

# **G.R. CABLES LIMITED**

(An ISO 9002 & ISO 14001 Company)



**TWELFTH  
ANNUAL REPORT  
2002-2003**



**G.R. CABLES LIMITED**

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**BOARD OF DIRECTORS**

Sri G.R. Reddy	-	Chairman
Dr. S.R. Govinda Rajan, I.A.S (Retd.)	-	APIDC Nominee
Sri Y.J. Venkata Rao		
Sri Y. Murali Prasad		
Sri J. Appa Rao		
Sri L.P. Shashi Kumar		
Sri P. Ramesh Babu	-	Wholetime Director
Sri G.V.B.R. Reddy	-	Executive Director

**STATUTORY AUDITORS**

M/s. M.V. Narayana Reddy & Co.,  
Chartered Accountants  
Flat No. 504, Vijaya Sree Apartments  
Opp. Kamma Sangham, Ameerpet  
Hyderabad - 500 073

**INTERNAL AUDITORS**

M/s Y.E. Prasad Reddy & Co.,  
Chartered Accountants  
Plot No. 424, Road No. 78  
Jubilee Hills, Phase III  
Hyderabad - 500 033

**BANKERS**

Bank of Baroda  
State Bank of Hyderabad &  
State Bank of Travancore

**REGISTERED OFFICE**

9-1-83 & 84, Amarchand Sharma Complex  
Sarojini Devi Road,  
Secunderabad - 500 003.

**FACTORY**

Rangareddyguda (Village)  
Balanagar (Mandal)  
Mahaboobnagar (District)

**G.R. CABLES LIMITED****NOTICE**

Notice is hereby given that the **TWELFTH ANNUAL GENERAL MEETING** of the Company will be held at 3.00 P.M. on **MONDAY, 30th SEPTEMBER, 2003** at **CRYSTAL FUNCTION HALL, KONIJETI ENCLAVE, PHASE I, RING ROAD, MEHDIPATNAM, HYDERABAD** to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March 2003 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 a Director in the place of Sri G.R.Reddy, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Sri G V B R Reddy who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the place of Sri L.P.Shashi Kumar who retires by rotation and is eligible for re-appointment.
5. To appoint M/s. M.V.Narayana Reddy & Co., 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 to authorize the Board to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary resolution.

**"RESOLVED** that Sri Y.J.Venkata Rao be and is hereby appointed as a Director of the Company whose office is liable to retire by rotation."

7. To Consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED** that pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements, and all other applicable rules, regulations, and guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchanges Board of India, Stock Exchanges where the shares of the Company are listed and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to de-list Exchanges at Hyderabad, Ahmedabad and Madras at such time or times as the Board may decide."

BY ORDER OF THE BOARD

Place : HYDERABAD

Date : 21. 08.2003

(G.V.B.R. REDDY)

**EXECUTIVE DIRECTOR****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 INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORMS DULY COMPLETED AND SIGNED SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 setting out the material facts in respect of the Special Businesses to be transacted at the meeting is annexed hereto.



## G.R. CABLES LIMITED

3. The Register of Members will remain closed from 25.09.2003 to 30.09.2003 (both days inclusive).
4. Members seeking any information with regard to Accounts and Operations of the Company are requested to send their queries so as to reach at least 7 days before the Meeting to enable the Management to keep the information ready at the Meeting.
5. Members are requested to bring the copies of Annual Reports while attending the Annual General Meeting.

### **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANY ACT, 1956.**

#### **ITEM No. 6:**

In terms of Section 260 of the Companies Act, 1956 and Article 106 of the Articles of Association of the Company, the Board of Directors at its meeting held on 21.08.2003 appointed Sri Y.J.Venkata Rao as a Director on the Board of the Company, to hold office up to the date of this Annual General Meeting. The Company has received a notice in writing along with deposit of Rupees Five Hundred from a Member proposing the candidature of Sri Y.J.Venkata Rao for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956, liable to retire by rotation in terms of the provisions of the Articles of Association of the Company.

Your Directors, therefore, recommend the resolution for your approval.

Except Sri Y.J. Venkata Rao, no other Director is in any way concerned or interested in this Resolution.

#### **ITEM No. 7:**

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") incorporating, among others, provisions for Delisting of securities of companies voluntarily by a promoter or an acquirer or any person other than the Stock Exchanges.

The Equity Shares of the Company are currently listed on the following Four Stock Exchanges in India.

- |   |  |
|---|--|
| (i) The Hyderabad Stock Exchange Limited (Regional) | (ii) The Stock Exchange, Mumbai        |
| (iii) The Ahmedabad Stock Exchange Limited          | (iv) The Madras Stock Exchange Limited |

With the extensive networking of The Stock Exchange, Mumbai (BSE) and as also the extension of BSE terminals to other cities as well, investors have access to online dealings in Equity Shares of the Company across the country. The trading in the Company's equity shares takes place only on the BSE and there were no/insignificant trading took place on all other stock exchanges since last two years.

