

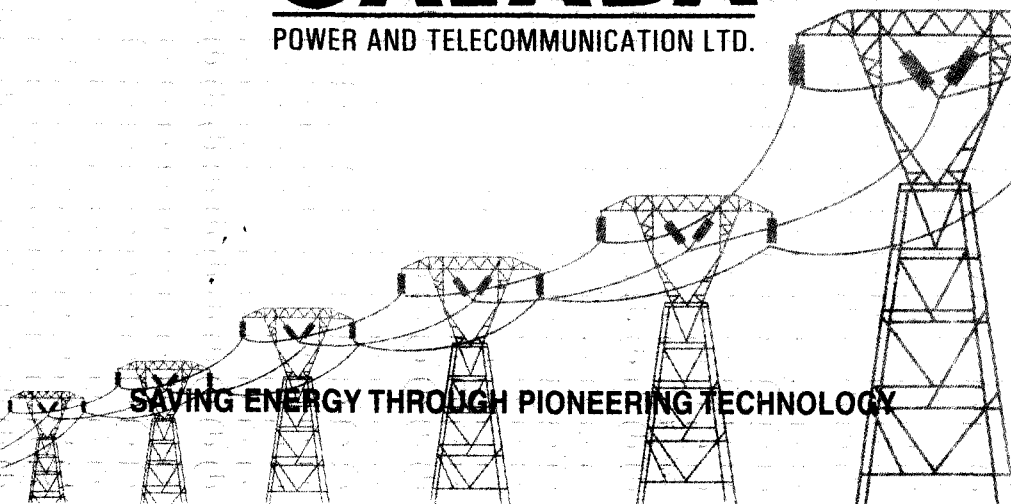
31st Annual Report 2002 - 2003



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GALADA

POWER AND TELECOMMUNICATION LTD.





SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

MESSAGE TO SHARE HOLDERS

FROM

MANAGING DIRECTOR

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

A ray of hope is showing up during this year. How long will negativity persist? As the saying goes "All material things / situations are temporary and change is the name of the game". Positivity in several spheres of activity has led BIFR asking us to submit a Rehabilitation Proposal. Institutions and Banks under the leadership of the Operating Agency (IDBI) are coming forward to have a relook at the Rehabilitation Proposal based on long-term association with other companies who would provide raw materials to us to convert the same into conductors. Besides conversion charges, profit also will be shared. Institutions will also start getting inflows from the Company towards realization of their dues.

The Company will also make renewed effort to debond and install it's state of the art Alloy Wire-rod facility and manufacture speciality products. During the by-gone period of turmoil, our philosophy to remain lean on expenses has helped the Company to survive. We are getting prepared to harness the opportunities being thrown up by Power Reforms of Government of India, as well as the interest shown by some leading secondary aluminium wire-rod producers who want to make use of our conductor-expertise and our brand image. Solutions are about to surface and our management team is single mindedly set to grab and restart our crusade on rehabilitation.

The moral support provided by the share-holders, employees, institutions and the valuable guidance of BIFR will assist immensely in the revival of our industry. The process has just begun.



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BOARD OF DIRECTORS

Chairman	Shri S.M. Kankaria
Directors	Shri R.S. Sridhar Dr. S.S. Subrahmanyam Shri Mahaveerchand Galada Shri T.B. Subramaniam Shri M.L. Sachdeva
Managing Director	Shri D.C. Galada
Executive Director	Shri Devendra Galada
Vice President & Secretary	Shri V. Subramanian
Auditors	M/s. Brahmayya & Co., Chartered Accountants Flat No. 404, Golden Green Appts., Erramanzil Colony, Hyderabad - 82.
Stock Exchanges	Hyderabad Stock Exchange Ltd., 6-3-654, Erramanzil Bus Stop, Somajiguda, Hyderabad - 82
Regional	
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 - 39.
Factory-II	Village Khadoli, Silvassa, U.T. of Dadra & Nagar Haveli.
Administrative Office	2nd Floor, Galada Towers, Begumpet, Hyderabad - 16.

