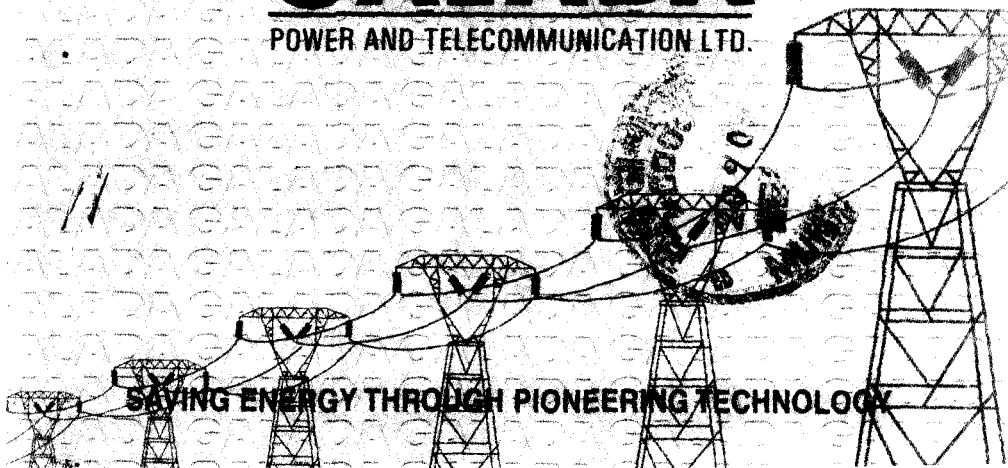


**GALADA**

POWER AND TELECOMMUNICATION LTD.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY



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## **MESSAGE FROM MANAGING DIRECTOR**

Our loving greetings to all of you and your families. This year all round good rains have raised our spirits.

Our hopes are slowly and gradually turning into a reality. Power Reforms have now attracted the attention of Government and a conscious effort is being put in to electrify all the villages of our Country. Electrifying a village necessitates drawing of transmission & distribution lines and construction of substations. Conductors will be required both in power distribution and transmission. The new methodology adopted is to give turnkey contracts to large construction companies who will procure conductors, insulators, supports, transformers etc., and execute the job in its entirety. Such a process has helped in enlarging our customer base.

Our strategy to increase volume by undertaking job work for other manufacturers, has shown considerable progress. We are in the process of stabilising manpower, supervisory management and top management in the areas of production planning, maintenance, production and efficiency improvement. During the ensuing quarters, things should stabilise and our dreams of achieving optimum production should become a reality.

With BIFR and Institutions we are discussing the future course of action for rehabilitation. The same is progressing slowly and is expected to take some more time to get settled conclusively.

On the whole, we find that gloomy days of negativity, are receding gradually and positive signs are appearing on the horizon.

We are sincerely indebted to the share holders, employees, institutions, banks, BIFR and other governmental agencies who have been extending moral support in times of difficulty and distress and we hope to achieve much better results in the coming years.



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

### BOARD OF DIRECTORS

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



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

### NOTICE :

NOTICE is hereby given that the **Thirty Third Annual General Meeting** of the Company will be held on Friday, the 30<sup>th</sup> September, 2005 at Kamat Lingapur, Chikoti Gardens, Begumpet, Hyderabad-500 016 at 10 am 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 31<sup>st</sup> March, 2005 and the Reports of the Directors' and Auditors' thereon.
2. To elect Director in place of Sri M L Sachdeva who retires by rotation under the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To reappoint 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 authorise the Board to fix the remuneration of the said Auditors.

By order of the Board  
Sd/-

Place: Hyderabad  
Date : 31-08-2005

**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 26.09.2005 to 30.09.2005 (both days inclusive).
3. Members are requested to intimate immediately any change in their address.
4. The shares of the Company are listed in the Hyderabad & Mumbai Stock Exchanges and the listing fees have been paid upto date.

INFORMATION about the DIRECTOR SEEKING REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING.

- |                                                                                                                         |   |                                                                                |
|-------------------------------------------------------------------------------------------------------------------------|---|--------------------------------------------------------------------------------|
| 1. Name of the Director                                                                                                 | : | Sri M L Sachdeva                                                               |
| 2. Date of birth                                                                                                        | : | 19.09.1938                                                                     |
| 3. Date of appointment                                                                                                  | : | 29.10.1999                                                                     |
| 4. Expertise                                                                                                            | : | Transmission and Sub-station expert.<br>Having more than 4 decades experience. |
| 5. List of Companies in which outside Directorship was held as on 31 <sup>st</sup> March, 2005                          | : | Nil                                                                            |
| 6. Chairman / Member of the Committees of other Companies on which he was a Director as on 31 <sup>st</sup> March, 2005 | : | Nil                                                                            |



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

### DIRECTORS' REPORT

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2005.