The annual recurring listing fees paid to the said Stock Exchanges, do not now offer commensurate benefits to the Company/its investors in the changed scenario of the nationwide trading terminals set up by the BSE. The continued listing on the said Stock Exchanges is not considered necessary. It would further contribute to reduction in administrative costs/efforts of the Company. Therefore, the Board of Directors, at its meeting held on 31.07.2003 has decided to apply for the voluntary Delisting of the Company's Ordinary Shares from the said Stock Exchanges.

The proposed voluntary Delisting of the Company's Equity Shares from the said Stock Exchanges will not adversely affect any investors including the Members located in the regions where the said stock Exchanges are situated. Pursuant to the SEBI (Delisting of Securities) Guidelines 2003, it is now proposed to seek the Member's approval by way of a Special Resolution for the voluntary delisting of the Company's Equity Shares from the said three Stock Exchanges as set out in the Resolution at Item No. 7. In terms of the said guidelines, as the Company's Equity Shares shall continue to remain listed on BSE **no Exit Option is required to be offered to the shareholders.**

The proposed delisting is in the interest of the Company and the Board commends the Resolution for acceptance by the Members. None of the Directors of the Company is concerned or interested in the Resolution at Item No. 7.

BY ORDER OF THE BOARD

Place : Hyderabad  
Date : 21.08.2003

(G.V.B.R.REDDY)  
EXECUTIVE DIRECTOR



# G.R. CABLES LIMITED

## DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Twelfth Annual Report and Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2003,

## FINANCIAL RESULTS

(Rs. in Lakhs)

ITEM	FOR THE YEAR ENDED 31-03-2003 (12 Months)	FOR THE PERIOD ENDED 31-03-2002 (9 Months)
Sales & Other Income	1215.80	5208.15
Profit/Loss before Interest & Depreciation	(239.95)	437.80
Interest	47.50	68.59
Operating Profit/Loss before Depreciation	(287.45)	369.21
Depreciation	168.52	229.30
Profit/Loss for the year	(455.97)	139.91

## REVIEW OF OPERATIONS

During the year under review, your company achieved a Turnover of Rs. 1103 Lakhs as against Rs. 5107 Lakhs for the previous 9 months period ended March 2002. There is a substantial decline in the sales for the year due to set back in finalizing the JFTC orders by BSNL/MTNL. Many suppliers of JFTC including our company has not fully accepted the orders due to severe price reduction and un-remunerative sales prices offered by BSNL / MTNL. As a result, there is a dip in the sales and operations for the year under report. It made a net loss of Rs. 455.97 Lakhs as against net profit of Rs. 139.91 Lakhs in the previous period.

A detail analysis of future outlook and financial performance of the company is given in the management and analysis report which forms part of this report.

## PUBLIC DEPOSITS

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

## SUBSIDIARY COMPANY

A statement of the holding company's interest in the subsidiary company i.e., Gold Island Cables Private Limited is enclosed in accordance with Section 212 (2) (a) of the Companies Act, 1956.

## DIRECTORS

Sri D.A. Somayajulu who was appointed as Additional Director and Dr. Gandhiji Yalamanchili, Directors have resigned from the Board of Directors of the Company on personal grounds. Board placed on record, its appreciation of the services rendered by them during their period as Directors.

Sri Y.J. Venkata Rao who was appointed as Additional Director on 21.08.2003 to hold office up to this Annual General Meeting under section 260 of the Companies Act, 1956. The company has received notice from member under section 257 of said Act, signifying his intention to propose him as a candidate for office of Director of the Company.



## **G.R. CABLES LIMITED**

In accordance with the Section 256 of the Companies Act, 1956 read with the Article 102 of the Articles of Association of the Company, Sarvashri G.R.Reddy, G.V.B.R.Reddy, L.P.Sashi Kumar, Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that,

- (i) in the preparation of the accounts for the year ended 31<sup>st</sup> March 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected accounting policies and applied them consistently and made judgements 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 year and of the Profit and Loss of the Company for the year under review;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing fraud and other irregularities;
- (iv) the Directors have prepared the accounts for the year ended 31<sup>st</sup> March 2003, on a "going concern" basis.

### **AUDITORS**

M/s. M.V.Narayana Reddy & Co., Chartered Accountants, Statutory Auditors of the Company 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.

### **CORPORATE GOVERNANCE**

Pursuant to the Clause 49 of the Listing Agreement with stock exchange, the Management Discussion and Analysis Report, Report on Corporate Governance and Auditors Certificate regarding the Compliance of conditions of the Corporate Governance is made part of this Annual Report.

