
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

Fax : (033) 2287 0263

E-mail : rta@cbmsl.com

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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
Curavala 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. Curravala	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. Curravala	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. Curravala 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/Wholetime 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 Wholetime 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:

- 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 Wholetime Director.
- At the Seventyeighth Annual General Meeting held on 30th September, 2008.
 - NIL
- At the Seventynineth Annual General Meeting held on 3rd September, 2009.
 - NIL

No resolution was passed by Postal Ballot.

8. Disclosures

- 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.

- 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.

- 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.

- 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 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

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 share holding as on 31.03.2010

No. of Shares held	No. of Share Holders	%	No. of Shares	%
1 to 500	37487	99.61	407040	6.82
501 to 1000	66	0.18	50119	0.84
1001 to 2000	26	0.07	38615	0.65
2001 to 3000	23	0.06	59634	1.00
3001 to 4000	4	0.01	13896	0.23
4001 to 5000	3	0.01	14266	0.24
5001 to 10000	9	0.02	73548	1.23
10001 & above	17	0.04	5309382	88.99
TOTAL	37635	100.00	5966500	100.00

Shareholding Pattern

Shareholding Pattern as on 31.03.2010

Category	No. of Shares Held	% of share holding of issued share capital
I PROMOTERS' HOLDING		
Promoters - a. Indian Promoters	3516560	58.94
b. Foreign Promoters	905947	15.19
Sub Total	4422507	74.13
II NON PROMOTERS' HOLDING		
Institutional Investors		
a. Mutual Funds & Unit Trust of India	7055	0.12
b. Banks, Financial Institutions & Insurance Companies, (Central/State Govt. Institutions/Non Govt. Institutions)	180163	3.02
c. Foreign Institutional Investors	28924	0.48
Sub Total	216142	3.62
III Others		
a. Private Corporate Bodies	747868	12.53
b. Indian Public	573849	9.62
c. NRIS/OCBs/Foreign National	4905	0.08
d. Clearing members	1229	0.02
Sub Total	1327851	22.25
GRAND TOTAL	5966500	100.00
NOTE : TOTAL FOREIGN SHAREHOLDING	No. of Shares	% of Share Holding
Foreign Holding (Non - Resident)	905947	15.19
NRIS/OCBs/Foreign National	4905	0.08
FII 28924	0.48	
TOTAL	939776	15.75

Dematerialisation of shares and liquidity.

: The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the depository systems in India.

As on 31.3.2010, a total of Ordinary shares of 4848490 which forms 81.26% of the share capital of the Company stands dematerialised under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company's ordinary shares is INE 528A 01020.

GKW LIMITED

Outstanding GDRs/ADRs/Warrants or any
Convertible, Instruments, Conversion Date
and likely impact on Equity.

: None

Plant Locations

97 Andul Road
Howrah 711 103
West Bengal

Metal Pressings Division
Taluq - Jagtap
Village – Pimpri,
District - Shirur
Pune 412 208

Lal Bahadur Shastri Marg
Bhandup
Mumbai 400 078
Maharashtra

Address for Correspondence

: GKW Limited
3A, Shakespeare Sarani
Kolkata 700 071

11. Compliance of non-mandatory requirement

- 1) Entitlement of a Non Executive Chairman to maintain a Chairman's office at the expense of the Company - Not applicable
- 2) The Independent Directors do not have any tenure exceeding, in the aggregate period of 9 years on the Board of the Company.
- 3) Shareholder Rights – The Company publishes the quarterly results in the News papers in accordance with the requirements of the listing agreement. However for the present a half-yearly declaration of financial performance including summary of the significant events in last six months, are not sent to each household of shareholder.
- 4) Audit qualifications – The audit report on the financial statements of the Company for the year has no qualifications.
- 5) Training of Board Members:
All Board Members are fully aware of the business objectives as well as the risks profile of the business.
- 6) Evaluation of Non Executive Board Members – Not adopted.
- 7) Whistle Blower policy - Not adopted

For and on behalf of the Board

Kolkata,
12th May, 2010

J D Curravala
Managing Director

G.Srinivasan
Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT

To The Members of GKW Limited

- 1) We have examined the compliance of the conditions of Corporate Governance by GKW Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.
- 2) The compliance of conditions of Corporate Governance is responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by The Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

- 3) In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- 4) We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Lodha & Co.
Chartered Accountants
ICAI Firm Registration no. 301051E

14, Government Place East
Kolkata
12th May, 2010

H. S. Jha
Partner
Membership No.55854

Persons constituting group coming within the definition of “group” for the purpose of Regulation 3 (1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following :

Sl. No.	Name of the Entity
1.	Bangur Land Development Corporation Limited
2.	BCC Mercantile Limited
3.	Carbo Ceramics Limited
4.	Carbon Finance Limited
5.	D. C. Mercantile Private Limited
6.	Emerald Highrise Private Limited
7.	GKW (Overseas Trading) Limited
8.	GKW Infosystems Limited
9.	Graphite India Limited
10.	Guardian Leasing Limited
11.	H. L. Investment Company Limited
12.	Kiwi Investments Limited
13.	Likhami Leasing Limited
14.	Matrix Commercial Private Limited
15.	Rosemery Commercial Private Limited
16.	Salasar Towers Private Limited
17.	SCL Investments Private Limited
18.	Shree Laxmi Agents Limited
19.	The Bond Company Limited
20.	The Emerald Company Limited

GKW LIMITED**BALANCE SHEET****AS AT 31ST MARCH, 2010**

	Schedule	As at 31.03.10	Rs. ('000)	As at 31.03.09
SOURCES OF FUNDS				
Shareholders' fund				
Share capital	1	59665	59665	
Reserves and surplus	2	311347	199688	
		371012		259353
Deferred tax liability (net) (Note 20)		-		-
Total		371012		259353
APPLICATION OF FUNDS				
Fixed assets	3			
Gross block		310992	329834	
Less : depreciation		222991	232748	
Net block		88001	97086	
Capital work in progress		-	1178	98264
		88001		
Investments	4	13371		987
Current assets, loans and advances				
Inventories	5	49106	53005	
Sundry debtors	6	16338	5361	
Cash and bank balances	7	256693	191943	
Loans and advances	8	63845	63201	
Other current assets	9	4804	4081	
		390786	317591	
Less:Current liabilities and provisions				
Liabilities	10	121146	114990	
Provisions	11	-	42499	
		121146	157489	
Net current assets		269640		160102
Total		371012		259353
Notes on accounts	18			

The Schedules referred to above and the notes attached form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

On behalf of the Board

J D Curavala
Managing Director

G Srinivasan
Director

J N Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

Kolkata,
12th May, 2010

H. S. Jha
Partner
for and on behalf of
LODHA & CO.
Chartered Accountants

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010

		Rs. ('000)	
	Schedule	2009/2010	2008/2009
INCOME			
Sales and other income from Operations	12	252913	857298
Income from other sources	13	44666	176769
		<u>297579</u>	<u>1034067</u>
EXPENDITURE AND CHARGES			
Raw materials consumed		30281	584833
(Increase) / Decrease in stocks of finished products and work-in-progress	14	844	(50142)
Operating and Administrative Expenses	15	119287	312445
Depreciation	3	8553	67257
Less : Transferred from Property Revaluation Reserve		<u>—</u>	<u>(1657)</u>
Interest	16	—	22165
Other charges/(income)	17	3596	4279
		<u>162561</u>	<u>939180</u>
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		135018	94887
Exceptional and Prior period items (net)		<u>—</u>	<u>(42499)</u>
PROFIT BEFORE TAX		135018	52388
Provision for taxation :			
- Current tax		(23359)	(6001)
- Tax for earlier years		—	(11400)
- Fringe Benefit Tax		—	(893)
PROFIT AFTER TAX		111659	34094
Surplus brought forward from earlier year		199688	351694
Adjustment arising on demerger as per approved Scheme of Arrangement		<u>—</u>	<u>(186100)</u>
Balance carried forward		<u>311347</u>	<u>199688</u>
Basic and diluted earnings per share (Rs.) (Note 22)			
- before exceptional items		18.71	1.51
- after exceptional items		18.71	0.67
Notes on accounts	18		

The Schedules referred to above and the notes attached form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

On behalf of the Board

J D Curavala
Managing Director

G Srinivasan
Director

J N Ghosh
Vice-President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

H. S. Jha
Partner
for and on behalf of
LODHA & CO.
Chartered Accountants

Kolkata,
12th May, 2010

GKW LIMITED

SCHEDULES TO BALANCE SHEET

Rs. ('000)

	As at 31.03.10	As at 31.03.09
1. SHARE CAPITAL		
Authorised :		
49250000 (2008/2009 - 49250000) Cumulative redeemable preference shares of Rs.10/- each	492500	492500
59665008 Ordinary shares of Rs.10/- each	596650	596650
	<u>1089150</u>	<u>1089150</u>
Issued and subscribed :		
3669653 (2008/2009 - 3669653) Ordinary shares of Rs.10/- each fully paid up at par in cash.	36697	36697
659749 (2008/2009 - 659749) Ordinary shares for consideration other than cash pursuant to contracts/scheme of arrangements.	6597	6597
1637098 (2008/2009 - 1637098) Bonus shares by way of capitalisation of reserves and share premium.	16371	16371
	<u>59665</u>	<u>59665</u>
2. RESERVES AND SURPLUS		
Surplus as per Profit and Loss account	311347	199688
	<u>311347</u>	<u>199688</u>

3. FIXED ASSETS

Rs. ('000)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2009	Additions	Withdrawals/ Transfer/ Adjustments	As at 31st March, 2010	As at 1st April, 2009	For the Year	Withdrawals/ Transfer/ Adjustments	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Land including Leasehold Land	6928	—	—	6928	355	11	—	366	6562	6573
Buildings	113259	3615	1584	115290	83847	1631	1584	83894	31396	29412
Railway Siding	898	—	—	898	895	—	—	895	3	3
Plant & Machinery	183505	417	18172	165750	126149	6152	12171	120130	45620	57356
Cars & Vehicles	15263	1437	4226	12474	13722	315	4226	9811	2663	1541
Furniture & Fittings	9981	—	329	9652	7780	444	329	7895	1757	2201
	<u>329834</u>	<u>5469</u>	<u>24311</u>	<u>310992</u>	<u>232748</u>	<u>8553</u>	<u>18310</u>	<u>222991</u>	<u>88001</u>	<u>97086</u>
Capital work in progress									—	1178
Per balance sheet 31st March, 2010									<u>88001</u>	<u>98264</u>
Previous Year	<u>2360978</u>	<u>2517</u>	<u>2033661</u>	<u>329834</u>	<u>1636806</u>	<u>67257</u>	<u>1471315</u>	<u>232748</u>	<u>98264</u>	

**SCHEDULES TO
BALANCE SHEET**

Rs. ('000)

	As at 31.03.10	As at 31.03.09
4. INVESTMENTS		
<i>Trade (Long Term)</i>		
Quoted		
IDBI Ltd.		
10720 shares of Rs.10/- each fully paid at cost	871	871
Government securities - at cost		
8.40% T.N.E.B. Bond Series 2/2009-10 (12 bonds of Rs.1000000/- each)	12000	–
Shares in subsidiary company		
GKW (Overseas Trading) Limited -		
50000 Ordinary shares of Rs.10/- each- fully paid, at cost	500	500
Less : Provision for diminution in value of investments	–	(384)
	13371	987
The aggregate book value of quoted investments	12871	487
Market value of quoted investments	13233	487
5. INVENTORIES		
At or under cost (being cost or net realisable value whichever is lower) (*)		
Raw materials	4144	3123
Work in progress (including scrap)	2426	2490
Finished products	21403	18044
Assets held for disposal	15641	19780
Stores and spare parts	3139	7379
Loose tools	2353	2189
	49106	53005
(*) net of provisions		
6. SUNDRY DEBTORS		
Over six months		
Secured – Considered good	–	94
Unsecured – Considered good	277	1005
– Considered doubtful	815	–
Other debts		
Unsecured – Considered good	16061	4262
	17153	5361
Less : Provision for doubtful debts	815	–
	16338	5361
7. CASH AND BANK BALANCES		
Cash and cheques in hand and in transit	374	417
Balances with scheduled banks -		
Current accounts	35219	60793
Deposit accounts		
– Fixed Deposits	221100	130733
	256693	191943

GKW LIMITED**SCHEDULES TO
BALANCE SHEET**

Rs. ('000)

	As at 31.03.10	As at 31.03.09
8. LOANS AND ADVANCES		
Considered good		
Advances recoverable in cash or for value to be received	40651	42576
Balance with Port Trusts, Customs etc.	7706	6856
Other deposits	5814	3360
Advance Payment of Tax (net of provisions)	9674	10409
Considered doubtful		
Advances recoverable in cash or for value to be received	1321	–
	65166	63201
Less: Provision for doubtful advances	1321	–
	63845	63201
9. OTHER CURRENT ASSETS		
Interest receivables	4466	4025
Interest accrued on investments etc.	338	56
	4804	4081
10. LIABILITIES		
Sundry creditors (Note 19)	91311	85871
Liability for expenses	28802	28056
Liability under sales tax deferral scheme	536	536
GKW (Overseas Trading) Limited (Subsidiary Company)	497	527
	121146	114990
11. PROVISIONS		
Provision for settlement	–	42499
	–	42499

