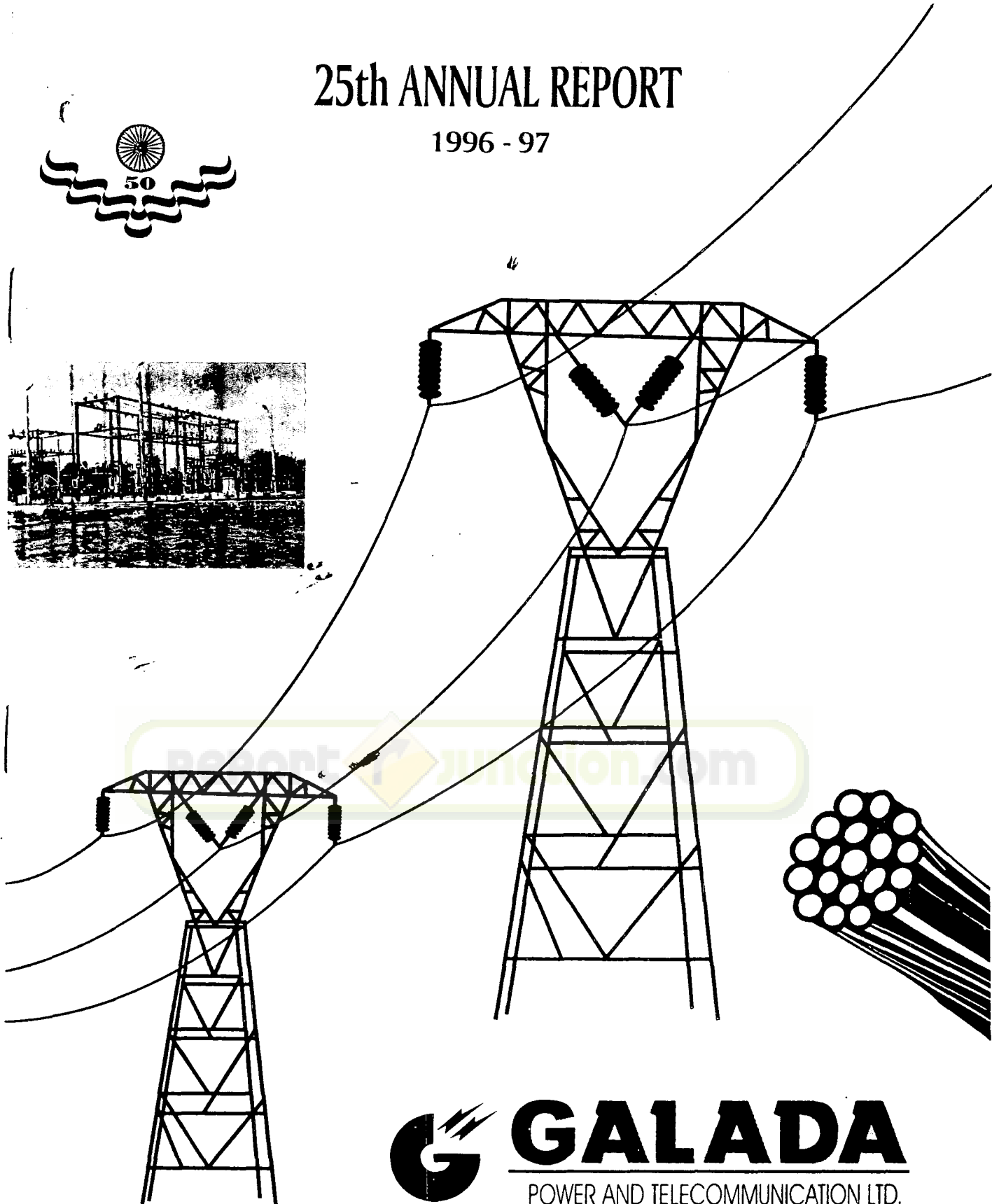
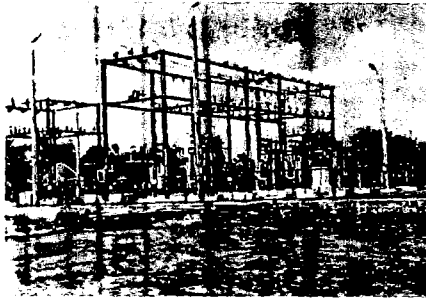


# 25th ANNUAL REPORT

1996 - 97



## GALADA

POWER AND TELECOMMUNICATION LTD.

