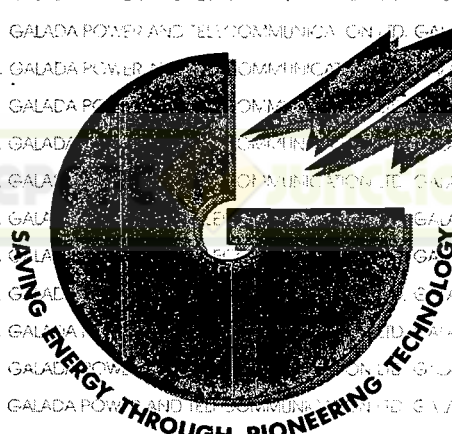


## 26th Annual Report 1997 - 98

MD	✓	BKG	✓
CS	✓	DRY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		✓



*A Certified True Copy*

For Use

**GALADA**  
**POWER AND TELECOMMUNICATION LTD.**

1st March, 1999

Dear Shareholder,

Happy New Year and Ugadi to you and your family.

It is exactly one year since I started a personal dialogue with you. Let me continue where I stopped last year - "The New Focus" of the Company to bring back and enhance further its prosperity after stopping/overcoming the negative trends. Though the economic trends in the Country and a large part of the Globe have shown deterioration during the year, the new focus of the Company is on the verge of producing positive results. Let me elaborate.

Our ideas of procuring orders which are Internationally Funded have become a reality through three valuable orders of Transmission Corporation of Andhra Pradesh Ltd. (APSEB) under A.P. Power Restructuring Programme funded by World Bank. The value of these International Orders is US \$ 10.8 Million (Rs.47 Crores) and we will make an outright effort to increase this business substantially.

In last 12 months, we have procured substantial Orders valued at Rs.6.20 Crores, of SEBs funded by Power Finance Corporation (PFC) and the same have been executed.

Though our efforts of supplying Conductors to other Line Construction Companies did not meet with great success due to stiff competition, we have come out with flying colours in executing two numbers 220 KV Sub-station contracts for Karnataka Electricity Board (KEB) valued at approx Rs.4.92 Crores.

Our efforts in diversifying into energy efficient fittings, 6mm Dia Alloy Rods in T4 condition have started to blossom. During the current year they are expected to show results.

Our efforts to diversify into new type of Conductors like OPGW, ACSR/AS and TAACSR/AS have just begun and an international giant manufacturing Company is coming to an understanding with us and we will make our presence felt during the coming years.

I trust you will see in my statements a deep sense of commitment and sincere efforts of all Gallant Folks which will lead towards meeting the aspirations of Shareholders, Employees, Bankers, Institutions and Society at large.

With best wishes,

Yours Sincerely



**D.C. Galada**  
Managing Director



## BOARD OF DIRECTORS

<b>Chairman</b>	Shri S.M. Kankaria
<b>Directors</b>	Shri S. Andi Shri S.S. Subrahmanyam Shri R. Chakraborti Shri Mahaveerchand Galada Shri Deoraj Ranka Shri T.B. Subramaniam
<b>Managing Director</b>	Shri D.C. Galada
<b>Executive Director</b>	Shri Devendra Galada
<b>Vice President &amp; Secretary</b>	Shri V. Subramanian
<b>Auditors</b>	M/s. Brahmayya & Co., Chartered Accountants Tilak Road, Hyderabad - 500 001.
<b>Bankers</b>	Canara Bank R.P. Road, Secunderabad - 500 003.  Syndicate Bank New Nallakunta, Hyderabad - 500 044.
<b>Stock Exchanges</b>	
<b>Regional</b>	Hyderabad Stock Exchange 3-6-275, Himayathnagar, Hyderabad - 500 029.
<b>Others</b>	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
<b>Registered Office &amp; Factory - I</b>	P 2/6, I.D.A, Block III, Uppal, Hyderabad - 500 039.
<b>Factory - II</b>	Village Khadoli, Silvassa, U.T. of Dadra & Nagar Haveli.
<b>Administrative Office</b>	12-13-194, Tarnaka, Hyderabad - 500 017.

