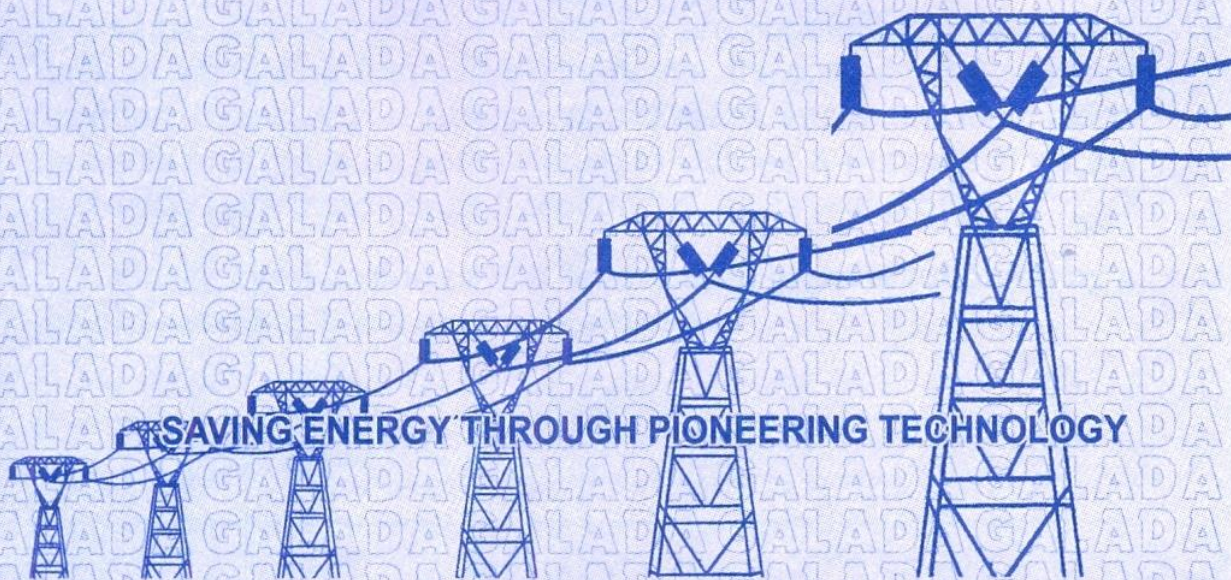


40th Annual Report
2011-2012



GALADA
POWER AND TELECOMMUNICATION LTD.



MESSAGE FROM MANAGING DIRECTOR

It gives me immense pleasure to present our 40th Annual Report enumerating our performance during 2011-12. We took every possible action to improve our production and profitability in spite of absence of working capital. However, we could not implement the OTS proposal given by SASF/IDBI due to delay in receipt of approvals from the commercial banks. Our efforts are on and we are hopeful that during the year 2012-13, we will be able to convince them and go ahead with OTS.

Not perturbed by the above delay, we continued our efforts to maximize conversion business with customers from industry and Central Utility. I am glad to share with you that finally it is coming through now and during 2012-13, we will substantially improve our job work performance and are also hopeful to complete OTS.

Power Sector in the country is not in good health and that has affected the entire industry. However we could manage containing our losses by limiting our exposure on non – paying utility customers, and conversion business.

The lowest bidder based purchase of poor quality inputs by state utilities has finally reflected in their increased financial losses. A new awareness to improve has come in. Your company who makes only quality products has started getting the due recognition.

Finally with the completion of OTS and improved order book, the company is hopeful of performing better from now on.

The high morale of people at your company and the resolve to do utmost to improve and regain its old position as a leader in the conductor industry is brightening up. We are sure you will be able to see the upsurge in performance from now on.

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 Accountant, 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.DA., Block 1/1, Uppal, Hyderabad – 500 039.
Factory – II	Village Khadoli, Silvassa, U. T. of Dadra & Nagar Haveli.
Administrative Office	3rd Floor, F.301, Galada Towers Begumpet, Hyderabad – 500 016.

NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of the Company will be held on Friday, the 28th September, 2012 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, 2012 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.

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 31.03.2017 on the same terms, conditions and managerial remuneration approved in the Annual General Meeting held on 30th November, 1994 and also as renewed in the subsequent meetings held on 31.03.1998, 30.09.2003 and 28.09.2007.