*Amount in Rs.Lacs*

Particulars	Year ended 31.03.2005	Year ended 31.03.2004
Sale value of production	2028	807
Gross loss	78	81
Interest	706	683
Cash loss	784	764
Depreciation & write off	618	616
Loss before tax	1402	1380
Provision for tax	-	(18)
Investment allowance reserve written back	(17)	-
Loss after tax	1385	1362
Dividend	—	—

### 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 2004-05.

### 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 3924.320 Mt during the period under report as against 2117.404 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 initially gave time to the Company upto 30.09.04 which was later on extended upto 30.06.05 to show significant operational improvement in its performance.

The Company's operational performance has shown steady improvement over the period and IDBI, the Operating Agency has been kept informed of the progress. It is now expected



## **SAVING ENERGY THROUGH PIONEERING TECHNOLOGY**

that IDBI will review the Company's working and finalise the Rehabilitation Package during the current year.

### **FUTURE PROSPECTS**

The Company has steadily improved its performance and increasingly been utilising 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 by having financial tie-up with a raw material supplier and also by forming consortium with another conductor manufacturer under Licensor-Licensee Agreement. It is hoped that with the improvement in the power scenario due to reforms and the envisaged formulation of Rehabilitation Package by IDBI (Operating Agency), the situation is expected to turn around in favour of the Company.

### **DIRECTORS**

In terms of Articles of Association of the Company, Shri. M L Sachdeva 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 judgement and estimates have been made 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,2005 and of the Loss for the year 1<sup>st</sup> April, 2004 to 31<sup>st</sup> March,2005.
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.

### **AUDITOR'S 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.



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

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 paras 9(b) forming part of Annexure to Auditor's Report we submit that :

1. The Company has deposited with Provident Fund Commissioner the full employees contribution received upto 31<sup>st</sup> March, 2005 and is in arrears with regard to the payment of Employer's Contribution due to its weak financial position.
2. 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 forming part of this Report along with 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.

**D.C.Galada**  
**Managing Director**

By order of the Board  
**M.C.Galada**  
**Director**

Place : Hyderabad  
Date : 31.08.2005

### 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



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

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.

## 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 standards or required to be maintained by the management and the employees at all levels.

### 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)
Sri S V Kanaka Seshu	Non-Executive & Independent Director (nominee of APIDC)





## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

- b) Four Board Meetings were held during the year, the dates being 25.06.04, 11.08.04, 30.11.04 and 31.01.05. The AGM was held on 27.09.04.

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	3	-
Sri D C Galada	4	Present
Sri Devendra Galada	3	Present
Sri M C Galada	3	-
Sri T B Subramaniam	4	Present
Sri M L Sachdeva	4	-
Sri R S Sridhar	3	-
Sri S V Kanaka Seshu	3	-

- 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.



## SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

### 3. Audit Committee.

The Board has constituted an Audit Committee as per Listing Guidelines comprising 4 Independent Directors and the particulars of the constitution of the Committee are as follows:

Sri T B Subramaniam	..	Chairman
Sri R S Sridhar	..	Member
Sri M L Sachdeva	..	Member
Sri S V Kanaka Seshu	..	Member

The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. Sri T B Subramaniam, Chairman has qualification and experience in finance and accounts.

The role and terms of reference of the Audit Committee are comprehensive and cover the matters specified for Audit Committees under the Listing Agreements with the Stock Exchanges.

Three Audit Committee meetings were held during the year, the date being 25.6.04, 11.08.04 and 30.11.04.

Sri T B Subramaniam	..	3
Sri M L Sachdeva	..	3
Sri R S Sridhar	..	2
Sri S V Kanaka Seshu	..	1

### 4. Remuneration Committee.

The Board has constituted a Remuneration Committee comprising 3 Independent Directors and the particulars of the constitution of the Committee are as follows:

Sri T B Subramaniam	..	Chairman
Sri R S Sridhar	..	Member
Sri S V Kanaka Seshu	..	Member

The role of the Remuneration Committee is to recommend / review the remuneration package of the Managing Director / Executive Director. The meetings are convened as and when the necessity arises.

The Non-Executive Directors were paid sitting fee @ Rs.500 for each meeting of the Board / Committee attended by them. The remuneration paid to the Managing Director and Executive Director are given in para 15 to the Notes to Accounts.

### 5. Share Holders' / Investors' Grievance Committee:

The Board has constituted a Share Holders' / Investors' Grievance Committee