SCHEDULES TO PROFIT AND LOSS ACCOUNT**12. SALES AND INCOME FROM OTHER OPERATIONS**

Sales	220531	937547
Less: Excise duty	3725	92351
Net Sales	216806	845196
Conversion charges recovered	12107	12102
Income from services	26472	
Less: Service tax	2472	
Net Service Income	24000	–
	252913	857298

13. INCOME FROM OTHER SOURCES

Dividend from long term investments	27	21
Interest Received - Gross of tax deducted at source		
Rs. 3146 ('000) (2008/2009 - Rs. 23356 ('000))	19664	96961
Provision for diminution in value of investments written back	384	–
Net profit/(loss) on disposal/scrap of fixed assets	4698	61
Miscellaneous income (Note 17)	19893	79726
	44666	176769

**SCHEDULES TO
PROFIT AND LOSS ACCOUNT**

Rs. ('000)

	<u>2009/2010</u>	<u>2008/2009</u>
14. (INCREASE) / DECREASE IN STOCKS OF FINISHED PRODUCTS AND WORK-IN-PROGRESS (*)		
Opening stocks		
Finished products	18044	43075
Work-in-progress	2490	196973
Assets held for disposal	19780	–
	<u>40314</u>	<u>240048</u>
Closing stocks		
Finished products	21403	18044
Work-in-progress	2426	2490
Assets held for disposal	15641	–
	<u>39470</u>	<u>20534</u>
Adjustment arising out of demerger	–	269656
(Increase)/Decrease	<u>844</u>	<u>(50142)</u>
(*) including shortages, provisions, write-off, etc.		
15. OPERATING AND ADMINISTRATIVE EXPENSES		
Stores consumed	4675	32539
Power and fuel	6260	83375
Repairs and maintenance - Plant and machinery	1684	20462
Repairs and maintenance - Buildings and estate	9934	8198
Repairs and maintenance - Others	3437	4421
Salaries, wages and bonus	20891	50415
Contribution to provident and other funds	9902	7804
Workmen and staff welfare expenses (including Employees' State Insurance premium etc.)	3156	5315
Remuneration of Directors (Note 6)	7959	7959
Directors' sitting fees	190	162
Provision for diminution in value of investments	–	132
Insurance	658	2250
Rent	5862	5657
Rates and taxes	7364	3788
Printing and stationery	755	1644
Postage, telephone & telex	2239	2280
Data processing expenses	484	1082
Travelling expenses	3179	3810
Bank charges	76	2039
Advertisement expenses	876	685
Freight, packing and delivery charges	1225	9969
Selling Commission	2760	1117
Legal and Professional Charges	12135	11586
Outside processing charges for products	28	7643
Miscellaneous expenses (Note 18)	13558	38113
	<u>119287</u>	<u>312445</u>
16. INTEREST		
Interest on :		
Cash Credit	–	1679
Others	–	20486
	<u>–</u>	<u>22165</u>
17. OTHER CHARGES/(INCOME)		
Provision for doubtful debts and advances - (Gross)	2136	4279
Provision no longer required	–	(39691)
Doubtful advances written off	1460	39691
	<u>3596</u>	<u>4279</u>

18. NOTES ON ACCOUNTS**FOR THE YEAR ENDED 31ST MARCH, 2010****(1) SIGNIFICANT ACCOUNTING POLICIES****(i) a) ACCOUNTING CONVENTION & REVENUE RECOGNITION**

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and in consonance with generally accepted accounting principles.

b) PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

Liabilities which can be measured only by using a substantial degree of estimation and in respect of which a reliable estimate can be made of the probable outflow of resources are recognised as provisions.

Contingent liabilities in the nature of possible obligations that arise from past events and the existence of which will be confirmed only by the occurrence or otherwise of future events not wholly within the control of the Company and in respect of present obligation arising from past events for which a reliable estimate of the possible future outflow cannot be made are disclosed by way of Notes to Accounts.

Contingent Assets are neither recognised nor disclosed in the financial statement.

c) USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognised in the year in which the results are known / materialised.

(ii) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT

- a) Fixed assets are stated at cost.
- b) Capital work-in-progress is stated at cost incurred during installation period and includes advances to suppliers.
- c) Depreciation has been provided on written down value or straight line method for assets acquired prior to April 1989 at the applicable rates as prescribed in Schedule XIV of the Companies Act, 1956 or at rates (in percentage) indicated below on straight line method.

However, all assets acquired after 1.4.89 have been depreciated on straight line method at the rates prescribed in Schedule XIV.

Land - Leasehold	3.33/1.66
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Building	3.33/2.00
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Depreciation on Plant & Machinery at division which are not in operation has been provided on single shift basis.

- d) Depreciation is provided on the basis of month of capitalisation. Items of fixed asset individually valued upto Rs 5000 are fully depreciated in the books of account in the year in which they are put to use.
- e) The amounts at which fixed assets are carried in the Company's books are reviewed at the Balance Sheet date for any indication of impairment. In case of impairment, an impairment loss is recognised when the carrying amount of assets belonging to a Cash Generating Unit (CGU) or otherwise exceeds the recoverable amount of the assets i.e. the higher of assets' net selling price or its value in use. Subsequent reversal of such impairment loss if any, is allocated to the respective assets.

(iii) INVESTMENTS

Investments are stated at cost less write-downs where applicable.

(iv) INVENTORIES

Year-end inventory items are valued at lower of cost and net realisable value. Cost is computed on the basis of First In-First-Out or Weighted Average Pricing methods as appropriate. Cost in respect of Work-in-Progress represents cost incurred upto the stage of completion. Provisions for obsolescence are made based on technical estimation.

(v) FOREIGN CURRENCY TRANSACTIONS

- a) Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of such transaction.
- b) Receivables/payables in foreign currencies are translated at the appropriate forward contract rate, or if not covered, at the exchange rate ruling at the balance sheet date. The gain/loss arising on account of such translation, as also on the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expense and are reflected in the profit and loss account under respective heads of accounts.

(vi) EMPLOYEE BENEFITS

Short-Term Employee benefits are recognised as an expense in the year services are rendered by the employees.

Post - employment Plans :

- a) Contribution to defined contribution schemes such as Provident Fund etc. are recognised as and when incurred.
- b) Long Term employee benefits under defined benefit scheme such as contribution to gratuity, leave scheme etc. are determined at cost of the year at present value of the amount payable based on actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

(vii) SALES

Sales (net of credit notes) are recognised on accrual basis in keeping with applicable trade practice.

(viii) TAXES ON INCOME

Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax assets or liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent years is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognised unless there is sufficient assurance with respect to reversal thereof in future years.

Rs.('000)

As at 31.03.10	As at 31.03.09
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(2) CAPITAL EXPENDITURE COMMITMENTS

Estimated outstanding commitments for capital expenditure (net)	–	3106
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(3) CONTINGENT LIABILITIES*In respect of :*

Income Tax under Appeal	456	456
Excise duty under Appeal (to the extent ascertainable)	20322	20322
Disputed sales Tax under Appeal	50729	50729
Claims not acknowledged as debts	4146	4146

(4) EMPLOYEE BENEFITS**a. Defined Contribution Scheme :**

Employer's Contribution to Provident Fund	2419	3697
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b. Defined Benefit Scheme :

The employees' gratuity fund scheme/Pension Fund scheme is a defined benefit plan managed by a Trust/LIC. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Rs. ('000)

	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
I Expense recognised in the income statement						
Current services cost	246	2724	3328	3280	305	1658
Interest cost	428	4536	5237	5548	172	462
Expected return on plan assets	(1382)	(5197)	(9022)	(8501)	–	–
Past service cost due to revision in Pension Benefits	–	–	10183	–	–	–
Actuarial (gain) / loss	(263)	(1786)	(3590)	(5272)	585	(1879)
Total Expenses	(971)	277	6136	(4945)	1062	241
II Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows :						
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
Present value of Defined benefit obligation at the beginning of the year	30798	91154	76021	73525	3505	8203
Current service cost.	246	2724	3328	3280	305	1658
Interest Cost	428	4536	5237	5548	172	462
Benefit payments	(24599)	(54300)	(236)	(2377)	(1011)	(3500)
Past service cost due to revision in Pension Benefits	–	–	10183	–	–	–
Actuarial (gain) / loss	777	(6588)	(1365)	(2546)	585	(1879)
Adjustment pursuant to demerger of PSD	–	(6728)	–	(1409)	–	(1439)
Present value of Defined benefit obligation at the end of the year	7650	30798	93168	76021	3556	3505

Rs. ('000)

III	Changes in the fair value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
		2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
	Fair value of plan assets at the beginning of the year	27423	87600	112889	106100	–	–
	Employer contribution	4315	28347	–	–	1011	3500
	Expected Return on plan assets	1382	5197	9022	8501	–	–
	Benefit payments	(24599)	(83800)	(236)	(2377)	(1011)	(3500)
	Actuarial gain / (Loss)	1040	(4802)	2225	2726	–	–
	Adjustment pursuant to demerger of PSD	–	(5119)	–	(2061)	–	–
	Fair value of plan assets at the end of the year	9561	27423	123900	112889	–	–
IV Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended 31st March, 2010 :							
	Net Asset / (Liability) at the beginning of the year	(3375)	(3554)	36868	32575	(3505)	(8203)
	Employer Expenses	971	(277)	(6136)	4945	(1062)	(241)
	Employer Contribution	4315	28347	–	–	1011	3500
	Prior Period Cost Adjustment	–	(29500)	–	–	–	–
	Adjustment pursuant to demerger of PSD	–	1609	–	(652)	–	1439
	Net Asset / (Liability) at the end of the year	1911	(3375)	30732	36868	(3556)	(3505)
V Actuarial assumptions :							
	Discount rate (per annum)	7.40%	6.90%	7.40%	6.90%	7.40%	6.90%
	Expected return on plan assets (per annum)	8.00%	8.00%	8.00%	8.00%	NA	NA

Notes :

- Assumptions relating to future salary increase, attrition, interest rate for discount and overall expected rate of return on assets have been considered in the actuarial valuation based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- The gratuity payable to whole time directors is as per estimation of the management and the same has not been actuarially determined.
- Disclosure in terms of Para 120(n) of AS 15 (revised 2005) :

Rs. ('000)

	Gratuity (Funded)			Pension Fund (Funded)		
	2009/2010	2008/2009	2007/2008	2009/2010	2008/2009	2007/2008
Present Value of Defined Benefit Obligation at the year end	(7650)	(30798)	(91154)	(93168)	(76021)	(73525)
Fair Value of Plan Assets at the year end	9561	27423	87600	123900	112889	106100
Surplus/(Deficit)	1911	(3375)	(3554)	30732	36868	32575
Experience Adjustments on Plan Liabilities	(911)	473	1985	1277	276	(24611)
Experience Adjustments on Plan Assets	1040	85	12378	(163)	(1657)	1218

	Rs. ('000)	
	<u>2009/2010</u>	<u>2008/2009</u>
(5) STORES CONSUMED		
Total stores consumed including write off of Rs. 3300 ('000) (2008/2009 - Rs. 3923 ('000))	<u>4675</u>	<u>32539</u>
(6) REMUNERATION OF DIRECTORS		
Total remuneration		
Amount shown separately in Schedule 15 of Profit and Loss Account [(Including contribution to funds Rs 1320 ('000) (2008/2009 Rs.1320 ('000)), gratuity Rs 303 ('000) (2008/2009 - Rs. 303 ('000))	7959	7959
Other benefits	<u>600</u>	<u>600</u>
	<u>8559</u>	<u>8559</u>
(7) PAYMENTS TO FORMER DIRECTORS		
Pension paid or payable to former directors and not considered as Directors' remuneration is	<u>44</u>	<u>44</u>
(8) PAYMENT TO AUDITORS		
Total amount paid or payable to the Auditors :		
– As Auditors of the Company	200	600
– Other services (certificates, provident fund audit etc.)	190	287
Out-of-pocket expenses	<u>22</u>	<u>85</u>
	<u>412</u>	<u>972</u>

(9) PARTICULARS IN RESPECT OF GOODS MANUFACTURED*

Class of goods	Unit	Licensed Capacity		Installed Capacity		Actual Production	
		31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
Mild steel pressed components	tonne	6325	6325	7369	7369	922	–
Jlg, fixture, workshop gauges and tools	Rs. lakhs	500	500	500	500	–	–
Bolts, nuts and rivets	tonne	37200	37200	37200	37200	3	27
Woodscrews, machinescrews and self tapping screws	100 nos.	16237440	16237440	26157000	26157000	–	–
Colter pins and screw eyes	100 nos.	288000	288000	845000	845000	–	–
Safety pins	1000 nos.	224640	224640	937500	937500	–	–
Tubular rivets	1000 nos.	79200	79200	112500	112500	–	–
High Speed Steel	tonne	–	–	–	–	–	1258
Alloy Steel	tonne	–	–	–	–	–	259

*Installed capacities have been certified by the management and relied upon by the Auditors.

