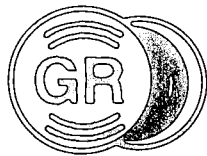
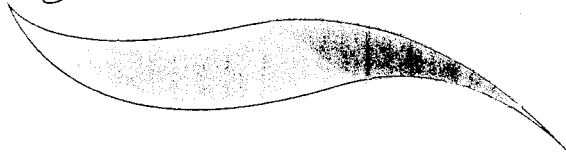
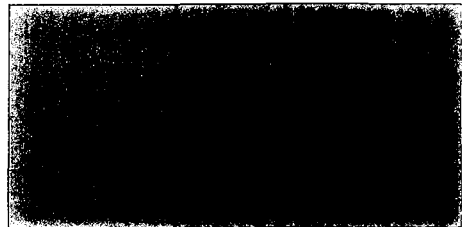


# 17<sup>th</sup> *Annual Report 2007-08*



**G.R. CABLES LIMITED**  
(An ISO 9002 Company)



# **G.R. CABLES LIMITED**

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## **BOARD OF DIRECTORS**

- |                                    |                                |
|------------------------------------|--------------------------------|
| Sri G.R. Reddy                     | - Chairman & Managing Director |
| Dr. S.R. Govinda Rajan, IAS (Retd) |                                |
| Sri Y.J. Venkata Rao               |                                |
| Sri P. Ramesh Babu                 |                                |
| Smt. C. Mariamma                   | - APIDC Nominee                |
| Sri G.V.B.R. Reddy                 | - Executive Director           |

## **STATUTORY AUDITORS**

M/s. M.V. Narayana Reddy & Co.  
Chartered Accountants  
Flat No.504, Vijaya Sree Apartments  
Opp. Kamma Sangham, Ameerpet  
Hyderabad - 500 073.

## **BANKERS**

Bank of Baroda  
State Bank of Hyderabad  
State Bank of Travancore

## **REGISTERED OFFICE**

36, Santosh Nagar,  
Mehdipatnam,  
Hyderabad - 500 028

## **FACTORY**

Rangareddyguda (Village)  
Balanagar (Mandal)  
Mahaboobnagar (District)

## **G.R. CABLES LIMITED**

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### **NOTICE**

Notice is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING OF G.R.CABLES LIMITED will be held at 11.00. A.M. on Wednesday, the 31st December, 2008 at Surana Udyog Auditorium, FAPCCI, to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit & Loss Account for the year ended 30th September 2008 and Balance Sheet as on that date together with Cash Flow Statement and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Sri G.R Reddy, who retires by rotation being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Dr. S.R Govinda Rajan, who retires by rotation being eligible offers himself for re-appointment.
4. To appoint M/s. P Srinivas and Associates, Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting in place of M/s. M.V. Narayana Reddy & Co. retiring auditors and to authorize the Board to fix their remuneration.

By Order of the Board  
For **G.R. Cables Limited**

**G.V.B.R.Reddy**  
Executive Director

Place : Hyderabad  
Date : 04.12.2008

### **NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORMS DULY COMPLETED AND SIGNED SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDINGS THE MEETING.
2. The Register of Members will be closed from 26.12.2008 to 31.12.2008 (both days inclusive).
3. Members are requested to bring the copies of Annual Reports while attending the Annual General Meeting.

# G.R. CABLES LIMITED

## DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report and Audited Statements of accounts of the Company for the year ended 30th September 2008

### FINANCIAL RESULTS

ITEM	(Rs.in Lakhs)	
	For the Year Ended 30.09.08 (12 months)	For the Period Ended 30.09.07 (15 months)
Sales & Other Income	221.65	1312.84
Profit/Loss before interest & Depreciation	470.83	37.56
Interest	67.38	56.45
Operating Profit/Loss before Depreciation	538.22	(18.89)
Depreciation	164.79	164.76
Profit/Loss for the year	(703.01)	(183.65)

### REVIEW OF OPERATIONS

During the year under review, your company achieved a turnover of Rs 196.31 Lakhs as against Rs . 1098.66 Lakhs for the previous year ended 30.09.2007. It made a Loss of Rs-703.01 Lakhs as against loss of Rs 183.65 Lakhs in the previous year. There is a dip in sales during the year under review due to working capital constraints.

Your company has been pursuing with the banks for getting the adequate working capital requirements and working out other means for overcoming this problem. Though the Company has order book of Rs. 5 Crores of power cables.

A detail analysis of future outlook and financial performance of the company is given in the management and analysis report which is elsewhere given in this report.

### SUBSIDIARY IN SRILANKA

During the year under review, Gold Islands Cables Private Limited, Wholly owned subsidiary of G.R Cables Limited in Srilanka has closed operations and exported all the assets back to G.R Cables Ltd. and has not re-registered with the register of companies of Srilanka. Under the new Srilankan company act No. 07 of 2007 the company had to re-register every year. If not re-register the register of companies will cancel the registration.

### PUBLIC DEPOSITS

The company has not accepted any Deposit from public within the meaning of Section 58-A of the Companies Act, 1956 and Rules made there under.

### DIRECTORS

In accordance with the Section 256 of the Companies Act, 1956 read with the Article 102 of the Articles of Association of the Company Sri G.R.Reddy, managing director and Dr. S.R. Govindarajan Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer him-self for re-appointment.