### **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 an Annexure – I, which forms part of this Report.

### **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 are grateful to the large number of shareholders of the Company, the Government of India, the Bharat Sanchar Nigam Limited, our main customer, Government of Andhra Pradesh, Bank of Baroda, State Bank of Hyderabad, State Bank of Travancore for their support, guidance and help. It thanks the vendors, suppliers, stake holders and the dedicated employees of the Company for their continued co-operation, assistance and support to the Company.

For and on behalf of the Board

Place : HYDERABAD

Date : 21.08.2003

**(G.R.REDDY)**  
**CHAIRMAN**



## G.R. CABLES LIMITED

### ANNEXURE - I

Information as per 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 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March 2003.

#### A. CONSERVATION OF ENERGY

1. Energy Conservation measures taken : a) Continuous monitoring and Maintaining optimum load on Diesel Generator  
b) Controlled Lightning inside factory Sheds depending on the needs.
2. Additional Investments and Proposals, if any being implemented for reduction of consumption of energy. : NIL
3. Impact of measures at 1 and 2 on energy consumption and consequent impact on cost of production of goods : MARGINAL
4. Total energy consumption and energy consumption per unit of production : NOT APPLICABLE

#### B. RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R & D carried : Efforts are being made to manufacture new products and to improve the quality of the existing products. This has resulted in introduction of Domestic Flexibles, Power and Control Cables and Co-axial Cables during the year.
2. Benefits derived as a result of the above Research & Development : —do—
3. Future Plan of Action : —do—
4. Expenditure on R & D : Rs.118.68 Lakhs

#### C. TECHNOLOGY ABSORPTION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation. : Employees are being trained continuously. Modifications in equipment are made wherever feasible.
2. Benefits derived as a result of the above efforts. : Improvement in quality and factory Practices.
3. Particulars of imported technology (imported during the last 5 years Reckoned from the beginning of The Financial Year) : Not applicable as there has been no import of technology.

#### D. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign Exchange Earnings : NIL
  - (a) FOB Value of exports
2. Foreign Exchange outgo : Rs. 2.29 Lakhs
  - (a) Import of Raw Materials and Components
  - (b) Import of Capital Goods : Rs. 5.51 Lakhs
  - (c) Travelling Expenses : Rs.10.90 Lakhs
  - (d) Other Expenses : Rs.0.17 Lakhs

For and on behalf of the Board

Place : HYDERABAD

Date : 21.08.2003

(G.R.REDDY)  
CHAIRMAN



## G.R. CABLES LIMITED

### CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

#### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company is committed to Good Corporate Governance to ensure that all functions of the Company are discharged in a professionally sound and competent manner. Given below is the requisite information relating to corporate functioning of your Company at apex level for the purposes of due transparency on this aspect.

#### II. BOARD OF DIRECTORS:

##### i) Composition of Board of Directors

The Board has a fair representation of the Executive, Non-Executive and Independent Directors in compliance with code of Corporate Governance. Of the Eight Directors on the Board of the Company, only two are Promoter-Directors. The Board has Two Whole Time Directors and the rest are Non-Executive Directors. The Chairman of the Company is a Non-Executive Director.

The Management of the Company is vested with the Whole Time Directors jointly, subject to General Supervision, Control and Direction of the Board.

The composition of the Board of Directors is as follows:

Sl. No.	Name	Category	In Other Directorship	Companies Committee Membership
01	Sri.G.R.Reddy	Promoter/ Non-Executive(Chairman)	Nil	Nil
02	Sri.G.V.B.R.Reddy	Promoter / Executive	Nil	Nil
03	Sri.P.Ramesh Babu	Independent / Executive	3	Nil
04	Dr.S.R.Govinda Rajan	Independent / Non-Executive (APIDC Nominee)	Nil	Nil
05	Sri.Y.J.Venkata Rao	Independent / Non-Executive	Nil	Nil
06	Sri.Y.Murali Prasad	Independent / Non-Executive	Nil	Nil
07	Sri.J.Appa Rao	Independent / Non-Executive	5	Nil
08	Sri.L.P.Sashi Kumar	Independent / Non-Executive	5	Nil

##### ii) Board Procedure

The Board of Directors meet at least once in a Quarter to review the Company's performance and Financial Results and more often, if considered necessary to transact any other Business.

During the year under review, Nine Board Meetings were held. The dates on which the Board Meetings were held are as follows:

29<sup>th</sup> April 2002, 6<sup>th</sup> May 2002, 28<sup>th</sup> June 2002, 16<sup>th</sup> August 2002, 23<sup>rd</sup> August 2002, 30<sup>th</sup> October 2002, 7<sup>th</sup> December 2002, 31<sup>st</sup> January 2003 and 31<sup>st</sup> March 2003.





