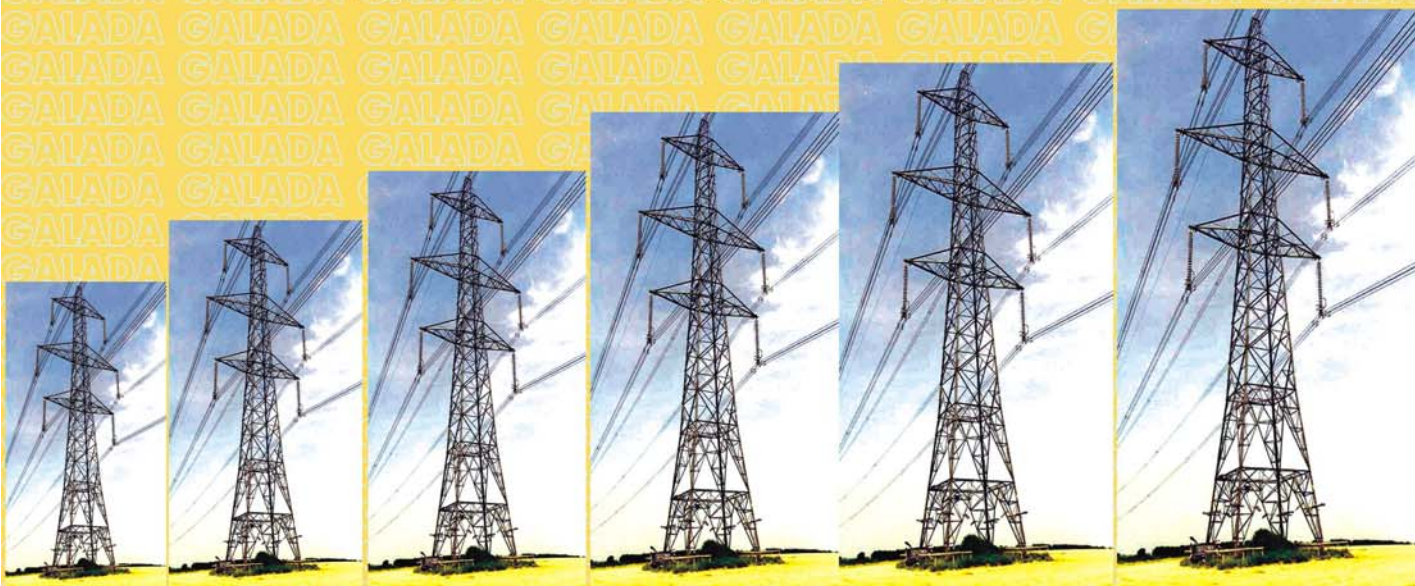


42nd ANNUAL REPORT
2013 - 2014



GALADA

POWER AND TELECOMMUNICATION LTD.



SAVING ENERGY THROUGH PIONEERING TECHNOLOGY

CREED

To recognize brotherhood of all human beings and to help bring peace and prosperity to everyone through technology innovations and excellence in engineering.

To keep up promises and to practice absolute sincerity and faithfulness in all dealings.

To aim for the prosperity of the coming generations.

To uphold integrity in every walk of life and at any cost.

To believe that everything is possible in this world by clear thinking and positive action with utmost belief in God.

MESSAGE FROM MANAGING DIRECTOR

I am delighted to present our 42nd Annual Report to our beloved and noble share holders whose unstinted support kept our team energised during the difficult and testing days. By God's grace, the team at Galada has been able to improve their performance at all levels to start the process of recovery.

Last year, I shared with you our two prime goals – first of which was maximisation of capacity utilisation. Our production including conversion jumped up from 13554 MT to 23865 MT. Our adherence to quality kept our major customers glued to us. The second goal was to bring down the procurement cost of conductor for Powergrid, our prime customer, by adoption of sub-contracting route which we suggested and proved. Now, Powergrid is confident of Galada's innovative procurement method and is going ahead with large tenders for their Transmission Projects under TBCB route. Your company is well placed to book substantial orders.

Another good news which I wish to share with you is that OTS has materialised with most of our lenders and we have started payments as mutually agreed. We are confident about completing the process of OTS with others during this financial year. Our financials do reflect the recovery process and the share prices are showing a positive trend because of it.

Let me confide in you that the enthusiasm and hard work of each and everyone, irrespective of their cadre, is responsible for the company's progress. I have full faith that with the new Government at Centre, the country's focus / thrust on power infra will enable your company to touch a glorious future.

I express my deep indebtedness to all participants starting from workmen, staff, top management to lenders, suppliers, customers and share holders whose moral support has enabled this grand recovery process.

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	P 2/6, I.D.A., Block - III, Uppal, Hyderabad - 500 039.
Factory	Village Khadoli, Silvassa, U. T. of Dadra & Nagar Haveli.
Administrative Office	3rd Floor, 301, Galada Towers, Begumpet, Hyderabad - 500 016.

NOTICE

NOTICE is hereby given that the Forty Second Annual General Meeting of the Company will be held on Tuesday, the 30th September, 2014 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, 2014 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. Appointment of Auditors

To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No.000513S), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the Forty Fifth Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) at such remuneration including out-of-pocket, travelling and other incidental expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors”

By order of the Board
Sd/-

Place : Hyderabad
Date : 30 May, 2014
CIN : L64203AP1972PLC001513

V Subramanian
Vice President & Secretary

NOTES :

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 26.09.2014 to 30.09.2014 (both days inclusive).
3. The Notice of AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
4. To support the 'Green Initiative', the Members who have not registered their e-mail addresses, are requested to register the same with the Company 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 RE-APPOINTMENT 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, 2014: **Nil**
6. Chairman / Member of the Committees of other Public Ltd Companies on which he was a Director as on 31st March, 2014 : **Nil**
7. Number of Shares held in the Company: **Nil**

**EXPLANATORY STATEMENT
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)**

Item No.3

This explanatory statement is provided though strictly not required as per Section 102 of the Act.

M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No.000513S), were appointed as the statutory auditors of the Company for financial year 2013-14 at the Annual General Meeting (AGM) of the Company held on 30.09.2013.

M/s. Brahmayya & Co have been the auditors of the Company since 1972. As per the provisions of Section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors proposed the appointment of M/s. Brahmayya & Co as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the Forty Fifth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM).

The Board Recommends the Resolution at Item No. 3 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMP is concerned or interested in the Resolution at Item No 3 of the accompanying Notice.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 42nd Annual Accounts of the Company for the financial year ended 31st March, 2014.

Amount (Rs.Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Sale value of production	1549	1787
Gross profit	19	100
Interest	593	591
Cash loss	574	491
Dep & w/o	302	128
Exceptional Item	(862)	0
Loss before tax	14	619
Loss after tax	14	619
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 2013-14.

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 inspite 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 & UTI have agreed for one-time settlement of their dues. As regards others, 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 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, 2014 and of the loss for the year 1st April, 2013 to 31st March, 2014.
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. We have already received approvals from IDBI & UTI and as regards others, modalities are being worked out.
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 2013-14.

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

D.C.Galada
Managing Director

Devendra Galada
Executive Director

Place : Hyderabad

Date : 30.05.2014

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.