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	ROY	NG
RO	<input checked="" type="checkbox"/>	LL	PL
TL	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
LC	<input checked="" type="checkbox"/>	SC	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		



1st March, 1998

Dear Shareholder,

Happy New Year to you and your family.

After a long time I am having the pleasure of meeting you through this letter. My intention is to appraise you about the progress of your Company in the present scenario. I feel it is my duty as the CEO to share with you my hopes and concerns about the Company's performance at regular intervals. This is very important because the Company is now growing in size and has a definite role to play in power and telecom sector. As a technocrat, with a deep rooted purpose in my heart - "Saving Energy Through Pioneering Technology", my firm belief is that our Company has all wherewithall to mould itself as an innovative enterprise, which will meet the aspirations of Shareholders, Employees, Bankers, Institutions and Society at large. Let me tell you our story and plans in brief.

All Aluminium Alloy Conductor(AAAC), the thrust product of the Company, is an innovative energy-saving product pioneered by the Company and is a definite improvement over conventional Aluminium Conductor Steel Reinforced(ACSR). AAAC reduces power losses, increases line life and brings down the overall costs of T & D Lines. It is used to bring electric power from the generating stations to the ultimate consumers like industry, agriculture, household, commercial users etc. You can very well imagine how important is this product which is the basic infrastructure for the development of the Country. But the technology/product being new, we have been striving hard to make in roads into power utilities, in and around India. Initial success is not our ultimate goal, we want the Country to switchover 100% to energy efficient AAAC from ACSR. This is not very far off: we hope to do it in the Ninth and Tenth Five Year Plans. The Government of A.P and Institution of Engineers recognised the good work by honouring your Company with "Bharat Ratna Sir Mokshagundam Visvesvaraya Award" during September, 1996.

Our two manufacturing plants, one at Uppal (4500 MT/A) and the other at Silvassa (10200 MT/A) are well placed to cater to the Customers and we have been getting repeat orders regularly. During the last decade, 1987-1997, the progress of the Company was fairly good and it won appreciation from all quarters. From very low levels of 1987, the Company produced about 5248 Tons of AAAC, sales turnover of Rs.73 crores and net profit of Rs.1.51 crores during 1996-97. We were working hard to achieve more spectacular results but then came a rude shock of adverse economic trends from early 1997. The Company's Customers were not able to continue purchases for want of funds and could not pay the bills for all that they bought. They suffered and we suffered very badly. However like success is not permanent even failures are not and better days have dawned from January 1998.

In order to overcome risks of this kind, we are now shifting our focus to orders for projects aided / funded by International financing institutions like world Bank, ADB, OECF etc. or by earmarked funds of REC, PFC or priority projects. Besides, we are also proposing to work with Line Construction Companies like BSES, L&T, Siemens, SAE, KEC etc. We have started our line construction division which is slowly growing. We are also gradually diversifying product range - new types of conductors, Optic Fibre Ground Wires, energy efficient fittings, alloy rods in T4 condition etc. In a year or two we hope to settle down in these new areas.

The adverse situation prevailing whole of last year is slowly fading out. The Institutions and Banks have agreed to back us up with necessary support and Customers have also cleared old outstandings. Infact, they are paying promptly for present supplies. Several Customers have come out with internationally aided tenders for procurement of conductors worth Rs.400 crores. We will attempt to bag good orders. I am confident that 1998-99 results will speak clearly about the Company's performance.

For the present, I feel I have shared adequate information with you, my dear Shareholder. I will get back to you with more information sometime later in this year.

With best wishes once again.

Yours sincerely,

**D C GALADA**  
Managing Director

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**BOARD OF DIRECTORS****Chairman**

Shri S.M. Kankaria

**Directors**

Shri S. Andi

Shri S.S. Subrahmanyam

Shri R. Chakraborti

Shri Mahaveerchand Galada

Shri Deoraj Ranka

Shri T.B. Subramaniam

**Managing Director**

Shri D.C. Galada

**Executive Director**

Shri Devendra Galada

**Vice President & Secretary**

Shri V. Subramanian

**Auditors****M/s. Brahmayya & Co.,**

Chartered Accountants

Tilak Road,

Hyderabad - 500 001.

