

# REPORT AND ACCOUNTS 2013-2014

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**GKW Limited**

**MANAGING DIRECTOR**

J D Curavala

**DIRECTORS**

G Srinivasan

M L Lahoti

N K Navalakha

P S Lodha

**VICE PRESIDENT & SECRETARY**

J N Ghosh

**AUDITORS**

Lodha &amp; Co

**REGISTERED OFFICE**

“Central Plaza”

2/6, Sarat Bose Road

Office Space No. 406

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Kolkata - 700020

Phone : 4008-0742/0744

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gkw121@airtelmail.in

Website : www.gkwltd.com

CIN L27310WB1931PLC 007026

**BANKERS**

State Bank of India

Corporation Bank

AXIS Bank Limited

**REGISTRAR & SHARE TRANSFER AGENT**

(For Physical &amp; Demat)

C B Management Services Pvt. Ltd

P-22, Bondel Road

Kolkata-700019

Phone : (033) 40116700, (100 lines) 2280 6692/2282 3643/2287 0263

Fax : (033) 40116739

E-mail : rta@cbmsl.com

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CIN: U74140WB1994PTC062959

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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, 2014.
2. The results for the year under review are given below :

	₹ lakhs	
	2013-2014	2012-2013
Total Revenue	<b>2517.84</b>	4770.66
Profit before depreciation	<b>514.96</b>	1651.92
Depreciation	<b>81.65</b>	88.38
Profit before Tax	<b>433.31</b>	1563.54
Taxation (including MAT credit)	<b>(62.51)</b>	(336.86)
Profit after taxation	<b>370.80</b>	1226.68

During the period under review, profit before tax at ₹433.31 lakhs was lower than the previous year's figure of ₹1563.54 lakhs mainly due to lower sales of products and miscellaneous income, which included recovery of ₹500 lakhs on compromise settlement reached with a party pertaining to leased assets.

### DIVIDEND

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

### FINANCE & ACCOUNTS

4. Total revenue and profit after tax were lower than the previous year as stated above.
5. It is proposed to transfer a sum of ₹300 lakhs (2012-13 - ₹1000 lakhs) to General Reserve during the year.
6. As in the previous year, there were no borrowings during the year ended 31st March 2014.
7. During the year under review, your Company has increased investments in bank fixed deposits and mutual funds by ₹407.43 lakhs and ₹23.57 lakhs respectively.
8. Capital Expenditure for the year amounted to ₹134.20 Lakhs (2012-13 - ₹0.68 Lakhs) and value of assets put into use during the year amounted to ₹134.20 Lakhs (2012-13 - ₹8.03 Lakhs).

### CONSOLIDATED ACCOUNTS

#### (A) INDUSTRY STRUCTURE AND DEVELOPMENTS SEGMENT-WISE PERFORMANCE

9. During the year under review, your company commenced warehousing business, by providing warehousing facilities to various parties at its site at Andul Road, Howrah, Kolkata. This activity was well received and has made steady progress through the year generating revenue for

the Company. It is therefore proposed to expand this business segment substantially, which would generate revenues to offset and surpass the revenues generated by the existing business models of the Company.

10. Metal Pressing Division at Pune experienced sluggish demand during the year under review. The passenger car segment of the automotive sector on which the division is solely dependent for its business, experienced an unprecedented negative growth, resulting in drastic reduction of volumes and loss of profitability. Further, there is no sign of revival of demand in the passenger car segment. The future of this division is under close scrutiny to determine the viability and sustainability of its business model.
11. Screws & Fasteners Division was not able to generate profit due to absence of its products from the market for a considerable period of time coupled with adverse business conditions. Due to absence of viability, production could not be continued and plant and machinery of the division which had become obsolete, was disposed off during the year under review.
12. 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, 2013. Income from this activity has been reflected in the accounts for the year under review.

#### (B) OPPORTUNITIES AND THREATS

13. It appears the automobile sector has been badly hit due to slowdown in the economy. The possibility of its early revival appears to be doubtful. However continuous efforts are being made to control costs to reduce the impact of this slowdown.
14. The Company has commenced providing warehousing facilities at Howrah, to reputed customers and is exploiting opportunities for growth in this segment.

