
REPORT AND ACCOUNTS 2009-2010



GKW Limited

GKW LIMITED

MANAGING DIRECTOR

J D Curravala

WHOLETIME DIRECTOR

G Srinivasan

DIRECTORS

M L Lahoti

N K Navalakha

P S Lodha

VICE PRESIDENT & SECRETARY

J N Ghosh

AUDITORS

Lodha & Co.

REGISTERED OFFICE

3A Shakespeare Sarani

Kolkata 700 071

Phone : 2282 2385/2386

Fax : 2282 9747

E-mail : gkw@cal2.vsnl.net.in

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) 4011 6700, 2280 6692/93/94/2486

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DIRECTORS' REPORT TO THE SHAREHOLDERS

1. Your Directors submit their Annual Report together with the audited accounts for the year ended 31st March, 2010.
2. The results for the year under review are given below :

	Rs. Crores	
	<u>2009-2010</u>	<u>2008-2009</u>
Sales	23.26	94.96
Profit before interest and depreciation	14.36	18.27
Interest	-	(2.22)
Gross Profit	14.36	16.05
Depreciation	(0.86)	(6.56)
Profit before Tax	13.50	9.49
Taxation (Net)	(2.33)	(1.83)
Profit after taxation but before Exceptional items	11.17	7.66
Exceptional items	-	(4.25)
Profit after taxation and Exceptional items	<u>11.17</u>	<u>3.41</u>

Figures for the previous year are not comparable as they include results pertaining to the Powmex Steels Division for the period 1st April, 2008 to 31st January, 2009. The said division was demerged from the Company with effect from 1st February, 2009.

Profit before interest and depreciation amounted to Rs.14.36 crores and profit after tax Rs.13.50 crores during the year ended 31st March, 2010.

DIVIDEND

3. The Company being in a consolidation mode, no dividend has been considered for the year under review.

NEW DEMAT NUMBER ALLOTTED TO THE COMPANY BY NSDL & CDSL

4. Pursuant to the Scheme of Demerger of Powmex Steels Undertaking and the resultant reduction, reorganization and consolidation of the Company's share capital, new distinctive numbers were allotted to all the 5966500 Equity Shares of Rs. 10 each fully paid up and new demat ISIN number INE 528A 01020 was allotted to the Company by National Securities Depositories Limited and Central Depository Securities Limited.

FINANCE & ACCOUNTS

5. As in the previous year, there were no borrowings as at 31st March 2010.
6. Capital Expenditure for the year amounted to Rs.42.91 Lakhs (2008-09 - Rs 36.95 Lakhs) and value of assets put into use during the year amounted to Rs.54.69 Lakhs (2008-09 - Rs.25.17 lakhs)

CONSOLIDATED ACCOUNTS

7. 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

8. During the year under review, your Directors are pleased to report that the Company has registered increase in profit before tax mainly due to increase in other income.
9. Metal Pressings Division at Pune registered an increase in turnover and operating profit due to commencement of supply of full value components (including raw materials) during the year. The business prospects of this division are closely linked to the automobile, tractor and white goods industries. Robust growth in the automobile and tractor segments, especially towards the later part

of the year under review resulted in increased demand for components supplied by the division. Working capital support is being provided to this division for meeting the increased demand. Whereas the rapid growth of the automobile industry coupled with global sourcing from the domestic auto component manufacturers provides considerable opportunities in the near future, mushrooming of large number of such units would result in increased competition and a threat to traditional component manufacturers. Hence cost control assumes great importance in this industry.

10. In view of strong brand equity for products of Screws and Fasteners and Bolt and Nut Divisions, rationalised production at the Company's Pune Works is being explored. Plant & Machinery of Screws and Fasteners Division for production of wood screws has been shifted to Pune Works and trial production is expected to commence shortly.
11. During the year under review, the Company entered into a Business Service Centre Agreement to provide business, administrative, communication and internet services from the Company's offices at Kolkata and Mumbai for a period of one year with effect from 1st April, 2009. Income from this activity has been reflected in the accounts for the year under review.

RISKS AND CONCERNS

12. 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.

The 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.

INTERNAL CONTROL

13. 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

14. During the year under review certain management staff members of Andul Road Works separated on receiving ex-gratia amount and statutory dues. Industrial Relations in the Metal Pressings Division at Pune were stable.

The total number of employees was 71 as on 31st March, 2010.

OUTLOOK

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

EXPORTS

16. Products exported during the year amounted to Rs. Nil (including agent export – Rs. Nil) (2008/2009 – Rs 1317 Lakhs and Rs. 954 Lakhs).

FOREIGN EXCHANGE EARNINGS AND OUTGO

17. Earnings in foreign exchange during the year amounted to Rs. Nil Lakh (2008/2009 – Rs.362 lakhs) and outgo was Rs. 1 lakh (2008/2009 – Rs.2295 lakhs). Previous years' figures are not comparable as they include earnings and outgo pertaining to Powmex Steels Division which was demerged from the Company with effect from 1st February, 2009.

CONSERVATION OF ENERGY

18. The 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 in Form "A" attached hereto and forms part of this Report.

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION AND INNOVATION

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

SUBSIDIARY COMPANIES

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

PARTICULARS OF EMPLOYEES

21. 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

22. Mr. G. Srinivasan, Director will retire by rotation and being eligible offers himself for reappointment.
23. Mr. P S Lodha will be appointed as Director on the Board subject to retirement by rotation. Mr. P. S. Lodha was appointed as Director in the casual vacancy caused by the demise of Late P. N. Biyani. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the appointment of Mr. P.S. Lodha as Director of the Company. Your Directors recommend his appointment.

AUDITORS

24. 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.

