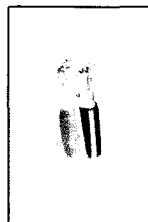
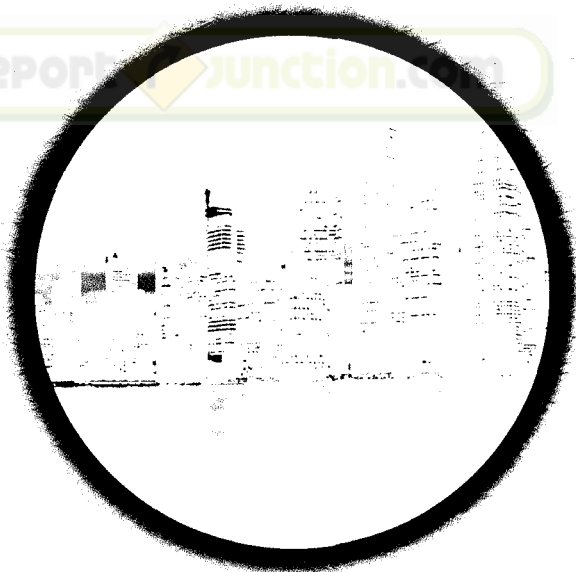
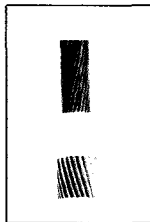
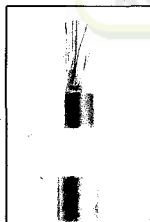




G.R. CABLES LIMITED

(An ISO 9002 & ISO 14001 Company)



Fifteenth Annual Report 2005-06

G.R. CABLES LIMITED

BOARD OF DIRECTORS

Sri G.R. Reddy	- Chairman & Managing Director
Dr. S.R. Govinda Rajan, IAS (Retd)	
Sri Y.J. Venkata Rao	
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

1-2-234/13/53 to 56,
105 & 106, 1st Floor,
Reliance Residency, Ashok Nagar,
Hyderabad - 500 029

FACTORY

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

NOTICE

Notice is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING OF G.R.CABLES LIMITED will be held at 11.00. A.M. on Saturday, the 30th December, 2006 at KLN Prasad Auditorium, FAPCCI, RED HILLS, HYDERABAD - 500 004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the period ended 30th September 2006 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. V. B. R. Reddy, who retires by rotation being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Sri P. Ramesh Babu, 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 Dr. S. R. Govinda Rajan, be and is hereby appointed as director whose office is liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310, 314, and all other applicable provisions, if any, of the Schedule XIII of the said Act, Sri G.R.Reddy be and is hereby appointed as a period of Five years effect from 01.02.2006 on a remuneration and other therms and conditions as per the details given below:

1. Salary : Rs. 50,000/- per month
2. Perquisites :
- 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 month 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) Personnel accident insurance premium not exceeding Rs. 4000/- per annum.
- vi) Free use of telephone at residence for companies business. He shall be entitled to make personnel short distance calls. However, long distance calls on personnel account will be paid by him.

"RESOLVED that wherein any financial year the Company has no profits or its profits are inadequate the Company may pay to Sri. G. R. Reddy, Chairman cum Managing 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."

"RESOLVED FURTHER that Sri. G. R. Reddy, Chairman cum Managing Director be and is hereby authorized to delegate powers to Sri G. V. B. R. Reddy, Executive Director."

"RESOLVED FURTHER that Sri G. V. B. R. Reddy, Executive Director, be & is hereby authorized to file necessary return with ROC.



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

Place : Hyderabad
Date : 30.11.2006

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 26.12.2006 to 30.12.2006 (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 ANNUAL GENERAL MEETING OF THE COMPANY PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4

Sri. Dr. S. R. Govinda Rajan, IAS (Retd) was appointed as Additional Director of the Company with effect from 31.10.2005 under Section 260 of the Companies Act, 1956 and Article 97 of the Articles of Association of the Company. He 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 Sri. Dr. S. R. Govinda Rajan, IAS (Retd) as a Director of the Company.

The board felt that his advice and his diversified experience is required at this juncture of the company and also helps the company to comply with the revised clause 49 of the listing agreement.

No Director concerned or interested in the resolution.

The Board recommends the resolution for the approval of members.

ITEM NO. 5

Sri G. R. Reddy, chairman of the company was appointed as the Chairman cum Managing Director of the company by Board of Directors at their meeting held on 31.01.2006 subject to approval of the members of the company for a period of five (5) years w.e.f. 1st February 2006 on the terms and conditions as mentioned in the resolution as board felt that his full time services are very much required at this stage of the company since the company has proposal to diversify into various new products and to uplift operations of the company.

Approval of the members is being sought for the appointment and payment of remuneration of Sri. G. R. Reddy as Chairman cum Managing Director on the terms spelt out in the resolution.

He is a relative of Sri G. V. B. R. Reddy, Executive Director and he is deemed to be interested in this resolution.

None of other directors except Sri. G. R. Reddy 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
For G.R. CABLES LIMITED

Place : Hyderabad
Date : 30.11.2006

G.V.B.R.Reddy
Executive Director

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report and Audited Statements of accounts of the Company for the Year ended 30th September 2006.