## **G.R. CABLES LIMITED**

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### **DIRECTORS RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that

- (i) In the preparation of the accounts for the year ended 30th September 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) The Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the year with Profit and Loss of the company for the year under review.
- (iii) The Directors have taken proper and sufficient care 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 fraud and other irregularities.
- (iv) The Directors have prepared the accounts for the year ended 30th September 2008 on a "going concern" basis.

### **AUDITORS**

M/s. M.V.Narayana Reddy & Co., Chartered Accountants Statutory Auditors of the Company have resigned and Board recommended the appointment of M/s. P. Srinivas and associates as statutory auditors of the company. Who have signified their willingness to accept appointment and have further confirmed their eligibility under Section 24 (1-B) of the Companies Act, 1956 if appointed.

### **CORPORATE GOVERNANCE**

Pursuant to the Clause 49 of the Listing Agreement with Stock Exchange, the Management Discussion and Analysis Report, Report on Corporate Governance and Auditors Certificate regarding the Compliance of conditions of the Corporate Governance are made part of this Annual Report.

### **PARTICULARS OF TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information required under Section 217(i) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given by way of an Annexure-1 which forms part of this Report.

### **PARTICULARS OF EMPLOYEES**

There are no employees whose particulars are required to be furnished pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the relevant rules thereunder.

### **ACKNOWLEDGMENTS**

Your Directors are grateful to the large number of shareholders of the Company, the Government of India, the Bhart Snachar Nigam Limited, our main customer, MTNL, NPDCL, EPDCL, CPDCL, SPDCL and Transco, Government of Andhra Pradesh, Bank of Baroda, State Bank of Hyderabad, State Bank of Travancore for their support, guidance and help. It thanks the vendors, suppliers, stake holders and the dedicated employees of the company for their continued cooperation, assistance and support to the company.

**FOR AND ON BEHALF OF THE BOARD**

**For G.R. Cables Limited**

Place : Hyderabad

Date : 04.12.2008

**(G.R.REDDY)**

Chairman & Managing Director

## G.R. CABLES LIMITED

### ANNEXURE-I

Information as per Section 217 (I) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the Year ended 30th September 2008

#### A. CONSERVATION OF ENERGY

1. Energy Conservation measure taken : a) Continuous monitoring and Maintaining optimum load on diesel Generator  
b) Controlled Lighting inside factory sheds depending on the needs
2. Additional Investments and proposals, if any being implemented for reduction of consumption of energy : NIL
3. Impact of measures at 1 and 2 on energy consumption and consequent impact on cost of production of goods : MARGINAL
4. Total energy consumption and energy consumption per unit of production : NOT APPLICABLE

#### B. RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the company : Efforts are being made to manufacture new products and to improve the quality of the existing products. This has resulted in wider product range of telecom and power cables.
2. Benefits derived as a result of the above Research & Development : --do--
3. Future Plan of Action : --do--
4. Expenditure on R & D : --do--

#### C. TECHNOLOGY ABSORPTION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Employees are being trained continuously. Modifications in equipment are made wherever feasible.
2. Benefits derived as a result of the above efforts : Improvement in quality and factory practices.
3. Particulars of imported technology (imported during the last 5 years reckoned from the beginning of the Financial Year) : Not applicable as there has been no import of technology.

#### D. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign Exchange Earnings :
  - (a) FOB value of exports : NIL
2. Foreign Exchange outgo :
  - (a) Import of Raw Materials and Components : NIL
  - (b) Import of Capital Goods : NIL
  - (c) Traveling Expenses : Rs. 0.23 Lakhs
  - (d) Other Expenses : NIL

FOR AND ON BEHALF OF THE BOARD  
For G.R. Cables Limited

Place : Hyderabad  
Date : 04.12.2008

(G.R.REDDY)  
Chairman & Managing Director

# G.R. CABLES LIMITED

## CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

### i) Companies Philosophy on Corporate Governance:

The Company is committed to Good Corporate Governance to ensure that all functions of the company are discharged in a professionally sound and competent manner. Given view is the requisite information relating to corporate functioning of your company at apex level for the purpose of due transparency on this aspect.

### ii) Board of Directors

The Board has a fair representation of the Executive; Non-Executive and Independent Directors in compliance with code of Corporate Governance of the Six Directors on the Boards of the company only two are promoter Directors. The Board has a whole time Chairman and Director for the company.

The composition of the Board of Directors is as follows:

Sl. No.	Name	Category	In other Directorship	Companies Committee Membership
1.	Sri G.R.Reddy	Promoter/ Executive (Chairman)	1	Nil
2.	Sri G.V.B.R.Reddy	Promoter/ Executive	1	Nil
3.	Sri P.Ramesh Babu	Independent/ Non-Executive	Nil	Nil
4.	Smt C.Mariamamma	Independent/ Non-Executive (APIDC Nominee)	Nil	Nil
5.	Dr.S.R Govinda Rajan	Independent/ Non-Executive	1	Nil
6.	Sri Y.J.Venkata Rao	Independent/ Non-Executive	Nil	Nil

### ii) Board Procedure

The Board of Directors meets at least once in a Quarter to review the company's performance and Financial Results and more often, if considered necessary to transact any other Business.

During the year under review, Five Board meetings were held. The dates on which the Board Meetings were held are as follows:

30th October 2007 , 31st January 2008, 30th April 2008, 27th May 2008 and 31st July 2008.

## G.R. CABLES LIMITED

The Annual General Meeting was held on 31st December 2007 for the year 2006-2007. Following are the details of attendance of Directors at Board Meetings and Annual General Meeting (AGM) held during the year.

