

**32nd Annual Report
2003-2004**



GALADA
POWER AND TELECOMMUNICATION LTD.

SAVING ENERGY THROUGH PIONEERING TECHNOLOGY



MESSAGE FROM MANAGING DIRECTOR

Kindly accept our loving greetings to you and your family.

Our hopes which were conveyed to you last year, are transforming into a reality.

Negativity has faded to an extent and the conversion business has started showing a steady progress. A thirty crore rupee AAA Conductor order from MSEB and regular conversion orders to an extent of 800-1000 Mt per month have been received during July, 2004. Barring some teething problems relating to quality of rod and supply of raw materials namely wire rods, drums & steel wires on a regular basis, the business is picking up. A win win situation for all, is our goal – the suppliers, customers, the financial institutions and the company. It will take a definite shape during this October and we will keep up our commitments to institutions by making remittances in a "no-lien account". It is expected that our production would peak during Oct, 04 - March 05.

Subject to improvement in our performance, IDBI (Operating Agency) along with other institutions and banks, will rework the rehabilitation proposal and recommend to BIFR for their approval. The possibilities of formulation of a rehabilitation package are appearing bright. This will be a new life for your company.

The next concrete step planned is the debonding of rod mill and commissioning the same. The alloy rods produced, would enable us to generate good value addition. The products would be useful as raw material for mechanical grade / electrical grade fasteners, conductors etc.

The power-reforms and its implementation at Government levels and at Utility levels, have created a large demand for AAAC, ACSR & Cables and we are gearing up to grab this opportunity and improve our performance. Our conductor expertise and brand image are giving us a competitive edge. Our dream of rehabilitation is progressing towards becoming a reality.

We are indeed obliged to the share holders, employees, institutions, banks, BIFR and other governmental agencies who are extending us the necessary moral support and concrete guidance, to once again achieve success.



BOARD OF DIRECTORS

Chairman	Shri S.M. Kankaria
Directors	Shri R.S. Sridhar Shri S.V. Kanaka Seshu Shri M. C. 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, Hyd.-500 082.
Stock Exchanges	
Regional	Hyderabad Stock Exchange Ltd., 6-3-654, Opposite Erramanzil Bus Stop, Somajiguda, Hyderabad - 500 082.
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	2nd Floor, Galada Towers, Begumpet, Hyderabad - 500 016.



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NOTICE :

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Company will be held on Monday, the 27th September, 2004 at Kamat Lingapur, Chikoti Gardens, Begumpet, Hyderabad – 500 016 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 year ended 31st March, 2004 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 : 31-08-2004

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 22-09-2004 to 27-09-2004 (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.

INFORMATION ON DIRECTOR SEEKING REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING.

1. Name of the Director : Sri T B Subramaniam
2. Date of birth : 07.02.1937
3. Date of appointment : 28.06.1996
4. Qualification : M.Com., CAIIB, FSAA(I)
5. Expertise : In various fields of Management for the past few decades.
6. List of Companies in which outside Directorship was held as on 31st March, 2004.
1) The simplex Mills Co.Ltd. 2) Ladderup Finance Ltd. 3) Gaurav Agro Plast Ltd.
7. Chairman / Member of the Committees of other Companies on which he was a Director as on 31st March, 2004.
The Simplex Mills Co Ltd: Member of the Audit Committee and Remuneration Committee.



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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 32nd Annual Accounts of the Company for the financial year ended 31st March, 2004.

Amount in Rs.Lacs

Particulars	Year ended 31.03.2004	Year ended 31.03.2003
Sale value of production	807	255
Gross loss	81	215
Interest	683	685
Cash loss	764	900
Depreciation & write off	616	522
Loss before tax	1380	1422
Provision for tax	(18)	(5)
Loss after tax	1362	1417
Dividend	—	—

During the period under report, the Company's sale value of production increased from Rs.255 lacs in 2002-03 to Rs.807 lacs in 2003-04 resulting in a reduced net loss of Rs.1362 lacs as against Rs.1417 lacs in the previous year. The gross loss reduced considerably during the period under report to Rs.81 lacs as against Rs.215 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 2003-04.

PRODUCTION AND SALES

The Company has not been operating its Uppal (Hyderabad) plant since May 2000. As the banks suspended all the credit facilities earlier made available, the Company revised its business strategy by accepting and executing job orders. This is reflected in the improved performance and increased capacity utilisation during the period under report. The actual production including execution of job orders, was 2117.404 Mt during the period under report as against 395.053 Mt in the previous year.

REFERENCE TO BIFR

The Company was declared as a sick industrial undertaking by BIFR in September, 2001 and Industrial Development Bank of India (IDBI) was appointed as the "Operating Agency" to examine the viability of the Company and formulate a scheme for its revival. As required, the Company submitted its Rehabilitation Proposal to IDBI and others in November, 2001 for their consideration. After a series of discussion, at the instance of the lending institutions, the Company submitted its revised Rehabilitation Proposal in October, 2003 and requested the institutions for its early consideration. After examining the proposal and detailed discussion, the lending institutions gave time to the Company till 30th September, 2004 to show significant operational improvement in its performance.



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The Company's operational performance has since then been showing steady improvement and IDBI, the Operating Agency has been kept informed of the progress. It is now expected that IDBI will review the Company's working and finalise the Rehabilitation Package during the quarter, Oct-Dec 2004.

