

G.R. CABLES LIMITED

(An ISO 9002 & ISO 14001 Company)



**THIRTEENTH
ANNUAL REPORT
2003-2004**

G.R. CABLES LIMITED

BOARD OF DIRECTORS

| | |
|-------------------------------------|-----------------------|
| Sri G.R. Reddy | - Chairman |
| Dr. S.R. Govinda Rajan, IAS (Retd.) | - APIDC Nominee |
| Sri Y.J. Venkata Rao | |
| Sri L.P. Shashi Kumar | |
| Sri P. Ramesh Babu | - Whole-Time 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.


 Report Junction.com
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 THIRTEENTH ANNUAL GENERAL MEETING OF G.R.CABLES LIMITED will be held at 11.00 A.M. on Wednesday, the 29th December 2004. at CRYSTAL FUNCTION HALL, KONIJETI ENCLAVE, PHASE I, RING ROAD, MEHDIPATNAM, HYDERABAD-500028 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the period ended 30th June 2004 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 P.Ramesh Babu, who retires by rotation being eligible offers himself for re-appointment.
3. 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

4. APPOINTMENT OF SRI G.V.B.R.REDDY AS A WHOLE TIME DIRECTOR

To consider and if thought fit, to pass the following resolution as a Special Resolution with or without modification (s).

"RESOLVED that pursuant to the provisions of Section 198,269,309,310,314 and all other applicable provisions, if any, of the Company Act, 1956 and subject to the limits specified in Schedule XIII of the said Act and subject to the approval of Financial Institution, consent be and is hereby accorded to the re-appointment of Sri G.V.B.R.Reddy as a Whole Time Director designated as Executive Director for a period of Five years with effect from 20.07.2004 on the following terms and conditions.

1. Salary Rs.40,000/- per month.
2. Prerequisites:
 - i) Fully furnished accommodation, including Gas, Electricity, and water valued as per Income Tax Rules, 1962.
 - ii) Reimbursement of the medical expenses of the appointee and his family, the total cost of which to the company shall not exceed one months salary in a year or five months salary over a period of five years.
 - iii) Leave Travel Concession for the appointee and his family once in a year in accordance with the Rules of the Company.
 - iv) Fees of clubs subject to a maximum of two clubs, but the company shall not pay admission or life membership fee.
 - v) Personal accident insurance premium not exceeding Rs.4,000/- per annum.
 - vi) Contribution to the Provident Fund, Superannuation fund or Annuity fund to the extent not taxable under the Income Tax Act.
 - vii) Free use of Company's car and driver for Company's business and private use of car by him shall be billed by the Company.
 - viii) Free use of telephone at residence for Company's business. He shall be entitled to make personal short distance calls however, long distance calls on personal account will be paid by him,"

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"RESOLVED further that wherein any financial year the company has no profits or its profits are inadequate the Company may pay to Sri G.V.B.R.Reddy, Whole Time Director designated as Executive Director remuneration by way of salary, perquisites and allowances not exceeding the ceiling limits specified under part-II Section II Para (2) of Sch,XIII of the Companies Act, 1956 including any statutory modifications thereof for the time being in force.

BY ORDER OF THE BOARD

G.V.B.R.REDDY

Executive Director

Place : Hyderabad

Date : 22.11.2004.

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 HOLDINGS THE MEETING.
2. The relevant explanatory statement pursuant to Section 173(2) of the companies act, 1956 is annexed hereto.
3. The Register of Members will be Colsed from 21.12.2004 to 29.12.2004 (both days inclusive).
4. Members are requested to bring the copies of Annual Reports while attending the Annual General Meeting.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4:

The appointment of Sri G.V.B.R.Reddy as Whole Time Director of the Company has been approved by the Company for a period of 3 years with effect from 20.07.2001 to 19.07.2004. Keeping in view, the valuable contribution made by Sri G.V.B.R.Reddy towards the success of the Company, Board of Directors at their Meeting held on 30.04.2004 re-appointed him as Whole Time Director for a period of five years with effect from 20.07.2004 to 19.07.2009 subject to the approval of members.

Approval of members is being sought for the re-appointment and payment of remuneration of Sri G.V.B.R.Reddy as Whole Time Director on the terms spliet out in the resolution.

