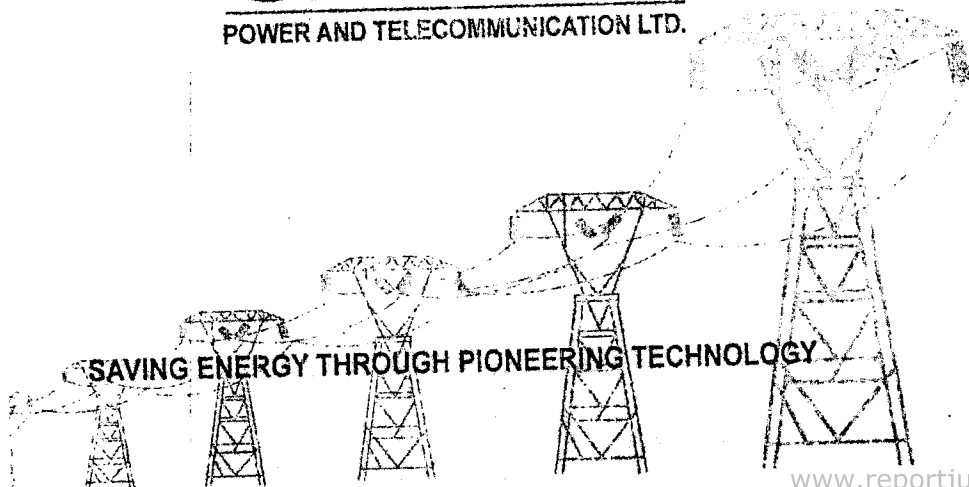


**36th Annual Report
2007-2008**



GALADA

POWER AND TELECOMMUNICATION LTD.





MESSAGE FROM MANAGING DIRECTOR

Dear fellow Share holders,

Transition from 10th to 11th five year plan ended up in certain marketing constraints for equipment suppliers and EPC contractors in transmission & distribution sector. The main reason for this was non-disbursement of funds to projects in this sector, pending careful scrutiny of performance during 10th plan. The decisions on allocation and disbursement of funds for 11th plan projects were taken up during recent months of 2008.

Recently, a sum of Rs. 28000 crores for RGGVY Scheme and Rs. 51000 crores for APDRP Scheme for rural electrification and distribution have been announced and the two nodal agencies namely REC and PFC have started funding these schemes. Transmission sector also has opened up with Powergrid's announcements of tenders for equipment required for 220, 400, 800 kv AC segment and ± 500 kv / ± 800 kv HVDC segment.

In all, transmission & distribution sector offers a business potential of about 0.4-0.5 Million MT of conductors during next twelve months.

Simultaneously, the experience of substandard quality of inputs in transmission & distribution sector during 10th plan has driven Ministry of Power to introduce a "Three Tier Quality Control Mechanism" with immediate effect which is aimed at weeding out substandard quality of inputs consisting of materials and construction.

Your company has two distinct advantages, namely, it is approved by all CPSUs and Utilities who are the project implementing agencies and it is one of the very few companies who has maintained quality of all its products over years inspite of competitive pricing. In fact, 'GALADA' is considered as a technological leader for its innovative and pioneering efforts in the development and popularisation of AAA conductors in India. Your company therefore should see a better performance during this year and the trend is likely to further improve in the next three years of 11th plan. Your company has initiated steps to diversify its activity in this direction. It will make use of its brand image and knowledge capital to become a consultant to various government and private organizations in the power sector.

During the lean year 2007-08, the company took proactive steps to shift all the manufacturing facility at Uppal plant to Silvassa. This is a step to optimize cost of conductor manufacture by controlling fixed costs and also by going in for backward integration through manufacture of rods (EC & Alloy) which are our main raw materials. These new facilities are in operation. Possibilities of making new products for electrical and other sectors are opening up now which will make your company financially stronger.

One time settlement proposals, through delayed, are in advanced stage and we expect to complete them in the coming months.

