

G.R. CABLES LIMITED

(An ISO 9002 Company)



**EIGHTH
ANNUAL REPORT
1998-99**



G.R. CABLES LIMITED

BOARD OF DIRECTORS

CHAIRMAN

Sri S.M.Prasad

MANAGING DIRECTOR

Sri G.R.Reddy

WHOLE TIME DIRECTOR

Sri G.V.B.R.Reddy

DIRECTORS

Sri R.Achyutam

Dr. S.R.Govinda Rajan, IAS

Sri P.L.N.Reddy

Sri K.V.Sudershan Reddy

Sri M.Bhaskara Rao

Sri Gandhiji Yalamanchili

Sri Y.J.Venkata Rao

Sri B.Satya Reddy

Sri Y.Murali Prasad

Sri D.Subbarami Reddy

IDBI Nominee

APIDC Nominee

(Alternate to Dr. Gandhiji Yalamachili)

DY.GENERAL MANAGER(FINANCE) & COMPANY SECRETARY

Sri G.V.Sesha Reddy

AUDITORS

M/s.Raju & Prasad,

Chartered Accountants.

G-15, Sapphire, Amrutha Hills,

Panjugutta, Hyderabad - 500 482.

BANKERS

Bank of Baroda

Oriental Bank of Commerce

State Bank of Hyderabad &

State Bank of Travancore

REGISTERED OFFICE

36, Santoshnagar,

Mehdipatnam,

Hyderabad - 500 028.

FACTORY

Rangareddyguda Village

Balanagar Mandal

Mahaboobnagar District.



G.R. CABLES LIMITED

NOTICE

NOTICE is hereby given that the EIGHTH ANNUAL GENERAL MEETING OF G.R.CABLES LIMITED will be held at 11.00 A.M. on Tuesday, 21st day of September, 1999 at JULOORI VAJRAMMA KALYANA MANDAPAM, KARKHANA, SECUNDERABAD - 500 009 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 1999 and Balance Sheet as on that date together with Cash Flow Statement and the Reports of the Directors and the Auditors thereon.
2. To appoint Sri S.M.Prasad, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Sri M.Bhaskara Rao, Director who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Dr.Gandhiji Yalamanchili, Director who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s Raju and Prasad, Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

6. To consider the erosion of fifty percent of Net Worth of the Company and the causes for such erosion, pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

BY THE ORDER OF THE BOARD

Place : HYDERABAD

Date : 12th July, 1999

(G.V. SESHA REDDY)

D.G.M.(Finance) &
Company Secretary

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll in his stead and the proxy need not be a member. The Proxy Forms must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
2. The relevant explanatory statement pursuant to Section 173(2) is annexed hereto.
3. The "Register of Members" will be closed from 16th September, 1999 to 21st September, 1999 (both days inclusive).
4. Members are requested to bring the copies of Annual Reports while attending the Annual General Meeting.

**G.R. CABLES LIMITED**

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO.6**

The accumulated loss of the Company as at 31st March, 1999 is Rs.1495.85 lacs, resulting in erosion of the net worth of the Company by more than fifty percent.

As per Section 23 of the Sick Industrial Companies(Special Provisions) Act, 1985 the Company whose net worth has been eroded by fifty percent or more as at the end of any financial year is required to hold a meeting of the shareholders for considering such erosion.

The causes for the above erosion are as under:

Due to change in tendering policy of Department of Telecommunications (DoT) which is the main customer, the Company could not get orders during 1995-96 and got inadequate orders during 1996-97 and 1997-98 resulting in lower capacity utilisation. For the year 1998-99, though the Company got adequate orders, it could not execute the entire order before 31st March, 1999 due to non availability of adequate working capital and delay in release of the same by the Banks and also due to delay in the placement of orders in the month of October, 1998 by DoT.

None of the Directors is concerned or interested in the Resolution. The Board recommends the Resolution for the approval of the members.