Sl. No	Name of the Director	Board Meetings held during tenure of Director	Attendance Board Meetings	Last AGM
1.	Sri G.R.Reddy	5	5	Yes
2.	Sri G.V.B.R.Reddy	5	4	Yes
3.	Sri P.Ramesh Babu	5	2	Yes
4.	Smt C.Mariamamma	5	3	No
5.	Dr.S.R Govinda Rajan	5	5	Yes
6.	Sri Y.J.Venkata Rao	5	4	Yes

### iii) Details of Directors seeking the Re-appointment at the ensuing AGM

Pursuant to clause-49 of the Listing Agreement with the Stock Exchange on Corporate Governance the details of the Directors seeking the Re-appointment is given below.

Name of the Director	: Sri G.R.Reddy	Dr.S.R Govinda Rajan
Date of Birth	: 01.07.1936	20.07.1939
Date of Appointment	: 29.01.1992	31.01.2006
Qualifications	: B.E(MIE)	IAS (Retd)
Expertise in Specific functional areas	: Technical	Finance

### III. Audit Committee

The Company had constituted an Audit sub Committee in the year 1997. The Board terms of reference of the Audit Committee are as specified in Clause 49 of Listing Agreement read with Section 292 A of the Companies Act, 1956, the Audit Committee deals with various aspects of the Financial Statements including Quarterly, Half yearly and Annual Results, adequacy internal controls and internal audit functions, various Audit Reports, Significant judgments affecting the financial statements, compliance with accounting standards and Companies financial & risk management policies. It reports to the Board of Directors about its findings and recommendations pertaining to above matters. The Board has accepted all the recommendations of the Audit Committee.



## **G.R. CABLES LIMITED**

The details of composition of the Audit Committee, its meetings and attendance of the members during the year are as follows:

Sl No	Name of the Director	No of Meetings held	No of Meetings attended
1.	Dr. S.R.Govinda Rajan	4	3
2.	Sri Y.J.Venkata Rao	4	3
3.	Smt C.Mariamamma	4	0

There were four Audit Committee Meetings held during the year under review. The dates on which the said meetings were held as follows: 30.10.2007, 31.01.08, 30.04.08 and 31.07.2008

### **IV. SHARE TRANSFER & SHARE HOLDERS/INVESTORS GRIEVANCE COMMITTEE:**

- i) The Committee reviews, records and helps to expedite transfer of shares and resolve any grievances of investors. The Committee meets frequently throughout the year to minimize any delays in the transfer process. The Committee is chaired by Sri G.R.Reddy, Charman and Managing Director and includes Sri P.Ramesh Babu, Director and Sri Y.J.Venkata Rao, Director as other members.

Further, the Board authorizes Mr. G.R.Reddy CMD and Mr. G.V.B.R.Reddy Executive Director severally to approve the share transfers lodged with the company from time to time.

Sri G.V.B.R.Reddy, Executive Director is the Compliance officer under the relevant regulations. There were no transfers were pending as on the date of 30.09.2008

- ii) The company has received the following complaints from the share holders during the year under review, to the best of knowledge of the company; these complaints were resolved to the satisfaction of shareholders.

Sl. No.	Nature of Compliant	2007 - 2008	
		Received	Attendance to
1.	Delay in receipt of Share certificates sent to Transfer	2	2
2.	Non-Receipt of Annual Report	13	13
3.	Delay in crediting shares in Demat Account	Nil	Nil
4.	Others	8	8
	Total	23	23

### **V. DETAILS OF REMUNERATION TO ALL DIRECTORS**

- i) Remuneration to Non-Executive Directors

Presently, the Non-Executive Directors do not receive any remuneration from the company and are paid sitting fees for attending the meetings of the Board and Committees thereof.

## **G.R. CABLES LIMITED**

### ii) Remunerations to whole Time Directors

Position	G.R. Reddy	G.V.B.R.Reddy
Salary (Rs.)	6,00,000	4,80,000
Commission & Allowances	Nil	Nil
Perquisites	Nil	Nil
Total	6,00,000*	4,80,000*
Service Contract	5 Years	5 Years
Notice Period	Nil	Nil

\* Not claimed the salary in view of the financial position of the company.

### VI. GENERAL BODY MEETINGS:

Details of the last Three Annual General were as follows:

Date	Venue	Time
31.12.2007	Surana Udyog Auditorium FAPCCI, Red Hills, Hyderabad-500004	11:00 A.M
30.12.2006	KLN Prasad Auditorium FAPCCI, Red Hills, Hyderabad-500004	11:00 A.M
31.12.2005	Crystal Function Hall Konijeti Enclave, Phase-I Ring Road, Mehdiapatnam, Hyderabad - 500 028.	11:00 A.M.

No resolution was put through postal ballot in any of the General Meetings so far held by the Company.

### VII. CEO/CFO CERTIFICATION

In terms of the requirements of clause 49(V) of the Listing Agreement, the Chairman and Managing Director and Executive Director have submitted necessary certificate to the Board stating the particulars specified under the said clause. This certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors at the respective meeting held on 04.12.2008

### VIII. DISCLOSURES:

- i) There were no transactions of the Company of material nature with the Promoters, Directors of the Management or their subsidiaries or relatives during the year which would have potential conflict with the interest of the company at large.
- ii) There were no instances of non-compliance of any matter related to Capital Market during the last Three years and hence there were no strictures imposed by SEBI, Stock Exchanges and any Statutory Authorities during that year.

