.59	1003.32	105.25	84.57
Current service cost	5.46	5.77	47.33	38.54	3.66	3.34
Interest Cost	14.61	12.06	98.88	78.22	8.62	6.48
Benefit payments	(12.47)	(6.04)	(27.49)	(1.01)	(3.15)	(2.95)
Actuarial (gain)/loss	7.92	12.44	24.85	100.52	3.85	13.81
Present value of Defined benefit obligation at the end of the year	197.30	181.78	1363.16	1219.59	118.23	105.25
III Changes in the fair value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	<u>2012/2013</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2011/2012</u>
Fair value of plan assets at the beginning of the year	106.17	99.25	1439.00	1316.34	–	–
Employer contribution	–	–	–	–	3.15	2.95
Expected Return on plan assets	7.99	7.70	114.02	105.27	–	–
Benefit payments	(12.47)	(6.04)	(27.49)	(1.01)	(3.15)	(2.95)
Actuarial gain/(Loss)	1.80	5.26	20.21	18.40	–	–
Fair value of plan assets at the end of the year	103.49	106.17	1545.74	1439.00	–	–

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

₹ in Lakhs

IV Reconciliation of Net Asset/ (Liability) recognised in the Balance Sheet during the year ended 31st March, 2013	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
Net Asset/(Liability) at the beginning of the year	(75.61)	(58.30)	219.41	313.02	(105.25)	(84.57)
Employer (Expenses)/credit	(18.20)	(17.31)	(36.83)	(93.61)	(16.13)	(23.63)
Employer Contribution	—	—	—	—	3.15	2.95
Net Asset/(Liability) at the end of the year	(93.81)	(75.61)	182.58	219.41	(118.23)	(105.25)

V Actuarial assumptions:

Discount rate (per annum)	7.90%	8.20%-8.40%	7.90%	8.20%	7.00%	8.20%-8.40%
Expected return on plan assets (per annum)	8.00%	8.00%	8.00%	8.00%	NA	NA

Notes:

- i) Assumptions relating to future salary increase, attrition, interest rate for discount and overall expected rate of return on Assets have been considered in the actuarial valuation based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- ii) Disclosure in terms of Para 120(n) of AS 15 (revised 2005)

	Gratuity (Funded)				Pension Fund (Funded)			
	2012/2013	2011/2012	2010/2011	2009/2010	2012/2013	2011/2012	2010/2011	2009/2010
Present Value of Defined Benefit Obligation at the year end	(197.30)	(181.78)	(157.55)	(76.50)	(1363.16)	(1219.59)	(1003.32)	(931.68)
Fair Value of Plan Assets at the year end	103.49	106.17	99.25	95.61	1545.74	1439.00	1316.34	1239.00
Surplus/(Defecit)	(93.81)	(75.61)	(58.30)	19.11	182.58	219.41	313.02	307.32
Experience Adjustments on Plan Liabilities	4.41	(13.31)	3.73	(9.11)	(2.83)	(108.43)	(1.46)	12.77
Experience Adjustments on Plan Assets	1.80	5.26	8.86	10.40	20.21	18.40	9.86	(1.63)

₹ in Lakhs

28 CONSUMPTION OF:

 Raw materials
 – Indigenous

2012/2013		2011/2012	
Amount	%	Amount	%
1568.97	100.00	1870.87	100.00
1568.97	100.00	1870.87	100.00
Spare Parts and Components/Stores and Spares			
– Indigenous		– Indigenous	
48.48	100.00	27.45	100.00
48.48	100.00	27.45	100.00

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013**

29 "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	
		31.03.13	31.03.12	31.03.13	31.03.12
Key Management Personnel					
Mr. J. D. Curavala	Remuneration	55.09	52.61	(3.50)	(3.50)
Mr. G. Srinivasan	Remuneration	47.74	43.83	(3.00)	(2.73)
		<u>102.83</u>	<u>96.44</u>	<u>(6.50)</u>	<u>(6.23)</u>

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

30 The Earnings per share has been calculated on the basis of number of equity shares outstanding during the year ended 31st March, 2013 in accordance with the provisions of Accounting Standard- 20 (Earnings per share):

₹ in Lakhs

	As at 31.03.13	As at 31.03.12
Profit attributable to Equity Shares (₹ in Lakhs)	1226.63	1373.87
Weighted average Number of Equity Shares	5966500	5966500
Earnings per Share (₹)	20.56	23.03

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

A PRIMARY SEGMENT (BUSINESS SEGMENT)

₹ in Lakhs

	Year ended 31.03.13	Year ended 31.03.12
1 Segment Revenue (net sales/income from each segment)		
Auto Components	1900.60	2169.88
Fasteners	130.06	127.09
Others	1629.19	993.87
Net Sales/Income from operation	<u>3659.85</u>	<u>3290.84</u>
2 Segment Results (Profit/Loss) before tax and interest from each segment		
Auto Components	15.10	112.25
Fasteners	(34.46)	(71.05)
Others	1582.85	1363.17
	<u>1563.49</u>	<u>1404.37</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lakhs

	<u>As on</u> <u>31.03.13</u>	<u>As on</u> <u>31.03.12</u>
3 Segment Capital Employed		
Auto Components	747.71	984.51
Fasteners	16.94	13.46
Others	7914.48	6454.53
Total	<u>8679.13</u>	<u>7452.50</u>
4 Capital Expenditure:		
Auto Components	7.52	10.03
Fasteners	0.40	1.01
Others	0.11	7.88
Total	<u>8.03</u>	<u>18.92</u>
5 Depreciation:		
Auto Components	77.37	85.81
Fasteners	0.16	0.19
Others	10.85	15.79
Total	<u>88.38</u>	<u>101.79</u>
6 Other Non-Cash Expenditure:		
Others	<u>6.11</u>	<u>-</u>

B SECONDARY SEGMENT (GEOGRAPHICAL SEGMENT)

	<u>Year ended</u> <u>31.03.13</u>		<u>Year ended</u> <u>31.03.12</u>	
	<u>Within India</u>	<u>Outside India</u>	<u>Within India</u>	<u>Outside India</u>
1 Segment Revenue	3659.85	-	3290.84	-
2 Segment Capital Employed	8679.13	-	7452.50	-
3 Capital Expenditure	8.03	-	18.92	-

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.