#### (C) OUTLOOK

15. Yet again there has been a modest improvement in the net worth and shareholders funds in your Company. As stated in previous reports, the company has been consolidating its financial position towards sustainable growth in the future.

**(D) RISKS AND CONCERNS**

16. 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 Metal Pressings Division is dependent on the growth in the automobile and tractor businesses with only two customers. Despite rising costs, this division had to contend with considerable pressure for price reduction from both the customers, in view of slowdown in demand and negative growth in the automobile sector. Your Company is trying to mitigate the external risks by endeavoring to increase the customer base in the case of Metal Pressings Division to achieve viability of operations.

**(E) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

17. 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.

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

18. 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 56 as on 31st March, 2014.

**PARTICULARS OF EMPLOYEES**

19. 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**

20. 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**

21. 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 as amended, is not applicable as no employee is covered under the said Rules.

**A. CONSERVATION OF ENERGY**

22. Planned maintenance of equipments such as air compressor, capacitor banks, power generators and judicious deployment of production machinery was undertaken as an ongoing activity to ensure optimum utilization of energy.

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

23. The nature of business activity carried on by the Company does not have much scope for any Research, Development, Technology Absorption and Innovation. However, new product development and process improvement is an on-going activity.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

**DIRECTORS**

25. Mr. J.D. Curravala, Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

26. The Company has decided to revise the remuneration of Mr. J.D. Curravala, Managing Director with effect from 1st April, 2014 to 10th August, 2014 subject to approval of the Members in General Meeting.
27. Mr. J. D. Curravala, Managing Director has been re-appointed as Managing Director of the Company for a period of one year from 11th August, 2014 subject to approval of the Shareholders in General Meeting.
28. In accordance with the provision of the Section 150 (2) of the Companies Act, 2013, Mr. M. L. Lahoti, Mr. N. K. Navalakha and Mr. P. S. Lodha, Directors on the Board of the Company will be appointed as Independent Directors up to 5 (five) consecutive years from 1st April, 2014 in the next Annual General Meeting.

**AUDITORS**

29. Messrs. Lodha & Co., the retiring Auditors, have expressed their willingness to be re-appointed. The term of Lodha & Co., present Auditors to audit books and Accounts of the Company has been extended upto 31st March, 2017 in terms of the third proviso to Section 139(2) of the Companies Act, 2013 and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. Such appointment thereafter, to be ratified at each subsequent Annual General Meeting till the conclusion of the Annual General Meeting pertaining to the year ended 31st March, 2017.

**COST AUDITORS**

30. Pursuant to the Ministry of Corporate Affairs, (MCA) Cost Audit Branch Order F.No.52/26/CAB-2010 dated 24th January, 2012 the Company has appointed M/s. Sib Sankar Chakraborty & Associates, Cost Auditor for the Audit of Cost Accounting Records of the Metal Pressings Division for the financial year 2014-15. The Cost Audit Report for Screws & Fasteners Division and Metal Pressings Division for the year ended 31st March 2013 was filed with the MCA in Form I-XBRL on 27th September, 2013. The due date for filing the Cost Audit Reports for the financial year ended 31st March, 2014 for Screws & Fasteners Division and Metal Pressings Division is 27th September, 2014.

**INFORMATION PERTAINING TO LISTING**

31. The Company's equity shares are listed with National Stock Exchange of India Limited. The Annual Listing Fees have been paid to National Stock Exchange of India Limited for the year 2014-15.

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

32. The Directors hereby confirm:
- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
  - 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;
  - 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;
  - that the Directors had prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

33. 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**

34. 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 Curravala	G. Srinivasan
8th May, 2014	<i>Managing Director</i>	<i>Director</i>

**REPORT ON CORPORATE GOVERNANCE**

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

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

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

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

Director	Executive/ Non-executive Independent	Member of Board of Other Public Cos.	Total No. of other committee membership held	
			As Chairman	As Member
Mr. J. D. Curavala	Executive	Graphite India Limited	-	2
Mr. G. Srinivasan	Non-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 9th May'13, 6th August'13, 9th November'13 and 3rd February'14. The Annual General Meeting was held on 7th August, 2013.