26. 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

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

ACKNOWLEDGEMENT

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

Kolkata
12th May, 2010

For and on behalf of the Board
J D Curravala 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

	Current Year Ended 31.03.2010 Note below	Previous Year Ended 31.03.2009 Powmex Steels Division(*)
1. Electricity		
a) Purchased		
Units (KWh million)	-	5.95
Total Amount (Rs. Crores)	-	2.68
Rate/Unit (Rs.)	-	4.50
b) Own Generation (Diesel Generator)	-	Nil
Unit (KWh)	-	Nil
Unit/Litre of Diesel Oil	-	Nil
Cost/Unit - Variable (Rs.)	-	Nil
2. HSD/Furnace Oil	-	
Quantity (Kilo Litre)	-	1556
Total Amount (Rs.Crores)	-	5.12
Average Rate/Kilo Litre (Rs.)	-	32928

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

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

(*) The figures pertain to Powmex Steels Division which has been demerged from the Company with effect from 1st February, 2009.

Note : Total energy consumption and energy consumption per unit of production as per Form "A" in respect of industries in Schedule thereto is not applicable to the Company after demerger of the Powmex Steels Division.

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 Commencement of Employment	Previous Employment Position held
Curralava J. D.	70	Managing Director	4805077	3281740	B.Com., A.C.A., LL.B	45	01.04.70	Stewart & Lloyds Ltd. -Financial Accountant
Srinivasan G.	66	Executive Director	3753808	2615027	B.E. (Mech) D.I.M.	43	13.09.97	Zuari Industries Ltd. -Executive President

Note : 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.

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 (w.e.f. 29.06.2009)	Non-Executive*	–	–	–

* also independent

Board, Annual General Meeting and Attendance

Board Meetings were held on 29th June'09, 30th July'09, 22nd October'09 and 29th January'10. The Annual General Meeting was held on 3rd September, 2009.

Director	No. of Board Meetings		Attended last AGM
	Held	Attended	
Mr. J. D. Curavala	4	4	Yes
Mr. G. Srinivasan	4	3	Yes
Mr. M.L.Lahoti	4	4	Yes
Mr. N.K. Navalakha	4	4	Yes
Mr. P. S. Lodha (w.e.f. 29.06.2009)	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, 2010. 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.
- Reviewing the adequacies of the Internal Audit function, if any, including the structure of the Internal Audit Department with reporting coverage and frequency of Internal Audit.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Compositions, Name of Members and Chairperson

Audit Committee meetings were held on 29th June'09, 30th July'09, 22nd October'09 and 29th January'10.

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. Curavala and Mr. G. Srinivasan (except on 22.10.2009) 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. There was no meeting of the Committee 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 2010.

Sl. No.	Name	Salary Rs.	Commission Rs.	Perquisites & Allowances Rs.	Sitting fees Rs.	Total Rs.
1.	Mr.J.D.Curavala	3900000	—	905077	—	4805077
2.	Mr.G.Srinivasan	3000000	—	753808	—	3753808
3.	Mr. M.L. Lahoti	—	—	—	70000	70000
4.	Mr. N.K.Navalakha	—	—	—	70000	70000
5.	Mr. P.S. Lodha	—	—	—	50000	50000

Service Contracts, Severance Fees and Notice Period

Period of contract of Managing Director : 3 years from 11-08-2007. 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 : 3 years from 13-09-2007. 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 "Investors Grievance Committee" of the Company approves transfer and transmission, duplicate, sub-division and replacement of shares, debentures, fixed deposits, other related matters 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 one complaint of the shareholder which was resolved during the year.

7. General Body Meetings

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

Financial Year	Date of AGM	Venue	Time
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.
1st April, 2007	30th August, 2007	Kala Kunj, Kolkata	11.15 a.m.

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

- i) At the Seventyseventh Annual General Meeting held on 30th August, 2007.
 - Re-appointment and revision of remuneration of Managing Director.
 - Re-appointment and revision of remuneration of Wholtime Director.
- ii) At the Seventyeighth Annual General Meeting held on 30th September, 2008.
 - NIL
- iii) At the Seventynineth Annual General Meeting held on 3rd September, 2009.
 - NIL

No resolution was passed by 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.21 of Schedule No.18 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.

GKW LIMITED

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 30 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 60 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 Exchanges.
- Newspaper normally published in : Financial Express (English newspaper – (Kolkata & Mumbai)
Aajkal (Bengali newspaper - local edition)
- Any Website, where displayed. : No
- 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	30th July, 2010	11.00 a.m.	Kala Kunj
Financial Calendar (tentative) 2010-2011			
i) Financial Year	:	April - March	
ii) First Quarter Results	:	July 2010	
iii) Second Quarter Results	:	October 2010	
iv) Third Quarter Results	:	January 2011	
v) Audited results for the year ending 31st March, 2011	:	May, 2011	
Date of Book Closure	:	20th July, 2010 to 30th July, 2010 (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 2010-2011.			

Stock Market Data

Stock Market Price for the year

Month	N S E		NSE NIFTY	
	High (Rs.)	Low (Rs.)	High	Low
April 2009	40.30	24.20	3517.25	2965.70
May 2009	54.65	36.15	4509.40	3478.70
June 2009	53.00	37.60	4693.20	4143.25
July 2009	363.50	55.35	4669.75	3918.75
August 2009	365.00	261.50	4743.75	4353.45
September 2009	315.00	265.00	5087.60	4576.60
October 2009	339.00	275.75	5181.95	4687.50
November 2009	346.50	296.00	5138.00	4538.50
December 2009	320.80	295.05	5221.85	4943.95
January 2010	364.00	302.80	5310.85	4766.00
February 2010	375.10	303.20	4992.00	4675.40
March 2010	464.00	327.00	5329.55	4935.35

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