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**REPORT AND ACCOUNTS 2010-2011**

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**GKW Limited**

## GKW LIMITED

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MANAGING DIRECTOR  
J D Curavala

WHOLETIME DIRECTOR  
G Srinivasan

DIRECTORS  
M L Lahoti  
N K Navalakha  
P S Lodha

VICE PRESIDENT & SECRETARY  
J N Ghosh

AUDITORS  
Lodha & Co.

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

BANKERS  
State Bank of India  
Corporation Bank  
AXIS Bank Limited

REGISTRAR & SHARE TRANSFER AGENT  
(For Physical & Demat)  
C. B. Management Services Pvt. Ltd.  
P-22, Bondel Road  
Kolkata 700 019  
Phone : (033) 40116700, 22806692-94/2486  
Fax : 2287 0263  
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, 2011.
- The results for the year under review are given below :

	Rs. Crores	
	2010-2011	2009-2010
Sales	40.75	23.26
Profit before interest and depreciation	22.60	14.36
Interest	-	-
Gross Profit	22.60	14.36
Depreciation	(0.85)	(0.86)
Profit before Tax	21.75	13.50
Taxation (MAT credit in respect of earlier year)	1.93	(2.33)
Profit after taxation	23.68	11.17

As can be seen from the above table, during the period under review, profit before interest and depreciation amounted to Rs.22.60 crores and profit after tax amounted to Rs.23.68 crores as compared to Rs.14.36 crores and Rs.11.17 crores respectively during the previous year. A MAT credit of Rs. 1.93 crores against a debit of Rs.2.33 crores in the previous year contributed Rs. 4.26 crores towards increase in PAT.

### DIVIDEND

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

### FINANCE & ACCOUNTS

- As in the previous year, there were no borrowings during the year ended 31st March 2011.
- Capital Expenditure for the year amounted to Rs.8.54 Lakhs (2009-10 - Rs.42.91 Lakhs) and value of assets put into use during the year amounted to Rs.8.54 Lakhs (2009-10 -Rs.54.69 lakhs)

## CONSOLIDATED ACCOUNTS

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

## MANAGEMENT DISCUSSION AND ANALYSIS ON OPERATIONS

### OPERATIONS

- Sales during the period under review increased mainly on account of supply of full value components (including raw materials) by the Metal Pressings Division as against conversion of customers' materials in the previous year, and increase in income from other sources.
- As in the previous year, your Directors are pleased to report that this year too, the Company has registered increase in profit before tax mainly due to increase in other income and improved profitability of the Metal Pressings Division.
- Metal Pressings Division at Pune registered an increase in turnover due to supply of full value components throughout the year under review. There was improvement in demand in the automobile and tractor sector which resulted in sustained demand for the components supplied by the division. The improved margins on products supplied with Company's raw materials helped the division in achieving higher operating profit.
 

Although the growth in the automobile and tractor segments is expected to remain strong in the near term entry of a large number of players of repute in this field has resulted in keen competition in the highly price sensitive domestic market. There is tremendous pressure on component suppliers for price reduction. Hence cost control and productivity improvement are under constant focus in the division.
- Production and sale of steel wood screws from the recently started Screws and Fasteners Division at the Pune plant of the Company has commenced during the year under review. Since the product is entering the market after a lapse of time, it will take some time for sales to stabilize at an acceptable level. In the meantime it is proposed to start the manufacture of safety pins in the current year.

## GKW LIMITED

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11. During the year under review, the Business Service Centre Agreement to provide business, administrative, communication and internet services from the Company's offices at Kolkata and Mumbai was renewed for a period of one year with effect from 1st April, 2010. Income from this activity has been reflected in the accounts for the year under review.

### OUTLOOK

12. The process of business consolidation adopted by your Company is being pursued vigorously. This will enable the Company to take advantage of emerging business opportunities and also provide a strong base for utilization/development of its assets for significant future growth.

### RISKS AND CONCERNS

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

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

The extremely small customer base of the Metal Pressings Division (MPD) and low cost competition faced by Screws and Fasteners Division (S&F) constitute business risks. Steps are being taken to increase customer base in MPD and become more cost competitive in S&F Division.

### INTERNAL CONTROL

14. The Company has adequate internal control

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

### HUMAN RESOURCES

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

The total number of employees was 82 as on 31st March, 2011.