## G.R. CABLES LIMITED

The Annual General Meeting was held on 28<sup>th</sup> September 2002 for the year 2001-2002. Following are the details of attendance of Directors at Board Meetings and Annual General Meeting (AGM) held during the year.

Sl.	Name of the Director	Board Meetings held during tenure of Director	Attendance Board Meetings	Last AGM
01.	Sri.G.R.Reddy	9	9	Yes
02.	Sri.G.V.B.R.Reddy	9	9	Yes
03.	Sri.P.Ramesh Babu	9	9	No
04.	Dr.S.R.Govinda Rajan	9	8	Yes
05.	Sri.M.Gopalakrishna *	4	4	No
06.	Sri.J.Appa Rao	9	9	Yes
07.	Sri.L.P.Sashi Kumar	9	8	No
08.	Sri Y.Murali Prasad	9	0	No
09.	Sri.Y.J.Venkat Rao *	9	5	Yes
10.	Sri.D.A.Somayajulu *	2	2	No

\* Sri.M.Gopalakrishna resigned from the Board w.e.f.23.08.2002 and Sri D A Somayajulu resigned from the Board w.e.f. 21.08.2003.

Sri Y J Venkata Rao, alternative Director to Dr. Gandhiji Yalamanchili upto 18.08.2003.

iii) Details of Directors seeking the appointment/re-appointment at the ensuing AGM Pursuant to clause-49 of the Listing Agreement with the Stock Exchanges is given as an annexure to the Report on Corporate Governance.

### III. AUDIT COMMITTEE

The Company had constituted an Audit Sub Committee in the year 1997. The broad terms of reference of the Audit Committee are as specified in clause 49 of the Listing Agreement read with Section 292 A of the Companies Act, 1956. The Audit Committee deals with various aspects of the Financial Statements including Quarterly, Half yearly and Annual Results, adequacy of internal controls and internal audit functions, various Audit Reports, significant judgements affecting the financial statements, compliance with Accounting Standards and Company's financial & risk management policies. It reports to the Board of Directors about its findings and recommendations pertaining to above matters. During the year, the Board has accepted all the recommendations of the Audit Committee.

The details of composition of the Audit Committee, its meetings and attendance of the members during the year are as follows:

	Name of the Director	No. of Meetings Held	No. of Meetings attended
01.	Dr. S R Govinda Rajan, Chairman	6	6
02.	Sri Y. J Venkata Rao	6	4
03.	Sri M. Gopalakrishna *	4	3
04.	Sri J.Appa Rao	2	2

\* Sri M. Gopalakrishna resigned from the Board w.e.f. 23<sup>rd</sup> August, 2002.

Six Audit Committee Meetings were held during the year 2002-03. The dates on which the said meetings were held are as follows:

27<sup>th</sup> April, 2002, 24<sup>th</sup> June, 2002, 27<sup>th</sup> July, 2002, 23<sup>rd</sup> August, 2002, 30<sup>th</sup> October, 2002 and 31<sup>st</sup> January, 2003.



## G.R. CABLES LIMITED

### IV. SHARE TRANSFER & SHARE-HOLDERS/INVESTORS' GRIEVANCE COMMITTEE:

- i) The Committee reviews, records and helps to expedite transfer of shares and resolve any grievances of Investors. The Committee meets frequently throughout the year to minimize any delays in the transfer process. The Committee is chaired by Sri G R Reddy, Non-Executive Director, and includes Sri P.Ramesh Babu, Whole Time Director and Sri Y.J.Venkata Rao, Director as other members.

Sri G.V.B.R.Reddy, Executive Director, is the Compliance Officer under the relevant regulations. There were 51 transfers were pending as on the date of 31.03.2003 for approval and later approved on 27.04.2003.

- ii) The Company has received the following complaints from the share holders during the year under review, to the best of knowledge of the Company, these complaints were resolved to the satisfaction of Shareholders.

Sl. No.	Nature of Complaint	2002-2003	
		Received	Attended to
01.	Delay in receipt of Share Certificates sent for Transfer	8	8
02.	Non-receipt of Annual Report	7	7
03.	Delay in crediting shares in Demat account	3	3
<b>Total</b>		<b>18</b>	<b>18</b>

### V. DETAILS OF REMUNERATION TO ALL DIRECTORS

#### i) Remuneration to Non-Executive Director

Presently, the Non-Executive Directors do not receive any remuneration from the Company and are paid sitting fees for attending the meetings of the Board and Committees thereof.

#### ii) Remuneration to Whole Time Directors

Position	P.Ramesh Babu	G.V.B.R.Reddy
Salary (Rs.)	4,80,000	4,80,000
Commission & Allowances	Nil	Nil
Perquisites	74,613	91,493
<b>Total</b>	<b>5,54,613</b>	<b>5,71,493</b>
Service Contract	5 Years	3 Years
Notice Period	Nil	Nil