(10) PARTICULARS IN RESPECT OF SALES

Class of goods	Unit	31.03.10		31.03.09	
		Quantity	Value Rs. ('000)	Quantity	Value Rs. ('000)
Fan, motor and generator stampings	tonne	–	–	29	807
Radio, choke and meter laminations	tonne	–	–	10	581
Mild steel pressed components	tonne	884	31936	–	–
Hot rolled bars, rods and sections	tonne	65	1486	–	–
Bolts, nuts and rivets	tonne	65	3436	427	18669
Woodscrews, machinescrews and self tapping screws	100 nos.	8710	477	–	–
High Speed Steel	tonne	–	–	1242	869066
Alloy Steel	tonne	–	–	249	45336
Miscellaneous (including product scrap and other services)		–	183196	–	3088
			<u>220531</u>		<u>937547</u>

(11) PARTICULARS IN RESPECT OF FINISHED STOCKS

Class of goods	Unit	31.03.10		31.03.09		31.03.08	
		Quantity	Value	Quantity	Value	Quantity	Value
			Rs. ('000)		Rs. ('000)		Rs. ('000)
Fan, motor and generator stampings	tonne	—	—	2	10	31	244
Radio, choke and meter laminations	tonne	—	—	—	—	10	34
Mild steel pressed components	tonne	38	5082	—	346	—	117
Hot rolled bars, rods and sections	tonne	870	6307	935	6842	935	7659
Bright steel bars	tonne	292	3813	292	3813	292	3871
Bolts, nuts and rivets	tonne	232	3053	294	3885	694	7498
Woodscrews, machine screws and self tapping screws	100 nos.	463249	2590	471959	2590	471959	4881
Cotter pins and screw eyes	100 nos.	2058	—	2058	—	2058	20
Safety pins	1000 nos.	172	—	172	—	172	9
Tubular rivets	1000 nos.	8389	558	8389	558	8389	863
High Speed Steel	tonne	—	—	—	—	38	17877
Alloy Steel	tonne	—	—	—	—	—	2
			<u>21403</u>		<u>18044</u>		<u>43075</u>

(12) ANALYSIS OF RAW MATERIALS CONSUMED

	Unit	31.03.10		31.03.09	
		Quantity	Value	Quantity	Value
			Rs. ('000)		Rs. ('000)
Steel Sheets/Skelp	tonne	946	30064	21	140
Melting scrap	tonne	—	—	1710	282570
Ferro alloys, fluxes and other steel making materials	tonne	—	—	218	238096
Wire rods and coils	tonne	2	217	27	828
Miscellaneous		—	—	—	63199
			<u>30281</u>		<u>584833</u>

(13) VALUE OF RAW MATERIALS AND STORES (INCLUDING COMPONENTS AND SPARE PARTS) CONSUMED

	31.03.10		31.03.09	
	Rs. ('000)	%	Rs. ('000)	%
Imported	—	—	230644	37.4
Indigenous	34956	100.0	386728	62.6
	<u>34956</u>	<u>100.0</u>	<u>617372</u>	<u>100.0</u>

(14) VALUE OF IMPORTS ON C.I.F. BASIS

	31.03.10	31.03.09
Raw materials	—	228566
Stores (including components and spare parts)	—	775
	<u>—</u>	<u>229341</u>

(15) EXPENDITURE IN FOREIGN CURRENCY

Others (Bank charges, travelling, Professional charges etc)	110	150
	<u>110</u>	<u>150</u>

(16) EARNINGS IN FOREIGN CURRENCIES

Export of goods calculated on f.o.b. basis	—	36236
	<u>—</u>	<u>36236</u>

(17) MISCELLANEOUS INCOME

Include profit on sale of scrap Rs. 19170 ('000) (2008/2009 - Rs. 9644 ('000)), liabilities no longer required Rs. 2099 ('000) (2008/2009 - Rs. 29554 ('000)) and foreign exchange gain Rs. Nil ('000) (2008/2009 - Rs. 1273 ('000)).

(18) MISCELLANEOUS EXPENSES

Include cash discount Rs. Nil ('000) (2008/2009 - Rs. 3855 ('000)) and foreign exchange loss of Rs. Nil ('000) (2008/2009 - Rs. 4346 ('000)).

(19) SUNDRY CREDITORS INCLUDE :

	Rs. ('000)	
	31.03.10	31.03.09
a) Micro, Small and Medium Enterprises		
i) Total outstanding dues of Micro Enterprises and Small enterprises.	-	-
ii) Total outstanding dues of creditors other than Micro enterprises and Small enterprises.	91311	85871
iii) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
iv) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006. along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
v) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
vi) The amount of interest accrued and remaining unpaid at the end of each accounting year, and	-	-
vii) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
The above has been compiled based on information available with the Company and has accordingly been relied upon by the Auditors.		

b) Rs. 25057 ('000) (2008/2009 - Rs. 9695 ('000)) received as advance against scrap and other sales.

(20) In accordance with the Accounting Standard 22 for "Taxes on Income", the Company has accounted for deferred taxation. The Company has substantial amount of brought forward business losses, capital losses and unabsorbed depreciation. However, as a matter of prudence, deferred tax assets have been recognised only to the extent of deferred tax liability.

The break-up of deferred tax assets and liabilities ;

	Rs. ('000)		
	Opening balance as on 01.04.09	Charge/(Credit) for the year	Closing balance as on 31.03.10
Deferred Tax Assets			
- Unabsorbed depreciation	25904	2895	23009
- Expenses allowed on payment basis	846	846	-
Total	26750	3741	23009
Deferred Tax Liabilities			
- Depreciation	26750	(3741)	23009
Net Deferred Tax Liability	-	-	-

(21) "Related Party Disclosures" As Per Accounting Standard 18 as ascertained from available Information:

		Rs. ('000)			
Name of the Related Party	Nature of transaction	Value of transaction		Debit/(Credit) outstanding balance as on	
		31.03.10	31.03.09	31.03.10	31.03.09
Subsidiary Companies					
GKW (Overseas Trading) Ltd	Receiving of services	30	13	(497)	(527)
GKW Infosystems Ltd	Advance given to meet establishment expenses	14	–	14	–
	Provision for doubtful advances	14	–	(14)	–
Key Management Personnel					
Mr. J. D. Curravala	Remuneration	4805	4805	(325)	(325)
Mr. G. Srinivasan	Remuneration	3754	3754	(250)	(250)

Note : The above related party information is as identified by the management and relied upon by the Auditor.

(22) The Earnings per share has been calculated on the basis of number of equity shares outstanding during the year ended 31st March, 2010 in accordance with the provisions of Accounting Standard 20 (Earnings per share).

	Rs. ('000)	
	As at 31.03.10	As at 31.03.09
Profit after tax and before exceptional items	111659	76593
Profit attributable to Equity shares	111659	76593
Weighted average Number of Equity Shares	5966500	50715257
Earnings per Share (Rs)	18.71	1.51
Profit after tax and before exceptional items	111659	34094
Profit attributable to Equity shares	111659	34094
Weighted average Number of Equity Shares	5966500	50715257
Earnings per Share (Rs)	18.71	0.67

(23) GENERAL

- Current assets, loans and advances have value at least equal to that stated in the accounts.
- Figures pertaining to the year ended 31st March, 2009 include figures of Powmex Steels Undertaking of the Company which was demerged pursuant to the Scheme of Arrangement w.e.f. 1st February, 2009. Hence, previous years' figures are strictly not comparable. However, previous years' figures have been rearranged and regrouped wherever considered necessary.

On behalf of the Board

J. D. Curravala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice President & Secretary

A. Chakrabarti
Sr. Vice President (Finance)

H. S. Jha
Partner

For and on behalf of
LODHA & CO

Chartered Accountants

Kolkata
12th May, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. REGISTRATION DETAILS**

Registration No.	7026	State Code	21
Balance Sheet Date	31 03 2010		
	Date Month Year		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. ('000))

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. ('000))

Total Liabilities	492158	Total Assets	492158
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SOURCES OF FUNDS

Paid-up Capital	59665	Reserves & Surplus	311347
Secured Loans	—	Deferred Tax liability	—

APPLICATION OF FUNDS

Net Fixed Assets	88001	Investments	13371
Net Current Assets	269640	Misc. Expenditure	—
Accumulated Losses	—		

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. ('000))

Turnover (including other income)	297579	Total Expenditure	166287
Profit/(Loss) Before Tax	135018	Profit/(Loss) After Tax	111659
Earnings per Share	18.71		
		Dividend Rate %	—

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY
(as per monetary terms)**

Item Code No.	343201003
Product Description	Screws & Fasteners
Item Code No.	870800
Product Description	Mild Steel Pressed Components

CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

	Rs. ('000)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A. Cash flow from Operating Activities		
Net Profit before taxation and after exceptional items	135018	52388
Adjustments for:		
Depreciation - Fixed Assets	8553	65600
Diminution in value of investments	—	132
Exceptional and Prior period items (net)	—	42499
(Profit)/ Loss on disposal / scrapping of fixed assets (net)	(4698)	(61)
Stores Written off	3300	3923
Foreign Exchange (gain) / loss (net)	—	3073
Dividend and Income on investment	(27)	(21)
Investment Income	(19664)	(96961)
Provision for doubtful debts and advances	2136	4279
Doubtful advances written off	1460	39691
Provision no longer required	—	(39691)
Liability no longer required written back	(2099)	(29554)
Interest expense	—	22165
Provision for diminution in value of investment written back	(384)	—
	<u>(11423)</u>	<u>15074</u>
Operating Profit before Working Capital changes	123595	67462
Adjustments for:		
Trade & Other receivables	(16676)	82226
Inventories	599	(1163)
Trade Payables	(34243)	(564916)
Cash generation from operation	<u>73275</u>	<u>(416391)</u>
Direct taxes paid/refund	(22624)	(26093)
Cash flow before adjustments/exceptional items	<u>50651</u>	<u>(442484)</u>
Foreign Exchange loss/gain (net)	—	(3073)
Net Cash from operating activities	<u>50651</u>	<u>(445557)</u>
B. Cash Flow from investing activities		
Purchase of fixed assets	(4291)	(2517)
Purchase of investment	(12000)	—
Capital WIP	—	(1178)
Sale of Fixed Assets:		
— Others	10699	492
Income on investment	27	21
Interest income	<u>19664</u>	<u>96515</u>
Net cash flow from investing activity	14099	93333

GKW LIMITED

	Rs. ('000)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
C. Cash Flow from Financing activities		
Dividend distribution tax paid	—	(14998)
Interest Paid	—	(22165)
Repayment/transfer of borrowings	—	17040
Net cash flow from financing activities	—	(20123)
Net increase in Cash and Cash equivalents (A+B+C)	64750	(372347)
Closing Cash and Cash Equivalents as on 01.04.09	191943	1536136
Adjustment arising out of demerger	—	(971846)
Adjusted cash balance	191943	564290
Closing Cash and Cash Equivalents as on 31.03.10	256693	191943

- Notes: 1. Cash Flow Statement is prepared by the 'Indirect Method' as set out in Accounting Standard-3 on 'Cash Flow Statement'.
2. Cash and Cash equivalents presented in the statement consists of Cash in hand and Fixed Deposits with bank as on Balance Sheet date.

On behalf of the Board

J. D. Curavala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice President & Secretary

A. Chakrabarti
Sr. Vice President (Finance)

Kolkata
12th May, 2010

This is the Cash Flow Statement referred to in our report of even date.

14, Government Place East
Kolkata
12th May, 2010

for LODHA & CO
Chartered Accountants
H. S. Jha
Partner

STATEMENT REGARDING SUBSIDIARY COMPANIES

1. Pursuant to Section 212 sub-section 3 of the Companies Act, 1956

(a) Name of Subsidiary	GKW (Overseas Trading) Limited	GKW Infosystems Ltd.
(b) Holding Company's interest	50,000 Ordinary shares of Rs. 10/- each, fully paid, holders of entire issued share capital	50,000 Ordinary shares of Rs. 10/- each, fully paid up, held by GKW (Overseas Trading) Ltd., holders of entire issued share capital
(c) Net aggregate of Subsidiary's Profits less Losses and not dealt with in the Company's accounts -		
(i) For the Subsidiary's financial year ended on 31st March, 2010.	Rs. 17716 Loss	Rs. 14390 Loss
(ii) For the previous financial year	Rs. 514197 Loss	Rs. 13529 Loss
(d) Net aggregate amount of Subsidiary's Profits less Losses and dealt with in the Company's accounts -		
(i) For the Subsidiary's financial year ended on 31st March, 2010	Nil	Nil
(ii) For the previous financial year	Nil	Nil

On behalf of the Board

J. D. Curravala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice President & Secretary

A. Chakrabarti
Sr. Vice President (Finance)

Kolkata
12th May, 2010

10 YEARS' PROFILE

(Rs. In Lakhs)

2000-'01 2001-'02 2002-'03 2003-'04 2004-'05 2005-'06 2006-'07 2007-08 2008-09 **2009-10**
OPERATING RESULTS

Sales	7659	6622	6456	7306	8263	13019	13006	13263	9497	2326
Profit/(Loss) before depreciation & finance charges	4217	3155	(589)	(238)	(1)	790	1448	1451	1827	1436
Finance Charges	(2367)	(1493)	(1498)	(1680)	(1820)	(537)	(545)	(556)	(222)	–
Gross Profit/Loss	1850	1662	(2087)	(1918)	(1821)	253	903	895	1605	1436
Depreciation	(909)	(907)	(908)	(904)	(870)	(846)	(831)	(778)	(656)	(86)
Profit/(Loss) before tax	941	755	(2995)	(2822)	(2691)	1902	73	25703	524	1350
Profit/(Loss) after tax	939	754	(2753)	(2548)	(2359)	2191	337	25694	341	1117
Dividend	–	–	–	–	–	–	–	–	–	–