### PARTICULARS OF EMPLOYEES

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

### SUBSIDIARY COMPANY

17. i) As reported earlier GKW Infosystems Limited was not generating revenues. Hence pursuant to an application made under section 560 of the Companies Act, 1956, the said subsidiary company has been dissolved during the year under review.
- ii) 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

18. Particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies

(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given below:

**A. CONSERVATION OF ENERGY**

Strict implementation of energy conservation measures such as sealing any leakages in compressed air supply lines and utilization of capacitor banks to improve power factor.

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

The nature of business activity carried on by the Company at present does not entail any Research and Development and technology absorption and innovation as such. However product development and process improvement is an on going exercise.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Earnings in foreign exchange during the year amounted to Rs. NIL (2009/2010 – Rs. Nil) and outgo was Rs. 4.70 lakhs (2009/2010 – Rs. 1 lakh).

**DIRECTORS**

19. Mr. M. L. Lahoti, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.
20. Mr. N. K. Navalakha, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment.
21. Mr. J. D. Curravala, Managing Director was re-appointed as Managing Director of the Company for a period of one year from 11th August, 2010 subject to approval of the Shareholders in General Meeting.
22. Mr. G. Srinivasan, Director was re-appointed as Wholetime Director of the Company for a period of one year from 13th September, 2010 subject to approval of the Shareholders in General Meeting.

**AUDITORS**

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

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

24. 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**

25. 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**

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

Kolkata 700 071  
10th May, 2011

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

**REPORT ON CORPORATE GOVERNANCE**

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

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

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

**2. Composition, Category and Directorship in other Companies****Board of Directors**

Director	Executive/ Non-executive/ Independent	Member of Board of Other Public Cos.	Total No. of other Committee membership held	
			As Chairman	As Member
Mr. J. D. Curavala	Executive	Graphite India Limited	-	1
Mr. G. Srinivasan	Executive	-	-	-
Mr. M. L. Lahoti	Non-Executive*	GKW (Overseas Trading) Limited	-	-
Mr. N. K. Navalakha	Non-Executive*	-	-	-
Mr. P. S. Lodha	Non-Executive*	-	-	-

\* also independent

**Board, Annual General Meeting and Attendance**

Board Meetings were held on 12th May '10, 30th July '10, 28th October '10 and 3rd February '11. The Annual General Meeting was held on 30th July, 2010.

Director	No. of Board Meetings		Attended last AGM
	Held	Attended	
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, 2011. All the Directors and Senior Management Personnel have affirmed to fulfill their responsibilities and uphold the high standards of behaviour laid down in the Code and further confirm that they will avoid any conflict of interest in the dealings with the Company.

**4. Audit Committee**

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

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

- g) 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.
- h) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### **Compositions, Name of Members and Chairperson**

Audit Committee meetings were held on 12th May'10, 30th July'10, 28th October'10 and 3rd February, 2011.

Member	Category	Meetings Held	Meetings Attended
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. Curravala 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/ Wholtime Directors. The Remuneration Committee met once on 30th July, 2010 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, 2011.

Sl. No.	Name	Salary Rs.	Commission Rs.	Perquisites , Allowances, Others * Rs.	Sitting fees Rs.	Total Rs.
1.	Mr. J. D. Curravala	36,00,000	-	14,86,000	-	50,86,000
2.	Mr. G. Srinivasan	27,00,000	-	15,52,000	-	42,52,000
3.	Mr. M. L. Lahoti	-	-	-	65,000	65,000
4.	Mr. N. K. Navalakha	-	-	-	65,000	65,000
5.	Mr. P. S. Lodha	-	-	-	65,000	65,000

\* Excluding arrear Gratuity and Leave Pay

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

Period of contract of Managing Director : 1 year from 11-08-2010. 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 Wholtime Director : 1 year from 13-09-2010. The Agreement may be terminated by either party giving the other three month's notice in writing or the Company paying three month's salary in lieu thereof.

There is no separate provision for payment of severance fees.

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

#### **6. Share Transfers and Investors' Grievance Committee**

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

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

## GKW LIMITED

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### 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, 2010	30th July, 2010	Kala Kunj, Kolkata	11.00 a.m.
31st March, 2009	3rd September, 2009	Kala Kunj, Kolkata	11.00 a.m.
31st March, 2008	30th September, 2008	G. D. Birla Sabha Ghar, Kolkata	10.30 a.m.

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

- i) At the Seventy-eight Annual General Meeting held on 30th September, 2008  
– NIL
- ii) At the Seventy-nine Annual General Meeting held on 3rd September, 2009  
– NIL
- iii) At the Eightieth Annual General Meeting held on 30th July, 2010  
– NIL

No Resolution was passed through Postal Ballot.