**Bankers****Canara Bank**

R.P. Road,

Secunderabad - 500 003.

**Syndicate Bank**

New Nallakunta,

Hyderabad - 500 044.

**Registered Office & Factory - I**

P 2/6, I.D.A, Block III, Uppal,

Hyderabad - 500 039.

**Factory - II**

Village Khadoli,

Silvassa,

U.T. of Dadra &amp; Nagar Haveli.


**Administrative Office**

12-13-194, Tarnaka,

Hyderabad - 500 017.

CERTIFIED TRUE COPY //

for Galada Power And Telecommunication Ltd.

  
 V. Subramanian  
 Vice President & Secretary.
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## NOTICE

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Company will be held on Tuesday the 31st March, 1998 at The Institution of Engineers (India), Visvesvaraya Bhavan, Khairatabad, Hyderabad - 500 004 at 12.00 Noon to transact the following items of business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 30th June, 1997 and the Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Shri. Devendra Galada, who retires by rotation under the Articles of Association of the Company and offers himself for re-election.
3. To appoint the Auditors and authorise the Board to fix their remuneration.

### SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution for the re-appointment of Shri. Devendra Galada, Executive Director of the Company in accordance with Schedule XIII to the Companies Act, 1956 as amended from time to time for a further period of 5 (five) years effective from 01-04-97 on the same terms, conditions and managerial remuneration approved in the Extra-ordinary General Meeting held on 4th March, 1992 and also as re-fixed in the Annual General Meeting held on 30th November, 1994.

"RESOLVED THAT the approval of and sanction of the Company pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and in particular Schedule XIII thereto, be and is hereby accorded to the re-appointment of Shri. Devendra Galada, Executive Director for a further period of 5 (five) years effective from 01-04-97 on the following terms and conditions:

- 1) Salary  
Rupees 25,000/- per month including dearness allowance and all other allowances.

- 2) Perquisites  
Provision of perquisites and benefits classified into three categories A, B, C as appearing hereinafter :

### Category A

- i) Housing I : The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceiling:

Sixty percent of the salary over and above ten percent payable by the appointee.

Housing II : In case the accommodation is owned by the Company ten percent of the salary of the appointee shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall however be subject to a ceiling of ten percent of the salary of the appointee.

- ii) Medical reimbursement : Expenses incurred for the appointee and the family subject to a ceiling of one months salary in a year or three months salary over a period of three years.

- iii) Leave travel concession : For the appointee and his family once in a year incurred in accordance with any rules specified by the Company.

- iv) Club fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

- v) Personal accident insurance : Premium not to exceed Rs.4000 per annum.

Explanation : For the purpose of category A 'Family' means the spouse, the dependent

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children and dependent parents of the appointee.

### Category B

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either single or put together are not taxable under the Income Tax Act.

Gratuity payable should not exceed half a months salary for each completed year of service.

- ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

### Category C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the individual appointee concerned".

"RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded, pursuant to Section 309(3) read with Section 194(4) and other applicable provisions of the Act, for payment and/or provision of the aforesaid remuneration, benefits and perquisites to Shri.Devendra Galada, Executive Director as minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company during his term of office."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to amend or vary the terms and conditions of remuneration provided that such remuneration shall not exceed the limits prescribed in Part II of Schedule XIII of the Act and any statutory modifications or re-enactment thereof and/or any guidelines relating to Managerial Remuneration as may be notified by the Central Government from time to time."

"RESOLVED FURTHER THAT the monthly remuneration detailed above shall not exceed the limit prescribed in Schedule XIII of the Companies Act, 1956 based on the effective capital of the Company."

The Register of Members and Share Transfer Books of the Company will be closed from 16th March, 1998 to 31st March 1998 (both days inclusive).

By order of the Board

**V.Subramanian**  
Vice President &  
Secretary

Place : Hyderabad

Date : 29th December, 1997

### Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item 4 set out in the Notice is annexed hereto.
3. Members are requested to intimate immediately any change in their addresses.