OTHER STATISTICS

Net Assets Employed	12911	10055	7662	6329	5563	8429	9733	22070	2593	3710
Shareholders' Fund	221	858	(3227)	(5875)	(8234)	5007	7189	22070	2593	3710
PBT to Sales (%)	12	11	–	–	–	15	–	194	6	58
PBT to Net Assets Employed (%)	7	7	–	–	–	23	1	116	20	36
(%) –	–	–	–	–	–	–	–	–	–	Dividend
No. of Employees	4010	3627	2965	2691	2452	1839	1646	537	102	71
No. of shareholders ('000 nos.)	114	114	112	107	104	99	96	92	91	38

Notes :

1. Brackets represent deductions/losses
2. Profit before tax and after tax include exceptional and prior period items.

AUDITORS' REPORT TO THE MEMBERS OF GKW LIMITED

We have audited the attached Balance Sheet of GKW Limited (the Company) as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. These financial statements of the Company are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the Order") issued by the Central Government in exercise of the powers conferred by Section 227 (4A) of the Companies Act 1956, ("the Act") and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we state that :
 - I. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets;
 - b) During the year fixed assets have been physically verified by the management according to a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As informed, no material discrepancies in respect of assets verified were noticed with respect to the book records;
 - c) The Company has not disposed off any substantial part of the fixed assets during the year.
 - II. a) As informed, the inventory, have been physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification, wherever carried out, in respect of the inventory verified, as followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of its inventory. As far as ascertained, discrepancies noticed on physical verification of inventory were not material as compared to the book records and these have been properly dealt with in the books of account.
- III. As per the records of the Company, it has not taken/ granted any loans, secured or unsecured to any companies, firms or other parties covered in the Register maintained under Section 301 of the Act. Accordingly clauses 4 (iii) of the Order are not applicable to the Company.
 - IV. In our opinion, and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct the major weaknesses in internal controls.
 - V. According to information and explanations given to us and as per the records of the Company, there are no transactions that need to be entered, in the Register maintained under Section 301 of the Act. Accordingly, the provisions of the clause 4 (v)(b) of the said Order is not applicable to the Company.

- VI. The Company has not accepted any deposit from public covered under section 58A and 58AA of the Act and rules framed there under.
- VII. Internal audit is being conducted by Company's own internal audit department, so as to cover the entire operation over a period of time. In our opinion the Company's internal audit system in respect of areas covered is commensurate with its size and nature of its business.
- VIII. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Act in respect of any of the products of the Company.
- IX. a) As far as ascertained from the records available for our verification, statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other relevant material statutory dues wherever applicable have generally been regularly deposited during the year with the appropriate authorities.
- b) According to the information and explanations given to us, amounts of Income Tax, Sales Tax and Excise Duty amounts which have not been deposited on account of dispute are as given below:

<u>Statute</u>	<u>Nature of Tax</u>	<u>Forum where Dispute is Pending</u>	<u>Amount (Rs. in Lacs)</u>	<u>Period to which amount relates</u>
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	4.56	1981-82
The Central Sales Tax Act, 1956	Central Sales Tax	DC (Appeals) Sales Tax Tribunal	96.86 124.48	1984, 1996-2000 1983, 1985, 1987, 1992-1996 and 2003-2004
Bengal Finance (Sales Tax) Act, 1941	Sales tax	DC (Appeals) Sales Tax Tribunal	57.10 139.68	1984 and 1986 1978, 1983, 1985, 1987, 1992 to 1996
The West Bengal Sales Tax Act, 1994	Sales Tax	DC (Appeals) Sales Tax Tribunal	59.28 29.89	1996-2000 1995-1996 and 2003-2004
Central Excise Act, 1944	Excise Duty	CESTAT Commissioner (Appeals)	23.99 179.23	2005 1994-2000

- X. The Company does not have any accumulated losses as at the end of the year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- XI. The Company has neither taken any loans from financial institutions and banks nor issued any debentures. Accordingly, clause 4(xi) of the Order is not applicable to the Company.
- XII. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other security.
- XIII. In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of the clause 4 (xiii) of the said Order are not applicable to the Company.

- XIV. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4 (xiv) of the Order is not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. As per the information and explanations given to us, the Company has not availed fresh term loan during the year.
- XVII. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.
- XVIII. The Company has not made any preferential allotment of shares to parties and companies required to be covered, in the Register maintained under Section 301 of the Act, during the year.
- XIX. The Company has not issued any secured debentures during the year. Accordingly, clause 4 (XIX) of the Order is not applicable to the Company.
- XX. The Company has not raised any money through a Public issue during the year.
- XXI. During the course of our examination of books and records of the Company carried out in accordance with generally accepted auditing practices in India, we have neither come across any instances of fraud by the Company, noticed and reported during the year, nor have we been informed of any such case by the management.

2. Further to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
- c) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books; and
- d) In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Act.
- e) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director of the Company in terms of section 274 (1) (g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata
12th May, 2010

For Lodha & Co.
Chartered Accountants
ICAI Firm Registration No. 301051E
H. S. JHA
Membership No.55854
Partner

DIRECTORS' REPORT

Your Directors submit the Annual Report together with the Audited Accounts for the year ended 31st March, 2010.

ACCOUNTS:

The turnover for the year was Rs. Nil (2008-2009 – Rs. Nil). Income by way of commission earned during the year was Rs. Nil as against Nil for the year 2008-2009. The expenditure incurred by the Company in foreign currency during the year was Rs. Nil (2008-2009– Rs. Nil) and the earnings in foreign currency was Rs. Nil (2008-2009 – Rs. Nil). Net loss for the year was Rs.0.18 lakh (2008-2009 – Rs.5.15 lakhs).

OPERATIONS:

The Company will continue to seek commission business. However, it is felt that other areas of business such as services could also be explored within the statutory framework.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors hereby confirm :

- i) That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanations 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 and loss of the Company for that year.
- 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.

Since the Company is not engaged in manufacturing activity, the provisions under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo and Research & Development are not applicable.

PARTICULARS OF EMPLOYEES

There was no employee in respect of remuneration required to be reported under Section 217(2A) of the Companies Act, 1956.

DIRECTORS:

Mr. A. Chakrabarti retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS:

M/s. K. C. Roy & Co., the retiring auditors have expressed their willingness to be reappointed.

On behalf of the Board

Kolkata
11th May, 2010

A. Bhattacharya
Director

A. Chakrabarti
Director

AUDITORS' REPORT

TO THE MEMBERS OF GKW (OVERSEAS TRADING) LIMITED

We have audited the attached Balance Sheet of GKW (Overseas Trading) Limited as on 31st March, 2010 and also the Profit and Loss Account for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit is a reasonable basis of our opinion.

We further report that the information pursuant to the provision of paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 has not been appended to the accounts as the Company has no activity relating to the manufacturing, trading, export and import of goods.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters which in our opinion are applicable to the Company.

Further to our comments in the Annexure referred to above, we report that;

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of the account as required by law have been kept by the Company so far as appears from the examination of those books;
- iii) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India;
 - a) In case of the Balance Sheet, of the state of the affairs of the Company as on 31st March, 2010
 - b) In the case of the Profit and Loss account, of the loss for the year ended on that date.

Kolkata
11th May, 2010

For & on behalf of
K.C. Roy & Co
Chartered Accountants
ICAI Firm Registration No. 301161E
N.N. Bhattacharya
Partner
Mem No: 9584

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF GKW (OVERSEAS TRADING) LIMITED REFERRED TO IN OUR REPORT OF EVEN DATE.

- (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on verification. There was no disposal of fixed assets during the year.
- (ii) There has been no inventory at any point of time during the year. Hence, items (a), (b) and (c) of Clause (ii) of the aforesaid Order are not applicable.
- (iii) As informed to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.
- (v) Based on the information and explanations given to us, the transactions pertaining to contracts and arrangements that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have not been so entered since the Company inter-alia, does not undertake transactions of purchase and sale of goods, materials and services with associate and group companies, in pursuance of contracts/arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from public within the meaning of sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act.
- (vii) The paid-up capital and reserves of the Company at the commencement of the financial year did not exceed Rs 50 Lakhs as at the commencement of the financial year or the average annual turnover for a period of three consecutive financial year immediately preceding the financial year did not exceed Rs 5 Crores and as such, we are not commenting on the internal audit system, if any.
- (viii) Maintenance of cost records as prescribed by the Central Government under clause (d) of sub-section (1) of 209 of the Act is not applicable to the Company.
- (ix) The Company does not have any staff on its payroll and is not engaged in transaction of purchase and sale and therefore item (a) and (b) of clause (ix) of the aforesaid Order are not applicable to your Company.
- (x) The Company has no accumulated losses at the end of the financial year but it has incurred cash loss in the current year and in immediate preceding financial year.
- (xi) The Company has not taken any loans from Financial Institutions, Banks or Debenture-holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares and debentures.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- (xiv) As informed and explained to us, the Company has not dealt/traded in securities or debentures or other investments during the year.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates from bank or financial institutions.
- (xvi) The company has not taken any term loan and as such this para has no application thereof.
- (xvii) No funds raised for short term basis have been used for long term investment or vice versa.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on information and explanations furnished by the management, which have been relied upon by us, there were no frauds by the Company noticed or reported during the year.

Kolkata
11th May, 2010

For & on behalf of
K.C. Roy & Co
Chartered Accountants
ICAI Firm Registration No. 301161E
N.N.Bhattacharya
Partner
Mem No: 9584

GKW (OVERSEAS TRADING) LIMITED**BALANCE SHEET
AS AT 31ST MARCH, 2010**

	Schedule	31st March, 2010		31st March, 2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1		500000		500000
Reserves and Surplus	2		44119		61835
Total			<u>544119</u>		<u>561835</u>
APPLICATION OF FUNDS					
Fixed Assets	3				
Gross block		339847		339847	
Less: Accumulated Depreciation		<u>333609</u>		<u>332603</u>	
Net Block			6238		7244
Investments	4		—		—
Current Assets, Loans and Advances					
Cash and Bank Balances	5	24969		13648	
Loans and Advances	6	<u>514078</u>		<u>542109</u>	
		<u>539047</u>		<u>555757</u>	
Less : Current Liabilities and Provisions					
Liabilities		—		—	
Provisions		<u>1166</u>		<u>1166</u>	
		<u>1166</u>		<u>1166</u>	
Net Current Assets			537881		554591
Total			<u>544119</u>		<u>561835</u>

Notes on Accounts 8
The Schedules referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date.

N N Bhattacharya
Partner
For and on behalf of
K C Roy & Co
Chartered Accountants
Kolkata
11th May, 2010

On behalf of the Board
A. Bhattacharya
Director
A. Chakrabarti
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	2009-2010	2008-2009
		Rs.	Rs.
INCOME		<u>—</u>	<u>—</u>
EXPENDITURE AND CHARGES			
Expenses	7	16710	513028
Depreciation		<u>1006</u>	<u>1169</u>
		<u>17716</u>	<u>514197</u>
PROFIT/(LOSS) BEFORE TAXATION		<u>(17716)</u>	<u>(514197)</u>
Provision for taxation		—	—
PROFIT/(LOSS) AFTER TAXATION		<u>(17716)</u>	<u>(514197)</u>
Balance from previous year brought forward		<u>61835</u>	<u>576032</u>
Balance carried forward		<u>44119</u>	<u>61835</u>
Notes on Accounts	8		

The Schedules referred to above form an integral part of the Profit and loss Account

This is the Profit and Loss account referred to in our report of even date.

