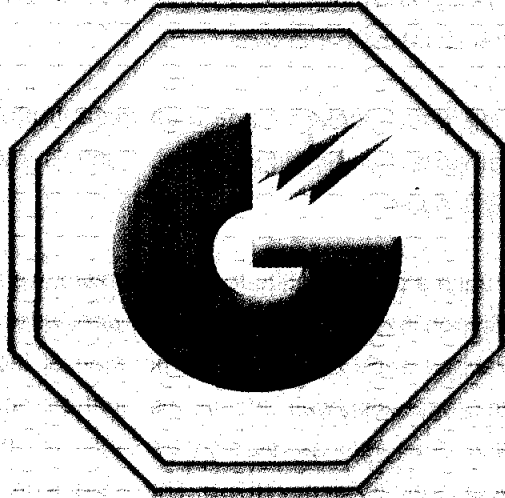


# 29th Annual Report 2000 - 2001



**GALADA**  
POWER AND TELECOMMUNICATION LTD.

REPORT



JUNCTION

SAVING ENERGY THROUGH PIONEERING TECHNOLOGY



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

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**MESSAGE TO SHAREHOLDERS FROM MANAGING DIRECTOR**

Happy Diwali and a Prosperous New Year to you and your family

On production and profit front, our performance has been dismal. The reason is that all the working capital limits have been frozen by the banks, keeping in mind the payment delays made by SEBs and Utilities for supplies effected. The prevailing adverse economic situation has been further aggravated by the Afghan war and global recession. My feeling is that it will take about 12-18 months for the situation to improve.

I recall the saying which appears to be a universal truth. "All beings and situations are temporary and change-prone". If this is true, things should improve in times to come.

Encouraged by such a positive attitude and optimism, we have lodged our disputes for arbitration in respect of our business woes arising out of supplies made to AP Transco and Power Grid Corporation of India Limited. The proceedings are progressing well. We are also in the process of preparing the "Rehabilitation Package" as directed by BIFR and the same will be submitted to the Operating Agency (IDBI). These steps are aimed at setting right the negativity in our functioning and I trust we will attain viability.

In addition, we have evolved a package for rationalising our work force. We have also represented to Power Ministry, Government of India, to consider extending financial support by way of soft loan, in the "Power Reform Package" which is being developed for the Country.

Myself, ably supported by our well meaning professional team, are seriously involved in the Rehabilitation process with due care to prevent any further negativity in future.

Your prayers and valued support lend moral force to our efforts.

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**BOARD OF DIRECTORS**

<b>Chairman</b>	Shri S.M. Kankaria
<b>Directors</b>	Shri G.S. Srinivasan Dr. S.S. Subrahmanyam Shri Mahaveerchand Galada Shri T.B. Subramaniam Shri M.L. Sachdeva
<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 Flat No. 404, Golden Green Appartments, Erramanzil Colony, Hyderabad-500 032.
<b>Bankers</b>	Canara Bank R.P. Road, Secunderabad - 500 003.  Syndicate Bank, New Nallakunta, Hyderabad - 500 044.
<b>Stock Exchanges 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 Ninth Annual General Meeting of the Company will be held on 28 December, 2001 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 10.00 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 Nine months period ended 31<sup>st</sup> March, 2001 and the Reports of the Directors and Auditors thereon.
2. To elect Director in place of Sri.T.B.Subramaniam who retires by rotation under the Articles of Association of the Company and being eligible offers himself for re-appointment.
3. To re-appoint M/s.Brahmayya & Co., Chartered Accountants, as Auditors to hold office from the conclusion of the 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.

By order of the Board

Sd/-

Place : Hyderabad,  
Date : 08.10.2001

**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 26-12-2001 to 28-12-2001 (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 & Mumbai Stock Exchanges and the listing fees have been paid update.
5. As per the directive received from SEBI, trading in and delivery of shares of the Company shall be compulsorily in dematerialised form with effect from 27.11.2000. Accordingly, the Company's equity shares are available for dematerialisation with National Securities Depository Limited and Central Depository Services of (I) Limited and the ISIN number allotted is "INE255C01018". The Company has appointed M/s. Venture Capital and Corporate Investment Limited, Hyderabad as the registrar for shares held in the electronic form.



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**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Accounts of the Company for the Nine months period ended 31<sup>st</sup> March, 2001.

Amount in Rs.Lacs

Particulars	Nine months period ended 31 <sup>st</sup> March 2001	Twelve Months period ended 30 <sup>th</sup> June 2000
Sale value of production	753	3925
Gross Loss	906	731
Interest	1080	1545
Cash loss	1986	2276
Depreciation	87	117
Loss before tax	2073	2393
Provision for tax	—	—
Loss after tax	2073	2393
Dividend	—	—

During the period under report, the Company's sale value of production came down sharply from Rs.3925 lacs in 1999-2000 to Rs.753 lacs in 2000-01 resulting in a net loss of Rs.2073 lacs as against Rs.2393 lacs in the previous year.

**DIVIDEND**

In view of the operating loss suffered by the Company during the period under report, your Directors are not in a position to declare any dividend for the year 2000-01.