<u>Director</u>	<u>No. of Board Meetings</u>		<u>Attended last AGM</u>
	<u>Held</u>	<u>Attended</u>	
Mr. J. D. Curavala	4	4	Yes
Mr. G. Srinivasan	4	4	Yes
Mr. M.L.Lahoti	4	4	Yes
Mr. N.K. Navalakha	4	4	Yes
Mr. P. S. Lodha	4	4	Yes

**3. Code of Conduct**

The Company has laid down a code of conduct for all its Board Members and Senior Management Personnel. In terms of the revised Clause 49 of the Listing Agreement (Corporate Governance), the Company has received the necessary declarations affirming compliance with it during the year ended 31st March, 2014. 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 Statutory Auditor and Cost Auditor
- The statutory annual, half -yearly and quarterly financial reporting by the Company including Management discussion and analysis of financial conditions and results of operation.
- Approval of Cost Audit and also Performance Appraisal Report for Cost Accounting Records of the Divisions of the Company.
- Updation of applicable accounting policies of the Company in terms of the accounting standards.

- e) The audit approach and methodology of statutory Auditors and any material issues arising from the audit.
- f) The adequacy and effectiveness of accounting and financial controls of the Company, compliance with Company Policies and applicable laws and regulations.
- g) Undertaking special tasks assigned by the Board and recommend corrective actions.
- h) Reviewing the adequacies of the Internal Audit function, if any, including the structure of the Internal Audit Department with reporting coverage and frequency of Internal Audit.
- i) Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

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

Audit Committee meetings were held on 9th May'13, 6th August'13, 9th November'13 and 3rd February, 2014.

<u>Member</u>	<u>Category</u>	<u>Meetings Held</u>	<u>Meetings Attended</u>
Mr. M.L. Lahoti Chairman	Non Executive/ Independent	4	4
Mr. N.K. Navalakha	- do -	4	4
Mr. P. S. Lodha	-do -	4	4

Mr. J.D. 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 9th May, 2013 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 2014.

Sl. No.	Name	Salary	Commission	Perquisites/ Allowances, Others	Sitting fees	Total
		₹	₹	₹	₹	₹
1.	Mr. J.D. Curravala	4200000	—	1309000	—	5509000
2.	Mr. G. Srinivasan	357500	—	187254	30000	574754*
3.	Mr. M.L. Lahoti	—	—	—	90000	90000
4.	Mr.N.K.Navalakha	—	—	—	90000	90000
5.	Mr. P.S. Lodha	—	—	—	90000	90000

- For part of the year

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

Period of contract of Managing Director : 1 year from 11-08-2013. 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.

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

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

The Committee is headed by Mr. N. K. Navalakha and Company Secretary is the Compliance Officer. All complaints of the shareholders have been duly resolved during the year.



**8. General Body Meetings**

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

Financial Year	Date of AGM	Venue	Time
31st March, 2013	7th August, 2013	Kala Kunj, Kolkata	11.00 a.m.
31st March, 2012	1st August, 2012	Kala Kunj, Kolkata	11.00 a.m.
31st March, 2011	26th July, 2011	Kala Kunj, Kolkata	11.00 a.m.

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

- i) At the Eightyfirst Annual General Meeting held on 26th July, 2011.
  - Re-appointment and revision of remuneration of Managing Director.
  - Re-appointment and revision of remuneration of Wholetime Director.
- ii) At the Eightysecond Annual General Meeting held on 1st August, 2012.
  - Re-appointment and revision of remuneration of Managing Director for a period of one year from 11th August 2011 and also from 11th August, 2012 respectively.
  - Re-appointment and revision of remuneration of Wholetime Director for a period of one year from 13th September, 2011 and also from 13th September, 2012 respectively.
- iii) At the Eightythird Annual General Meeting held on 7th August, 2013.
  - Re-appointment and revision of remuneration of Managing Director for a period of one year from 11th August 2013.
  - Resolution was passed through Postal Ballot on 18th December, 2013 in respect of transfer, sale, lease or otherwise dispose of the Metal Pressings Division at Pune.

