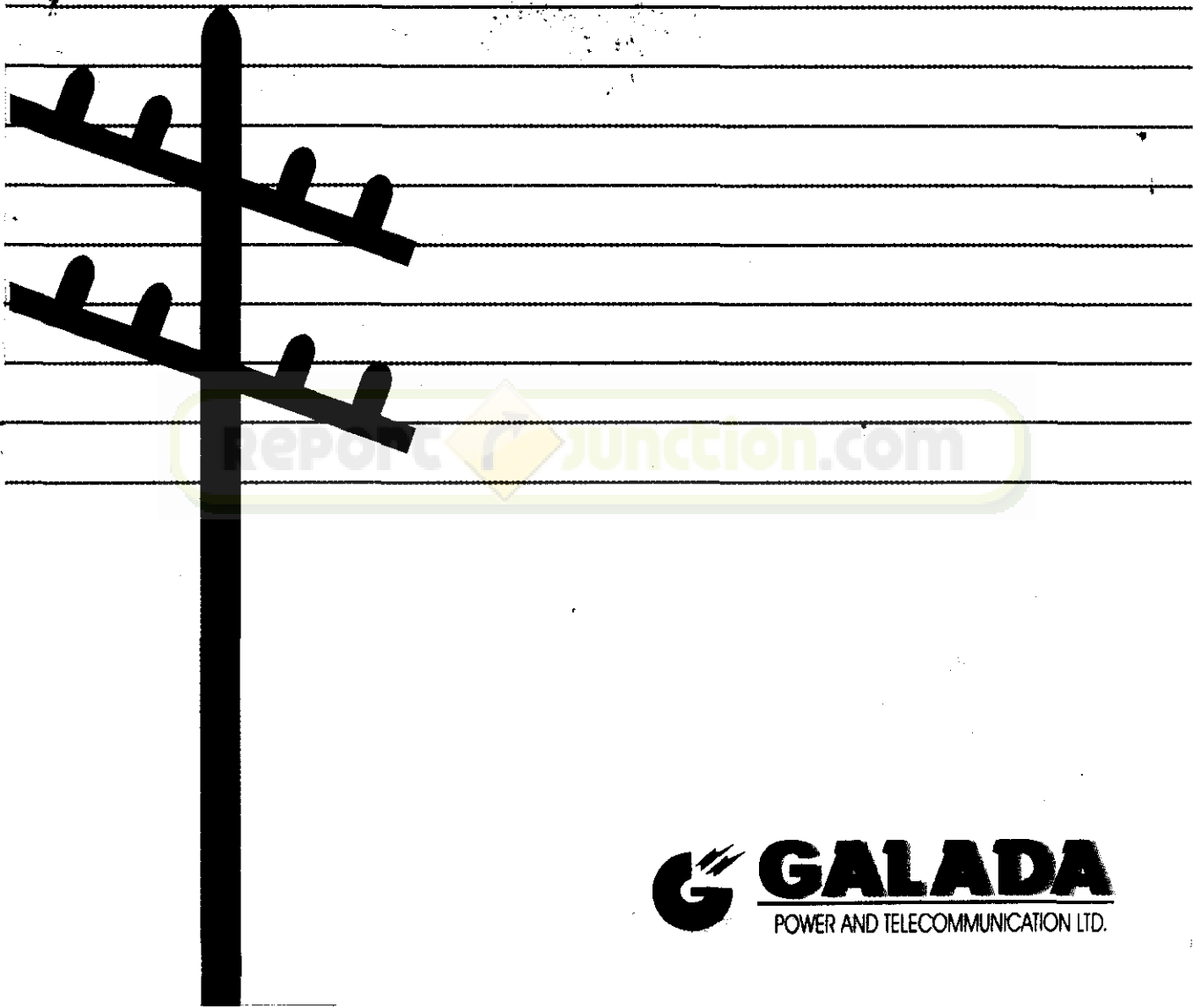


**27th Annual Report  
1998 -.99**



**GALADA**  
POWER AND TELECOMMUNICATION LTD.

Dear Shareholder,

The new millenium is one of Hope and Prosperity in my opinion particularly for India. Our Company, which is well positioned in the 'Power Sector' will see brighter days for sure. The Central Government and Our State Government's policies in respect of infrastructural growth will make all the 'Gallant Folks' busy with work. This will result in our Company coming out of loss trends, getting into profits and making the innovative ideas work once again for betterment of Power Sector. "Saving Energy Through Pioneering Technology", our cherished dream and goal, will once again get revived. The decision of the World Bank and Other International funding Agencies to lift sanctions and support Indian Power Sector will open up new horizons for us.

Lack of orders, lack of funds for payment to suppliers etc. will slowly dissappear, thus eliminating unethical competition in Conductor and Line-construction sectors. Profits will become the order of the day. We are going to maximise orders of AAAC, ACSR, ACSR (AS) and turnkey jobs to achieve around 80-90% capacity utilisation. Our new philosophy of maximising orders with international funding assistance assuring prompt payments will bear fruit.

