

REPORT AND ACCOUNTS 2004-2005



GKW LIMITED

MANAGING DIRECTOR
J D Curavala
WHOLETIME DIRECTOR
G Srinivasan

DIRECTORS
P N Biyani
M L Lahoti
N K Navalakha

SECRETARY
J N Ghosh

AUDITORS
Lodha & Co.

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

BANKERS

Central Bank of India
Bank of India
Canara Bank
State Bank of Hyderabad
State Bank of India
Union Bank of India
United Bank of India
American Express Bank Limited
Indian Overseas Bank

REGISTRAR & SHARE TRANSFER AGENT
(For Physical & Demat)

C. B. Management Services Pvt. Ltd.
P-22, Bondel Road
Kolkata 700 019
Phone : 2280 6692 - 94
Fax : 2247 0263
E-mail : cbmsl1@cal2.vsnl.net.in



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NOTICE

Notice is hereby given that the 75th Annual General Meeting of the Members of GKW Limited will be held on Tuesday, 27th September, 2005 at 11.00 a.m. at Kala Kunj, 48 Shakespeare Sarani, Kolkata 700 017 to transact the following business:

AS ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2005, the Audited Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. G. Srinivasan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P.N. Biyani who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and for that purpose to consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution provided that if on the date of the Annual General Meeting not less than 25% of the subscribed share capital of the Company is held by public financial institutions and nationalised banks, the Resolution will be proposed as a Special Resolution pursuant to Section 224A of the Companies Act, 1956:

"RESOLVED THAT Lodha & Co., Chartered Accountants of 14, Government Place East, Kolkata 700 069, be and they are hereby appointed Auditors of the Company to hold office from

the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company plus out-of-pocket expenses as may be incurred by them in connection with the audit and that such remuneration be paid to them in four equal quarterly instalments".

AS SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the revision of salary and other perquisites of Mr. G. Srinivasan as Wholetime Director of the Company with effect from 1st April, 2005 as set out in the Draft Supplementary Agreement between the Company and Mr. G. Srinivasan submitted to this Meeting and initialled by the Chairman for the purpose of identification which Supplementary Agreement is hereby specifically sanctioned".

"RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, the Company do pay to Mr. G Srinivasan remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956".

Registered Office:

3A Shakespeare Sarani
Kolkata 700 071

Dated: 15th June, 2005

By Order of the Board

J. N. Ghosh

Company Secretary

NOTES:

- i) The Register of Members and Share Transfer Books will remain closed from 16th September, 2005 to 27th September, 2005 both days inclusive.
- ii) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
- iii) Members are requested to notify any change in their addresses to the Company's Registrars and Share Transfer Agents, C.B. Management Services Private Limited, P-22, Bondel Road, Kolkata 700 019.
- iv) Pursuant to Section 205A(5) of the Companies Act, 1956 as amended from the 31st October 1998, the dividends pertaining to the financial year ended 31st March, 1997 and thereafter remaining unclaimed for a period of seven years from the date of the transfer in accordance with Section 205A(1) of the Companies Act, 1956 have been transferred to the Investor Education and Protection Fund of the Central Government. According to the provisions of the Act, no claims shall lie against the said fund or the Company nor shall any payment be made in respect of such claims.
- v) Members who have multi-accounts in identical name and address or in joint names in the same order are requested to intimate the Company the ledger folios of such accounts for consolidating their shareholding into one account.
- vi) **MEMBERS WHO WERE SHAREHOLDERS OF ERSTWHILE POWMEX STEELS LIMITED (POWMEX) AND WHO HAVE NOT TILL DATE EXCHANGED THEIR SHARE CERTIFICATES OF POWMEX WITH SHARE CERTIFICATES OF GKW LIMITED ARE ONCE AGAIN REQUESTED TO KINDLY SEND THE SHARE CERTIFICATE OF POWMEX TOGETHER WITH A FORWARDING LETTER SIGNED BY THE JOINT HOLDER(S), IF ANY, BY REGISTERED POST TO:-**
C.B. Management Services Private Limited,
P-22, Bondel Road,
Kolkata 700 019
- vii) Individuals holding shares singly or jointly with upto two persons may nominate another person to whom the shares shall vest in the event of the shareholders death. Form 2B has been prescribed for the purpose. Blank forms are available from the Company's Secretarial Department and the Registrar's office.

