

37th Annual Report 2008-2009

Chirhan Long
Chairman

SS
Secretary

Galada Power and Telecommunication Ltd.

Managing Director & Secretary



GALADA

POWER AND TELECOMMUNICATION LTD.

SAVING ENERGY THROUGH PIONEERING TECHNOLOGY



MESSAGE FROM MANAGING DIRECTOR

Dear fellow shareholders,

Untimely collapse of global financial sector, coupled with volatile Aluminium prices and squeeze on access to credit and working capital, affected the company's prospects of closing the one time settlement with institutions and banks. The hope to achieve the same still lingers for the simple reason that conductor demand has to boom due to Government of India's ambitious plan of "Power for All". The remaining part of 11th plan and the 12th plan (upto 2017) offers great opportunities to industries in power sector. Indian economy has already started showing the initial signs of revival that can transform your company's performance.

The country has planned under the power Sector, Reforms, a reduction in ATC losses from existing 30% plus to 15%, which can save for the country Rs. 15000 crores (or) more year after year. The unfortunate part of the strategy is that the input materials like conductors, insulators, poles etc., are not in conformity with the international norms design-wise or with the Indian standards quality wise. The country is faced with an epidemic of too low a price (many a times below cost) which results in the use of substandard raw materials and even scrap for manufacture of conductor. Three tier Inspection procedure has been introduced and is under implementation by the Government and this kindles a ray of hope for genuine manufactures like your company.

The constant effort of primary manufacturers of Aluminium combined with the speculative trends in international metal markets, is to jack up the prices of Aluminium to higher levels which will enable them to make unprecedented profits at the cost of secondary manufacturers. The Government needs to put a stop to this. Otherwise, the cost of "Power for All" schemes will go up tremendously.

Coming back to the year under review for your company, the steps taken during 2008-09 to shift the wire-rod and conductor facilities from Hyderabad to Silvassa have been implemented. This year we will increase the total production of wire-rod and conductor to over 12000 MT as templated. The performance will definitely show an improvement. But had the one time settlement (OTS) been implemented and working Capital made available, the company's performance would have leaped to new horizons, Let us hope that the year 2009-10 will usher us back to optimal performance in the next few years.

The company is planning to produce, the new type high conductivity & high temperature conductors which will meet the demands of power sector for increased power transfer. The R&D efforts is on and by the end of the year, samples, of these new products will hit the market.

The company's efforts are on to keep alive the one time settlement offers of institutions and bank and get rehabilitated.

I sincerely wish to acknowledge the excellent support from all the stakeholders which boosted our morale. Your company is now gearing up to turn into a profitable company.



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 Seventh Annual General Meeting of the Company will be held on Wednesday, the 30th September, 2009 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, 2009 and the Reports of the Directors' and Auditors thereon.
2. To elect Director in place of Sri M C Galada 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 : 31.07.2009

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 27.09.2009 to 30.09.2009 (both days inclusive).
3. Members are requested to intimate immediately any change in their address.
4. The shares of the Company are listed in 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 M C Galada
2. Date of birth : 30.05.1925
3. Date of appointment : 29.09.2006
4. Expertise : Industrial /business experience for over six decades.
5. List of Public Ltd Companies in which outside Directorship was held as on 31st March, 2009: NIL
6. Chairman / Member of the Committees of other Public Ltd Companies on which he was a Director as on 31st March, 2009 : NIL



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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 37th Annual Accounts of the Company for the financial year ended 31st March, 2009.

Amount in Rs.Lacs

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Sale value of production	3441	3653
Gross profit / (loss)	(135)	(73)
Interest	679	639
Cash loss	814	712
Depreciation & write off	176	124
Loss before tax	990	836
Fringe benefit tax	4	8
Loss after tax	994	844
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 2008-09.

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.

BIFR vide its order dated 14.09.2007 confirmed its opinion of winding up in terms of Section 20(1) of the Sick Industrial Companies (Special Provisions) Act. The Company preferred an appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) who stayed aforesaid Order passed by BIFR.



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, UTI, Canara Bank & Syndicate 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. It is hoped that 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 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.

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, 2009 and of the Loss for the year 1st April, 2008 to 31st March, 2009.
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 and Property 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.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

As regards observation in the corporate governance certificate we submit that the issue of composition of the Board is dealt with in our report on corporate governance for the year 2008-09. The publication of results took place on 07-07-2008 instead of 30-06-2008 due to non availability of the chairman of the audit committee which was informed to stock exchange.

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 all the stake holders.

By order of the Board

Sd/-
D.C. Galada
Managing Director

Sd/-
Devendra Galada
Executive Director

Place : Hyderabad
Date : 31.07.2009

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 2008-09

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

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 31.03.2009 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 Director - Independent	
Sri S V Kanaka Seshu	Nominee of APIDC

The Company in the Board Meeting held on 30.06.2008 decided to appoint one more Independent Director to comply with the provisions of SEBI'S revised guidelines dated 08.04.2008. The Company is finalizing its capital restructuring scheme which would lead to broad basing of Board as required by strategic investors. This process would be completed during the current year and stock exchange is informed accordingly.

a) Meetings and attendance record of each Director:

Four Board Meetings were held during the year, the dates being 07.07.08, 09.08.08, 15.11.08 and 24.01.09. The last AGM was held on 25.09.2008.

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 Memberships* (of which Chairman)
Sri S M Kankaria	3	(Y/N) N	-	-
Sri D C Galada	4	Y	1	-
Sri Devendra Galada	4	Y	-	-
Sri M C Galada	4	N	1	-
Sri T B Subramaniam	4	Y	2	4 (1)
Sri M L Sachdeva	4	N	-	-
Sri S V Kanaka Seshu	2	N	-	-

* Only three committees, namely, Audit Committee, 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 members of the Audit Committee as at 31.03.2009 are as given below:

Sri T B Subramaniam	..	Chairman (Non-executive Independent Director)
Sri M L Sachdeva	..	Member (Non-executive Independent Director)
Sri 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 07.07.08, 09.08.08, 15.11.08 and 24.01.09. The attendance of each Member is as given below:

Name of the Director	Attendance particulars
Sri T B Subramaniam	4
Sri M L Sachdeva	4
Sri M C Galada	4

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.

4. REMUNERATION COMMITTEE

The members of the Remuneration Committee as at 31.03.2009 are as given below:

Sri T B Subramaniam	..	Chairman
Sri M L Sachdeva	..	Member