### VIII. MEANS OF COMMUNICATIONS:

The Company has published its Quarterly results in Business standard, Hyderabad and Andhra Bhoomi (Vernacular) - Hyderabad.

## G.R. CABLES LIMITED

Whether Management discussion and analysis report is part of Annual Reports or not.: Yes.

### IX. GENERAL SHAREHOLDERS INFORMATION:

- \* **Annual General Meetings** : Monday, 31st December, 2008.  
Day, Date and Time : 11.00.A.M.
- \* **Venue** : Surana Udyog, Auditorium, FAPCCI,  
Red Hills, Hyderabad.
- \* **Book Closure Dates** : From 26.12.2008 to 31.12.2008 (both days  
inclusive)
- \* **Financial Calender for the year 2007-08 (Tentative)**  
Financial Year Ending : 30th September 2008  
First Quarter Results : On or before 31.01.2009  
Half Yearly Results : On or before 30.04.2009  
Third Quarter Results : On or before 31.07.2009  
Fourth Quarter Results : On or before 31.10.2009  
Registered Office : 36, Santosh Nagar, Mehdipatnam,  
Hyderabad-500028
- \* **Listing on Stock Exchanges:**
  1. The Stock Exchange, Mumbai,  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
  2. Madras Stock Exchange Ltd.,  
Exchange Building, Post Box No.183, 11, Second Line Beach, Chennai - 001.
- \* **Stock Code:**  
The Stock Exchange, Mumbai : 517564.

### \* **Stock Price Data**

Monthly high and low price of shares traded on Bombay Stock Exchange during the year from 1st October, 2007 to 30th September, 2008 is given below:

Month	High	Low
October- 2007	4.99	3.85
November - 2007	5.17	3.60
December- 2007	8.27	4.41
January - 2008	11.05	4.75
February - 2008	5.89	4.20
March - 2008	4.54	3.41
April - 2008	4.63	3.86
May - 2008	4.31	3.56
June - 2008	4.19	2.95
July -2008	4.06	2.61
August -2008	4.00	3.00
September-2008	3.50	2.05

## G.R. CABLES LIMITED

\* **Address of Demat Registrars & Share Transfer Agents:**

Sathguru Management Consultants Pvt. Ltd.,  
Plot No. 15, Hindi Nagar, Near Saibaba Temple,  
Punjagutta, Hyderabad - 500 034.  
Ph. No: 040 - 23356507, 23350586, Fax No. 040 - 23354042.  
Email- info@sathguru.com

**Share Transfer System:** Transfer of Securities in Physical form are registered and duly transferred share certificates are dispatched within 30 days of receipt provided transfer documents are in order.

\* **Distribution of Share Holdings as on 30.09.2008**

Share Holding	Numbers of Shareholders	% to Total	No of Shares	% to Total
01 - 500	21760	75.28	3922597	13.57
501 - 1000	3392	11.74	3093077	8.62
1001 - 2000	1742	6.03	2887394	7.69
2001 - 3000	757	2.63	1996274	6.91
3001 - 4000	276	0.95	1025289	3.54
4001 - 5000	345	1.20	1680629	5.82
5001 - 10000	338	1.17	2596345	8.99
10001 - above	290	1.00	11693256	40.46
Total	28900	100.00	28894861	100.00

\* **Outstanding GDRS/ADRS/Warrants or any convertible instruments, conversion date and likely impact on equity.**

The were no such outstanding instruments as on 30th September, 2008.

\* **Dematerialization of Shares:**

About 87% of Shares issued by the company have been dematerialized as on 30.09.2008. Trading in equity shares of your company on any stock Exchange is permitted only in Dematerialized mode. Demat-ISIN Number allotted by NSDL & CDSL: INE769B01010.

\* **Plant Location:**

Ranga Reddy Guda (Village), Balanagar (Mandal),  
Mahaboobnagar (Dist), Andhra Pradesh - 509 202.

\* **Address for Communication:**

36, santosh nagar, Mehdipatnam,  
Hyderabad - 500028  
Phone No. : 040-23521276

## **G.R. CABLES LIMITED**

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### **Certificate on compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchange in India**

To  
The Shareholders of G.R. Cables Limited

I have examined the compliance of conditions of Corporate Governance of G R Cables Limited, for the year ended 30th September, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In my opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investor grievances received during the year ended 30th September, 2008, no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Investor Services Committee.

I further 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.

Place : Hyderabad  
Date : 04.12.2008

**K.V. CHALAMA REDDY**  
Company Secretary in Practice  
C.P. No. 5451

## **G.R. CABLES LIMITED**

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### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

(It forms part of Directors' Report)

Management Discussion and Analysis Report on the business of the Company as applicable and to the extent relevant is given below:

#### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The company is primarily engaged in the manufacture of Polythene Insulated Jelly Filled Under Ground Telecom Cables (PIJF), Switch Board Cables, Domestic Flexible and PVC Power and Control Cables. It is also an ISO 9002 company. Demand for Telecom Cables is mainly depends on requirement of BSNL and MTNL and policies of the Government. BSNL and MTNL float tenders every year for procurement of Cables for their requirement and finalise the Tenders on competitive basis. The lowest quoted sale price for each size of cable will be applicable to all the suppliers for that tender. There is an excess capacity for the manufacture of Jelly Filled Telecom Cables in India. The Power cable tenders are floated by different Discoms and State electricity boards (SEBs) and tenders are finalized on competitive basis.

