

# \_\_\_\_ **REPORT AND ACCOUNTS 2008-2009** \_\_\_\_

Report  junction.com



**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 : 2280 6692 - 94  
Fax : 2287 0263  
E-mail : cbmsl1@cal2.vsnl.net.in

Report  junction.com

## CONTENTS

	Page No.
Directors' Report	1
Report on Corporate Governance	6
Balance Sheet	12
Profit and Loss Account	13
Schedules	14
Cash Flow Statement	28
Statement Regarding Subsidiary Companies	30
10 Years' Profile	31
Auditors' Report	32
Report & Accounts of Subsidiary Companies	35
Consolidated Financial Statements of GKW Limited & its Subsidiaries	49

**GKW LIMITED**

---

**NOTICE**

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

**AS ORDINARY BUSINESS**

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

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

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

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

**NOTES:**

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

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

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

**GKW Limited**

**Registered Office :** 3A Shakespeare Sarani, Kolkata 700 071

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

**ATTENDANCE SLIP**

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

REGD. FOLIO NO. : ..... No. of Shares : .....

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

SIGNATURE OF THE SHAREHOLDER OR PROXY

-----

**GKW Limited**

**Registered Office :** 3A Shakespeare Sarani, Kolkata 700 071

REGD. FOLIO NO. : ..... No. of Shares : .....

**PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_

\_\_\_\_\_ being a member/members of GKW Limited,

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

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

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

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

AS WITNESS my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signed by the said -----



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

-----

## DIRECTORS' REPORT TO THE SHAREHOLDERS

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

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

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

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

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

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

3. The Scheme of Arrangement (Scheme) for demerger of Powmex Steels Undertaking (PSU) of the Company to Graphite India Limited (GIL), which was approved by members of the Company, was sanctioned by the Hon'ble High Court at Calcutta vide its Order dated 22nd May, 2009. A certified copy of the said Order has since been filed with the Registrar of Companies, West Bengal. The said demerger will enable the Company's shareholders to participate in the growth and prosperity of GIL by earning dividend on GIL shares allotted to them under the Scheme, and can also look forward to appreciation in their value.

4. The demerger will allow your Company to focus on other business opportunities and pursue plans for development and use of its remaining business segments and assets more effectively with greater focus and attention for generating growth therein.

5. Pursuant to the Scheme of demerger of PSU :

- Share capital of the Company stands reduced and consolidated to ensure a rational capital base for your Company commensurate with its remaining business and undertakings. Accordingly, with effect from the Appointed Date, i.e. 1st February 2009 the existing issued, subscribed and paid up share capital of the Company stands reduced to Rs. 5,96,65,008/- divided into 5,96,65,008 Ordinary Shares of Re.1/- each fully paid up for each Ordinary Share of Rs.10/- held by the members of the Company as on the Record Date.
- Simultaneously with such reduction, every resulting ten Ordinary Shares of Re. 1/- each held by the members of the Company as on the Record Date will be consolidated into one Ordinary Share of Rs. 10/- each and the fractional entitlements, if any, which do not constitute whole Ordinary Share of Rs.10/- each will be consolidated and allotted to a trustee appointed by the Committee of Directors for sale thereof and

**GKW LIMITED**

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

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

**FINANCE & ACCOUNTS**

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

**CONSOLIDATED ACCOUNTS**

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

**MANAGEMENT DISCUSSION AND ANALYSIS ON OPERATIONS****OPERATIONS**

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

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

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

**RISKS AND CONCERNS**

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

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

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

#### **HUMAN RESOURCES**

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

#### **OUTLOOK**

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

#### **EXPORTS**

18. Products exported during the year amounted to Rs. 1317 lakhs (including agent export- Rs. 954 lakhs) (2007/2008 - Rs. 2716 lakhs and Rs. 1569 lakhs). Powmex Steels Division accounted for total exports.
19. Earnings in foreign exchange during the year amounted to Rs. 362 lakhs (2007/2008 - Rs. 1139 lakhs) and outgo was Rs. 2295 lakhs (2007/2008 - Rs. 3654 lakhs).

#### **CONSERVATION OF ENERGY**

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

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

#### **TECHNOLOGY AND RESEARCH & DEVELOPMENT**

21. During the year under review Powmex Steels Division developed :
- New high speed steel grade M52 for domestic market
  - Rolling of Alloy steel 21 mm squares also for domestic market.

#### **SUBSIDIARY COMPANIES**

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

#### **PARTICULARS OF EMPLOYEES**

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

#### **DIRECTORS**

24. Mr. P. N. Biyani, Director on the Board expired on 27th March 2009. The Board appreciated the valuable services rendered by Late P. N. Biyani during his tenure as a Director of the Company.
25. Mr. P S Lodha has been appointed as Director on the Board w.e.f. 29th June, 2009 in the casual vacancy caused by the demise of Mr. P. N. Biyani.
26. Mr. N. K. Navalakha and Mr. J. D. Curravala, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

#### **AUDITORS**

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



**GKW LIMITED**

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

28. The Directors hereby confirm:

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

**CORPORATE GOVERNANCE**

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

**ACKNOWLEDGEMENT**

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

Kolkata 700 071  
29th June, 2009

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

**FORM - A**  
(See Rule 2)

**Form for disclosure of particulars with respect to conservation of energy**

**(A) POWER & FUEL CONSUMPTION**

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

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

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

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

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

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

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

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