EXPLANATORY STATEMENT

The Explanatory Statement for Item No. 5 of the accompanying Notice set out hereinabove is as under:

Resolution No. 5

Mr. G Srinivasan was re-appointed as Wholetime Director for a period of 5 (five) years with effect from 13th September, 2002 with the existing terms and conditions.

GKW LIMITED

The Remuneration Committee of Directors approved the revision of remuneration payable to Mr. G Srinivasan pursuant to Part II Section II(B) of Schedule XIII of the Companies Act, 1956 and recommended the same to the Board for its consideration and approval. The Board of Directors of the Company ("the Board") at its Meeting held on 15th June, 2005 approved the increase in the remuneration of Mr. G Srinivasan as the Wholetime Director with effect from 1st April, 2005 on the terms and conditions as set out in the draft Agreement ("the Agreement") to be entered into between the Company and Mr. Srinivasan. The following are the revised salary and perquisites of Mr. Srinivasan:-

Salary : Rs.1,00,000/- per month in the scale of Rs.30,000/- - Rs.1,50,000/- with an authority to the Remuneration Committee or the Board of Directors to fix in its absolute discretion and from time to time, within the scale stated above, the salary payable to Mr. Srinivasan.

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

Perquisites : Mr. Srinivasan will be entitled to perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost of the Company in other cases) like the benefits of the Company's furnished accommodation/House Rent Allowance, gas, electricity, water and furnishing, club fees, personal accident insurance, medical reimbursement, leave and leave travel concession. The total perquisites will be currently restricted to Rs.25,000/- per month pursuant to Part II Section II of Schedule XIII of the Companies Act, 1956 which may be reviewed by the Board in case of any statutory modifications or re-enactment thereof.

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

In case Company-owned accommodation is not provided, Mr. G. Srinivasan shall be eligible for house rent allowance subject to a ceiling of 60% of his salary and maintenance of accommodation including furniture, fixtures and furnishings, as may be provided by the Company.

In the event of absence or inadequacy of profits in any financial year the remuneration by way of salary, allowances and perquisites payable to the Wholetime Director shall not exceed the limits prescribed under the Companies Act, 1956, and the Rules made thereunder or any statutory modification or re-enactment thereof.

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

The Board recommends this Resolution for approval.

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

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

STATEMENT PURSUANT TO PART II SECTION I(iv) OF SCHEDULE XIII OF THE COMPANIES ACT, 1956 TO BE CIRCULATED TO THE SHAREHOLDERS ALONG WITH THE NOTICE CALLING THE GENERAL MEETING ON 27TH SEPTEMBER, 2005

i. General Information :-

(1) Nature of industry

Engineering:

Manufacturing High Speed Steel, Alloy Steel and Engineering Products.

(2) Date or expected date of commencement of commercial production

Not Applicable

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not Applicable

(4) Financial performance based on given indicators

Financial parameters

	2000-01	2001-02	Year 2002-03	2003-2004	(In Rs.Lacs) 2004-2005
Turnover	7659	6622	6456	7306	8263
Net profit/(loss) (as computed under section 198)	(18750)	(17937)	(20848)	(23660)	(23293)
Net profit/(loss) as per profit and loss account	939	754	(2753)	(2548)	(2359)
Amount of dividend paid	—	—	—	—	—

(5) Export performance and net foreign exchange collaborations

Export of goods calculated on f.o.b. basis

848	648	880	946	1202
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(6) Foreign investments or collaborators, if any. —

ii. Information about the appointee :

(1) Background details

Please see Annexure I

(2) Past remuneration

	31-03-01	31-03-02	31-03-03	31-03-04	31-03-05
Salary	6,00,000	6,00,000	6,00,000	6,00,000	6,00,000
Perquisites	4,50,000	4,50,000	3,00,000	3,00,000	3,00,000
Others(*)	1,87,000	1,87,020	1,87,000	1,87,000	1,87,000
Total:	<u>12,37,000</u>	<u>12,37,020</u>	<u>10,87,000</u>	<u>10,87,000</u>	<u>10,87,000</u>