#### **OPPORTUNITIES**

JFTC is used for non-metros and rural areas where the volume of traffic does not justify usage of optical fiber due to higher capital investment. The Company foresees the increase in demand for small pairs of JFTC from various circles of BSNL as the Government thrust for development of rural telephone density. The company also for sees good demand in power cables both for housing and infrastructure development. The increasing emphasis by the government for better infrastructure will further enhance its growth. So the demand for power cables is expected to be increased substantially in coming years.

#### **THREATS**

Usage of Optical Fiber Cables in high traffic / density areas and introduction of wireless technology by telecom operators, the requirement of higher pair JFTC, is expected to decline in future. In power cable segment, the demand for these cables is dependent on government spending on Infrastructure and demand in housing sector.

#### **FUTURE OUTLOOK**

The company anticipates the decline in demand for higher pairs of Jelly Filled Telecom Cables (JFTC) due to technological developments in telecom sector but sees a good demand for small pairs of JFTC in coming years. Keeping in view the above, the company has changed its focus towards the power and other cables as demand for these is expected to go up in future.

#### **SEGMENT-WISE/PRODUCT-WISE PERFORMANCE**

As the company has only one line of product i.e. Wires and Cables, segment-wise or product-wise performance is not applicable for the year 2007-08.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate Internal Control System. Further, the Audit Committee reviews and suggests remedial actions wherever required.

## **G.R. CABLES LIMITED**

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### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

#### **A. Financial Conditions:**

##### ***Capital Structure:***

The Authorized Share Capital of the Company as at 30th September, 2008 is Rs. 3400 Lakhs divided into 340 Lakhs Equity Shares of face value of Rs. 10/- each. The Share Capital of the Company consists of only Equity Shares. The Paid-up Capital of the Company as on 30th September, 2008 is at Rs. 2889.49 Lakhs comprising of 28894861 Equity Shares of Rs. 10/- each fully paid-up.

##### ***Reserves and surplus:***

The Reserves and Surplus of the Company as on 30th September, 2008 stands at Rs.369.53 Lakhs and compared to Rs.324.81 Lakhs as at 30th September, 2007.

##### ***Secured Loans:***

The Working Capital Advances as at 30th September, 2008 stand at Rs. 368.66 Lakhs compared to Rs. 388.57 Lakhs as at 30th September, 2007.

##### ***Unsecured Loans:***

The Deferred Sales Tax amount as at 30th September, 2008 stand at Rs.802.84 Lakhs compared to Rs. 754.43 Lakhs as at 30th September, 2007.

##### ***Fixed Assets:***

The Gross Block stood at Rs.3623.89 Lakhs and the net block stood at Rs.1295.73 Lakhs as at 30th September, 2008 compared to Rs. 3619.99 Lakhs and Rs. 1456.62 Lakhs as at 30th September, 2007 respectively. The decrease in the value of the Fixed Assets is on account of depreciation of plant and Machinery.

##### ***Investments:***

Investments as at 30th September, 2008, amounted to nil as against Rs.

502.63 Lakhs as at 30th September, 2007. The above investment in subsidiary is written off during the year.

##### ***Sundry Debtors:***

Sundry Debtors stood at Rs.646.60 Lakhs as at 30th September, 2008 as against Rs. 755.03 Lakhs as at 30th September, 2007. These debtors are considered good and realizable.

##### ***Cash and Bank Balances:***

Cash and Bank balances with scheduled banks as at 30th September, 2008 amounting to Rs. 133.88 Lakhs (includes Margin Money amount of Rs.112.55 Lakhs) against Rs. 106.15 Lakhs as at 30th September, 2007.

##### ***Loans and Advances:***

Loans and Advances as at 30th September, 2008 stood at Rs.489 Lakhs as against Rs. 436.04 Lakhs as at 30th September, 2007 represents advances, interest receivable, deposits etc.

## **G.R. CABLES LIMITED**

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### ***Current Liabilities & Provisions:***

Sundry Creditors includes the amount payable to suppliers for supply of materials amounting to Rs.77.15 Lakhs as at 30th September 2008 as against Rs. 36.69 Lakhs as at 30th September, 2007.

### **B. Operational Results:**

#### ***Revenue:***

During the year, the Company achieved sales Rs.196.31 Lakhs compared to Rs. 1098.66 Lakhs in the previous year ended 30th September, 2007.

#### ***Expenditure:***

During the year, the Company incurred expenses amounting to Rs. 882.97Lakhs as compared to Rs. 1311.76 Lakhs in the previous year.

#### ***Financial Charges:***

The Company has incurred a sum of Rs.67.39 Lakhs towards Financial Charges for the year as against Rs. 66.92 Lakhs in the previous year.

#### ***Depreciations:***

The Company has provided a net sum of Rs.164.79 Lakhs towards depreciation for the year as against Rs. 164.76 Lakhs in the previous year .

### **ENVIRONMENT AND SAFETY**

The company maintains and effects continual improvement in environmental standards and complies with the safety requirements. The company cares for the safety of its employees and safety training is imparted to the employees in the factory. Personal protective equipment is provided to the employees in conformity with statutory requirement.