**NOTICE**

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Company will be held on Wednesday, the 31st March, 1999 at the Institution of Engineers (India), Visvesvaraya Bhavan, Khairatabad, Hyderabad - 500 004 at 11.30 A.M 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, 1998 and the Reports of the Directors and Auditors thereon.
2. To elect a Director in place of Shri.Mahaveer Chand 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.

By order of the Board

Place : Hyderabad

Date : 25/01/1999

  
**V.Subramanian**

Vice President &  
Secretary

**NOTES**

1. A member entitled to attend and vote at the meeting can appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The Register of Members and Share Transfer Books of the Company will be closed from 29th March, 1999 to 31st March, 1999 (both days inclusive)
3. Members are requested to intimate immediately any change in their addresses.





## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 26th Annual Accounts of the Company for the financial year ended 30th June 1998.

(Rs/lacs)

Particulars	Year ended 30.06.98	Year ended 30.06.97
Sales & Other Income	4531	7300
Gross profit	552	1171
Interest	1291	904
Cash profit	(739)	267
Depreciation	112	116
Profit before tax	(851)	151
Provision for tax	—	—
Profit after tax	(851)	151
Dividend	—	—

During the period under report the Company's gross profit had declined from Rs.1171 lacs in the previous year to Rs.552 lacs on account of drastic fall in production resulting in net loss of Rs.851 lacs as against the previous year profit of Rs.151 lacs.

### DIVIDEND

In view of the operating loss suffered by the Company during the period under report, your Directors have decided not to recommend any dividend for the year 1997-98.

### PRODUCTION AND SALES

The total saleable production for the period under report was 2560 MT as compared to the last year's saleable production of 5286 MT. Out of the total saleable production for the year, Aluminium Conductors accounted for 2497 MT as compared to the previous years' figure of 5248 MT. Due to severe liquidity constraints faced by the Company and the resultant irregularities in the bank accounts, there was a

substantial fall in the production levels. During the period under report, the Company executed Line Contract orders for Karnataka Electricity Board to the extent of Rs.262 lacs as against Rs.161 lacs during the previous year. The Company commissioned successfully both the 220 KV sub-stations at Yerandahalli and Doddaballapur 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.

### FUTURE PROSPECTS

Due to funds constraints experienced by State Electricity Boards who are the Company's main customers, the operation of the Company were severely affected during the period under report. The Company's revised marketing strategy to participate only in tenders floated by State Electricity Boards and Power Utilities against earmarked funds, has now started yielding results with the Company having been successful in obtaining Orders to the extent of US Dollars 108,29,650 (Rs.47 crores) from APSEB under World Bank finance for its Transmission and Distribution lines which are categorised as "Deemed Exports". The Company has quoted in various other tenders against earmarked funds and with the lifting of sanctions imposed on our country, the prospects of the Company appear to be bright. There has been a significant turnaround in the operation of the Company during the quarter October'98 to December'98 wherein the Company achieved a turnover of Rs.2383 lacs with a marginal Net profit of Rs.44 lacs.

### DIRECTORS

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

### 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 required by the Companies (Amendment) Act, 1988 is given in Annexure - I forming part of this Report.

Also 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 - II forming part of this Report.

## UNPAID DIVIDENDS

Due to liquidity constraints, dividend declared for the year 1995-96 has not been fully distributed and the same will be regularised in

course of time. Regarding the comments of Auditors in their Report, Notes on Accounts are self explanatory.

## 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 : 25/01/1999

**D.C.Galada**  
Managing Director

## ANNEXURE - I 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) Conservation 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.

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 Development unit has been granted

#### C) Foreign Exchange Earnings and Outgo

The information is contained in Schedule 20 Note 23 (VIII, IX and X) forming part of the Notes on Accounts of the Annual Report.