FINANCIAL RESULTS

(Rs.in Lakhs)

ITEM	FOR THE YEAR ENDED 30.09.06 (15 months)	FOR THE YEAR ENDED 31.06.05 (12 months)
Sales & Other Income	2825.37	3000.48
Profit/Loss before interest & Depreciation	337.46	259.48
Interest	79.01	43.18
Operating Profit/Loss before Depreciation	258.45	216.30
Depreciation	198.03	156.53
Profit/Loss for the year	60.42	59.77

REVIEW OF OPERATIONS.

During the period under review, your company has extended accounting year of 2005 - 2006 by 3 months so as to close on 30.09.2006 for 15 months period and achieved a Turnover of Rs. 2756 Lakhs as against Rs. 2938 Lakhs for the previous year ended 30.06.2005. Your company received orders from BSNL and different telecom circles for supply of jelly filled telecom cables but due to sharp increase in international copper prices and strict delivery schedules your company could not execute some of the orders. Your company expects stable growth in jelly filled cable segment in coming year.

In the power cables segments, your company fared well in getting into mainstream of production of electrical cables and conductors used for high voltage applications. It has successfully completed orders and has got approvals from different discoms for different types/ sizes of electrical cables and conductors.

FUTURE OUTLOOK:

As your company plans to focus more on power cables and electrical turkey projects. With this emphasis, it plans to achieve substantial growth in turnover in the coming years. 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.

SUBSIDIARY IN SRI LANKA:

During the period under review, Gold Islands Cables (P) Limited, wholly owned subsidiary of G R Cables Limited in Sri Lanka, could not record significant business as benefits under Free Trade Agreement (FTA) were reduced and hence the company has decided to sell off the subsidiary and is looking for potential prospective buyer.

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.V.B.R. Reddy and Sri P.Ramesh Babu

G.R. CABLES LIMITED

directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Sri. L. P. Sasi Kumar ceased to be a director at the annual general meeting of the company held on 31.12.2005. Dr. S. R. Govinda Rajan was appointed as a additional director on 31.01.2006 and holds office as a director upto ensuing annual general meeting of the company and the company has received a notice from a member signifying his intension to propose him as a director in the annual general meeting in terms of section 257 of the Companies Act, 1956.

Sri. G. R. Reddy was appointed as Chairman cum Managing Director of the company at board meeting held on 31.01.2006.

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 September 2006, 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 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 September 2006 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 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 Bhat Sanchar Nigam Limited, our main customer, MTNL, NPDCL, EPDCL, CPDCL, SPDCL and Transco, 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

(G.R.REDDY)

Chairman & Managing Director

Place : Hyderabad

Date : 30.11.2006

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 30th September 2006.

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, 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 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 and power industry.
2. Benefits derived as a result of the above Research & Development : --do--
3. Future Plan of Action : The company is planning to develop new types of high voltage cables about 400 KVA and the R & D project is being prepared
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. Nil
(b) Import of Capital Goods : Rs. NIL
(c) Traveling Expenses : Rs. Nil
(d) Other Expenses : Rs. Nil

FOR AND ON BEHALF OF THE BOARD

Place : Hyderabad
Date : 30.11.2006

(G.R.REDDY)
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

(pursuant to Clause 49 of the Listing Agreement)

i) Companies Philosophy on Corporate Governance:

The Company is committed to Good Corporate Governance to ensue that all functions of the company are discharged in a professionally sound and competent manner. Given view is the requisite information relating to corporate functioning of your company at apex level for the purpose 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 Boards of the company only two are promoter Directors. Others are independent directors

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
1.	Sri G.R.Reddy	Promoter/ Executive Chairman	Nil	Nil
2.	Dr. S.R. Govinda Rajan (Retd. IAS)	Independent/ Non-Executive	Nil	Nil
3.	Sri Y.J.Venkata Rao	Independent/ Non-Executive	Nil	Nil
4.	Sri P.Ramesh Babu	Independent/ Non-Executive	Nil	Nil
5.	Smt C.Mariamamma	Independent/ Non-Executive (APIDC Nominee)	Nil	Nil
6.	Sri G.V.B.R.Reddy	Promoter/ Executive	Nil	Nil

ii) Board Procedure

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

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

30th July 2005, 31st October 2005, 03rd December 2005, 31st January 2006, 29th April 2006 and 31st July 2006.

G.R. CABLES LIMITED

The Annual General Meeting was held on 31st December 2005 for the year 2004-2005. 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
1.	Sri G.R.Reddy	6	6	Yes
2.	Dr. S. R. Govinda Rajan	2	2	No
3.	Sri Y.J.Venkata Rao	6	2	No
4.	Sri P.Ramesh Babu	6	—	No
5.	Smt C.Mariamamma	4	3	No
6.	Sri G.V.B.R.Reddy	6	6	Yes

iii) Details of Directors seeking the e-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	G.V.B.R. Reddy	P. Ramesh Babu	Dr. S.R. Govinda Rajan
Date of Birth	05.12.1971	08.05.1956	20.07.1939
Date of Appointment	29.01.1992	27.03.2000	31.01.2006
Qualifications	B.E. (Polymer)	M.A. (Sociology)	IAS (Retd.)
Expertise in Specific functional areas	Technical	Finance	Finance
Directors in other companies	Nil	Nil	Nil

III. Audit Committee

The Company has duly constituted audit committee and 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 judgments affecting the financial statements, compliance with accounting standards and Companies 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. During period under review