**9. Disclosures**

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

Disclosure of related parties transactions as per Accounting Standard 18 have been set out in Note No. 29 of financial statements. The transactions have no potential conflict with the interest of the Company.
- ii) Details of non-compliance by the Company, penalties, strictures on the Company by Stock Exchanges, SEBI or any Statutory Authority, on any matter related to the Capital markets, during the last three years.

No penalties or strictures have been imposed by any regulatory authority on any matter related to Capital markets during the last three years.
- iii) Details of compliance with mandatory requirements and adoption of non mandatory requirements.

All mandatory requirements with respect to Corporate Governance have been duly complied with.
- iv) Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement are reviewed by the Board from time to time.

**10. Means of Communications**

- |   |   |  |
|---|---|--|
| – Half yearly results sent to each household of shareholders. | : | No   |
| – Quarterly Results   | : | The quarterly results published in the proforma prescribed under the Listing Agreement are approved and taken on record within 45 days of the close of the relevant quarter. The approved results are notified forthwith to the concerned Stock Exchange. As the Company publishes the audited financial results within the stipulated period of sixty days from the close of the financial year, the unaudited financial results for the last quarter of the financial year are not published as per the Listing Agreement with the Stock Exchange. |
| – Which Newspaper normally                                    | : | Financial Express (English newspaper – published in Kolkata & Mumbai)<br>Aajkal (Bengali newspaper – local edition)  |



- Any Website, where displayed. : Yes
- Whether it displays official news releases : No
- Whether presentation made to Institutional investors or to analyst. : No
- Whether Management discussions and Analysis report is a part of Annual Report or not. : Yes

## 11. General Shareholders Information

	<u>Date</u>	<u>Time</u>	<u>Venue</u>
AGM	13th August, 2014	11.00 a.m.	Kala Kunj
Financial Calendar (tentative) 2014-2015			
i) Financial Year		April-March	
ii) First Quarter Results		August, 2014	
iii) Second Quarter Results		November 2014	
iv) Third Quarter Results		February 2015	
v) Audited results for the year ending 31st March, 2015		May, 2015	
Date of Book Closure		1st August, 2014 to 13th August, 2014 (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 &amp; 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 2014-2015.

## 12. Unclaimed Shares

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

The following is the position of –

- (i) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year : No of Shareholders : 5940 and no of outstanding Shares : 41975
- (ii) Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year : 11
- (iii) Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year : 11
- (iv) Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year : No of Shareholders : 5929 and no of outstanding Shares : 41863

**13. Stock Market Data**

Stock Market Price for the year Month	N S E		NSE NIFTY	
	High(₹)	Low(₹)	High(₹)	Low(₹)
April 2013	400.75	400.00	5962.30	5477.20
May 2013	400.00	400.00	6229.45	5910.95
June 2013	400.55	400.00	6011.00	5566.25
July 2013	420.00	400.00	6093.35	5675.75
August 2013	401.00	400.00	5808.50	5118.85
September 2013	400.00	357.00	6142.50	5318.90
October 2013	565.00	396.90	6309.05	5700.95
November 2013	577.50	390.00	6342.95	5972.45
December 2013	410.00	380.00	6415.25	6129.95
January 2014	415.00	380.00	6358.30	6027.25
February 2014	410.00	380.00	6282.70	5933.30
March 2014	416.00	390.00	6730.05	6212.25

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

Share Transfer Systems : Share transfers are registered and returned within 15 days of lodgment thereof,  
if the documents are clear in all respects.

**14. Distribution of shareholding**

Distribution of shareholding as on 31.03.2014

No. of Shares held	No. of Share holders	%	No. of Shares	%
1 to 500	28287	99.58	304521	5.10
501 to 1000	52	0.18	41127	0.69
1001 to 2000	24	0.08	35669	0.60
2001 to 3000	15	0.05	39239	0.66
3001 to 4000	5	0.02	17363	0.29
4001 to 5000	3	0.01	14266	0.24
5001 to 10000	7	0.03	55022	0.92
10001 & above	14	0.05	5459293	91.50
<b>TOTAL</b>	<b>28407</b>	<b>100.00</b>	<b>5966500</b>	<b>100.00</b>