I wish to acknowledge the excellent support from our esteemed shareholders, customers, Institutions, BIFR, employees, government agencies and all others who have boosted our morale. Your company is now gearing up to turn into a profitable company.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

BOARD OF DIRECTORS

Chairman Shri S.M. Kankaria

Directors 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 Exchange 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, F. 201 Galada Towers,
 Begumpet, Hyderabad - 500 016.



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NOTICE

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Company will be held on Thursday, the 25th September, 2008 at Hotel 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, 2008 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.

Place: Hyderabad
Date : 09.08.2008

By order of the Board
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 22.09.2008 to 25.09.2008 (both days inclusive).
3. Members are requested to intimate immediately any change in their address.
4. The shares of the Company are listed at Mumbai Stock Exchange 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 M L Sachdeva
2. Date of birth : 19.09.1938
3. Date of appointment : 29.10.1999
4. Expertise : Transmission and Sub-station expert. Having more than 4 decades experience.
5. List of Public Ltd Companies in which outside Directorship was held as on 31st March, 2008 : NIL
6. Chairman / Member of the Committees of other Public Ltd Companies on which he was a Director as on 31st March, 2008 : NIL



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 36th Annual Accounts of the Company for the financial year ended 31st March, 2008.

Amount in Rs.Lacs

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Sale value of production	3677	10906
Gross profit / (loss)	(73)	506
Interest	639	724
Cash loss	712	218
Depreciation & write off	124	696
Loss before tax	836	914
Fringe benefit tax	8	2
Loss after tax	844	916
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 2007-08.

PRODUCTION AND SALES

The Company has not been operating its Uppal (Hyderabad) plant since May 2000 and at present only its Silvassa plant is working. 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 continuance of business in spite of absence of working capital facilities.

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 further discussion, the Lenders initially gave time to the Company upto 30th September, 2004, which was later on extended upto 30th June, 2005, to show significant operational improvement in its performance. The Lenders also advised the Company to look into the possibility of one-time settlement of dues and the Company earnestly has pursued the matter with the Lenders.

In the hearing held on 27th August, 2007, BIFR confirmed its prima facie opinion that the company to be wound up in terms of Section 20(1) of the Sick Industrial Companies (Special Provisions) Act. The Company filed an appeal before the Appellate Authority for Industrial and Financial Re-construction and the aforesaid Order passed by BIFR was stayed.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

In the meantime, the Company's efforts to make a break through in the matter has borne fruit and IDBI, SASF & Canara Bank have since indicated their willingness for one-time settlement of their dues and the modalities are being worked out. Similarly, the Company is making efforts to settle the dues of other lending institutions and banks. It is hoped with the improvement in the power scenario due to reforms, 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 31st March, 2008 and of the Loss for the year 1st April, 2007 to 31st March, 2008.
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 due course.
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 paras 9(b) forming part of Annexure to Auditor's Report, we submit that the payment of arrears of sales tax is being suitably dealt with in the Rehabilitation Package / OTS proposal. As regards the re-appointment of Executive Director and Managing Director, we submit that the re-appointments were made on the same terms and conditions stipulated on 30.11.1994 and no increase whatsoever was considered pending the complete turn-around of the Company.



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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 and Banks. 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/-

D.C.Galada

Managing Director

Sd/-

Devendra Galada

Executive Director

Place: Hyderabad

Date : 07.07.2008

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.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2007-08

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange)

1. COMPANY'S PHILOSOPHY

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 and accountable and through continuous interaction with shareholders, employees, lending institutions, banks, government agencies, customers and society in general.

Corporate ethics

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings.

a) Code of Conduct for Board Members and Senior Management.

The Board of Directors of the Company adopted the Code of Conduct for its members and Senior Management at their meeting held on 30.06.2006. The Code highlights Corporate Governance as the corner stone for sustained management performance for servicing all the stakeholders and for instilling pride of association.