N N Bhattacharya
Partner
for and on behalf of
K C Roy & Co
Chartered Accountants
Kolkata
11th May, 2010

On behalf of the Board
A. Bhattacharya
Director
A. Chakrabarti
Director

GKW (OVERSEAS TRADING) LIMITED

SCHEDULES TO BALANCE SHEET

	31st March,2010	31st March,2009		
	Rs.	Rs.		
1. SHARE CAPITAL				
Authorised				
50000 Ordinary shares of Rs. 10 each	<u>500000</u>	<u>500000</u>		
Issued and subscribed				
50000 Ordinary shares of Rs. 10 each fully paid up in cash.	<u>500000</u>	<u>500000</u>		
(The whole of the subscribed capital is held by GKW limited and its nominees)				
2. RESERVES AND SURPLUS				
Profit and Loss Account	<u>44119</u>	<u>61835</u>		
3. FIXED ASSETS				
	Plant & Machinery Rs.	Furniture & Fittings Rs.	Total 2009/2010 Rs.	Total 2008/2009 Rs.
Cost				
As at the beginning of the year	<u>336204</u>	<u>3643</u>	<u>339847</u>	<u>339847</u>
Total as at the year end	<u>336204</u>	<u>3643</u>	<u>339847</u>	<u>339847</u>
Accumulated Depreciation				
As at the beginning of the year	<u>328961</u>	<u>3642</u>	<u>332603</u>	<u>331434</u>
Add: For the year	<u>1006</u>	<u>-</u>	<u>1006</u>	<u>1169</u>
Total as at the year end	<u>329967</u>	<u>3642</u>	<u>333609</u>	<u>332603</u>
Net book value as at 31st March, 2010	<u>6237</u>	<u>1</u>	<u>6238</u>	<u>7244</u>
Net book value as at 31st March, 2009	<u>7243</u>	<u>1</u>	<u>7244</u>	
4 INVESTMENTS				
Unquoted				
GKW Infosystems Limited				
50000 Ordinary shares of Rs.10/- each fully paid-up at cost			500000	
Less : Provided			<u>500000</u>	<u>-</u>
			<u>-</u>	<u>-</u>
5. CASH AND BANK BALANCES				
Cash and cheques in hand			-	2673
Bank balances with scheduled bank on Current account			<u>24969</u>	<u>10975</u>
			<u>24969</u>	<u>13648</u>
6. LOANS AND ADVANCES				
Considered good				
Advances recoverable in cash or value to be received [Includes receivable from GKW Ltd. Rs.496810 (Previous year - Rs.527341), the holding Company.]			<u>496810</u>	<u>527341</u>
Professional tax recoverable			<u>2500</u>	<u>-</u>
TDS Receivable			<u>13878</u>	<u>13878</u>
Advance payment of Tax (net of provisions)			<u>890</u>	<u>890</u>
			<u>514078</u>	<u>542109</u>
SCHEDULE TO PROFIT AND LOSS ACCOUNT				
7. EXPENSES				
Rates and taxes			<u>4900</u>	<u>4158</u>
Bank charges			<u>60</u>	<u>120</u>
Auditors' remuneration (Note 2)			<u>6000</u>	<u>6000</u>
Provision for diminution in value of investments			<u>-</u>	<u>500000</u>
Licence/Filing fees			<u>5750</u>	<u>2750</u>
			<u>16710</u>	<u>513028</u>

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.

SCHEDULE - 8

1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION AND REVENUE RECOGNITION

These accounts are prepared under the historical cost convention. Both income and expenditure items are recognised on accrual and prudent basis.

(b) FIXED ASSETS AND DEPRECIATION

Fixed assets and capital work in progress are stated at cost. Depreciation on fixed assets are being recognised on Written Down Value Method at rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956.

(c) INVESTMENTS

Long Term Investments are stated at cost less write downs / provided in certain cases.

- (d)** Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax assets or liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent years is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognisable unless there is sufficient assurance with respect to the future taxable income.

	2009/2010	2008/2009
2. PAYMENTS TO AUDITORS	Rs.	Rs.
As Auditors of the Company	6000	6000
3. (a) Total outstanding dues of Micro enterprises and Small enterprises	NIL	NIL
(b) Total outstanding dues of creditors other than Micro enterprises and Small enterprises	NIL	NIL
(c) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
(d) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
(f) The amount of interest accrued and remaining unpaid at the end of each accounting year, and	NIL	NIL
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
4. CLAUSE 4-C OF PART II OF SCHEDULE VI IS NOT APPLICABLE TO THE COMPANY		
5. VALUE OF IMPORTS ON CIF BASIS.	NIL	NIL
6. EXPENDITURE IN FOREIGN CURRENCY	NIL	NIL
7. In view of accumulated losses brought forward from earlier years, the provision for current taxation as well as for deferred tax assets or liability in terms of Accounting Standard (AS) - 22 "Accounting for taxes on income" issued by The Institute of Chartered Accountants of India have not been recognised since there is no sufficient assurance with respect to reversal thereof in future years.		

GKW (OVERSEAS TRADING) LIMITED

8. Regarding "Related Party Disclosures" as per Accounting Standard 18 of the Institute of Chartered Accountants of India we give below the following details:

Name of the Related Party	Nature of Relationship	Nature of transaction	Rs.			
			Value of transaction for the year		Debit/(Credit) outstanding balance as on	
			2009-10	2008-09	31.03.10	31.03.09
GKW Limited	Holding Compan	Receiving of services	30531	13142	496810	527341

INFORMATION PURSUANT TO PART IV OF THE COMPANIES ACT, 1956

9. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	27207	State Code	21
Balance Sheet Date	31 03 2010		
	Date Month Year		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rupees)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rupees)

Total Liabilities	545285	Total Assets	545285
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SOURCES OF FUNDS

Paid-up Capital	500000	Reserves & Surplus	44119
Secured Loans	—	Unsecured Loans	—

APPLICATION OF FUNDS

Net Fixed Assets	6238	Investments	—
Net Current Assets	537881	Misc. Expenditure	Nil
Accumulated Losses	—		

IV. PERFORMANCE OF THE COMPANY (Amount in Rupees)

Turnover	Nil	Total Expenditure	17716
Total Income	—	Profit/(Loss) after Tax	(17716)
Profit/(Loss) before Tax	(17716)	Dividend Rate %	Nil
Earnings per Share	—		

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Item Code No. (ITC Code)	Nil
Product Description	Nil

10. Previous Year's figures have been re-grouped/re-arranged where necessary.

Signature to Schedules 1 to 9 forming part of Balance Sheet and Profit and Loss Account.

On behalf of the Board

Kolkata
11th May, 2010

A.Bhattacharya
Director

A. Chakrabarti
Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors submit their Annual Report together with the Audited Accounts for the year ended 31st March, 2010.

ACCOUNTS

The turnover for the year was RS. NIL (2008-2009 – Rs. NIL). The Company incurred a loss of Rs.14,390/- (2008-2009– Rs.13,529/-) during the said year.

In respect of Auditors' Report as stated in item No. (vi) and also in item No. (x) of the Annexure to the Report, the item No. 9(a) of Notes of Accounts is self-explanatory.

Since the Company is not engaged in manufacturing activity, the provision under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption and Research & Development are not applicable.

OPERATIONS

The Company has not been able to develop business in the information technology area and hence various steps are under consideration to deal with the situation.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange earnings and outgo.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors hereby confirm :

- i) That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanations 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 and loss of the Company for that year.
- 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.

PARTICULARS OF EMPLOYEES

There was no employee in respect of remuneration required to be reported under Section 217(2A) of the Companies Act, 1956.

DIRECTORS

Mr. M.K.Mallik will retire at the forthcoming Annual General Meeting and being eligible offers himself for re-election.

AUDITORS

M/s. K. C. Roy & Co., Chartered Accountants, the retiring Auditors have expressed their willingness to be re-appointed.

On behalf of the Board

Kolkata
11th May, 2010

A. Bhattacharya
Director

A. Chakrabarti
Director

AUDITORS' REPORT

TO THE MEMBERS OF GKW INFOSYSTEMS LIMITED

We have audited the attached Balance Sheet of GKW Infosystems Limited as on 31st March, 2010 and also the Profit and Loss Account for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit is a reasonable basis of our opinion.

We further report that the information pursuant to the provision of paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 has not been appended to the accounts as the Company has no activity relating to the manufacturing, trading, export and import of goods.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that ;

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of the account as required by law have been kept by the Company so far as appears from the examination of those books;
- iii) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) ***As indicated in Note 9(a) of Schedule – 8, the training and other activities of the Company continues to remain suspended during the year under audit, since the Company did not have the capacity to make the required investment for its revival. However, the Company is exploring various options to deal with business. Consequential adjustments in assets and liabilities will be made once the option is exercised. Having regard to above, the accounts have been prepared on going concern basis.***
- vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India;
 - a. In case of the Balance Sheet, of the state of the affairs of the Company as on 31st March, 2010
 - b. In the case of the Profit and Loss account, of the loss for the year ended on that date.

Kolkata
11th May, 2010

For & on behalf of
K.C. Roy & Co
Chartered Accountants
ICAI Firm Registration No. 301161E
N.N. Bhattacharya
Partner
Mem No: 9584

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF GKW INFOSYSTEMS LIMITED REFERRED TO IN OUR REPORT OF EVEN DATE.

- (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on verification. There was no disposal of fixed assets during the year.
- (ii) There has been no inventory at any point of time during the year. Hence, items (a), (b) and (c) of Clause (ii) of the aforesaid Order are not applicable.
- (iii) As informed to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business. No major weakness have been noticed in the internal control in respect of those areas during the course of our audit.
- (v) Based on the information and explanations given to us, the transactions pertaining to contracts and arrangements that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have not been so entered since the Company inter-alia, does not undertake transactions of purchase and sale of goods, materials and services with associate and group companies, in pursuance of contracts/arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from public within the meaning of sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Companies Act, 1956.
- (vii) The paid-up capital and reserves of the Company at the commencement of the financial year did not exceed Rs 50 Lakhs as at the commencement of the financial year or the average annual turnover for a period of three consecutive financial year immediately preceding the financial year did not exceed Rs 5 Crores and as such, we are not commenting on the internal audit system, if any.
- (viii) Maintenance of cost records as prescribed by the Central Government under clause (d) of sub-section (1) of 209 of the Act is not applicable to the Company.
- (ix) The Company does not have any staff on its payroll and is not engaged in transaction of purchase and sale and therefore item (a) and (b) of clause (ix) of the aforesaid Order are not applicable to your Company.
- (x) ***The Company has accumulated losses at the end of the financial year which has exceeded its total net worth and it has also incurred cash losses in the current year and in immediate preceding financial year.***
- (xi) The Company has not taken any loans from Financial Institutions, Banks or Debenture-holders
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares and debentures.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
- (xiv) As informed and explained to us, the Company has not dealt/traded in securities or debentures or any other investments during the year.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates from bank or financial institutions.
- (xvi) The Company has not taken any term loan and as such this para has no application thereof.
- (xvii) No funds raised for short term basis have been used for long term investment vice versa.
- (xviii) The Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on information and explanations furnished by the management, which have been relied upon by us, there were no frauds by the Company noticed or reported during the year.

Place : Kolkata
11th May, 2010

For & on behalf of
K.C. Roy & Co
Chartered Accountants
ICAI Firm Registration No. 301161E
N.N. Bhattacharya
Partner
Mem No: 9584

GKW INFOSYSTEMS LIMITED**BALANCE SHEET
AS AT 31ST MARCH, 2010**

	Schedule	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1		500000		500000
Total			<u>500000</u>		<u>500000</u>
APPLICATION OF FUNDS					
Fixed Assets	2				
Gross Block		80700		80700	
Less : Depreciation		<u>80699</u>		<u>80699</u>	
Net Block			1		1
Current Assets, loans and advances					
Sundry Debtors	3	—		—	
Cash and bank balances	4	17615		17705	
Loans and Advances	5	<u>25879</u>		<u>25879</u>	
		<u>43494</u>		<u>43584</u>	
Current Liabilities and provisions	6	<u>2017280</u>		<u>2002980</u>	
		<u>2017280</u>		<u>2002980</u>	
Net Current Assets			(1973786)		(1959396)
Profit and Loss Account			<u>2473785</u>		<u>2459395</u>
Total			<u>500000</u>		<u>500000</u>
Notes on Accounts	8				

The Schedules referred to above and the notes attached form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

N.N.Bhattacharya
Partner
For and on behalf of
K.C.ROY & CO.
Chartered Accountants
Kolkata
11th May, 2010

On behalf of the Board
A.Chakrabarti
Director
A. Bhattacharya
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	2009-2010	2008-2009
		Rs.	Rs.
INCOME		—	—
EXPENDITURE AND CHARGES			
Operating Costs	7	14390	13529
		<u>14390</u>	<u>13529</u>
PROFIT/(LOSS) BEFORE TAXATION		(14390)	(13529)
Provision for Taxation		—	—
PROFIT/(LOSS) AFTER TAXATION		(14390)	(13529)
Balance from previous year brought forward		<u>(2459395)</u>	<u>(2445866)</u>
Balance carried forward		<u>(2473785)</u>	<u>(2459395)</u>
Notes on Accounts	8		

The Schedules referred to above and the notes attached form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

N.N.Bhattacharya
Partner
For and on behalf of
K.C.ROY & CO.
Chartered Accountants
Kolkata
11th May, 2010

On behalf of the Board
A.Chakrabarti
Director
A.Bhattacharya
Director

**SCHEDULES TO
BALANCE SHEET**

	2009-2010 Rs.	2008-2009 Rs.
6. CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors	188409	188409
Other Creditors - GKW	596041	581741
Advance Franchisee Fees	106578	106578
Other Expenses	989217	989217
Sylvan-Prometric Test Fees	44169	44169
Advance Course Fees	92866	92866
	<u>2017280</u>	<u>2002980</u>

SCHEDULE TO PROFIT AND LOSS ACCOUNT

7. OPERATING COSTS		
Audit Fees	6000	6000
Bank Charges	90	480
Rates & Taxes	2500	3242
Miscellaneous Expenses (filing fees, License fees & others)	5800	3807
	<u>14390</u>	<u>13529</u>

NOTES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

Schedule - 8

1. SIGNIFICANT ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION AND REVENUE RECOGNITION

These Accounts are prepared under the historical cost convention. Both income and expenditure items are recognised on accrual and prudent basis.

Course fees received is accounted on prorata basis depending upon the duration of the course.

Franchisee Registration fees is recognised at the time of signing of MOU with Franchise.

Preliminary Expenses are being amortised in five equal instalments.