“Resolved that the approval of and sanction of the Company pursuant to the provisions of Sections

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 31.03.2017 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:-

Category A

- i. Housing I: 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.

- ii. Medical Reimbursement: Expenses incurred for the appointee and the family subject to a ceiling of one month's salary in a year or three month's 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 fee.
- v. Personal Accident Insurance: Premium not exceeding Rs.4,000 per annum.

Explanation: For the purpose of Category "A" "family" means the spouse, the dependent children and depended parents of the appointee.

Category B

1. 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 singly or put together are not taxable under the Income-tax Act.
2. Gratuity payable should not exceed half a month's salary for each completed year of service.
3. 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.

"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 authorized 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-appointment 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

Sd/-

V Subramanian
Vice President & Secretary

Place: Hyderabad
Date : 07.08.2012

NOTE

1. The explanatory statement under section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
2. 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. The proxy form shall be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25.09.2012 to 28.09.2012 (both days inclusive).
4. As part of the 'Green initiative in Corporate Governance,' the Ministry of Company Affairs by its Circulars dated April 21, 2011 and April 29, 2011 has permitted companies to send various notices/documents (including notice calling annual general meeting, audited financial documents, directors' report etc.) to shareholders through the electronic mode to the registered e-mail addresses of shareholders. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment.

We encourage our members to participate in this green initiative and update e-mail IDs and receive the communications through the electronic mode. Shareholders holding shares in physical form may intimate us their e-mail addresses along with name, address and folio no for registration at fa@galadapower.com.

5. The shares of the Company are listed in the 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 C Galada |
| 2. Date of birth | : | 30.05.1925 |
| 3. Date of appointment | : | 29.09.2009 |
| 4. Expertise | : | Industrial /business experience
for over six decades. |
6. List of Public Ltd Companies in which outside Directorship was held as on 31st March, 2012: NIL
7. Chairman / Member of the Committees of other Public Ltd Companies on which he was a Director as on 31st March, 2012 : NIL

EXPLANATORY 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 31.03.2017. Shri Devendra Galada was re-appointed for a period of five (5) years from 01.04.2007 to 31.03.2012 as Executive Director of the Company in the Annual General Meeting held on 28th September, 2007. His terms expired on 31.03.2012 and the appointment is to be renewed for a further period of five (5) years as per Schedule XIII to the Companies Act, 1956.

Shri Devendra Galada was appointed as Executive Director in the year 1994 and has been working in that position for the last 18 years without any change in his emoluments fixed in the year 1994. He was instrumental in setting up the Company's Silvassa unit and bringing it to commercial production. He is also in-charge of shifting the machinery from Uppal to Silvassa and making them operational. His responsibilities include up-keep of machinery on continuous basis and eliminate the down-time due to break down, etc. He has also been looking after the Company's overall operations and has played a significant role in increasing the production level at Silvassa plant

which has resulted in the improved working results of the Company. Looking at the problems being faced by the Company at present, his continuance in the present position is absolutely necessary to enable the Company to tide over its difficulties. His re-appointment was approved by the Board of Directors in their meeting held on 07th August, 2012.

Shri Devendra Galada is the son of Shri Mahaveer Chand Galada, the Director of the Company and brother of Shri Dharam Chand Galada, Managing Director of the Company.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 40th Annual Accounts of the Company for the financial year ended 31st March, 2012.

Amount in Rs.Lacs

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Sale value of production	508	1674
Gross profit / (loss)	(213)	404
Interest	591	589
Cash loss	804	185
Depreciation & write off	130	132
Loss before tax	934	317
Loss after tax	934	317
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 2011-12.

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 and got stayed the aforesaid Order.

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. 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, 2012 and of the loss for the year 1st April, 2011 to 31st March, 2012.
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 6, we submit that:

1. Due to liquidity constraints, dividend declared for the year 1995-96 has not been fully distributed and the same is being suitably dealt with in rehabilitation proposal..
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 para 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.

As regards observations 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 2011-12.

PERSONNEL

Your Directors wish to place on record their appreciation for the devoted services rendered by employees at all levels.