### **HUMAN RESOURCES**

The company believes that the quality of its employees is the key to its success in the long run and is committed to provide necessary human resource development and training opportunity to equip them with skills, which would enable them to adapt contemporary technological advances. The employee strength is 33, of which executives and staff accounts for 12 and the rest are workmen.

### **CAUTIONARY STATEMENT**

Statement in this "Management Discussion & Analysis" may be considered to be "forward looking statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, increased installed capacity, finished goods prices, raw materials availability and prices, cyclical demand and pricing in the Company's markets, changes in Government regulations, tax regimes, besides other factors, such as litigations and labor negotiations.



## **G.R. CABLES LIMITED**

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### **AUDITORS REPORT**

To

The Members of

G R Cables Limited

1. We have audited the attached Balance Sheet of G.R. Cables Limited as at 30th September 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and amendment thereto by the Companies (Auditor's Report) (Amendment) Order 2004 (hereinafter referred to as "Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
  - iv. **Subject to Point No. (1) (E) of Notes of Accounts in Schedule 22 to Financial Statements**, in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - v. On the basis of written representations received from Directors as on 30th September, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September 2008 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956;
  - vi. **Subject to Note Nos. 1 (A) and 18 of Schedule 22 of Financial Statements**, in our opinion and to the best of our information and according to the explanations

## **G.R. CABLES LIMITED**

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given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2008;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for **M V NARAYANA REDDY & Co.,**  
Chartered Accountants

**Y Subba Rami Reddy**  
Partner  
M No. 218248

Place : Hyderabad

Date : 04.12.2008

### **ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDIT REPORT OF EVEN DATE**

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.  
(c) The company has not disposed off substantial part of fixed assets during the year so as to affect the going concern status of the company.
2. (a) The physical verification of inventory has been conducted at reasonable intervals by the management during the year.  
(b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) In our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The company has not granted loans to parties covered in the Register maintained under Section 301 of the Companies Act, 1956 and hence clause 4 (iii) (a) to clause 4 (iii) (d) of the Order are not applicable.  
(e) The company has not taken loans from parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii) (f) and 4 (iii) (g) of the Order are not applicable

## **G.R. CABLES LIMITED**

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4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods; there is no sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in to the register maintained under section 301 of the Companies Act, 1956 are entered.  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs with such party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public to which the provisions of Sections 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under would apply.
7. In our opinion, the company has an internal audit system and needs to be further strengthened.
8. According to the information and explanations given to us, the cost records required to be maintained under section 209 (1) (d) of the Companies Act, 1956 are under compilation.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it except provident fund and employees' state insurance.  
(b) According to the information and explanations given to us, there is an amount of Rs. 29169/- with respect to Employees' State Insurance and Rs. 512712/- with respect to Provident Fund as at 30th September 2008, for a period of more than six months from the date they became payable.  
(c) According to the information and explanations given to us, there are no dues in respect of sales tax, income tax, customs duty, wealth tax, service tax, excise duty, and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The company does not have accumulated losses exceeding fifty percent of its net worth at the end of the financial year and has incurred cash losses of Rs. 497.11 lacs

## **G.R. CABLES LIMITED**

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in the financial year after considering Rs. 4129588/- pertaining to the qualification made in para 4 (vi) of our report of even date and incurred cash of loss Rs. 151.73 lacs in the financial year immediately preceeding such financial year.

11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank and has not issued any debentures.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable.
13. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable.
16. The company has not raised any Term Loans during the year. Accordingly, clause 4 (xvi) of the Order is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the no funds raised on short-term basis have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act. Accordingly, the question of reporting on whether the price at which such shares have been issued is prejudicial to the interest of the Company does not arise.
19. The company has not issued any debentures. Accordingly, the question of creating a security or charge for debentures does not arise.
20. The company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the Order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for **M V NARAYANA REDDY & Co.,**  
Chartered Accountants

**Y Subba Rami Reddy**  
Partner  
M No. 218248

Place : Hyderabad  
Date : 04.12.2008

**G.R. CABLES LIMITED****BALANCE SHEET AS AT 30th SEPTEMBER, 2008**

PARTICULARS	Schedule Number	As at 30.09.2008 Rs.	As at 30.09.2007 Rs.
<b>I. SOURCES OF FUNDS:</b>			
<b>1 SHARE HOLDERS FUNDS</b>			
(a) Share Capital	01	28,89,48,610	28,89,48,610
(b) Reserves & Surplus	02	3,69,52,799	3,69,52,799
		<u>32,59,01,409</u>	<u>32,59,01,409</u>
<b>2 LOAN FUNDS</b>			
(a) Secured Loans	03	3,71,40,599	3,90,33,803
(b) Unsecured Loans	04	8,02,84,456	7,54,43,025
		<u>11,74,25,055</u>	<u>11,44,76,828</u>
<b>TOTAL</b>		<u>44,33,26,464</u>	<u>44,03,78,237</u>
<b>II. APPLICATION OF FUNDS:</b>			
<b>1. FIXED ASSETS:</b>			
(a) Gross Block	05	36,23,89,190	36,19,98,554
(b) Less: Depreciation		23,28,15,902	21,63,36,812
(c) Net Block		12,95,73,288	14,56,61,742
(d) Capital Work-In-Progress	06	11,34,483	11,34,483
		<u>13,07,07,771</u>	<u>14,67,96,225</u>
<b>2. INVESTMENTS</b>	07	-	5,02,62,789
<b>3. CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories	08	9,93,28,589	10,63,56,917
(b) Sundry Debtors	09	6,46,60,504	7,55,03,038
(c) Cash and Bank Balances	10	1,13,88,023	1,06,15,512
(d) Loans and Advances	11	4,88,99,908	4,36,04,191
		<u>22,42,77,024</u>	<u>23,60,79,658</u>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
(a) Liabilities	12	2,16,98,625	3,47,52,696
(b) Provisions		19,280	1,20,788
<b>NET CURRENT ASSETS</b>		<u>20,25,59,119</u>	<u>20,12,06,174</u>
<b>DEFERRED TAX ASSET (Net)</b>		<u>1,34,38,374</u>	<u>42,24,338</u>
4. (a) MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		-	23,73,562
(b) Deferred Revenue Expenditure		9,66,21,200	3,55,15,148
(c) Profit & Loss Account			
<b>TOTAL</b>		<u>44,33,26,464</u>	<u>44,03,78,237</u>
<b>NOTES TO ACCOUNTS</b>	22		