(*) Others include P.F. Pension and Gratuity

- (3) Recognition or awards —
- (4) Job profile and his suitability
Mr. G. Srinivasan has been working as Wholetime Director of the Company since September, 1997 for over 7 years. Having regard to the qualifications, experience of Mr. G. Srinivasan as stated under BACKGROUND DETAILS, the Board of Directors of the Company is of the opinion that increase in the remuneration of Mr. Srinivasan is justified.
- (5) Remuneration proposed
Please see Annexure II
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with reference to the country of his origin).
Please see Annexure III.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.
NIL

III. Other information :

- (1) Reasons of loss or inadequate profits.
Due to recession in the industry coupled with high interest burden and high manpower costs resulted in accumulated losses which in turn made the Company sick.
- (2) Steps taken or proposed to be taken for improvement.
The Company had submitted its draft rehabilitation scheme to The Board for Industrial & Financial Reconstruction (BIFR) through the State Bank of India, the Operating Agency appointed for this purpose which is under consideration. The Draft Rehabilitation Scheme was already circulated to all concerned by BIFR. As per the said Scheme, the performance of the Company is expected to improve from loss to profitability.
- (3) Expected increase in productivity and profits in measurable terms.
The rehabilitation scheme submitted by the Company envisaged business, organizational and financial restructuring. State Bank of India, Operating Agency has conducted a techno economic viability study of all the divisions of the Company. Based on the study, the recommendation was that upon implementation of business, organization and financial restructuring, the Company shall be in the following position:-

	2005/06	2006/07	Rs. Lacs 2007/08
Net Sales	10570	10627	10627
PBDIT	1293	1296	1236

Kolkata
15th June, 2005

By Order of the Board
J. N. Ghosh
Company Secretary

Annexure I

Background Details of Mr. G. Srinivasan, Wholetime Director

Mr. G. Srinivasan was born on 29th June, 1944, joined the Company in 1967 as trainee engineer. Mr. Srinivasan is a graduate in mechanical engineering. After working in various departments Mr. Srinivasan was appointed as General Manager of the Company's Unit at Bangalore in 1986 and later in 1987 he was appointed Chief Executive of one of the operating divisions of the Company. Mr. Srinivasan was appointed a Wholetime Director in charge of operations of Western and Southern regions of the Company with effect from 7th April, 1988. Mr. Srinivasan has over 38 years' experience in various fields of industry and was personally responsible for the operations of Sankey Electrical Stampings and Screws & Fasteners Divisions and Heat Treated Products Unit of the Company. The aggregate turnover of these units was more than 60% of the total turnover of the Company. Mr. Srinivasan left the Company for a brief period between 1994 and 1997 and was again re-appointed as Wholetime Director on 13th September, 1997 for a period of 5 years.

Thereafter, the Board of Directors of the Company re-appointed him as Wholetime Director of the Company with effect from 13th September, 2002 which position he has been holding at present.

Mr. Srinivasan is part of the top management team which is in the process of implementing a turnaround strategy for the Company.

Annexure II

REMUNERATION PROPOSED FOR MR. G. SRINIVASAN, WHOLETIME DIRECTOR OF THE COMPANY

Salary : Rs. 1,00,000/- per month in the scale of Rs.30,000/- - Rs.1,50,000/- with an authority to the Remuneration Committee or the Board of Directors to fix in its absolute discretion and from time to time, within the scale stated above, the salary payable to Mr. Srinivasan.

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

Perquisites : Mr. Srinivasan will be entitled to perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost of the Company in other cases) like the benefits of the Company's furnished accommodation/House Rent Allowance, gas, electricity, water and furnishing, club fees, personal accident insurance, medical reimbursement, leave and leave travel concession. The total perquisites will be currently restricted to Rs.25,000/- per month pursuant to Part II Section II of Schedule XIII of the Companies Act, 1956 which may be reviewed by the Board in case of any statutory modifications or re-enactment thereof.

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

In the event of absence or inadequacy of profits in any financial year the remuneration by way of salary, allowances and perquisites payable to the Wholetime Director shall not exceed the limits prescribed under the Companies Act, 1956, and the Rules made thereunder or any statutory modification or re-enactment thereof.