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

### Item No. 4

This item relates to the re-appointment of Shri.Devendra Galada, Executive Director for a further period of 5 (five) years effective from 01-04-97.

Shri.Devendra Galada was appointed for a period of 5 (five) years from 01-04-92 to 31-03-97 as the Executive Director of the Company in the Extraordinary General Meeting held on 4th March, 1992. His present tenure of office expired on 31-03-97 and his appointment has to be renewed for a further

period of 5 (five) years as per Schedule XIII of the Companies Act, 1956. The re-appointment shall be on the same terms, conditions and managerial remuneration approved by the Members in the Extraordinary General Meeting held on 4th March, 1992 and as refixed in the Annual General Meeting held on 30th November, 1994.

Shri.Devendra Galada is the son of Shri.Mahaveer Chand Galada, the Director of the Company and brother of Shri.D.C.Galada, the Managing Director of the Company.

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## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 25th Annual Accounts of the Company for the financial year ended 30th June, 1997.

	(Rs/Lacs)	
	Year ended 30.06.97	Year Ended 30.06.96 (15 Months)
Sales & Other Income	7300	6299
Gross Profit	1171	837
Interest	904	539
Cash Profit	267	298
Depreciation	116	80
Profit before tax	151	218
Provision for tax	—	(20)
Profit after tax	151	238
Dividend	—	33%

Even though the gross profit for the period under report has increased from Rs.837 Lacs to Rs.1171 Lacs, there has been decline in the cash profit on account of increased interest burden due to abnormal delay in the collection of receivables from State Electricity Boards.

The Reserves and Surplus which stood at Rs.1711 Lacs as on 30.06.96 has increased to Rs.1829 Lacs as on 30.06.97. The Revaluation Reserves stand at Rs.126 Lacs as on 30.06.97.

### DIVIDEND

In view of the severe liquidity constraints faced by the Company and looking to the need to conserve resources in the emerging industrial scenario your Directors have decided not to recommend any dividend for the year 1996-97.

### PRODUCTION AND SALES

The total saleable production for the period under report was 5286 MT as compared to last year's saleable production of 5647 MT (15 months). Out of the total saleable production for the year, All Aluminum Alloy Conductors (AAAC) accounted for 5248 MT as compared to the previous years' figure of 5260 MT (15 months). Thus the production of the Company's main product namely AAAC

registered an increase of 25% over that of last year on annualised basis. During the period under report the Company executed Line Contract orders for Karnataka Electricity Board to the extent of Rs.161 Lacs and is now qualified to quote for Line Contract works upto 220 KV sub-stations on its own. This is identified as a thrust area for the Company to make significant in-roads in the future.

### PROMISE Vs PERFORMANCE

In Compliance with the Listing Agreement with Stock Exchanges, particulars of the projections as per Letter of Offer in respect of the Company's Rights Issue and the actuals are furnished below :

	(Rs/Lacs)	
	Projections	Actuals
Net Profit after Tax	701	151
Earnings per Share (Rs.)	9.35	2.01

### FUTURE PROSPECTS

Your Company suffered setbacks during the second half of the year under report as a result of abnormal delay in the collection of receivables from State Electricity Boards, the Company's main customers. The marketing strategy has since been revised to participate only in tenders floated by Electricity Boards and Power Utilities against earmarked funds preferably Internationally Aided Projects which are categorised as "Deemed Exports". There are projects worth more than Rs.400 Crores funded by International Agencies for which tenders have been floated by PGCIL, APSEB, MSEB, OSEB etc., and your Company is quite confident of getting enough orders with assured payment terms for achieving the projected results from the year 1998-99 onwards. Your Company has been assured of full co-operation by the Financial Institutions and Bankers to tide over the liquidity problems presently faced by the Company.

### RE-APPOINTMENT OF EXECUTIVE DIRECTOR

The present term of Shri. Devendra Galada, Executive Director of the Company expired on 31-03-97 and necessary resolutions for his re-appointment for a further period of 5 (five) years from 01-04-97 onwards in terms of Schedule XIII to the Companies Act, 1956 will be passed in the ensuing Annual general Meeting of the members of the Company.

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### DIRECTORS

On terms of Articles of Association of the Company, Shri Devendra Galada retires by rotation and is eligible for re-appointment.