The Code is applicable to all directors and specified senior management executives. The Code impresses upon directors and senior management executives to uphold the interest of the Company and its stakeholders and to endeavour to fulfill all the fiduciary obligations towards them. Another important principle on which the Code is based is that the directors and senior management executives shall act in accordance with the highest standards of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties.

b) Code of Conduct for prevention of Insider Trading.

The Company has adopted a Code of Conduct for prevention of Insider Trading for its management, staff and directors. The Code lays down guidelines and procedures to be followed and disclosures to be made by Directors, top level executives and staff whilst dealing in shares. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

c) Whistle Blower Policy.

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to investigate any good faith reports of violations. The Whistle Blower Policy specifies the procedure and reporting authority for reporting unethical behaviour, actual or suspected fraud or violation of the Code or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees of the Company to approach the Company Secretary / Executive Director or Audit Committee of the Board as the case may be, to safeguard them against victimisation.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

2. BOARD OF DIRECTORS

a) Composition

The Board of Directors as at 31.03.2008 comprises seven directors, of which five are non-executive. The Chairman is non-executive and the number of independent directors, i.e. those who have no business relationship with the Company is three. The composition is as under:

Name of the Director	Position
Executive	
Sri D C Galada	Promoter & Managing Director & CEO
Sri Devendra Galada	Promoter & Executive Director
Non-Executive Promoter	
Sri S M Kankaria	Promoter & Chairman
Sri M C Galada	Promoter Director
Non-Executive Independent	
Sri T B Subramaniam	Director
Sri M L Sachdeva	Director
Nominee Directors - Independent	
Sri S V Kanaka Seshu	Nominee of APIDC

b) Meetings and attendance record of each Director:

Five Board Meetings were held during the year, the dates being 29.05.07, 29.06.07, 28.07.07, 03.11.07 and 09.02.08. The last AGM was held on 28.09.2007.

The attendance record of the Directors at the Board Meetings and the last Annual General Meeting (AGM) is given below:

Name of the Director	Attendance Particulars		No. of other Directorships and other Committee Memberships / Chairmanship	
	Board Meeting	Last AGM	Other Directorships	Committee Member (of which Chairman)
Sri S M Kankaria	3	N	-	-
Sri D C Galada	5	Y	1	-
Sri Devendra Galada	5	Y	-	-
Sri M C Galada	4	N	1	-
Sri T B Subramaniam	5	Y	2	7(3)
Sri M L Sachdeva	3	N	-	-
Sri SV Kanaka Seshu	2	N	8	-

* Only three committees, namely, Audit Committee and Shareholders / Investor Grievance Committee and Remuneration Committee have been considered.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

(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 24 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 / senior Managerial Personnel.
- disclosure of interest of directors
- particulars of share transfers and demating of shares.
- compliance certificates from Managing Director and Secretary of the company.
- other significant developments.

3 **AUDIT COMMITTEE**

The Audit Committee was reconstitution on 03.11.2007 and the members of the committee are as given below:

Sri T B Subramaniam	.. Chairman (Non-Executive Independent Director)
Sri M L Sachdeva	.. Member (Non-Executive Independent Director)
Sri S.M.C. Galada	.. Member (Non-Executive Promoter Director)

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 in compliance with revised clause 49 of the Listing Agreement. Sri T B Subramaniam, Chairman has qualification and experience in finance and accounts.

Audit Committee meetings are also attended by Vice President & Secretary (Compliance Officer) of the Company and the Statutory Auditors of the Company.

Four Audit Committee meetings were held, the dates being 29.06.2007, 28.07.2007, and 03.11.2007 and 09.02.2008 The attendance of each Member is as given below:

Name of the Director	Attendance particulars
Sri T B Subramaniam	4
Sri M L Sachdeva	3
Sri M.C. Galada	1
Sri S V Kanaka Seshu *	1

* withdrawn from the Committee with effect from 03.11.2007.

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 Exchange.