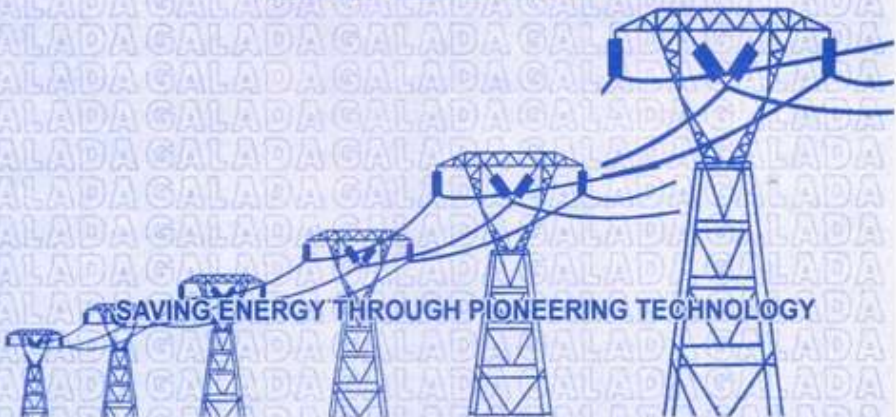


41st Annual Report  
2012-2013



**GALADA**

POWER AND TELECOMMUNICATION LTD.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

## NOTICE

NOTICE is hereby given that the Forty First Annual General Meeting of the Company will be held on Monday, the 30<sup>th</sup> September, 2013 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 31<sup>st</sup> March, 2013 and the Reports of the Directors' and Auditors thereon.
2. To elect Director in place of Sri T B Subramanian 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/-

V Subramanian

Vice President & Secretary

Place: Hyderabad  
Date : 31 May, 2013

### 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. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26.09.2013 to 30.09.2013 (both days inclusive).
3. 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](mailto:fa@galadapower.com).

4. 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 T B Subramaniam
2. Date of birth : 07.02.1937
3. Date of appointment : 28.06.1996
4. Expertise : In various fields of management for last few decades.
5. List of Public Ltd Companies in which outside Directorship was held as on 31<sup>st</sup> March, 2013: a) Ladderup Finance Ltd. b) Kishan Mouldings Ltd.
6. Chairman / Member of the Committees of other Public Ltd Companies on which he was a Director as on 31<sup>st</sup> March, 2013 : a) Ladderup Finance Ltd. b) Kishan Mouldings Ltd.

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 41<sup>st</sup> Annual Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2013.

**Amount in Rs.Lacs**

| Particulars              | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
|--------------------------|--------------------------|--------------------------|
| Sale value of production | 1757                     | 508                      |
| Gross profit / (loss)    | 98                       | (213)                    |
| Interest                 | 591                      | 591                      |
| Cash loss                | 493                      | 604                      |
| Depreciation             | 126                      | 130                      |
| Loss before tax          | 619                      | 934                      |
| Loss after tax           | 619                      | 934                      |
| 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 2012-13.

**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 30<sup>th</sup> September, 2004, which was later on extended upto 30<sup>th</sup> 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.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 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, 2013 and of the loss for the year 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013.
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 the basis for Qualified Opinion, 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 2012-13.

## 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 stakeholders.

By order of the Board

**D.C.Galada**  
Managing Director

**Devendra Galada**  
Executive Director

Place : Hyderabad  
Date : 31.05.2013

## 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.



VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKI, ALSO AT CHENNAI, BANGALORE AND ADONI.

## CERTIFICATE

To the Members of  
GALADA POWER AND TELECOMMUNICATION LIMITED  
HYDERABAD (A.P).

We have examined the compliance of conditions of Corporate Governance by GALADA POWER AND TELECOMMUNICATION LIMITED, Hyderabad (A.P) for the year ended on 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except, that:

- The composition of the Board is not as suggested by SEBI, in case where the non - executive Chairman is a promoter;
- The Company has not adhered to the time Schedule prescribed for Publication of Quarterly and also annual Results during the year.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for BRAHMAYYA & Co.,  
Chartered Accountants  
Firms' Registration Number: 0005135



(P. CHANDRAMOULI)  
Partner

Membership Number: 025211

Place : Hyderabad  
Date : August 1, 2013

## **REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2012-13**

(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 endeavor 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 victimization.



## 2. BOARD OF DIRECTORS

### a) Composition

The Board of Directors as at 31.03.2013 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                           |
|---------------------------------------|------------------------------------|
| <b>Executive</b>                      |                                    |
| Sri D C Galada                        | Promoter & Managing Director & CEO |
| Sri Devendra Galada                   | Promoter & Executive Director      |
| <b>Non-Executive Promoter</b>         |                                    |
| Sri S M Kankaria                      | Promoter & Chairman                |
| Sri M C Galada                        | Promoter Director                  |
| <b>Non-Executive Independent</b>      |                                    |
| Sri T B Subramaniam                   | Director                           |
| Sri M L Sachdeva                      | Director                           |
| <b>Nominee Director - Independent</b> |                                    |
| 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.

### b) Meetings and attendance record of each Director:

Four Board Meetings were held during the year, the dates being 30.06.2012, 07.08.2012, 10.11.2012 and 16.02.2013. The last AGM was held on 28.09.2012.

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 Membership / Chairmanship. |  |
|----------------------|------------------------|----------------|---|--|
|                      | Board Meeting          | Last AGM (Y/N) | Other Directorships   | Committee Memberships* (of which Chairman) |
| Sri S M Kankaria     | 3                      | N              |   | -  |
| D C Galada           | 4                      | Y              | 1   | -  |
| Devendra Galada      | 3                      | Y              | -   | -  |
| M C Galada           | 4                      | N              | 1   | -  |
| T B Subramaniam      | 4                      | Y              | 2   | 2(2)                                       |
| M L Sachdeva         | 4                      | N              |   | -  |
| S V Kanaka Seshu     | 4                      | N              | 7   | 3(1)                                       |

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

**(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 39 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