**PRODUCTION AND SALES**

The Company has not been operating its Uppal (Hyderabad) Plant since May 2000. It operated its Silvassa Plant at a very low capacity with whatever little funds it had at its disposal, as the banks suspended all the credit facilities earlier made available to the Company. Keeping in view the meagre cash flow, the Company has taken various economy measures to cut down establishment and other costs.

**REFERENCE TO BIFR**

The Company having become a Sick Industrial Undertaking within the meaning of clause (o), sub section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) filed its application on 1<sup>st</sup> November 2000 with the Board for Industrial and Financial Reconstruction (BIFR) based on the Accounts for the year 1999-2000. BIFR registered the Company's case and held their first hearing on 30<sup>th</sup> May 2001. After hearing all the parties concerned in the case, BIFR appointed Industrial Development Bank of India (IDBI) as the Operating Agency



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and directed IDBI to look into certain terms of reference through the help of an independent Auditor and submit its report as to whether the Company may be considered as a Sick Industrial Undertaking within the provisions of the Act as requested by the Company.

IDBI examined the Company's accounts, records and other documents / information through the help of an independent Auditor and submitted its report on 1<sup>st</sup> August, 2001 to BIFR expressing the opinion that the net worth of the Company got fully eroded only during the year 1999-2000 and therefore the Company may be declared as a Sick Company within the meaning of SICA.

Keeping in view the above and after satisfying themselves, BIFR vide their order issued on 20<sup>th</sup> September, 2001 declared the Company as a Sick Industrial Company in terms of Sec 3(1)(o) of SICA, 1985. BIFR was also of the view that the Company would not be able to make its networth positive on its own and appointed IDBI as the "Operating Agency" U/s. 17(3) of the said Act to examine the viability and formulate a scheme for its revival.

### FUTURE PROSPECTS

Your Directors are exploring various ways and means to turnaround the Company's operations with the support of Banks and Financial Institutions. The Company is hopeful that the Operating Agency appointed by BIFR alongwith other lenders would take a practical and sympathetic view and work out a suitable "Rehabilitation Package" to bring the Company back on its rails.

### DIRECTORS

Shri. Deoraj Ranka, expressed his desire to resign from the Company's Board due to his advanced age. Dr. M.V. Krishna Rao due to his various pre-occupations expressed his desire to resign from the Board. The Board accepted their resignations and placed on record the valuable service rendered by them during their directorship.

In terms of Articles of Association of the Company, Shri. T.B. Subramaniam 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.

### DEMATERIALISATION OF SHARES

Your Company has taken steps to dematerialize the shares both with Central Depository Services of India Ltd. and National Securities Depository Services Limited. Till date 3531437 shares are dematted accounting for 47% of the paid-up capital of the Company.



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## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 inserted vide the Companies (Amendment) Act, 2000, the Directors confirm that :

1. In the preparation of Annual Accounts, the applicable accounting standards have been followed.
2. Appropriate accounting policies have been selected and applied consistently and have made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2001 and of the Loss for the year 1<sup>st</sup> July, 2000 to 31<sup>st</sup> March, 2001.
3. Proper and sufficient care has been taken 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 and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

## AUDIT COMMITTEE

The Company has set up an Audit Committee pursuant to section 292A of the Companies Act, 1956 with Shri.T.B.Subramaniam as the Chairman and Dr.S.S.Subrahmanyam & Shri.D.C.Galada as members of the Committee.

## AUDITORS' REPORT

As regards observations at para 7, we submit that :

1. 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.
2. Additional interest / Liquidated damages payable to Financial Institutions and others are not provided as the Company has sought waiver of these amounts from the Institutions.
3. Interest on working capital demand loan has not been provided from the date of initiation of legal proceedings by Banks.

As regards observations at para 9 (XVII) we submit that :

1. The Company has deposited with Provident Fund Commissioner the full employees contribution received upto 31<sup>st</sup> March 2001 and is in arrears with regard to the payment of Employers' Contribution due to its weak financial position.
2. The payment of arrears of PF, ESI and sales tax will be suitably dealt with in the Rehabilitation Package.



## PERSONNEL

Your Directors 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.

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.

## ACKNOWLEDGMENTS

The Board of Directors would like to place on record their deep appreciation and sincere thanks for the continued cooperation, 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 the appreciation for the services and co-operation rendered by the officers, staff and workmen of the Company.

By order of the Board

Sd/-  
**M.C.Galada**  
Director

Place : Hyderabad,  
Date : 08.10.2001

Sd/-  
**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 powersaving 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.





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### 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 standardisation.

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 19 Note 21 (VI) 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	:	59 years
Previous employment	:	Technical Director, M/s.Non Ferrous Rolling Mills (P) Limited, Madras.
Designation	:	Managing Director
Remuneration	:	Rs.6,64,912/-
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
Date of commencement of employment	:	24.06.1972

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



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2. Name	: Devendra Galada
Age	: 40 years
Previous employment	: Manager (Projects).
Designation	: Executive Director
Remuneration	: Rs.5,13,422/-
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
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 31st March, 2001 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. On the basis of a clarification from the Department of Company Affairs, the provisions of Section 274(1)(g) of the Companies Act, 1956 will have prospective effect and not applicable to the Company as at 31st March, 2001.
6. In the absence of confirmation letters from the parties, we are unable to ascertain whether the amounts shown under the Heads Sundry Debtors, Other Current Assets and Loans and Advances are realisable as the amounts are outstanding for a long period.