### 8. Disclosures

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

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

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

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

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

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

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

### 9. Means of Communications

- Half yearly results sent to each household of shareholders : No
- Quarterly Results : The quarterly results published in the proforma prescribed under the Listing Agreement are approved and taken on record within 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 three months from the close of the financial year, the unaudited financial results for the last quarter of the financial year are not published as per the Listing Agreement with the Stock Exchange.
- which Newspaper normally published in : Financial Express (English newspaper – (Kolkata and Mumbai)/ Business Standard (Kolkata and Mumbai) Ajkaal (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

	Date	Time	Venue
AGM	26th July, 2011	11.00 a.m.	Kala Kunj
Financial Calendar (tentative) 2011-12 :			
i) Financial Year	: April-March		
ii) First Quarter Results	: July, 2011		
iii) Second Quarter Results	: October, 2011		
iv) Third Quarter Results	: January, 2012		
v) Audited results for the year ending 31st March, 2012	: May, 2012		
Date of Book Closure	: 18th July, 2011 to 26th July, 2011 (both days inclusive)		
Dividend payment Date	: Not Applicable		

#### Listing on Stock Exchanges

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

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

Annual listing fees have been paid to National Stock Exchange for the year 2011-2012.

#### 11. Unclaimed Shares

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

#### Stock Market Data

<u>Stock Market Price for the year</u>	<u>N S E</u>		<u>NSE NIFTY</u>	
	<u>High (Rs.)</u>	<u>Low (Rs.)</u>	<u>High</u>	<u>Low</u>
April 2010	694.00	395.00	5399.65	5160.90
May 2010	609.00	485.00	5278.70	4786.45
June 2010	638.90	500.00	5366.75	4961.05
July 2010	677.00	576.00	5477.50	5225.60
August 2010	665.00	536.05	5549.80	5348.90
September 2010	666.00	502.00	6073.50	5403.05
October 2010	698.85	576.00	6284.10	5937.10
November 2010	659.00	568.00	6338.50	5690.35
December 2010	678.00	560.05	6147.30	5721.15
January 2011	665.00	523.15	6181.05	5416.65
February 2011	632.85	533.60	5599.25	5177.70
March 2011	597.95	525.00	5872.00	5348.20

**GKW LIMITED**

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

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

**Distribution of shareholding**

Distribution of shareholding as on 31.03.2011

No. of Shares held	No. of Share-holders	%	No. of Shares	%
1 to 500	36096	99.59	381502	6.39
501 to 1000	65	0.18	50723	0.85
1001 to 2000	34	0.09	51929	0.87
2001 to 3000	17	0.05	43144	0.72
3001 to 4000	5	0.01	17788	0.30
4001 to 5000	3	0.01	14366	0.24
5001 to 10000	7	0.02	52914	0.89
10001 & above	17	0.05	5354134	89.74
<b>TOTAL</b>	<b>36244</b>	<b>100.00</b>	<b>5966500</b>	<b>100.00</b>

**Shareholding Pattern**

Shareholding Pattern as on 31.03.2011

Category	No. of Shares Held	% of share-holding of issued share capital
<b>I PROMOTERS' HOLDING</b>		
Promoters – a. Indian Promoters	3580375	60.00
b. Foreign Promoters	894500	15.00
Sub-Total	4474875	75.00
<b>II NON-PROMOTERS' HOLDING</b>		
<b>Institutional Investors</b>		
a. Mutual Fund & Unit Trust of India	5855	0.10
b. Banks, Financial Institutions & Insurance Companies (Central/State Govt. Institution/Non-Govt. Institution)	123189	2.06
c. Foreign Institutional Investors	14789	0.25
Sub-Total	143833	2.41
<b>III OTHERS</b>		
a. Private Corporate Bodies/Trust	781387	13.10
b. Indian Public	561148	9.40
c. NRIS/OCBs/Foreign Nationals	5098	0.09
d. Any other (specify) Clearing members	159	0.00
Sub-Total	1347792	22.59
<b>GRAND TOTAL</b>	<b>5966500</b>	<b>100.00</b>
<b>NOTE: TOTAL FOREIGN SHAREHOLDING</b>	No. of Shares	% of Share-holding
Foreign Holding (Non-Resident)	894500	15.00
NRIs/OCBs	5098	0.09
FII	14789	0.25
TOTAL	914387	15.34