

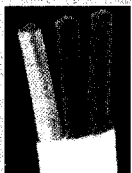


G.R. CABLES LIMITED

(An ISO 9002 & ISO 14001 Company)



FOURTEENTH ANNUAL REPORT 2004-05



G.R. CABLES LIMITED

BOARD OF DIRECTORS

Sri G.R. Reddy	- Chairman
Sri Y.J. Venkata Rao	
Sri L.P. Shashi Kumar	
Sri P. Ramesh Babu	
Smt. C. Mariamma	- APIDC Nominee
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)

NOTICE

Notice is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** OF **G.R.CABLES LIMITED** will be held at 11.00. A.M. on **Saturday, the 31st December, 2005** at **CRYSTAL FUNCTION HALL, KONIJETI ENCLAVE, PHASE I, RING ROAD, MEHDIPATNAM, HYDERABAD - 500 028** to transact the following business:

ORDINARY BUSINESS

1. The receive, consider and adopt the Profit & Loss Account for the year ended 30th June 2005 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 L P Sashikumar, who retires by rotation, being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Sri G R Reddy, who retires by rotation, being eligible offers himself for re-appointment.
4. 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

5. To consider and if through fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Smt. C.Mariamamma, be and is hereby appointed as a Director not liable to retire by rotation.
6. To Consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from Rs. 34,00,00,000 (Thirty Four Crores) divided into 3,40,00,000 (Three Crores Forty Lakhs) Equity Shares of Rs. 10/- each to Rs. 39,00,00,000 (Rupees Thirty Nine Crores) divided into 3,90,00,000 Equity Shares of Rs. 10/- each by the creation of additional 50,00,000 Equity Shares of Rs. 10/- each". Which shall rank pari passu with existing Equity Shares in all respects.
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:
"RESOLVED THAT the existing Clause V of the Memorandum, of Association of the Company be and is hereby deleted and substituted by the following:
V The Authorised Share Capital of the Company is Rs. 39,00,00,000 (Rupees Thirty Nine Crores only) divided into 3,90,00,000 (Three Crores Ninety Lakhs) Equity Shares of Rs. 10/- each with power to sub-divide, consolidate, increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential or special rights and privileges and conditions as may be determined by or in accordance with the regulations of the Company and to

I.R. CABLES LIMITED

any, modify, abrogate any such rights, privileges or conditions in such manner as may be provided in the regulations of the Company".

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

"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article No. 4 of the Articles of Association of the Company be and is hereby deleted and substituted by the following:

4 The Authorised Share Capital of the Company is Rs. 39,00,00,000 (Rupees Thirty Nine Crores only) divided into 3,90,00,000 Equity Shares of Rs. 10/- each. With power to sub-divide, consolidate, increase and reduce the capital and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential of special rights and privileges and conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided in the regulations of the Company".

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

"RESOLVED THAT pursuant to Section 81 (IA) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or reenactment thereof) and subject to the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange where the securities of the Company are listed and subject to the approval, consent, permission and/or sanction, as may be necessary by the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and any other appropriate authority, Institution or Body and subject to such terms, conditions, alterations, corrections, changes, variations and/or modifications, if any, as may be prescribed by any one or more or all of them in granting such approval, consent, permission and/or sanction, consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the "Board" which term shall be deemed to include any Committee duly constituted by the Board of Directors may hereafter constitute, to exercise one or more of its powers including the powers conferred by this resolution) to issue, offer and allot upto 1,00,00,000 Equity Warrants on preferential basis, convertible into 1,00,00,000 Equity Shares of Rs. 10/- each at a price of Rs.2.50/- per Share (Rs. 10/- face value + Rs 2.50/- Premium) being the price which is in accordance with the SEBI guidelines for preferential issues, to the following investors:

Sl.No.	Name of the Proposed Allottee	No. of Equity Warrants
1.	M/s Astar Interactive Technologies Limited	45,00,000
2.	Sri. R. Ravi Shankar	18,00,000
3.	Sri. D.N. Santhan	18,00,000
4.	Sri. K.V. Anjaneyulu	10,00,000
5.	Sri. D. Srikanth	9,00,000
	Total	1,00,00,000

RESOLVED FURTHER THAT each of the aforesaid Equity warrants be converted at the option of the holder at any time within 18 months from the date of issue, into one fully paid-up Equity Share of Rs. 10/- each at a price of Rs. 12.50/- (Rs. 10/- face value + Rs. 2.50/- premium), determined in accordance with the prevailing SEBI (Disclosure and Investor Protection) Guidelines, 2000. Of the conversion price of Rs. 12.50/- per share as aforesaid, a sum equivalent to Rs. 1.25/- per warrant as per SEBI (Disclosure and Investor Protection) Guidelines, 2000, will be received on the date of allotment of said warrants.