As per our report of even date attached  
for **M.V. NARAYANA REDDY & CO**  
Chartered Accountants

**Y Subba Rami Reddy**  
Partner  
M.No.218248

**G.R. Reddy**  
Chairman & Managing Director

**G.V.B.R. Reddy**  
Executive Director

Place: Hyderabad  
Date : 04.12.2008

**G.R. CABLES LIMITED****PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30th SEPTEMBER, 2008**

PARTICULARS	Schedule Number	For the year ended 30.09.2008 Rs.	For the period ended 30.09.2007 Rs.
<b>INCOME:</b>			
Sales		1,96,30,983	10,98,65,577
Less: Excise Duty		26,09,024	1,50,35,910
Net Sales		1,70,21,959	9,48,29,667
Other Income	13	25,34,196	2,14,17,730
Increase/(Decrease) in Stocks	14	(15,59,650)	(34,36,775)
		<u>1,79,96,505</u>	<u>11,28,10,622</u>
<b>EXPENDITURE</b>			
Materials Consumed	15	1,33,24,125	8,35,10,821
Power & Fuel	16	20,61,135	38,36,642
Employee Cost	17	26,11,452	76,54,821
Repairs and Maintenance	18	1,14,809	6,95,697
Admn. & Selling Expenses	19	62,38,253	57,56,481
Sales Tax		7,30,240	41,79,690
Financial Charges	20	67,38,847	66,91,747
Depreciation		1,64,79,090	1,64,76,452
DRE Written off		23,73,562	23,73,562
Loss on Investmnet in Subsidiary Company		3,76,25,800	-
		<u>8,82,97,313</u>	<u>13,11,75,913</u>
Profit / (Loss) for the Year		(7,03,00,808)	(1,83,65,291)
Prior Period Adjustments (Net)	21	-	48,000
Profit / (Loss) before Taxation		(7,03,00,808)	(1,84,13,291)
Less: Fringe Benefit Tax		19,280	38,703
Deferred Tax Liability/ (Asset)		-92,14,036	1,27,28,100
Profit / (Loss) after tax		(6,11,06,052)	(3,11,80,094)
Loss brought forward from previous years		3,55,15,148	43,35,054
Loss carried to Balance Sheet		<u>9,66,21,200</u>	<u>3,55,15,148</u>
Basic & Diluted Earning per Share (Rs.)		-2.11	-1.08
Notes to Accounts	22		

As per our report of even date attached  
for **M.V. NARAYANA REDDY & CO**  
Chartered Accountants

For and on behalf of the Board

**Y Subba Rami Reddy**

Partner  
M.No.218248

**G.R. Reddy**  
Chairman & Managing Director

**G.V.B.R. Reddy**  
Executive Director

Place: Hyderabad  
Date: 04.12.2008

# G.R. CABLES LIMITED

## SCHEDULES TO BALANCE SHEET

	As at 30.09.2008 Rs.	As at 30.09.2007 Rs.
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL:</b>		
<b>AUTHORISED</b>		
3,40,00,000 Equity Shares of Rs.10/- each	<u>34,00,00,000</u>	<u>34,00,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
2,88,94,861 (previous year 2,88,94,861) Equity Shares of Rs.10/- each fully paid up	<u>28,89,48,610</u>	<u>28,89,48,610</u>
SHARE WARRANTS APPLICATION MONEY	-	44,71,500
	<u>28,89,48,610</u>	<u>29,34,20,110</u>

### **SCHEDULE - 2** **RESERVES AND SURPLUS**

Share premium	<u>2,56,95,722</u>	2,56,95,722
State Subsidy	<u>15,00,000</u>	15,00,000
Capital Reserve	<u>97,57,077</u>	97,57,077
	<u>3,69,52,799</u>	<u>3,69,52,799</u>

### **SCHEDULE - 3** **SECURED LOANS**

Working Capital Loans from Banks	<u>3,68,65,683</u>	3,88,57,293
Vehicle Loan from HDFC	<u>2,74,916</u>	1,76,510
	<u>3,71,40,599</u>	<u>3,90,33,803</u>

(The Working Capital loans from Banks are secured by a Pari Passu First Charge on all immovable properties of the company, both present and future and Hypothecation of Finished Stocks, Raw materials, Stores & Spares and Book Debts and also guaranteed by Two Directors and Other guarantors in their personal capacity)

### **SCHEDULE - 4** **UNSECURED LOANS**

Deferred Sales Tax	<u>80284456</u>	7,54,43,025
	<u>80284456</u>	<u>7,54,43,025</u>