FUTURE PROSPECTS

The Company has steadily improved its performance and increasingly utilised the plant capacity by accepting and executing job orders. It has also been participating in the tenders floated by power utilities and others in a limited way. It is hoped that with the improvement in the power scenario due to reforms and the expected formulation of Rehabilitation Package by IDBI (Operating Agency), the situation will turn around in favour of the Company.

DIRECTORS

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.

DIRECTORS' 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,2004 and of the loss for the year 1st April, 2003 to 31st March,2004.
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.

AUDITORS' REPORT

As regards observations at para 4 (vii), 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 regularized 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.



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As regards observations at para 9(b) forming part of Annexure to Auditors' Report, we submit that the payment of arrears of PF, ESI and sales tax is being 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 along with the report on Corporate Governance & Management Discussion and Analysis.

ACKNOWLEDGEMENTS

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/-	Sd/-
Place : Hyderabad	M.C.Galada	D.C.Galada
Date : 25.06.2004	Director	Managing Director

ANNEXURE – 1 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 efforts of the Company are focused on improvement of existing products and standardization. There is no bought-out technology from foreign countries to be absorbed by the company.

C. Foreign Exchange Earnings and Outgo

There are no foreign exchange earnings and outgo during the period under report.



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CORPORATE GOVERNANCE

(forming part of Directors' Report)

1. Company's Philosophy on Code of Corporate Governance.

The Company's philosophy on corporate governance relates to laying the foundation for corporate excellence. It wants to enhance shareholder value with best practices of corporate governance. The high standard of corporate governance is maintained by being transparent, accountable and continuous interaction with shareholders, employees, lending institutions, banks, government agencies, customers and society in general.

The Company is conscious of the fact that to achieve success, very high ethical value of the management and the employees is inevitable.

2. Board of Directors.

The Company's Board consists of 8 directors.

a) The category of Directors is as follows:

Name of the Director	Category
Sri S M Kankaria	Promoter & Chairman
Sri D C Galada	Promoter & Managing Director
Sri Devendra Galada	Promoter & Executive Director
Sri M C Galada	Promoter & Non-Executive Director
Sri T B Subramaniam	Non-Executive & Independent Director
Sri M L Sachdeva	Non-Executive & Independent Director
Sri R S Sridhar	Non-Executive & Independent Director (nominee of IDBI)
Dr.S S Subrahmanyam*	Non-Executive & Independent Director (nominee of APIDC)
Sri S V Kanaka Seshu**	Non-Executive & Independent Director (nominee of APIDC)
* Dr.S.S Subrahmanyam was withdrawn by APIDC with effect from 25.05.04	
** Nominated by APIDC with effect from 25.05.04	

b) Four Board Meetings were held during the year, the dates being 30.06.03, 29.08.03, 24.12.03 and 25.03.04. The AGM was held on 30.09.03.



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Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM).

Name of the Director	Attendance Particulars	
	Board Meeting	Last AGM
Sri S M Kankaria	2	-
Sri D C Galada	4	Present
Sri Devendra Galada	4	Present
Sri M C Galada	4	-
Sri T B Subramaniam	4	Present
Sri M L Sachdeva	2	-
Sri R S Sridhar	2	-
Dr. S S Subrahmanyam*	3	-
Sri S V Kanaka Seshu**	N.A	N.A.
* Dr.S.S Subrahmanyam was withdrawn by APIDC with effect from 25.05.04		
** Nominated by APIDC with effect from 25.05.04		

c) Pecuniary relationship or transactions of the Directors vis-à-vis the Company:

The Managing Director and Executive Director receive only the remuneration payable to them and do not have any material pecuniary relationship or transactions with the Company (vide para 23 of Notes to Accounts).

The Company's non-executive directors do not have any pecuniary relationship or transactions with the Company.

d) Information supplied to the Board.

The following information were provided to the Board as part of agenda papers in advance of the Board Meetings or presented at the time of Board Meetings:

- ⇒ Industry scenario
- ⇒ Operational performance of the company
- ⇒ Financial working results of the company
- ⇒ Action taken on the decisions of the previous board meetings
- ⇒ Payment of statutory dues
- ⇒ Appointment of directors
- ⇒ Disclosure of interest of directors
- ⇒ Particulars of share transfers and dematting of shares.
- ⇒ Compliance certificates from Managing Director and Secretary of the company.
- ⇒ Other significant developments.



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- b) Information on director seeking appointment / reappointment as required under Clause 49V(A) of the Listing agreement with Stock Exchanges.

Given after Notes in the Notice under the heading 'Information on Director seeking re-appointment at the forth coming Annual general Meeting'.

- c) Whether any special resolution was put through postal ballot : None

7. Disclosures.

- a) Disclosures on materially significant related party, transactions i.e. transactions of the Company of material nature with its promoters, directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large : None.

- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : None.

8. Means of Communication.

- a) Half-yearly report sent to each household of shareholder : No
- b) Quarterly Results – which newspapers they are normally published in : Andhra Bhoomi and Business Standard.
- c) Web-sites where they are displayed : not yet ready
- d) Whether it also displays official news releases and the presentations made to analysts or institutional investors. : during the year, no presentations were made to analysts or institutional investors.
- e) Whether Management Discussion and Analysis Report is a part of the Annual Report. : yes
- f) General Information. : has been provided.

GENERAL INFORMATION

1. Date, time and venue of Annual General Meeting. : 27th September, 2004 at 10 a.m at Hotel Kamath Lingapur, Chikoti gardens, Begumpet, Hyd. 500 016.
2. Date of Book Closure (both days inclusive) : 22nd Sept., 04 to 27th Sept., 04
3. Dividend payment date : Not applicable.