(b) FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost. Depreciation on fixed assets are being recognised on Straight line method at rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956

(c) FOREIGN CURRENCY TRANSACTIONS

Foreign Currency balances at the year-end are translated at the appropriate forward contract or year-end rates.

(d) TERMINAL EMPLOYEE BENEFITS

Gratuity payable to the employees will be provided in the accounts on the basis of the Payment of Gratuity Act, 1972, accrued leave liability will be provided on the basis of management estimate.

(e) ACCOUNTING FOR TAXATION

Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent years is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are not recognisable unless there is sufficient assurance with respect to the future taxable income.

	2009-2010 Rs.	2008-2009 Rs.
2. CAPITAL EXPENDITURE COMMITMENTS		
Estimated outstanding commitments for capital expenditure (Net).	NIL	NIL
3. CONTINGENT LIABILITY	NIL	NIL

	2009-2010 Rs.	2008-2009 Rs.
4. PAYMENT TO AUDITORS		
As Auditors of the Company	<u>6000</u>	<u>6000</u>
5. (a) Total outstanding dues of Micro enterprises and Small enterprises	NIL	NIL
(b) Total outstanding dues of creditors other than Micro enterprises and Small enterprises	784450	770150
(c) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
(d) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
(e) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	NIL	NIL
(f) The amount of interest accrued and remaining unpaid at the end of each accounting year, and	NIL	NIL
(g) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
6. CLAUSE 4-C OF PART II OF SCHEDULE VI IS NOT APPLICABLE TO THE COMPANY		
7. VALUE OF IMPORTS ON CIF BASIS.	NIL	NIL
8. EXPENDITURE IN FOREIGN CURRENCY	NIL	NIL
9. GENERAL		

- (a) The Company's training and other activities continued to remain suspended during the year as the Company did not have the capacity to make the required investments for reviving the business. However, various options are being explored to deal with the business of the Company. Consequential adjustments in assets and liabilities will be made once the option is exercised. Accordingly, the accounts have been prepared on going concern basis.
- (b) In view of the accumulated losses brought forward from earlier years, the provision for current taxation as well as deferred tax assets or liability in terms of AS-22 (Accounting for Taxes on Income) issued by the Institute of Chartered Accountants of India have not been recognised since there is no sufficient assurance with respect to reversal in future years.
- (c) Regarding Related party disclosures as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India, we give below the following details.

Amount in Rs.

<u>Name of the Related Party</u>	<u>Nature of Relationship</u>	<u>Nature of transaction</u>	<u>Value of transaction</u>		<u>Debit/(Credit) outstanding balance as on</u>	
			<u>2009-10</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2008-09</u>
GKW (Overseas Trading) Limited	Holding Company	Nil	Nil	Nil	Nil	Nil
GKW Limited	Holding Company of GKW (Overseas Trading) Limited	Receiving of services	14300	-	596041	581741

GKW INFOSYSTEMS LIMITED

INFORMATION PURSUANT TO PART IV OF THE COMPANIES ACT, 1956

9. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	27207	State Code	21
Balance Sheet Date	31 03 2010		
	Date Month Year		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rupees)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rupees)

Total Liabilities	2517280	Total Assets	2517280
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SOURCES OF FUNDS

Paid-up Capital	500000	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil

APPLICATION OF FUNDS

Net Fixed Assets	1	Investments	Nil
Net Current Assets	(1973786)	Misc. Expenditure	Nil
Accumulated Losses	2473785		

IV. PERFORMANCE OF THE COMPANY (Amount in Rupees)

Total Income	–	Total Expenditure	14390
Profit/(Loss) before Tax	(14390)	Profit/(Loss) after Tax	(14390)
Earnings per Share	–	Dividend Rate %	Nil

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (as per monetary terms)

Product Description	Education
	Corporate Training
	Software Development

Signature to Schedules 1 to 9 forming part of Balance Sheet and Profit and Loss Account.

On behalf of the Board

Kolkata
11th May, 2010

A.Chakrabarti A.Bhattacharya
Director Director

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF GKW LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GKW LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of GKW Limited ("the Company") and its subsidiary Companies as at 31st March, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of the Subsidiary Companies whose financial statements reflect total assets of Rs. 5.88 lacs as at 31st March 2010 and total revenues of Rs. Nil lakhs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards 21, "Consolidated Financial Statements" and on the basis of the separate audited financial statements of GKW Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of GKW Limited and its subsidiaries, we are of the opinion that, the Consolidated Balance Sheet, Profit and Loss account and Cash flow statement give a true and fair view of the consolidated state of affairs of GKW limited and its subsidiaries as at 31st March, 2010, consolidated results of their operation and their consolidated cash flows for the year ended on that date in conformity with the accounting principles generally accepted in India.

Kolkata,
12th May, 2010

For Lodha & Co.
Chartered Accountants
ICAI Firm Registration No. 301051E
H.S. Jha
Partner
Membership No. 55854

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rs. ('000) As at 31.03.10	As at 31.03.09
SOURCE OF FUNDS			
Shareholders' fund			
Share capital	1	59665	59665
Reserves and surplus	2	309432	197791
Deferred tax liability (net) (Note 6)		–	–
Total		<u>369097</u>	<u>257456</u>
APPLICATION OF FUNDS			
Fixed assets	3		
Gross block		311412	330254
Less : depreciation		<u>223404</u>	<u>233163</u>
Net block		88008	97091
Capital work in progress		<u>–</u>	<u>1178</u>
		<u>88008</u>	<u>98269</u>
Investments	4	12871	487
Current assets, loans and advances			
Inventories	5	49106	53005
Sundry debtors	6	16339	5361
Cash and bank balances	7	256735	191975
Loans and advances	8	63887	63242
Other current assets	9	4804	4081
		<u>390871</u>	<u>317664</u>
Less:Current liabilities and provisions			
Liabilities	10	122653	116465
Provisions	11	–	42499
		<u>122653</u>	<u>158964</u>
Net current assets		<u>268218</u>	<u>158700</u>
Total		<u>369097</u>	<u>257456</u>
Notes on accounts	18		

On behalf of the Board

As per our Report annexed

J D Curavala
Managing Director

G Srinivasan
Director

J N Ghosh
Vice President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

H. S. Jha
Partner
for and on behalf of
LODHA & CO
Chartered Accountants

Kolkata
12th May, 2010

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rs. ('000)	
		2009/2010	2008/2009
INCOME			
Sales and other income from Operations	12	252913	857298
Income from other sources	13	44666	176769
		<u>297579</u>	<u>1034067</u>
EXPENDITURE AND CHARGES			
Raw materials consumed		30281	584833
(Increase)/Decrease in stocks of finished products and work-in-progress	14	844	(50142)
Operating and Administrative Expenses	15	119318	312471
Depreciation	3	8554	67258
Less: Transferred from Property Revaluation Reserve		<u>–</u>	<u>(1657)</u>
Interest	16	–	22165
Others charges / (income)	17	3582	4841
		<u>162579</u>	<u>939769</u>
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		135000	94298
Exceptional and Prior period items (net)		<u>–</u>	<u>(42499)</u>
PROFIT BEFORE TAX		135000	51799
Provision for taxation :			
- Current tax		(23359)	(6001)
- Tax for earlier years		–	(11400)
- Fringe Benefit Tax		–	(893)
PROFIT AFTER TAX		111641	33505
Surplus brought forward from earlier year		197662	350257
Adjustment arising on demerger as per approved Scheme of Arrangement		<u>–</u>	<u>(186100)</u>
Balance carried forward		<u>309303</u>	<u>197662</u>
Basis and diluted earnings per share (Rs.) (Note 8)			
- before exceptional items		18.71	1.50
- after exceptional items		18.71	0.66

Notes on accounts 18

On behalf of the Board

As per our Report annexed

J D Curavala
Managing Director

G Srinivasan
Director

J N Ghosh
Vice President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

Kolkata,
12th May, 2010

H. S. Jha
Partner
for and on behalf of
LODHA & CO
Chartered Accountants

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Rs. ('000)	
	As at 31.03.10	As at 31.03.09
1. SHARE CAPITAL		
Authorised :		
49250000 (2008/2009 - 49250000) Cumulative redeemable preference shares of Rs.10/- each	492500	492500
59665008 Ordinary shares of Rs.10/- each	596650	596650
	<u>1089150</u>	<u>1089150</u>
Issued and subscribed :		
3669653 (2008/2009 - 3669653) Ordinary shares of Rs. 10/- each fully paid up at per in cash.	36697	36697
659749 (2008/2009 - 659749) Ordinary shares for consideration other than cash pursuant to contracts/scheme of arrangements.	6597	6597
1637098 (2008/2009 - 1637098) Bonus shares by way of capitalisation of reserves and share premium.	16371	16371
	<u>59665</u>	<u>59665</u>
2. RESERVES AND SURPLUS		
Capital Reserve on consolidation	129	129
Surplus as per Profit and Loss account	309303	197662
	<u>309432</u>	<u>197791</u>

	Rs. ('000)									
	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2009	Additions	Withdrawal s/ Transfer/ Adjustments	As at 31st March, 2010	As at 1st April, 2009	For the Year	Withdrawal s/ Transfer/ Adjustments	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Land including Leasehold Land	6928	–	–	6928	355	11	–	366	6562	6573
Buildings	113259	3615	1584	115290	83843	1631	1584	83890	31400	29416
Railway Siding	898	–	–	898	896	–	–	896	2	2
Plant & Machinery	183921	417	18172	166166	126561	6153	12174	120540	45626	57360
Cars & Vehicles	15263	1437	4226	12474	137232	315	4226	9812	2662	1540
Furniture & Fittings	9985	–	329	9656	7785	444	329	7900	1756	2200
	<u>330254</u>	<u>5469</u>	<u>24311</u>	<u>311412</u>	<u>233163</u>	<u>8554</u>	<u>18313</u>	<u>223404</u>	<u>88008</u>	<u>97091</u>
Capital work in progress									–	1178
Per balance sheet 31st March, 2010									<u>88008</u>	<u>98269</u>
Previous Year	<u>2361398</u>	<u>2517</u>	<u>2033661</u>	<u>330254</u>	<u>1637220</u>	<u>67258</u>	<u>1471315</u>	<u>2333163</u>	<u>98269</u>	

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2010**

	Rs. ('000)	
	As at 31.03.10	As at 31.03.09
4. INVESTMENTS		
Trade (Long Tern)		
Quoted		
IDBI Ltd.		
10720 shares of Rs.10/- each- fully paid at cost	871	871
Government securities - at cost		
8.40% T.N.E.B. Bond Series 2/2009-10 (12 bonds of Rs. 1000000/- each)	12000	—
Shares in subsidiary company		
GKW (Overseas Trading) Limited -		
50000 ordinary shares of Rs.10/- each- fully paid, at cost	—	—
Less : Provision for diminution in value of investments	—	(384)
	<u>12871</u>	<u>487</u>
The aggregate book value of quoted investments	12871	487
Market value of quoted investments	13233	487
5. INVENTORIES		
At or under cost (being cost or net realisable value whichever is lower) (*)		
Raw materials	4144	3123
Work in progress (including scrap)	2426	2490
Finished products	21403	18044
Assets held for disposal	15641	19780
Stores and spare parts	3139	7379
Loose tools	2353	2189
	<u>49106</u>	<u>53005</u>
(*) net of provisions		
6. SUNDRY DEBTORS		
Over six months		
Secured - Considered good	—	94
Unsecured - Considered good	278	1450
- Considered doubtful	1479	664
Other debts		
Secured - Considered good	—	—
Unsecured - Considered good	16061	3817
	17818	6025
Less : Provision for doubtful debts	1479	664
	<u>16339</u>	<u>5361</u>

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2010**

	Rs. ('000)	
	As at	As at
	31.03.10	31.03.09
7. CASH AND BANK BALANCES		
Cash and cheques in hand and in transit	374	420
Balances with scheduled banks -		
Current accounts	35261	60822
Deposit accounts		
– Fixed Deposits	221100	130733
	<u>256735</u>	<u>191975</u>
8. LOANS AND ADVANCES		
Considered good		
Advances recoverable in cash or for value to be received	40691	42622
Balance with Port Trusts, Customs etc.	7706	6856
Other deposits	5816	3362
Advance Payment of Tax (net of provisions)	9674	10402
Considered doubtful		
Advances recoverable in cash or for value to be received	1517	211
	<u>65404</u>	<u>63453</u>
Less: Provision for doubtful advances	1517	211
	<u>63887</u>	<u>63242</u>
9. OTHER CURRENT ASSETS		
Interest receivables	4466	4025
Interest accrued on investments etc.	338	56
	<u>4804</u>	<u>4081</u>
10. LIABILITIES		
Sundry creditors	92081	86641
Liability for expenses	30036	29288
Liability under sales tax deferral scheme	536	536
	<u>122653</u>	<u>116465</u>
11. PROVISIONS		
Provision for settlement	–	42499
	<u>–</u>	<u>42499</u>

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Rs. ('000)	
	<u>2009/2010</u>	<u>2008/2009</u>
12. SALES AND INCOME FROM OTHER OPERATIONS		
Sales	220531	937547
Less : Excise duty	3725	92351
Net Sales	<u>216806</u>	<u>845196</u>
Conversion charges recovered	12107	12102
Income from services	26472	
Less : Service tax	<u>2472</u>	
Net Service Income	24000	–
	<u><u>252913</u></u>	<u><u>857298</u></u>
13. INCOME FROM OTHER SOURCES		
Dividend from long term investments	27	21
Interest Received - Gross of tax deducted at source		
Rs. 3146 ('000) (2008/2009 - Rs.23366 ('000))	19664	96961
Provision for diminution in value of investments written back	384	–
Net profit/loss on disposal/scrap on fixed assets	4698	61
Miscellaneous income (Note 5)	19893	79726
	<u><u>44666</u></u>	<u><u>176769</u></u>
14. (INCREASE)/DECREASE IN STOCKS OF FINISHED PRODUCTS AND WORK-IN-PROGRESS (*)		
Opening stocks		
Finished products	18044	43075
Work-in-progress	2490	196973
Assets held for disposal	19780	–
	<u><u>40314</u></u>	<u><u>240048</u></u>
Closing stocks		
Finished products	21403	18044
Work-in-progress	2426	2490
Assets held for disposal	15641	–
	<u><u>39470</u></u>	<u><u>20534</u></u>
Adjustment arising out of demerger	–	269656
(Increase)/Decrease	<u><u>844</u></u>	<u><u>(50142)</u></u>

(*) including shortages, provisions, write-off, etc.