The Company's performance during the first and second quarters of the year 1999-2000 have proven the unmistakeable trends wherein production / sales have jumped up and reached break-even levels. During the balance two quarters January-March and April-June 2000, the Company is going to make net profits and introduce new energy-efficient products in Power Transmission and Distribution areas. International tie-ups are on the anvil and our creativity is gradually blossoming.

Dear Shareholder, I am personally of the view that the process of change for the better has started in the Nation. The election results have a lot to support this view and constructive / productive policies of Government at the centre and the state will help immensely those who wish to produce, add value and prosper.

With my best wishes for you and your family.

Yours sincerely,



D.C. GALADA  
Managing Director



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

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

Shri S.M.Kankaria

**Directors**

Shri G.S.Srinivasan  
 Dr. S.S.Subrahmanyam  
 Shri Mahaveerchand Galada  
 Shri Deoraj. Ranka  
 Shri T.B.Subramaniam  
 Shri M.L.Sachdeva (Additional)  
 Dr. M.V.Krishna Rao (Additional)

**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.

**Stock Exchanges****Regional**

Hyderabad Stock Exchange  
 3-6-275, Himayathnagar  
 Hyderabad - 500 029.

**Others**

The Stock Exchange, Mumbai  
 Phiroze Jeejeebhoy Towers  
 Dalal Street  
 Mumbai - 400 001.

**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 & Nagar Haveli.

**Administrative Office**

12-13-194, Tarnaka  
 Hyderabad - 500 017.



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

### NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Company will be held on Friday the 31st December, 1999 at The Federation of A.P. Chambers of Commerce & Industry, Surana Udyog Auditorium, 11-6-841, Red Hills, PB No.14, Hyderabad - 500 004 at 11.00 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, 1999 and the Reports of the Directors and Auditors thereon.
2. To elect Directors in place of Shri.Deoraj Ranka and Shri.T.B.Subramaniam, who retire by rotation under the Articles of Association of the Company and being eligible offer themselves for re-appointment.
3. To re-appoint M/s.Brahmayya & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix the remuneration of the said Auditors.

#### SPECIAL BUSINESS

4. To appoint Shri. M.L. Sachdeva, as Director of the Company in compliance with the Institutional Term Loan Agreement and pass with or without modification the following Resolution as Ordinary Resolution :

"RESOLVED that Shri.M.L.Sachdeva who was appointed as an Additional Director of the Company by the Board of Directors and who

ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

5. To appoint Dr.M.V. Krishna Rao, as Director of the Company in compliance with the Institutional Term Loan Agreement and pass with or without modification the following Resolution as Ordinary Resolution.

"RESOLVED that Dr.M.V.Krishna Rao who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

By order of the Board

Place : Hyderabad  
Date : 30.11.1999

**V.Subramanian**  
Vice President &  
Secretary

#### NOTE

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 remain closed from 27.12.99 to 31.12.99 (both days inclusive)
3. Members are requested to intimate immediately any change in their addresses.
4. The shares of the Company are listed in the Hyderabad and Mumbai Stock Exchanges and the listing fees have been paid update.



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

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

#### ITEM Nos. 4 & 5

One of the conditions stipulated by Industrial Development Bank of India and other Term Lending Institutions, while sanctioning the Term Loan is to broad-base the existing Board of Directors of the Company by inducting professionals with varied experience for guidance.

In this connection the Board had approached Shri. M.L.Sachdeva, and Dr.M.V.Krishna Rao to be on the Board which will be of immense value to the Company.

- i) Shri.M.L.Sachdeva is a Transmission & Sub-Station Expert who held high positions in National Thermal Power Corporation (NTPC) and Central Electricity Authority (CEA) and presently is a Consultant to AP Transco in Transmission and Sub-Station areas.

Shri.M.L.Sachdeva joined the Board as an "Additional Director" with effect from 29.10.99 and all the requisite formalities in terms of the Companies Act, 1956 were complied with.

Under Section 260 of the Companies Act, 1956 the appointment of Additional Director by the Board is to be regularised in the ensuing Annual General Meeting of the Company and hence the consent of the Members is requested to appoint him as one of the Directors of the Company. As required by Section 257 of the Act, a Notice has been

received from Member signifying his intention to propose his appointment as a Director alongwith a deposit of Rs.500. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the Directors is concerned or interested in the Resolution.

- ii) Dr.M.V.Krishna Rao is a Consultant and Chartered Engineer who has rich valuable experience in the fields of Power Transmission & Distribution areas for well over four decades. He retired as Member (Distribution) of APSEB.

Dr.M.V. Krishna Rao joined the Board as an "Additional Director" with effect from 29.10.99 and all the requisite formalities in terms of the Companies Act, 1956 were complied with.

Under Section 260 of the Companies Act, 1956 the appointment of Additional Director by the Board is to be regularised in the ensuing Annual General Meeting of the Company and hence the consent of the Members is requested to appoint him as one of the Directors of the Company. As required by Section 257 of the Act, a Notice has been received from Member signifying his intention to propose his appointment as a Director alongwith a deposit of Rs.500. The Board considers it desirable that the Company should continue to avail itself of his services.