Name of segment**Comprises of:**

Fasteners

Woodscrews, machine screws, Safety Pins

Auto components

Mild Steel Pressed components

- (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 basis as estimated by the management.

GKW LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013****32 Comparative**

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

SI No	Name of the Company	Ownership Interest	
		2012-13	2011-12
1	GKW (Overseas Trading) Limited	100	100

- (b) Previous years' figures have been rearranged and regrouped wherever considered necessary.

On behalf of the Board

J D Curravala
Managing Director

G Srinivasan
Director

J N Ghosh
Vice-President & Secretary

A Chakrabarti
Sr. Vice-President (Finance)

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

Kolkata
9th May, 2013

GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

₹ in Lakhs

For the year ended	For the year ended
31st March, 2013	31st March, 2012

A. Cash flow from Operating Activities

Net Profit/(Loss) before taxation	1563.49	1404.37
Adjustments for:		
Depreciation - Fixed Assets	88.38	101.79
Provision for diminution in value of investments	-	(0.15)
(Profit) / Loss on disposal / scrapping of fixed assets (net)	(12.87)	(794.64)
(Profit) / Loss on sale of investment (net)	-	0.31
Dividend and Income on investment	(72.44)	(4.71)
Interest income	(472.23)	(415.49)
Provision for doubtful debts and advances	6.11	-
Doubtful debts and advances written off	11.45	3.89
Provision no longer required	(11.45)	(3.89)
Liability no longer required written back	(27.73)	(92.78)
Provision for diminution in value of investments written back	(5.45)	-
	(496.23)	(1205.67)
Operating Profit/(Loss) before Working Capital changes	1067.26	198.70
Adjustments for:		
Trade & Other receivables	400.11	(228.22)
Inventories	133.73	92.04
Trade Payables	(40.18)	62.56
Bank deposits with maturity more than 3 months and less than 12 months	1734.49	2228.15 (2234.50)
Cash generation from operation	3295.41	(2109.42)
Direct taxes (paid)/refund (net)	(266.93)	(343.73)
Net Cash inflow/ (outflow) from operating activities	3028.48	(2453.15)

B. Cash Flow from investing activities

Purchase of fixed assets	(8.03)	(18.92)
Purchase of investment	(250.00)	(1390.00)
Sale of Fixed Assets	23.47	797.73
Sale of investment	-	19.73
Bank deposits with maturity more than 12 months	(2019.60)	(650.04)
Dividend & Income on investment	72.44	4.63
Interest income	459.86	381.31
Net cash inflow/ (outflow) from investing activity	(1721.86)	(855.56)

GKW LIMITED - CONSOLIDATED FINANCIAL STATEMENTS**CONSOLIDATED CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT) Contd.**

	<i>₹ in Lakhs</i>	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012
C. Cash Flow from Financing activities		
Net cash flow from financing activities	—	—
Net increase/ (decrease) in Cash and Cash equivalents (A+B+C)	1306.62	(3308.71)
Opening Cash and Cash Equivalents as on 01.04.12	495.39	3804.10
Closing Cash and Cash Equivalents as on 31.03.13	1802.01	495.39

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 ₹ 1458.51 lakhs (2011-12 - ₹ 308.00 Lakhs) as on the Balance Sheet date.

3) Previous year's figures have been rearranged, where 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
9th May, 2013

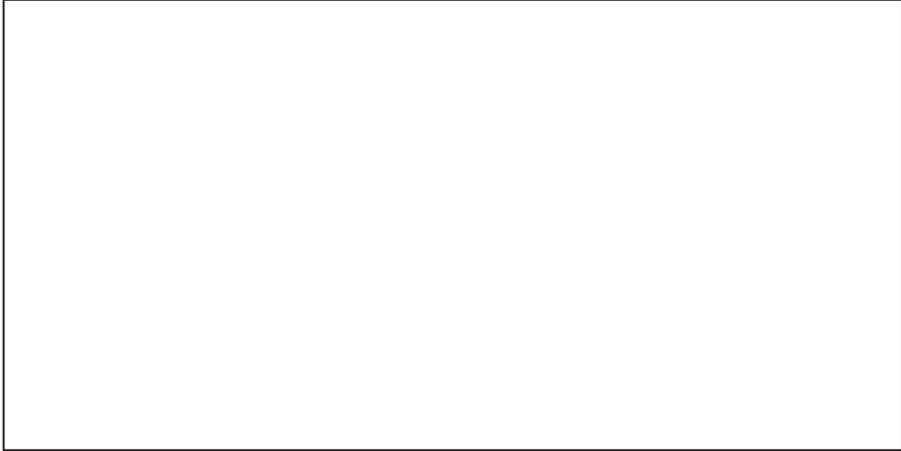
This is the Consolidated Cash Flow Statement referred to in our report of even date

14, Government East Place
Kolkata
9th May, 2013

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



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