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Rs. ('000)	
	<u>2009/2010</u>	<u>2008/2009</u>
15. OPERATING AND ADMINISTRATIVE EXPENSES		
Stores consumed	4675	32538
Power and fuel	6260	83375
Repairs and maintenance - Plant and machinery	1684	20462
Repairs and maintenance - Buildings and estate	9934	8198
Repairs and maintenance - Others	3437	4421
Salaries, wages and bonus	20891	50415
Contribution to provident and other funds	9902	7804
Workmen and staff welfare expenses (including Employees' State Insurance premium etc.)	3156	5315
Remuneration of Directors	7959	7959
Directors' sitting fees	190	162
Provision for diminution in value of investments	—	132
Insurance	658	2250
Rent	5862	5657
Rates and taxes	7372	3794
Printing and stationery	755	1644
Postage, telephone & telex	2238	2280
Data processing expenses	484	1082
Travelling expenses	3179	3810
Bank charges	76	2040
Advertisement expenses	876	685
Freight, packing and delivery charges	1225	9969
Selling commission	2760	1117
Legal and Professional Charges	12135	11586
Outside processing charges for products	28	7643
Miscellaneous expenses	13582	38133
	<u>119318</u>	<u>312471</u>
16. INTEREST		
Interest on :		
Cash Credit	—	1679
Others	—	20486
	<u>—</u>	<u>22165</u>
17. OTHER CHARGES/(INCOME)		
Provision for doubtful debts and advances - (Gross)	2122	4841
Provision no longer required	—	(39691)
Doubtful advances written off	1460	39691
	<u>3582</u>	<u>4841</u>

18.SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31.03. 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010.

(1) SIGNIFICANT ACCOUNTING POLICIES

(i) PRINCIPLES AND PROCEDURES OF CONSOLIDATION

The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard - 21 on "Consolidated Financial Statements" Certain significant policies and procedures for consolidation as followed in terms of the said Accounting Standards are as follows:

- (a) The Financial Statement of the Company and its subsidiaries have been combined on line by line basis by adding together book values of like items of assets and liabilities, income and expenditure. The impact of inter-company transactions and inter-group balances have been eliminated.
- (b) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions in accordance with the generally accepted accounting principles.
- (c) Differential with respect to the cost of the investments in the subsidiary companies over the parent's portion of the equity is recognised in the consolidated financial statement as goodwill or capital reserve, as the case may be.

(ii) ACCOUNTING CONVENTION & REVENUE RECOGNITION

- (a) The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act,1956 and Accounting Standards notified vide Companies (Accounting Standards) Rules,2006.Accounting policies unless specifically stated to be otherwise,are consistent and in consonance with generally accepted accounting principles.

Course fees received is accounted on prorata basis depending upon the duration of the course.

Franchisee Registration fees is recognised at the time of signing of MOU with Franchisee.

- (b) PROVISIONS, CONTINGENCIES AND CONTINGENT ASSETS

Liabilities which can be measured only by using a substantial degree of estimation and in respect of which a reliable estimate can be made of the probable outflow of resources are recognised as provisions. Contingent liabilities in the nature of possible obligations that arise from past events and the existence of which will be confirmed only by the occurrence or otherwise of future events not wholly within the control of the Company and in respect of present obligation arising from past events for which a reliable estimate of the possible future outflow cannot be made are disclosed by way of Notes to Accounts.

Contingent Assets are neither recognised nor disclosed in the Financial statement.

- (c) USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amount of income and expenses during the year.

Contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

18.SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31.03. 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010.

(iii) FIXED ASSETS, DEPRECIATION AND IMPAIRMENT

- (a) Fixed assets are stated at cost .
- (b) Capital work-in-progress is stated at cost incurred during installation period and includes advances to suppliers.
- (c) Depreciation has been provided on written down value or straight line method for assets acquired prior to April 1989 at the applicable rates as prescribed in Schedule XIV of the Companies Act. 1956 or at rates (in percentage) indicated below on straight line method.

However, all assets acquired after 1.4.89 have been depreciated on straightline method at the rates prescribed in Schedule XIV.

Land - Leasehold	3.33/1.66
Buildings	3.33/2.00

Depreciation on Plant & Machinery at division which are not in operation has been provided on single shift basis.

- (d) Depreciation is provided on the basis of month of capitalisation. Items of fixed asset individually valued upto Rs 5000 are fully depreciated in the books of account in the year in which they are put to use.
- (e) The amounts at which fixed assets are carried in the Company's books are reviewed at the Balance Sheet date for any indication of impairment. In case of impairment, an impairment loss is recognised when the carrying amount of assets belonging to a Cash Generating Unit (CGU) or otherwise exceeds the recoverable amount of the assets i.e. the higher of assets' net selling price or its value in use. Subsequent reversal of such impairment loss if any, is allocated to the respective assets.

(iv) INVESTMENTS

Investments are stated at cost less write downs where applicable.

(v) INVENTORIES

Year-end inventory items are valued at lower of cost and net realisable value. Cost is computed on the basis of First-In-First Out or Weighted Average Pricing methods as appropriate. Cost in respect of Work-in-Progress represents cost incurred upto the stage of completion . Provisions for obsolescence are made based on technical estimation.

(vi) FOREIGN CURRENCY TRANSACTIONS

- a) Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of such transaction.
- b) Receivables/payables in foreign currencies are translated at the appropriate forward contract rate, or, if not covered, at the exchange rate ruling at the balance sheet date. The gain / loss arising on account of such translation, as also on the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expense and are reflected in the profit and loss account under respective heads of accounts.

18.SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31.03. 2010 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010.

(vii) EMPLOYEE BENEFITS

Short -Term Employee benefits are recognised as an expense in the year services are rendered by the employees.

Post - employment Plans :

(a) Contribution to defined contribution schemes such as Provident Fund etc. are recognised as and when incurred.

(b) Long Term employee benefits under defined benefit scheme such as contribution to gratuity, leave scheme etc. are determined at close of the year at present value of the amount payable based on actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

(viii) SALES

Sales (net of credit notes) are recognised on accrual basis in keeping with applicable trade practice.

(ix) TAXES ON INCOME

Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws.

Deferred tax assets or liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent years is recognised using the tax rates and tax laws that have been enacted or substantively enacted.

Deferred tax assets are not recognised unless there is sufficient assurance with respect to reversal thereof in future years.

	Rs.('000)	
	As at	As at
	31.03.10	31.03.09
(2) CAPITAL EXPENDITURE COMMITMENTS		
Estimated outstanding commitments for capital expenditure (net)	–	3106
(3) CONTINGENT LIABILITIES		
<i>In respect of :</i>		
Income Tax under Appeal	456	456
Excise duty under Appeal (to the extent ascertainable)	20322	20322
Disputed sales Tax under Appeal	50729	50729
Claims not acknowledged as debts	4146	4146

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

		Rs. ('000)
	<u>2009/2010</u>	<u>2008/2009</u>
(4) EMPLOYEE BENEFITS		

a. Defined Contribution Scheme :

Employer's Contribution to Provident Fund	2419	3697
---	------	------

b. Defined Benefit Scheme :

The employees' gratuity fund scheme/Pension Fund scheme is a defined benefit plan managed by a Trust/LIC. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Rs. ('000)							
		Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
I	Expense recognised in the income statement	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
	Current services cost	246	2724	3328	3280	305	1658
	Interest cost	428	4536	5237	5548	172	462
	Expected return on plan assets	(1382)	(5197)	(9022)	(8501)	–	–
	Past service cost due to revision in Pension Benefits	–	–	10183	–	–	–
	Actuarial (gain)/loss	(263)	(1786)	(3590)	(5272)	585	(1879)
	Total Expenses	(971)	277	6136	(4945)	1062	241
II	Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows :						
		2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
	Present value of Defined benefit-obligation						
	at the beginning of the year	30798	91154	76021	73525	3505	8203
	Curent service cost	246	2724	3328	3280	305	1658
	Interest Cost	428	4536	5237	5548	172	462
	Benefit payments	(24599)	(54300)	(236)	(2377)	(1011)	(3500)
	Past service cost due to revision in Pension Benefits	–	–	10183	–	–	–
	Actuarial (gain) / loss	777	(6588)	(1365)	(2546)	585	(1879)
	Adjustment pursuant to demerger of PSD	–	(6728)	–	(1409)	–	(1439)
	Present value of Delined benefit obligation at the end of the year	7650	30798	93168	76021	3556	3505

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

Rs. ('000)

III Changes in the fair value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:	Gratuity (Funded)		Pension Fund (Funded)		Leave Encashment (Non-Funded)	
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
Fair value of plan assets at the beginning of the year	27423	87600	112889	106100	–	–
Employer contribution	4315	28347	–	–	1011	3500
Expected Return on plan assets	1382	5197	9022	8501	–	–
Benefit payments	(24599)	(83800)	(236)	(2377)	(1011)	(3500)
Actuarial gain / (Loss)	1040	(4802)	2225	2726	–	–
Adjustment pursuant to demerger of PSD	–	(5119)	–	(2061)	–	–
Fair value of plan assets at the end of the year	9561	27423	123900	112889	–	–
IV Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended 31st March, 2010 :						
Net Asset / (Liability) at the beginning of the year	(3375)	(3554)	36868	32575	(3505)	(8203)
Employer Expenses	971	(277)	(6136)	4945	(1062)	(241)
Employer Contribution	4315	28347	–	–	1011	3500
Prior Period Cost Adjustment	–	(29500)	–	–	–	–
Adjustment pursuant to demerger of PSD	–	1609	–	(652)	–	1439
Net Asset / (Liability) at the end of the year	1911	(3375)	30732	36868	(3556)	(3505)
V Actuarial assumptions :						
Discount rate (per annum)	7.40%	6.90%	7.40%	6.90%	7.40%	6.90%
Expected return on plan assets (per annum)	8.00%	8.00%	8.00%	8.00%	NA	NA

Notes :

- Assumptions relating to future salary increase, attrition, interest rate for discount and overall expected rate of return on assets have been considered in the actuarial valuation based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- The gratuity payable to wholtime directors is as per estimation of the management and the same has not been actuarially determined.
- Disclosure in terms of Para 120(n) of AS 15 (revised 2005) :

Rs. ('000)

	Gratuity (Funded)			Pension Fund (Funded)		
	2009/2010	2008/2009	2007/2008	2009/2010	2008/2009	2007/2008
Present Value of Defined Benefit Obligation at the year end	(7650)	(30798)	(91154)	(93168)	(76021)	(73525)
Fair Value of Plan Assets at the year end	9561	27423	87600	123900	112889	106100
Surplus/(Deficit)	1911	(3375)	(3554)	30732	36868	32575
Experience Adjustments on Plan Liabilities	(911)	473	1985	1277	276	(24611)
Experience Adjustments on Plan Assets	1040	85	12878	(163)	(1657)	1218

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

(5) **MISCELLANEOUS INCOME**

Include profit on sale of scrap Rs 19170('000) (2008/2009 - Rs 9644 ('000)), liabilities no longer required Rs 2099('000) (2008/2009 - Rs 29554 ('000)) and foreign exchange gain Rs nil ('000) (2008/2009 - Rs 1273 ('000)).

- (6) In accordance with the Accounting Standard 22 for "Taxes on income", the Company has accounted for deferred taxation. The Company has substantial amount of brought forward business losses, capital losses and unabsorbed depreciation. However, as a matter of prudence, deferred tax assets have been recognised only to the extent of deferred tax liability.