None of the Directors is concerned or interested in the Resolution.



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 27th Annual Accounts of the Company for the financial year ended 30th June, 1999.

Rs.Lacs

Particulars	Year ended 30.06.1999	Year ended 30.06.1998
Sales and Other Income	5459	4531
Gross Profit	1244	552
Interest	1431	1291
Cash Profit	(187)	(739)
Depreciation	116	112
Profit before tax	(303)	(851)
Provision for tax	—	—
Profit after tax	(303)	(851)
Dividend	—	—

During the period under report the Company's gross profit had improved to Rs.1244 lacs from Rs.552 lacs in the previous year resulting in a reduced net loss of Rs.303 lacs against Rs.851 lacs the previous year.

**DIVIDEND**

In view of the operating loss suffered by the Company during the period under report, your Directors have decided to skip dividend for the year 1998-99.

**PRODUCTION AND SALES**

The total saleable production for the period under report was 3936 MT as compared to 2560 MT during the previous year. Due to the liquidity constraints faced by the Company and the resultant irregularities in the bank accounts, the production could not reach the desired level.

**FUTURE PROSPECTS**

With the easing of sanctions by World Bank and other International Funding Agencies, the State

Electricity Boards and Power Utilities are coming out with massive tenders for the supply of electrical conductors. Your Company being pioneer and market leader for the supply of AAAC and other types of conductors, has an edge over its competitors and is confident of bagging sizeable orders for these products against ear-marked funds. Thus your Company is poised to come out with better operational results in the coming years.

**DIRECTORS**

Your Directors wish to place on record their deep appreciation of the services rendered by Shri.S.Andi, Nominee Director of IDBI and Shri.Ranes Chakraborti, Nominee Director of IIBI who have been withdrawn and ceased to be Directors on the Company's Board from 23.07.99 and 06.05.99 respectively. Their direction and guidance helped the Company from time to time during their tenure.

In terms of Articles of Association of the Company, Shri.Deoraj Ranka and Shri.T.B.Subramaniam retire by rotation and are eligible for re-appointment.

Dr.M.V.Krishna Rao and Shri.M.L.Sachdeva have joined the Board as "Additional Directors" during the period under Report.

**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 their 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.



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

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.

### YEAR 2000 (Y2K) COMPLIANCE

Your Company has taken pro-active steps for ensuring Y2K compliance in its systems and accordingly all the systems have already been complied and tested. In view of this, the Management is of the opinion that the problem of Y2K will not have any impact on the Company's performance.

### UNPAID DIVIDEND

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 to Accounts are self explanatory.

### ACKNOWLEDGEMENTS

The Board of Directors would like to place on record their deep appreciation and sincere thanks for the continued co-operation, guidance, support and assistance provided during the period under review by the Financial Institutions viz. IDBI, IIBI, ICICI, UTI and the Bankers, Canara Bank and Syndicate Bank. The Board also extends its gratitude to the Company's Shareholders, Customers and Suppliers for their full cooperation. 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 : 30.11.1999

**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 offset by the reduction in production cost due to lower consumption of energy per unit of output.

#### B) Technology Absorption

The Company's in-house Research and

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.

#### C) Foreign Exchange Earnings and Outgo

The information is contained in Schedule 20 Note 21 (viii, ix and x) forming part of the Notes to 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.6,00,000/- 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.50,000/- per month.

1. Name : D.C.Galada
- Age : 57 years
- Previous Employment : Technical Director, M/s.Non Ferrous Rolling Mills (P) Limited, Madras
- Designation : Managing Director
- Remuneration : Rs.8,80,508/-
- Nature : Technical Direction and Control
- Other terms & 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 four 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, Director and brother of Shri.Devendra Galada, Executive Director of the Company.

2. Name : Devendra Galada
- Age : 38 years
- Previous Employment : Manager (Projects) - 4 years
- Designation : Executive Director
- Remuneration : Rs.6,11,948/-
- Nature : Projects and General Administration
- Other terms & conditions : Contractual
- Nature of duties : Superintendence, direction and control of Project Management and General Administration of the Company
- Qualifications : B.SC., M.B.A., Sixteen 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.





## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

### 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, 1999 and the Profit & 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. In our opinion, the Balance Sheet and the Profit & Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. a) The Company has not complied with the provisions of Sec.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.21,85,968/- upto 30th June, 1998 and Rs.15,46,627/- for the year is not provided in the accounts. Consequently the loss for the year and the liabilities are understated by Rs.15,46,627/- and Rs.37,32,595/- respectively.
- b) The Company has not provided for the liability on account of Gratuity Premium

amounting to Rs.50,13,081/-. Consequently the loss for the year and the liabilities are understated by that amount.

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 remark in para. 5 above and note No.1(v), 16 and 17 of Schedule 20 regarding the non-provision of the liability for leave encashment payable to the employees, 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, 1999.

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.