GKW LIMITED

Annexure III

COMPARATIVE REMUNERATION PROFILE

(Rs./Lakhs)

Sl No	Name of Company	Turnover	Profit/Loss	Salary	Perquisites
1.	Consolidated Fibres and Chemicals Ltd. (31-03-2004) (Sick Company) (No Dividend)	11588.42	(2923.14)	12.64	4.68
2.	Hindustan Engineering and Industries Ltd. (31-03-2004) (No Dividend) (Two units under lockout since 2000)	29686.78	74.99	13.57	2.45
3.	Malanpur Steel Ltd. (31-03-2004) (No Dividend) (Sick Company) (Steel plant suspension of operations)	128.39	(3328.03)	4.44	4.75
4.	Stone India Ltd (No Dividend)	3000.14	(886)	13.38	4.58

GKW Limited

Registered Office : 3A Shakespeare Sarani, Kolkata 700 071

Please Complete the attendance slip and hand it over at the entrance of the Meeting Hall. Please also bring your copy of the enclosed Annual Report.

ATTENDANCE SLIP

I hereby record my presence at the 75th Annual General Meeting of the Company held on 27th September, 2005.

REGD. FOLIO NO. : No. of Shares :

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

SIGNATURE OF THE SHAREHOLDER OR PROXY

GKW Limited

Registered Office : 3A Shakespeare Sarani, Kolkata 700 071

REGD. FOLIO NO. : No. of Shares :

PROXY FORM

We _____

of _____

being a member/members of GKW Limited,

hereby appoint _____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 75th Annual General Meeting of the Company to be held on 27th September, 2005 and at any adjournment thereof.

AS WITNESS my/our hand this _____ day of _____ 2005.

Signed by the said _____

30p
Revenue
Stamp

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

- Your Directors submit their Annual Report together with the audited accounts for the year ended 31st March, 2005.
- The results for the year under review are given below :

	Rs. Crores	
	2004-2005	2003-2004
Sales	82.63	73.07
Profit/(Loss) before interest and depreciation	(0.01)	(2.38)
Interest	(18.20)	(16.80)
Gross Profit/(Loss)	(18.21)	(19.18)
Depreciation	(8.70)	(9.04)
Profit/(Loss) before tax	(26.91)	(28.22)
Taxation (Net)	3.32	2.74
Profit/(Loss) after taxation	(23.59)	(25.48)

It can be seen from the above table that during the year under review loss before interest and depreciation has been reduced to a near breakeven, and loss after tax has also been reduced by Rs. 1.89 crores as compared to the previous year.

- In view of the carried forward loss, your Directors regret their inability to recommend any dividend in respect of equity shares for the year ended 31st March, 2005.

ACCOUNTS & FINANCE

- Out of the amounts no longer required to be kept in the Property Revaluation Reserve an amount of Rs.22 lakhs (2003/2004-Rs.22 lakhs) has been transferred to Profit and Loss Account.
- Capital expenditure and value of new assets put into use during the year under review amounted to Rs. 6 lakhs (2003/2004 Rs.15 lakhs).
- The total borrowings as at 31st March, 2005 amounted to Rs.13797 lakhs (2003/2004-Rs.12205 lakhs) out of which bank borrowing was Rs.11986 lakhs (2003/2004 -Rs.10573 lakhs).
- As regards non-availability of vouchers, related documents and physical verification of assets in units under suspension of operation etc. referred to in the Auditors' Report, Note No. 26(b) to the Accounts is self-explanatory. As regards, Auditors' observation pertaining to applicability of the provisions of Section 274(1)(g) of the Companies Act 1956, regarding disqualification of Directors referred to in their Report, Note 26(c) to the accounts is self-explanatory.

- As regards non-verification of net recoverable value of the fixed assets referred to in the Auditors' Report, Note No. 26(f) to the accounts is self-explanatory.

CONSOLIDATED ACCOUNTS

- In compliance with Accounting Standard 21 of The Institute of Chartered Accountants of India, consolidated accounts are annexed hereto. As regards Auditors' comments on non-inclusion of GKW Cement Limited, Note No. 26(e) to accounts is self-explanatory.