He is a relative of Sri G.R.Reddy, Director and he is deemed to be interested in this Special Resolution, the same is placed before you for approval in terms of Section 314 of the Companies Act, 1956.

Except Sri G.R.Reddy, Director and Sri G.V.B.R.Reddy, none of the other Directors are interested or concerned in the above resolution.

This may also be treated as a Memorandum under Section 302 of the Companies Act, 1956.

BY ORDER OF THE BOARD

G.V.B.R.REDDY

Executive Director

Place : Hyderabad

Date : 22.11.2004.

G.R. CABLES LIMITED**DIRECTORS' REPORT**

To
The Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report and Audited Statements of accounts of the Company for the Fifteen months period ended 30th June 2004.

FINANCIAL RESULTS

(Rs.in Lakhs)

| ITEM | FOR THE PERIOD ENDED 30.06.04 (15 months) | FOR THE YEAR ENDED 31.03.04 (12 months) |
|--|---|---|
| | | |
| Sales & Other Income | 1248.67 | 1215.80 |
| Profit/(Loss) before interest & Depreciation | 220.58 | (239.95) |
| Interest | 63.10 | 47.50 |
| Operating Profit/(Loss) before Depreciation | 157.48 | (287.45) |
| Depreciation | 209.97 | 168.52 |
| Profit/(Loss) for the year | (52.49) | (455.97) |

REVIEW OF OPERATIONS

During the Period under review, your company achieved a Turnover of RS.1123.00 Lakhs as against Rs.1103.06 Lakhs for the previous year ended 31.03.2003. There is a dip in the sales and operations for the period under report due to delay in finalizing the JFTC orders by BSNL/MTNL. It made a net loss of Rs.52.49 Lakhs as against net Loss of Rs.455.97 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 is elsewhere given in this report.

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.

CONSOLIDATED FINANCIAL STATEMENTS

As prescribed by Accounting Standards-21 issued by the Institute of Chartered Accounts of India the Audited consolidated Financial Statements are annexed.

DIRECTORS

During the Period under review, Sri J.Appa Rao resigned as director from the Board of the company on personal grounds. Board placed on record its appreciations of the services rendered by him during his period as director.

In accordance with the Section 256 of the Companies Act, 1956 read with the Article 102 of the Articles of Association of the Company Sri. P.Ramesh Babu, Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

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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 period ended 30th June 2004, 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 period and of the profit and Loss of the company for the period 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 period ended 30th June 2004 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 24 (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 are 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-1 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 cooperation, assistance and support to the company.

FOR AND ON BEHALF OF THE BOARD

Place : Hyderabad

Date : 22.11.2004

(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 period ended 30th June 2004.

A. CONSERVATION OF ENERGY

1. Energy Conservation measure taken : a) Continuous monitoring and Maintaining optimum load on diesel Generator
b) Controlled Lighting inside factory sheds depending on the needs
2. Additional Investments and proposals, : NIL
if any being implemented for reduction of consumption of energy
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 out by the company : Efforts are being made to manufacture new products and to improve the quality of the existing products. This has resulted in introduction of CAT 5 and other Net Working cables for IT and Telecom Industry.
2. Benefits derived as a result of the above Research & Development : --do--
3. Future Plan of Action : --do--
4. Expenditure on R & D : NIL

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
(a) FOB value of exports : Nil
2. Foreign Exchange outgo
(a) Import of Raw Materials and Components : Rs.399.62 Lakhs
(b) Import of Capital Goods : Rs.0.14 Lakhs
(c) Travelling Expenses : Rs.2.62 Lakhs
(d) Other Expenses : Rs.0.16 Lakhs

FOR AND ON BEHALF OF THE BOARD

Place : Hyderabad

Date : 22.11.2004

(G.R.REDDY)

Chairman

G.R. CABLES LIMITED**CORPORATE GOVERNANCE REPORT**

(pursuant to Clause 49 of the Listing Agreement)

i) COMPANYS' 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

The Board has a fair representation of the Executive, Non-Executive and Independent Directors in compliance with code of Corporate Governance. Of the Six 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 Board is a non-executive Director.