BY ORDER OF THE BOARD

Place : HYDERABAD

Date : 12th July, 1999

(G.V. SESA REDDY)

D.G.M.(Finance) &
Company Secretary



G.R. CABLES LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors present the Eighth Annual Report and Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS FOR YEAR ENDED 31.03.1999

	(Rs. in lacs)
Sales & Other Income	2502
Profit/(Loss) before Interest and Depreciation	209
Interest	644
Operating Profit/(Loss) before Depreciation	(435)
Depreciation	247
Profit/(Loss) for the year	(682)
Net Prior Period Adjustment(Income)	47
Net Profit/(Loss)	(635)

REVIEW OF OPERATIONS

The Company has achieved a turnover of Rs.2412 lacs for the year ended 31st March, 1999 as against Rs.1878 lacs for the year ended 31st March, 1998. Due to non availability of required working capital and delay in release of the same by the Banks, the Company could not achieve higher turnover though it had adequate orders on hand.

During the year, the Company incurred a loss of Rs.635 lacs. With this the accumulated losses of the Company as at 31st March, 1999 is Rs.1495.85 lacs resulting in erosion of net worth of the Company by more than fifty percent. Pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, your Directors are reporting the following causes for such erosion in the net worth of the Company.

Due to change in tendering policy of Department of Telecommunications (DoT) which is the main customer, the Company could not get orders during 1995-96 and got inadequate orders during 1996-97 and 1997-98 resulting in lower capacity utilisation. For the year 1998-99, though the Company got adequate orders, it could not execute the entire order before 31st March, 1999 due to non availability of adequate working capital and delay in release of the same by the Banks and also due to delay in the placement of orders in the month of October, 1998 by DoT.



G.R. CABLES LIMITED

FUTURE PROSPECTS

The increased budgetary allocation for Telecom Sector in the Union Budget for 1999-2000, entry of Private operators in basic telecom services, and a great emphasis laid by the Government on improvement of telecom infrastructure development - all this has led to greater demand for telecom cables in the Country.

Till 1998, India had about 185 lacs telephone lines which is proposed to be increased by an additional 674 lacs lines by 2007. The country has low telephone density and the long term potential for the industry remains bright as India improves its telecom infrastructure.

For the year 1999-2000, the Company has participated in the tenders floated by DoT and MTNL for procurement of PIJF Telecom Cables and expecting 7.5 LCKM orders valuing around Rs.60 Crores.

PUBLIC DEPOSITS

The Company has not accepted any Deposit from public within the meaning of Section 58-A of the Companies Act, 1956 and Rules made thereunder.

DIRECTORS

Sarvashri.S.M.Prasad, M.Bhaskar Rao and Dr.Gandhiji Yalamanchili, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

M/s.Raju and Prasad, Chartered Accountants, Hyderabad, the Company's Auditors retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

PARTICULARS OF TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217(i)(e) of the Companies Act, 1956 read with the Companies(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given by way of Annexure which forms part of this Report.

YEAR 2000 ISSUE

The Company has taken necessary steps to ensure Y2K compliance for all its computer systems. The estimated cost of Y2K compliance is not expected to be significant.

OVERDUES TO SMALL SCALE INDUSTRIES

Payments against supplies from small scale and ancillary industrial undertakings are generally made in accordance with agreed credit terms and there was no amount

**G.R. CABLES LIMITED**

overdue in this regard. We have no small scale industrial undertakings to whom the Company owes a sum exceeding Rs.1,00,000/- which is outstanding for more than 30 days as on 31st March, 1999.

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be furnished pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the relevant rules thereunder.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank Government of India, Government of Andhra Pradesh, Industrial Development Bank of India, Unit Trust of India, A.P. Industrial Development Corporation Ltd., Bank of Baroda, Oriental Bank of Commerce, State Bank of Hyderabad, State Bank of Travancore, the large number of Shareholders of the Company, the dedicated employees of the Company and all others who are continuing to help and support the Company.

For and on behalf of the Board

Place : HYDERABAD

Date : 12th July, 1999

(S.M. PRASAD)

Chairman