## ANNEXURE - II TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of 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	: 56 Years
Previous Employment	: Technical Director, M/s. Non Ferrous Rolling Mills (P) Limited, Madras
Designation	: Managing Director
Remuneration	: Rs.8,64,707/-
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 Three 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	: 37 Years
Previous Employment	: Manager (Projects) - 4 Years
Designation	: Executive Director
Remuneration	: Rs.5,95,551/-
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., Fifteen 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.



## AUDITORS' REPORT

To the Shareholders of  
**GALADA POWER AND  
 TELECOMMUNICATION LIMITED**  
**HYDERABAD (A.P.)**

We have audited the attached Balance Sheet of GALADA POWER AND TELECOMMUNICATION LIMITED, HYDERABAD (A.P.), as at 30th June, 1998 and the Profit and Loss Account for the year ended on that date annexed thereto, and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
3. The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account.
4. The Company has not complied with the provisions of Section 205-A (1) of the Companies Act, 1956 regarding transfer of unpaid dividend to a special bank account and the interest payable for such non compliance amounting to Rs.6,03,253/- upto 30th June, 1997 and Rs.15,82,715/- for the year is not provided in the statements. Consequently the loss for the year and the liabilities are understated by Rs.15,82,715/- and Rs.21,85,968/- respectively.
5. During the year, consequent to the postponement of lease commencement by the lessor, in respect of certain assets taken on lease, the Lease Rentals of Rs.67,26,619/- charged to Profit and Loss Account in earlier years and the compensatory financial charges of Rs.12,03,596/- written off in earlier years in accordance with the accounting policies were credited back to Profit and Loss Account resulting in under statement of the loss for the year by Rs.79,30,215/-.
6. In our opinion and to the best of our information and according to the explanations furnished to us, the said Balance Sheet and the Profit and Loss Account read together with the Schedules annexed therewith and subject to our remarks in para 4 and 5 above and Note No.1(v), 11, 15, 18 and 19 of Schedule 20

regarding the non-provision of the liability for leave encashment payable to the employees, arrears of interest on bank loans, non-provision of the liability for additional interest and liquidated damages payable to Financial Institutions and regarding confirmation of balances respectively, give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view:

- i) Insofar as it relates to the Balance Sheet, of the state of affairs of the Company as at 30th June, 1998.

and

- ii) Insofar as it relates to the Profit and Loss Account of the loss of the Company for the year ended on that date.
7. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks, as we considered appropriate, we report hereunder on the matters specified in paragraphs 4 and 5 of the said Order:
    - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management. There is annual verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
    - ii) None of the fixed assets have been revalued during the year.
    - iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
    - iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - v) The discrepancies noticed on verification between the physical stocks and the book records were not material.
    - vi) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in





- accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- vii) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the registers maintained under Section 301 or from Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
  - viii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the registers maintained under Section 301 or to Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
  - ix) The only parties to whom loans and advances in the nature of loans have been given by the Company are the employees of the Company and the said employees have been repaying the loans which are non-interest bearing as stipulated.
  - x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of the stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
  - xi) In our opinion and according to the information and explanations given to us, there were no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956.
  - xii) As explained to us, the Company has regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
  - xiii) The Company has not accepted any deposits from the public. Hence the provisions of Section 58-A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, do not apply to this Company.
  - xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap and the Company has no by-products.
  - xv) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
  - xvi) We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
  - xvii) The Company is not regular in depositing the Provident Fund and Employees State Insurance dues with the appropriate authorities and the arrears of such dues as on 30th June, 1998 are Rs.35,22,523/-.
  - xviii) According to the information and explanations given to us no undisputed amounts payable by the Company in respect of Income Tax, Wealth Tax, Customs Duty and Excise Duty were outstanding as at 30th June, 1998 for a period of more than 6 months from the date they became payable. However, an amount of Rs.14,14,397/- is outstanding on account of Sales Tax payable.
  - xix) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
  - xx) The Company is not a Sick Industrial Company within the meaning of clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

for **BRAHMAYYA & CO.,**  
Chartered Accountants,

Place: Hyderabad  
Date : 25/01/1999

**P. Chandramouli**  
Partner.