The Management of the company is vested in 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) | 1 | 1 |
| 02. | Sri G.V.B.R.Reddy | Promoter/ Executive | 1 | 1 |
| 03. | Sri P.Ramesh Babu | Independent/ Executive | 1 | 1 |
| 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 J.Appa Rao | Independent/ Non-Executive | 5 | Nil |
| 07. | Sri L.P.Sashi Kumar | Independent/ Non-Executive | 7 | Nil |

Sri J.Appa Rao, Resigned from the Board w.e.f. 29.10.2004.

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 period under review, Seven Board Meetings were held. The dates on which the Board Meetings were held are as follows:

09th June 2003, 30th June 2003, 31st July 2003, 31st August 2003, 29th December 2003, 29th March 2004 & 30th April 2004.

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The Annual General Meeting was held on 30th September 2003 for the year 2002-2003. Following are the details of attendance of Directors at Board Meetings and Annual General Meeting (AGM) held during the year.

| Sl No | Name of the Director | Board Meetings held during tenure of Director | Attendance | |
|-------|----------------------|---|----------------|----------|
| | | | Board Meetings | Last AGM |
| 01. | Sri G.R.Reddy | 7 | 7 | Yes |
| 02. | Sri G.V.B.R.Reddy | 7 | 7 | Yes |
| 03. | Sri P.Ramesh Babu | 7 | 3 | No |
| 04. | Dr.S.R.Govinda Rajan | 7 | 4 | Yes |
| 05. | Sri J.Appa Rao | 7 | 6 | Yes |
| 06. | Sri L.P.Sashi Kumar | 7 | 6 | No |
| 07. | Sri Y.J.Venkata Rao | 7 | 6 | Yes |

iii) Details of Directors seeking the Re-Appointment at the ensuing AGM

Pursuant to Clause-49 of the Listing Agreement with the Stock Exchange on Corporate Governance the details of the Directors seeking the Re-Appointment is given below.

| | |
|--|-------------------------------|
| Name of the Director | : Sri P.Ramesh Babu |
| Date of Birth | : 8th May, 1956 |
| Date of Appointment | : 27th March, 2000 |
| Qualifications | : M.A. (Sociology) |
| Expertise in Specific functional areas | : Management & Administration |

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 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. 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 period are as follows:

| Sl No | Name of the Director | No of Meetings held | No of Meetings attended |
|-------|----------------------|---------------------|-------------------------|
| | | | |
| 01. | Dr.S.R.Govinda Rajan | 4 | 3 |
| 02. | Sri.Y.J.Venkata Rao | 4 | 4 |
| 03. | Sri.J.Appa Rao | 4 | 4 |

Sri L.P.Sashi Kumar, inducted on the committee in place of Sri J.Appa Rao, who Resigned from the Board.

There were four Audit Committee Meetings held during the period under review. The dates on which the said meetings were held as follows: 30.06.03, 31.07.03, 31.10.03 and 31.01.04.

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 No Transfers were pending as on the date of 30.06.2004.

ii) The Company has received the following compliants from the share holders during the period under review, to the best of knowledge of the company, these compliants were resolved to the satisfaction of shareholders.

| Sl No | Nature of Compliant | 2003-2004 | |
|--------------|---|-----------|---------------|
| | | Received | Attendance to |
| 01. | Delay in receipt of Share Certificates sent to Transfer | 5 | 5 |
| 02. | Non-receipt of Annual Report | 9 | 9 |
| 03. | Delay in crediting Shares in Demat Account | 4 | 4 |
| Total | | 18 | 18 |

V. DETAILS OF REMUNERATION TO ALL DIRECTORS

i) Remuneration to Non-Executive Directors

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) Remunerations to Whole Time Directors

| Position | P. Ramesh Babu | G.V.B.R. Reddy |
|-------------------------|-----------------|-----------------|
| Salary (Rs.) | 6,00,000 | 6,00,000 |
| Commission & Allowances | Nil | Nil |
| Prequisites | 67,847 | 1,48,173 |
| Total | 6,67,847 | 7,48,173 |
| Service Contract | 5 Years | 5 Years |
| Notice Period | Nil | Nil |