MANAGEMENT DISCUSSION AND ANALYSIS ON OPERATIONS

- Sankey Electrical Stampings Division at Bhandup, despite reduction in sales, was able to reduce operating losses mainly on account of reduction in wages and fixed expenses. As reported last year, the division's Bangalore unit continues to remain closed and will be dealt with in the overall restructuring plan of the Company.
- The Metal Pressings Division near Pune suffered losses mainly on account of lower volume and under recovery of fixed costs. A section of the work force created minor work disruptions from time to time. Suitable steps have been contemplated to deal with this situation.
- The Andul Road Works (ARW) divisions, comprising Steel, Bolt & Nut, Engineering and Machinery and Unit of Sankey Electrical Stampings Division continued to remain under suspension of work.
- Powmex Steels Division could reduce its operating loss as compared to the previous year. Improved operating performance was mainly due to better sales realisation both in the domestic and export markets. Demand for high speed steel seems to be firming up due to improved performance of the automobile and agricultural sectors. However during the latter part of the year under review, ferro alloy prices scaled unprecedented levels both on account of increase in demand and truncation of supply from international sources. This has put a tremendous burden on working capital requirements. In this situation, your Directors have taken necessary steps to safeguard product contributions, on the one hand and improve liquidity by close monitoring of working capital management on the other. Energy conservation is being accorded top priority in this division to partially neutralise rising energy costs.
- Screws & Fasteners Division faced increased price competition from the unorganised sector, resulting in lower volume and operating profit. Your Directors are endeavoring to reduce costs and improve efficiencies in order to be competitive in an extremely price sensitive market. Lower costs would also enable the division to explore export markets which to a large extent are being catered to by Chinese exports. Brand promotion

GKW LIMITED

and innovative product packaging are being organised to increase product acceptability

15. The Company has adequate internal control system to ensure protection of assets against loss from unauthorised use or disposal, proper maintenance of accounting records and adherence to Company's policies and procedures. The Company has an Internal Audit system which is commensurate with its size and nature of its business. An Audit Committee of the Board of Directors periodically reviews the internal control systems to ensure their effectiveness and adequacy.
16. The Industrial Relations situation was generally stable with no material developments in the human resources/ industrial relations front during the period under review except for minor work disruptions created by a section of the workforce in Metal Pressings unit near Pune.
17. The total number of employees was 2452 as on 31st March, 2005.

Financial and operational performance has been discussed above.

RESTRUCTURING

18. As reported earlier, pursuant to the directions of the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) the Revised Rehabilitation Scheme incorporating inter alia a plan for settlement of secured creditors' dues and rationalisation of the Company's operations/workforce was submitted by the Operating Agency, State Bank of India to BIFR. Based on this submission, BIFR formulated and circulated a Draft Rehabilitation Scheme to all concerned for consent as required u/s 19(2) of the Sick Industrial Companies (Special Provisions) Act, 1985 and fixed the date of hearing as 18th April, 2005 which has subsequently been postponed till further notice. Your Directors are closely following up with BIFR for an early hearing, and we are given to understand that based on certain pronouncements by the High Courts, the BIFR is considering commencement of the hearings shortly.

DELISTING OF THE COMPANY'S EQUITY SHARES

19. As already reported last year the Company submitted applications for delisting of shares on Calcutta and Mumbai Stock Exchanges. The formal approval from the said Stock Exchanges is still awaited. In the meantime the shares of the Company shall continue to be listed with the National Stock Exchange.

EXPORTS

20. Products exported during the year amounted to Rs. 1231 lakhs (2003/2004 - Rs.963 lakhs). Powmex Steels Division accounted for total exports.

21. Earnings in foreign exchange during the year amounted to Rs. 1202 lakhs (2003/2004 - Rs.946 lakhs) and outgo was Rs.1901 lakhs (2003/2004 - Rs.869 lakhs).

CONSERVATION OF ENERGY

22. The prescribed Form 'A' relating to conservation of energy in the Company's Powmex Steels Division at Titilagarh in Orissa is annexed. Energy saving measures adopted during the year have yielded results. There has been a decrease in consumption of electricity in the areas of black and bright bar production and Heat Treatment as compared to the previous year. There has been significant reduction in the consumption of HSD/Furnace Oil in the Rolling area.