Rs. ('000)

The break-up of deferred tax assets and liabilities ;

	Opening Balance as on 01.04.09	Charge/(Credit) for the year	Closing Balance as on 31.03.10
Deferred Tax Assets			
- Unabsorbed depreciation	25904	2895	23009
- Expenses allowed on payment basis	846	846	—
Total	<u>26750</u>	<u>3741</u>	<u>23009</u>
Deferred Tax Liabilities			
- Depreciation	26750	(3741)	23009
Net Deferred Tax Liability	<u>—</u>	<u>—</u>	<u>—</u>

- (7) **"Related party Disclosures" as per Accounting Standard 18 as ascertained from available information:**

Rs. ('000)

<u>Name of the Related Party</u>	<u>Nature of transaction</u>	<u>Value of transaction</u>		<u>Debit/(Credit) outstanding balance as on</u>	
		<u>31.03.10</u>	<u>31.03.09</u>	<u>31.03.10</u>	<u>31.03.09</u>
Subsidiary Companies					
GKW (Overseas Trading) Ltd.	Receiving of services	30	13	(497)	(527)
GKW Infosystems Ltd.	Advance given to meet establishment expenses	14	—	14	—
	Provision for doubtful advances	14	—	(14)	—
Key Management Personnel					
Mr. J. D. Curravala	Remuneration	4805	4805	(325)	(325)
Mr. G. Srinivasan	Remuneration	3754	3754	(250)	(250)

Note :

The above related party information is as identified by the management and relied upon by the Auditor.

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

- (8) The Earnings per share has been calculated on the basis of number of equity shares outstanding during the year ended 31st March, 2010 in accordance with the provisions of Accounting Standard 20 (Earnings per share).

	Rs . ('000)
	As at 31.03.10
	As at 31.03.09
Profit after tax and before exceptional items	111641
Profit attributable to Equity Shares	111641
Weighted average Number of Equity Shares	5966500
Earnings per Share (Rs.)	18.71
Profit after tax and exceptional items	111641
Profit attributable to Equity share	111641
Weighted average Number of Equity Shares	5966500
Earnings per Share (Rs)	18.71

- (9) The Disclosure requirement under "Segment Reporting" as per Accounting Standard 17 is given below:

	Year ended	Year ended
	31.03.2010	31.03.2009
A PRIMARY SEGMENT (BUSINESS SEGMENT)		
1. Segment Revenue (net sales/income from each segment)		
Steel	117220	915900
Fasteners	19838	18669
Electricals	17695	4475
Auto Components	50785	12277
Others	51100	–
Total	256638	951321
Less: Inter segment Revenue	–	(1672)
Net Sales/Income from operation	256638	949649

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

2 Segment Results (Profit/Loss) before tax and interest from each segment

Steel	113344	48471
Fasteners	(7142)	(6204)
Electricals	16764	13183
Auto Components	3629	982
Others	53385	16358
Total	179980	72790
Unallocated Corporate expenses (net of income)	(44980)	43673
	135000	116463
Less: (i) Interest	–	(22165)
(ii) Other unallocable expenditure net off unallocable income	–	(42499)
	135000	51799

3. Segment Assets and Liabilities

	As on 31.03.10		As on 31.03.09	
	Assets	Liabilities	Assets	Liabilities
Steel	25574	16596	26411	3835
Fasteners	33624	27409	36670	35109
Electricals	21574	27099	8763	10762
Auto Components	95924	28020	89869	26004
Others	315461	22022	255127	81778
Total	492157	121146	416840	157488
Unallocated Corporate assets and liabilities	(411)	1504	(414)	1482
	491746	122650	416426	158970

4. Capital Expenditure

	Year ended 31.03.2010	Rs. ('000) Year ended 31.03.2009
Steel	–	1037
Fasteners	3615	–
Electricals	–	–
Auto Components	–	–
Others	1854	1480
	5469	2517
Unallocated Corporate Expenditure	–	–
Total	5469	2517

5. Depreciation

Steel	6	56288
Fasteners	358	1587
Electricals	704	1085
Auto Components	6887	7339
Others	53	98
	8008	66397
Unallocated Corporate Depreciation	546	(796)
Total	8554	65601

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT AS AT 31ST MARCH, 2010

	Year ended 31.03.2010	Rs. ('000) Year ended 31.03.2009
6. Other Non-Cash Expenditure		
Steel	–	1400
Fasteners	2364	1118
Electricals	802	354
Auto Components	–	304
Others	–	660
	<u>3166</u>	<u>3836</u>
Unallocated Corporate Expenditure	416	1005
Total	<u>3582</u>	<u>4841</u>

B SECONDARY SEGMENT (GEOGRAPHICAL SEGMENT)

	Year ended 31.03.10		Year ended 31.03.09	
	Within India	Outside India	Within India	Outside India
1. Segment Revenue	256638	–	802955	146694
2. Segment Assets	491746	–	416426	–
3. Capital Expenditure	5469	–	2517	–

Segment information:

- (a) Segments have been identified in line with the Accounting Standard AS-17 taking into account the organisation structure as well as the differing risk and return.
- (b) Company has disclosed Business Segment as the primary segment.
- (c) Composition of business segment.

<u>Name of segment</u>	<u>Comprises of</u>
Steel	Hot Rolled Bars, Bright Steel bars, High Speed Steel, Alloy Steel
Fasteners rivets, safety pins	Bolt & Nuts, Woodscrews, machine screws, Self tapping screws,
Electricals	Stampings & Laminations, Magnetic strip, Wound cores
Auto components	Wheels, Mild Steel Pressed components
Others Computer Training.	Gears & Machinery, Special purpose machine tools, Services &

- (d) Inter-segment revenues are recognised at Works/factory of the transferor unit/divisions or at sales price.
- (e) The segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and administrative expenses allocated on a reasonable basis as estimated by the management.
- (f) As part of secondary reporting revenues are attributed to geographic areas based on location of the customers.

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

10) GENERAL

(a) Current assets, Loans and advances have value at least equal to that stated in the accounts.

(b) The list of subsidiaries (all incorporated in India), which are included in this Consolidated Financial Statements along with the Company's holding therein are as under:

Sl. No.	Name of the Company	Ownership Interest (Percent)	
		2009-10	2008-09
1	GKW (Overseas Trading) Limited	100	100
2	GKW Infosystems Limited (Subsidiary of GKW(Overseas Trading) Limited	100	100

(c) Figures pertaining to the year ended 31st March, 2009 include figures of Powmex Steel Undertaking of the Company which was demerged pursuant to the Scheme of Arrangement w.e.f. 1stFebruary,2009. Hence previous years' figures are strictly not comparable. However, previous years' figures have been rearranged and regrouped wherever considered necessary.

On behalf of the Board

J. D. Curravala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice President & Secretary

A. Chakrabarti
Sr. Vice-President (Finance)

Kolkata
12th May, 2010

H. S. Jha
Partner
for and on behalf of
LODHA & CO
Chartered Accountants

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

Rs. ('000)

	<u>For the year ended 31st March, 2010</u>	<u>For the year ended 31st March, 2009</u>	
A. Cash flow from Operating Activities			
Net Profit before taxation and after exceptional items	135000		51799
Adjustments for:			
Depreciation - Fixed Assets	8554	65601	
Diminution in value of investments	–	132	
Exceptional and Prior period items (net)	–	42499	
Profit/(Loss) on disposal/scraping of fixed assets (net)	(4698)	(61)	
Stores written off	3300	3923	
Foreign Exchange (gain) / loss (net)	–	3073	
Dividend and Income on investment	(27)	(21)	
Interest income	(19664)	(96961)	
Provision for doubtful debts and advances	2122	4841	
Doubtful advances written off	1460	39691	
Provision no longer required	–	(39691)	
Liability no longer required written back	(2099)	(29554)	
Interest expense	–	22165	
Provision for diminution in value of investments written back	(384)	–	
	<u>(11436)</u>		<u>15637</u>
Operating Profit before Working Capital changes	123564		67436
Adjustments for:			
Trade & Other receivables	(16664)	82226	
Inventories	599	(1163)	
Trade Payables	(34214)	(564885)	(483822)
Cash generation from operation	<u>73285</u>		<u>(416386)</u>
Direct taxes paid/refund	(22624)		(26093)
Cash flow before adjustments/exceptional items	<u>50661</u>		<u>(442479)</u>
Foreign Exchange Loss/gain (net)	<u>–</u>		<u>(3073)</u>
Net Cash from operating activities	50661		(445552)
B. Cash Flow from investing activities			
Purchase of fixed assets	(4291)	(2517)	
Purchase of Investment	(12000)	–	
Capital WIP	–	(1178)	
Sale of Fixed Assets :			
Others	10699	492	
Income on investment	27	21	
Interest income	19664	96515	
Net cash flow from investing activity	<u>14099</u>		<u>93333</u>

GKW LIMITED – CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (PURSUANT TO LISTING AGREEMENT)

	For the year ended 31st March, 2010	Rs. ('000) For the year ended 31st March, 2009
C. Cash Flow from Financing activities		
Dividend distribution tax paid	–	(14998)
Interest Paid	–	(22165)
Repayment / transfer of borrowings	–	17040
Net cash flow from financing activities	–	(20123)
Net increase in Cash and Cash equivalents (A+B+C)	64760	(372342)
Closing Cash and Cash Equivalents as on 01.04.09	191975	1536163
Adjustment arising out of demerger	–	(971846)
Adjusted cash balance	191975	564317
Closing Cash and Cash Equivalents as on 31.03.10	256735	191975

- Notes: 1. Cash Flow Statement is prepared by the ' Indirect Method' as set out in Accounting Standard-3 on 'Cash Flow Statement'.
2. Cash and Cash equivalents presented in the statement consists of Cash in hand and Fixed Deposits with bank as on the Balance Sheet date.

On behalf of the Board

J. D. Curavala
Managing Director

G. Srinivasan
Director

J. N. Ghosh
Vice President & Secretary

A. Chakrabarti
Sr. Vice-President - Finance

Kolkata
12th May, 2010

This is the Cash Flow Statement referred to in our report of even date.

14, Government Place East
Kolkata
12th May, 2010

for LODHA & CO
Chartered Accountants
H. S. Jha
Partner



NOTICE

Notice is hereby given that the 80th Annual General Meeting of the Members of GKW Limited will be held on Friday, 30th July, 2010 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, 2010, the Audited Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. G. Srinivasan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and for that purpose to consider and, if thought fit, to pass with or without modification the following Resolution which will be proposed as an Ordinary Resolution provided that if on the date of the Annual General Meeting not less than 25% of the subscribed share capital of the Company is held by public financial institutions and nationalised banks, the Resolution will be proposed as a Special Resolution pursuant to Section 224A of the Companies Act, 1956:

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

AS SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. P. S. Lodha be and is hereby appointed as Director of the Company subject to retirement by rotation."

Registered Office:
3A Shakespeare Sarani
Kolkata 700 071
Dated: 12th May, 2010

By Order of the Board

J. N. Ghosh
Vice President & Secretary

NOTES:

- i) The relevant Explanatory Statement pursuant to Section 173 of The Companies Act, 1956 is annexed hereto.
- ii) The Register of Members and Share Transfer Books will remain closed from 20th to 30th July, 2010, both days inclusive.
- iii) 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.
- iv) 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.
- v) Members who have multi-accounts in identical name and address or in joint names in the same order are requested to intimate the Company the ledger folios of such accounts for consolidating their shareholding into one account.
- vi) 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.

GKW LIMITED

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

Name of Director	Mr. G. Srinivasan	Mr. P. S. Lodha
Age	66 years	69 years
Date of Appointment	13.09.1997	29.06.2009
Qualifications	B.E.(Mech.), D.I.M.	B.Com, F.C.A.,
Exposure in specific experience functional areas	Having experience over 43 years in the Industry with the expertise in the field of Engineering and Operations.	Having experience of over 38 years in Accounts, Finance, Audit & Taxation. He is now a practicing Chartered Accountant.
Directorship held in Other companies (excluding foreign companies)	NIL	NIL
Member of Committees of the Board of Directors	(i) Committee of Directors (ii) Share Transfer and Investors Grievance Committee	(i) Audit Committee (ii) Remuneration Committee (iii) Share Transfer and Investors Grievance Committee
Member of Committee of Directors of other Companies	NIL	NIL
Shareholding in Company	50 Shares (Joint Holding)	NIL

EXPLANATORY STATEMENT

The Explanatory Statement for Item Nos. 4 of the accompanying Notice set out hereinabove is as under:

At a meeting of the Board held on 29th June, 2009, Mr. P. S. Lodha was appointed Director of the Company to fill the vacancy caused by the death of Mr. P. N. Biyani. Pursuant to Article 119 of the Company's Article of Association read with Section 262 of the Companies Act, 1956 ("The Act") Mr. Lodha will hold office upto the date of the forthcoming Annual General Meeting of the Company upto which late P.N. Biyani would have held office if it had not been vacated as aforesaid.

The Company has received a notice in writing along with the requisite fee from a member in terms of Section 257 of the Act signifying his intention to propose at the forthcoming Annual General Meeting of the Company the appointment of Mr. Lodha as a Director of the company.

Mr. Lodha is willing to act as a Director of the Company, if appointed and filed with the Company his consent pursuant to Section 264 (1) of the Act.

The Board considers that the appointment of Mr. Lodha would be in the best interest of the Company.

The Resolution set out in item 4 of the Notice convening the Annual General Meeting has to be considered accordingly and the Board recommends the same.

Mr. Lodha is concerned or interested in the said Resolution concerning his appointment. No Director of the Company is concerned or interested in the Resolution.

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 80th Annual General Meeting of the Company held on 30th July, 2010.

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 80th Annual General Meeting of the Company to be held on 30th July, 2010 and at any adjournment thereof.

AS WITNESS my/our hand this _____ day of _____ 2010

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.