Shri. Ranes Chakraborti, Nominee Director has been appointed by Industrial Investment Bank of India on the Board of Directors of your Company with effect from 24th November, 1997.

### AUDITORS

M/s. Brahmayya & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### PERSONNEL

Continuous and sustained growth in operations and good results come from hard work, commitment and involvement of people. Your Directors in particular wish to place on record the appreciation for the devoted services rendered by employees at all levels.

### OTHER INFORMATION

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is given in Annexure-I forming part of this Report.

Also information required by the Companies (Amendment) Act, 1988 is given in Annexure II forming part of this Report.

### UNPAID DIVIDENDS

Due to liquidity constraints, dividend declared for the year 1995-96 has not been distributed except to small shareholders and the same will be regularised during the year 1998-99.

### ACKNOWLEDGEMENTS

The Board of Directors wish to gratefully acknowledge their sincere thanks to the Financial Institutions viz. IDBI, IIBI, ICICI & UTI and the Bankers, Canara Bank and Syndicate Bank, for their timely and considerate support to your Company. The Board also extends its gratitude to the Company's Shareholders, Customers and Suppliers for their full co-operation. The Board places on record its appreciation for the services and co-operation rendered by the Officers, Staff and Workmen of the Company.

For and on behalf of the Board

**M.C. Galada**  
Director

Place : Hyderabad

Date : 29th December, 1997 **D.C. Galada**  
Managing Director

for Galada Power And Telecommunication Ltd.

  
V. Subramanian  
Vice President & Secretary

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## ANNEXURE - I TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars Employees) Rules, 1975 as amended in regard to Employees of the Company who were in receipt of remuneration for the year not less than Rs.3,00,000/- if employed throughout the year or if employed during any part of the year at a salary, the aggregate of which was not less than Rs.25,000/- per month.

1) Name	: D C Galada
Age	: 55 Years
Previous Employment	: Technical Director, M/s. Non Ferrous Rolling Mills (P) Limited, Madras.
Designation	: Managing Director
Remuneration	: Rs.8,76,542/-
Nature	: Technical Direction and Control
Other terms and conditions	: Contractual
Nature of duties	: Superintendence, direction and control of all affairs of the Company under guidance of Board of Directors.
Qualifications	: B.SC., D.M.I.T. (Inst. Tech) F.I.E. M.I.I.F., M.I.I.M., M.I.I.P.E., Thirty Two Years Experience.
Date of commencement of Employment	: 24.06.1972.

Shri D C Galada, Managing Director is the Son of Shri. Mahaveerchand Galada, Son-in-law of Shri. Deoraj Ranka, the other Directors and Brother of Shri. Devendra Galada, Executive Director of the Company.

2) Name	: Devendra Galada
Age	: 36 Years
Previous Employment	: Manager (Projects) - 4 Years
Designation	: Executive Director
Remuneration	: Rs.5,88,699/-
Nature	: Projects & General Administration.
Other terms and conditions	: Contractual
Nature of duties	: Superintendence, direction and control of Project Management and General Administration of the Company.
Qualifications	: B.SC., M.B.A., Fourteen Years Experience.
Date of commencement of Employment	: 01.04.1992

Shri. Devendra Galada, Executive Director is the Son of Shri Mahaveerchand Galada, Director and Brother of Shri. D C Galada, Managing Director of the Company.

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**ANNEXURE - II TO DIRECTORS' REPORT**

(Additional information given in terms of Notification No.1029 of 31-12-1988 issued by the Department of Company Affairs)

**DISCLOSURES****A) Conversion of Energy**

The Company has been vigorously implementing various measures for energy conservation such as installation of sophisticated power saving furnaces in the Heat Treatment and Ageing operations and carrying out modifications on a continuing basis for conservation of energy in other fields. The additional cost incurred is more than off-set by the reduction in production cost due to lower consumption of energy per unit of out-put.

Development unit has been granted recognition by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. The efforts of the Company are focused on improvement of existing products, development and introduction of new products and standardization.

There is no bought-out technology from foreign countries to be absorbed by the Company.

**B) Technology Absorption**

The Company's in-house Research and

**C) Foreign Exchange Earnings and Outgo**

The information is contained in Schedule 20 Note 19 (VIII, IX and X) forming part of the Notes to Accounts of the Annual Report.

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