**NOTICE:**

NOTICE is hereby given that the Thirty First Annual General Meeting of the Company will be held on Tuesday, the 30th September, 2003 at Kamat Lingapur, Chikoti Gardens, Begumpet, Hyderabad - 500 016. at 10 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 31st March, 2003 and the Reports of the Directors' and Auditors' thereon.
2. To elect Director in the place of Sri Mahaveerchand Galada who retires by rotation as per 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.

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 five (5) years valid upto 31-03-2007 on the same terms, conditions and managerial remuneration approved in the Extraordinary General Meeting held on 4th March, 1992 and also as re-fixed in the Annual General Meetings held on 30th November, 1994 and 31st March, 1998.

"RESOLVED THAT the approval of and sanction of the Company pursuant to the provisions of Section 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 five (5) years valid upto 31-03-2007 on the following terms and conditions:

1) Salary:

Rs. 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:



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Category A:

- i) Housing 1: 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 month 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 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.
- ii) Gratuity payable should not exceed half a months salary for each completed year of service.
- iii) 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.



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“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 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”.

By order of the Board

Place: Hyderabad

Date : 29-08-2003

Sd/-

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 27-09-2003 to 30-09-2003 (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 upto date.
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 “INE255C101018”. 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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EXPANATORY 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 five (5) years valid upto 31-03-2007.

Shri Devendra Galada was appointed for a period of five (5) years from 01-04-1992 to 31-03-1997 as the Executive Director of the Company in the Extra-ordinary General Meeting held on 4th March, 1992 and was re-appointed for a further period of five (5) years in the Annual General Meeting held on 31-03-1998. His appointment has to be renewed for a further period of five (5) 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 Extra-ordinary General Meeting held on 4th March, 1992 and as refixed in the Annual General Meetings held on 30th November, 1994 and 31st March, 1998.

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.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 31st Annual Accounts of the Company for the financial year ended 31st March, 2003.

Particulars	Amount in Rs.Lacs	
	Year ended 31 st March 2003	Year ended 31 st March 2002
Sale value of production	255	864
Gross Loss	624	330
Interest	685	743
Cash loss	1309	1073
Depreciation	113	115
Loss before tax	1422	1188
Provision for tax	(5)	2
Loss after tax	1417	1190
Dividend	—	—

During the period under report, the Company's sale value of production decreased from Rs.864 lacs in 2001-02 to Rs.255 lacs in 2002-03 due to funds constraints resulting in a net loss of Rs.1417 lacs against Rs.1190 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 recommend any dividend for the year 2002-03.

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 measures so as to cut down establishment and other costs to continue the operation of the plant.

REFERENCE TO BIFR

Pursuant to the orders of BIFR, IDBI (Operating Agency) released an advertisement on 08-10-2002 inviting interested parties to submit their concrete proposals for the rehabilitation of the Company. The Promoters were also allowed to submit their proposal. Accordingly, a comprehensive Rehabilitation Proposal was submitted to IDBI on 28-11-02.

After ascertaining the views of the participating financial institutions and banks, BIFR in their order dated 21-05-03 directed the Company to modify the Rehabilitation Proposal, which is being submitted.

FUTURE PROSPECTS

Your Directors are exploring various ways and means to turn-around the Company's operations with the support of banks and financial institutions. The Company is hopeful that the Operating Agency appointed by BIFR along with 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

In terms of Articles of Association of the Company, Shri. M. C. 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.



DEMATERIALISATION OF SHARES

Your Company has taken steps to dematerialize the shares both with Central Depository Services of India Ltd. and National Securities Depository Limited. Till date 42,08,090 shares are dematted accounting for 56% of the paid-up capital of the Company.

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 31st March, 2003 and of the Loss for the year 1st April 2002 to 31st March 2003.
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.

CORPORATE GOVERNANCE :

As per SEBI guidelines, the Company should have begun the process of implementation of the guidelines not later than 31st March, 2003. Accordingly, the Company had taken effective steps to form the Audit Committee, Remuneration Committee and Share-holders/Investors Grievance Committee, the composition of which is as follows:

1. AUDIT COMMITTEE :

Sri T B Subramaniam	..	Chairman
Sri R S Sridhar	..	Member
Sri M L Sachdeva	..	Member
Dr.S S Subrahmanyam	..	Member

Sri D C Galada, Managing Director and Sri Devendra Galada, Executive Director will be permanent invitees. Sri V Subramanian. Vice President &