RESOLVED FURTHER THAT the 'Relevant date' for the preferential issue, as per SEBI (Disclosure and Investor Protection) Guidelines, 2000 for the determination of applicable price for Equity Shares converted from the aforesaid warrants, is 30th November, 2005.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI)/ Security and Exchange Board of India (SEBI)/ Financial Institutions/ Investment Institutions and/or such other appropriate authority may impose at the time of their approval and as agreed by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot subject to the Memorandum and Articles of Association of the Company such number of Equity Warrants convertible into Equal number of Equity Shares as may be required to be issued and allotted in accordance with the terms of the offer and all such Equity shares allotted upon conversion shall rank pari passu with the existing equity shares of the Company in all respects.

BY ORDER OF THE BOARD
 For **G.R. CABLES LIMITED**

Place : Hyderabad
 Date : 03.12.2005

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 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 Closed from 21.12.2005 to 31.12.2005 (both days inclusive).
4. Members are requested to bring the copies of Annual Reports while attending the Annual General Meeting.

EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

Smt. C.Mariamamma was appointed as Additional Director of the Company with effect from 31.10.2005 under Section 260 of the Companies Act, 1956 read with Article 97 of the Articles of Association of the Company. She holds office upto the date of this Annual General Meeting. A notice along with a deposit of rupees five hundred as required by the Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Smt. C.Mariamamma as a Director of the Company. No Director concerned or interested in the resolution.

The Board recommends the resolution for the approval of members.

ITEM NO. 6 to 8

The Company proposes to issue, offer and allot 1,00,00,000 Equity warrants for a sum aggregating to Rs. 12.50 Crores on preferential basis, as per SEBI (Disclosure and Investor) Protection Guidelines, 2000.

The present Authorized Share Capital of the Company is Rs. 34,00,00,000/- consisting of 3,40,00,000 Equity Shares of Rs. 10/- each.

The proposed issue of Equity warrants on conversion into Equity Shares will increase the subscribed and Paid-up Equity Capital beyond the present limit. Hence, a resolution is proposed to increase the limit of Authorized Equity Share Capital to Rs. 39,00,00,000 consisting of 3,90,00,000 Equity Shares of Rs. 10/- each.

None of the Directors of the Company is Directly or Indirectly concerned or interested in this resolution.

The Board of Directors recommends the resolution for approval of the members.

Copy of Memorandum and Articles of Association of the company is open for inspection by the members at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day of the company till the date of Annual General Meeting.

ITEM NO. 9

Your Company is proposing to offer and issue upto 1,00,00,000 Equity warrants of which 45,00,000 Equity Warrants to M/s Astar Interactive Technologies Limited 45,00,000, Sri. R. Ravi Shankar 18,00,000, Sri. D.N. Santhan 18,00,000, Sri. K.V. Anjaneyulu 10,00,000 and Sri. D. Srikanth 9,00,000 Each Equity warrant convertible into one Equity Share of Rs. 10/- each fully paid at a price of Rs. 12.50/- (Rs. 10/- face value + Rs. 2.50/- premium)

As per regulation 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the required details are furnished as under:

1. Object of the issue:

The proceeds of the issue will be utilized to meet working capital requirements and funds required for diversification of company's products into XLPE and mining cables, the Company propose to offer, issue and allot 1,00,00,000 Equity warrants on preferential basis convertible into Equity shares within 18 months from the date of issue.

2. Pricing:

The issue of Equity warrants on preferential basis shall be at a price of Rs.12.50 (Rs. 10/- face value + Rs. 2.50 Premium). The price is in compliance with the SEBI Pricing Norms.

3. Payment and Conversion terms:

10% of the value of the Share warrants i.e., Rs. 1.25 per each Equity Warrant to be paid on the date of Allotment. The balance is payable at the time of

conversion. Equity Warrant will be converted, at the option of the allottee, into one equity share of Rs. 10/- each at a price of Rs. 12.50 (Rs.10/- face value + Rs. 2.50 premium) at any time within 18 months from the date of issue. In case the option is not exercised within a period of 18 months from the date of issue, the aforesaid 10% paid on the date of allotment shall be forfeited.

4. Intention of Promoters/Directors/Key Management Persons to subscribe to the offer:

Promoter's do not intends to subscribe to Equity Warrants convertible into Equity Shares within a period of 18 months from the date of allotment of such Equity Warrants.

5. Relevant Date:

"Relevant Date" for this purpose is the date 30 days prior to the date of this meeting of the Members of the Company i.e., 30th November, 2005.

6. Shareholding pattern of the Company before and after the issue:

The Shareholding pattern before and after the offer is given below:

Sl. No.	Category	Pre Issue		Post Issue	
		No. of shares holding	Percentage Of share holding	No. of Shares holding	Percentage Of share holding
A	Promoter's Holding:				
1	Promoters				
	a. Indian Promoters	28,95,265	10.02	28,95,265	7.44
	b. Foreign Promoters	—	—	—	—
2	Persons acting in Concert	—	—	—	—
	Sub - Total	28,95,265	10.02	28,95,265	7.44
B	Non-Promoter's Holding:				
	Institutional Investors				
	a. Mutual Funds and UTI	5,600	0.02	5,600	0.01
	b. Bank, Financial Institutions/Insurance Companies(Central/State Govt. Inst./Non-Government Institutions)	9,01,875	3.12	9,01,875	2.32
	c. FIIs	35,000	0.12	35,000	0.09
	Sub Total	9,42,475	3.26	9,42,475	2.42
4	Others				
	a. Private CorporateBodies	51,54,163	17.83	96,54,163	24.82
	b. Indian Public	1,77,69,919	61.50	2,32,69,919	59.83
	c. NRIs/OCBs	21,33,039	7.38	21,33,039	5.49
	d. Any other	—	—	—	—
	Sub - Total	2,50,57,121	86.72	3,50,57,121	90.14
	Grand Total	2,88,94,861	100.00	3,88,94,861	100.00

Assumption: All the Equity warrants will be opted for conversion into Equity Shares.