TECHNOLOGY AND RESEARCH & DEVELOPMENT

23. During the year under review Powmex Steels Division:
 - fully implemented an external consultant's recommendations for optimisation of operation of Roller Hearth Annealing Furnace resulting in savings in electricity and HSD. Productivity of the furnace has also increased and quality of annealed material improved with respect to annealed hardness and decarb level.
 - developed a new size of high speed steel flats for export market.
 - extensively explored, the use of non conventional sources of alloys like tungsten - carbides, tungsten - moly wires and various alloy blends. This would also enable the division to avoid disruption in production of high speed steel due to any supply crisis in the international markets.

SUBSIDIARY COMPANIES

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

PARTICULARS OF EMPLOYEES

25. There was no employee in receipt of remuneration the particulars of which are required to be given as per Companies (Particulars of Employees) Rules 1975 (as amended).

DIRECTORS

26. Mr. G. Srinivasan and Mr. P.N. Biyani, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.
27. Mr. J.D. Curravala was re-appointed as Managing Director of the Company for a further period of 3 years w.e.f. 11th August, 2004.
28. The Board of Directors in its meeting held on 15th June, 2005 approved increase in the remuneration of Mr. G. Srinivasan, Wholetime Director subject to the consent

to be obtained from the Shareholders in the General Meeting and other approvals, if any.

AUDITORS

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

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

30. 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

31. The report on Corporate Governance is appended hereto.

ACKNOWLEDGEMENT

32. 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	J D Curravaia	G. Srinivasan
15th June, 2005	<i>Managing Director</i>	<i>Director</i>

FORM - A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy**(A) POWER & FUEL CONSUMPTION**

Current Year Ended 31.03.2005	Previous Year Ended 31.03.2004
Powmex Steels Division	Powmex Steels Division

1. Electricity		
a) Purchased		
Units (KWh million)	7.44	9.50
Total Amount (Rs. Crores)	3.25	3.83
Rate/Unit (Rs.)	4.37	4.03
b) Own Generation (Diesel Generator)	Nil	Nil
Unit (KWh)	Nil	Nil
Unit/Litre of Diesel Oil	Nil	Nil
Cost/Unit-Variable (Rs.)	Nil	Nil
2. HSD/Furnace Oil		
Quantity (Kilo Litre)	1818	2306
Total Amount (Rs. Crores)	3.94	4.41
Average Rate/Kilo Litre(Rs.)	21672	19124

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

Electricity (KWh/tonne)	Melting	958	933
	Black Bar	951	1021
	Bright Bar Finishing	98	146
	Heat Treatment	132	174
HSD/Furnace Oil (Litre/tonne)	Rolled Product	347	419

GKW LIMITED**REPORT ON CORPORATE GOVERNANCE**

The following is a report on the ongoing implementation of the Code 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	—	—	—
Mr. G. Srinivasan	Executive	—	—	—
Mr. P.N. Biyani	Non-Executive*	—	—	—
Mr. M.L. Lahoti	Non-Executive*	—	—	—
Mr. N.K. Navalakha (w.e.f. 30/6/2004)	Non-Executive*	—	—	—
* also independent				

Board, Annual General Meeting and Attendance

Board Meetings were held on 26th May '04, 30th June '04, 30th August '04, 26th November '04, 25th February, 2005. The Annual General Meeting was held on 31st August, 2004.

Director	No. of Board Meetings		Attended last AGM
	Held	Attended	
Mr. J. D. Curavala	5	5	Yes
Mr. G. Srinivasan	5	5	Yes
Mr. P. N. Biyani	5	4	Yes
Mr. M. L. Lahoti	5	4	Yes
Mr. N. K. Navalakha	5	4	Yes

3. Audit Committee

The broad terms of reference of the Audit Committee are to review and interact with the Management and/or Statutory Auditor and/or Internal Auditor in the following areas:

- Appointment and terms thereof of Statutory Auditor.
- The statutory annual, half-yearly and quarterly financial reporting by the Company.
- Updation of applicable accounting policies of the Company in terms of the accounting standards.
- The audit approach and methodology of Statutory Auditors and any material issues arising from the audit.
- The adequacy and effectiveness of accounting and financial controls of the Company, Compliance with Company policies and applicable laws and regulations.
- Undertake special tasks assigned by the Board and recommend corrective actions.