G.R. CABLES LIMITED**7. Proposed time within which the allotment shall be completed:**

The Board proposes to allot the Equity Warrants within a period of 15 days from the date of passing of this of this resolution by the shareholders or within 15 days from the date of approval of any regulatory authority which ever is later.

8. The identity of the proposed allottees and the percentage of the preferential issue that may be held by them:

Sl No.	Name of the Proposed Allottees	Category	Pre issue holding	% of Pre-issue Capital Convertible	Number of Equity Shares Capital From Warrants	% of Post Preferential Issue
1	Astar Interactive Technologies Limited	Bodies Corporate	NIL	NIL	45,00,000	11.57%
2.	R.Ravi Shankar	Indian Public	NIL	NIL	18,00,000	4.63%
3.	D.N. Santhan	Indian Public	NIL	NIL	18,00,000	4.63%
4.	K.V. Anjaneyulu	Indian Public	NIL	NIL	10,00,000	2.57%
5.	D. Srikanth	Indian Public	NIL	NIL	9,00,000	2.31%
	Total				1,00,00,000	25.71%

9. Auditor's Certificate:

M/s/ M.V.Nanayana Reddy & Co., Chartered Accountants, Hyderabad, the Statutory Auditors of the Company have certified that the preferential issue is being made in accordance with the requirements contained in SEBI (Disclosure and Investor Protection) Guidelines, 2000. A copy of the certificate dated 2nd December, 2005 will be laid before the meeting of the shareholders. The said certificate is available for inspection at the registered office of the company between 11.00 a.m. and 1.00 p.m. on any working day till the date of meeting.

10. Lock-In:

The fully convertible Equity Warrants to be allotted on preferential basis shall be locked-in for a period of one year from the date of allotment as per SEBI Guidelines.

11. Change in Management:

The issue of convertible Equity Warrants will not result in any change in the management or control of the Company.

In terms of provisions of the Companies Act, 1956, consent of the members is required for issue of Equity warrants to persons other than the existing members. Hence consent is sought under Section 81(IA) of the Companies Act, 1956, for the offer, issue and allotment of the said Securities, as detailed in the resolution. The Board may be authorized to issue the Equity warrants, in accordance with the terms of offer, as detailed in the resolution and to take all necessary actions without any limitation for implementing the resolution.

None of the Directors concerned or interested in the resolution.

The Board of Directors recommends the resolution for the approval of the shareholders.

By order of the Board
For **G.R.CABLES LIMITED**

G.V.B.R.Reddy
Executive Director

Place : Hyderabad
Date : 03.12.2005

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

To

The Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report and Audited Statements of accounts of the Company for the Year ended 30th June 2005.

FINANCIAL RESULTS

(Rs.in Lakhs)

ITEM	FOR THE YEAR ENDED 30.06.05 (12 months)	FOR THE YEAR ENDED 31.06.04 (15 months)
Sales & Other Income	3000.48	1248.67
Profit/Loss before interest & Depreciation	259.48	220.58
Interest	43.18	63.10
Operating Profit/Loss before Depreciation	216.30	157.48
Depreciation	1563.53	209.97
Profit/Loss for the year	59.77	(52.49)

REVIEW OF OPERATIONS.

During the year under review, your company achieved a Turnover of Rs. 2938.00 Lakhs for 12 months period as against Rs. 1123.00 Lakhs for the previous period ended 30.06.2004 for 15 months. It made a net profit of Rs. 59.77 Lakhs as against net Loss of Rs. 52.49 Lakhs in the previous period. This is the sustainable growth as your company has healthy order book position during the current period for supply of various telecom, power and network cables and your company expects the better performance in view of increased demand for power, domestic, control and other networking cables in future.

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

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 G R Reddy and Sri L P Sashikumar, Directors of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer them-selves for re-appointment.

Sri Bhupat M Oza & Sri M Surendernath Resigned as directors from the Board of the Company on 01.08.2005, due to personal grounds who were appointed as Additional Directors on 04.02.2005 and APIDC has withdrawn Dr. S.R. Govinda Rajan, IAS (Retd) as its nominee on the Board of the Company and appointed Smt C Mariamma as a new nominee director on the Board of the company w.e.f 31.10.2005. the tenure of Sri P.Ramesh Babu as whole time director expires on 10th August, 2005.

G.R. CABLES LIMITED

The board placed on record its appreciation of services rendered by them during their tenure as directors.

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 30th June 2005, 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 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 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 30th June 2005 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 Exchanges, 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.

ACKNOWLEDGMENTS

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 : 03.12.2005

(G.R.REDDY)
Chairman