**SCHEDULE - 5  
FIXED ASSETS**

Amount : in Rupees

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 30.09.2007	Additions	Deductions	As on 30.09.2008	Up to 30.09.2007	For the year	Up to 30.09.2008	As on 30.09.2008	As on 30.09.2007
LAND	22,38,760	-	-	22,38,760	-	-	-	22,38,760	22,38,760
BUILDINGS	3,33,19,722	-	-	3,33,19,722	97,47,717	8,42,830	1,05,90,547	2,27,29,175	2,35,72,005
PLANT & MACHINERY	31,80,75,521	-	-	31,80,75,521	20,00,79,295	1,51,08,587	21,51,87,882	10,28,87,639	11,79,96,226
FURNITURE & FIXTURES	9,05,145	-	-	9,05,145	6,88,704	5,72,96	7,46,000	1,59,145	2,16,441
OTHER EQUIPMENTS	54,03,574	-	-	54,03,574	47,92,132	2,56,670	50,48,802	3,54,772	6,11,442
VEHICLES	20,55,831	3,90,636	-	24,46,467	10,28,964	2,13,707	12,42,671	12,03,796	10,26,867
<b>TOTAL</b>	<b>36,19,98,553</b>	<b>3,90,636</b>	<b>-</b>	<b>36,23,89,190</b>	<b>21,63,36,812</b>	<b>1,64,79,090</b>	<b>23,28,15,902</b>	<b>12,95,73,287</b>	<b>14,56,61,741</b>
PREVIOUS YEAR	35,67,43,631	53,02,555	47,633	36,19,98,554	19,98,60,360	1,64,76,452	21,63,36,812	14,56,61,741	15,68,83,271



## **G.R. CABLES LIMITED**

	As at 30.09.2008 Rs.	As at 30.09.2007 Rs.
<b>SCHEDULE - 6</b>		
<b>CAPITAL WORK-IN-PROGRESS</b>		
Plant & Machinery	8,56,892	8,56,892
Others	2,77,591	2,77,591
	<u>11,34,483</u>	<u>11,34,483</u>
<b>SCHEDULE - 7</b>		
<b>INVESTMENTS</b>		
Long Term Investments in Subsidiaries: In Shares (unquoted):		
Gold Island Cables Private Limited, Colombo	-	5,02,62,789
	<u>-</u>	<u>5,02,62,789</u>
<b>SCHEDULE - 8</b>		
<b>INVENTORIES</b>		
(As certified by the Management)		
Raw Materials	1,90,35,772	2,54,37,050
Semi Finished Goods	4,40,14,957	4,66,93,015
Finished Goods	3,40,88,860	3,29,70,452
Scrap	21,89,000	12,56,400
	<u>9,93,28,589</u>	<u>10,63,56,917</u>
<b>SCHEDULE - 9</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured Considered good)		
Due Over Six Months	6,18,79,016	4,40,93,509
Other Debts	27,81,488	3,14,09,529
	<u>6,46,60,504</u>	<u>7,55,03,038</u>
<b>SCHEDULE - 10</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	1,33,513	77,308
Balance with Scheduled Banks:		
- In Current Accounts / Margin Accounts	1,12,54,510	1,05,38,204
	<u>1,13,88,023</u>	<u>1,06,15,512</u>

# G.R. CABLES LIMITED

	As at 30.09.2008 Rs.	As at 30.09.2007 Rs.
<b>SCHEDULE - 11</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured Considered good and recoverable in cash or kind or for value to be received)		
Advances	4,36,10,811	3,94,22,844
Deposits	52,89,097	41,81,347
	<u>4,88,99,908</u>	<u>4,36,04,191</u>
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors for		
Raw Materials :		
- Due to Micro, Small and Medium Enterprises	-	-
- Due to Others	77,15,534	36,64,491
Expenses	1,04,64,172	1,49,92,170
Capital Goods	32,24,858	1,58,01,969
Advances from Customers	2,94,059	2,94,066
	<u>2,16,98,625</u>	<u>3,47,52,696</u>
<b>B. PROVISIONS</b>		
Provision for Taxation	19,280	1,20,788
	<u>19,280</u>	<u>1,20,788</u>

**G.R. CABLES LIMITED****SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	For the year ended 30.09.2008 Rs.	For the period ended 30.09.2007 Rs.
<b>SCHEDULE - 13</b>		
<b>OTHER INCOME</b>		
Interest Earned	25,34,196	26,28,572
NPV Benefit on Sales tax deferment	-	1,55,71,376
Sundries	-	25,13,643
Profit on sale of land	-	7,04,139
	<u>25,34,196</u>	<u>2,14,17,730</u>
<b>SCHEDULE - 14</b>		
<b>STOCK INCREASE/(DECREASE)</b>		
<b>A. WORK-IN-PROGRESS:</b>		
Closing Stock	4,40,14,957	4,66,93,015
Less: Opening Stock	<u>4,66,93,015</u>	<u>4,94,36,163</u>
	(26,78,058)	(27,43,148)
<b>B. FINISHED GOODS</b>		
Closing Stock	3,40,88,860	3,29,70,452
Less: Opening Stock	<u>3,29,70,452</u>	<u>3,36,64,079</u>
	11,18,408	(6,93,627)
(A+B)	<u>(15,59,650)</u>	<u>(34,36,775)</u>
<b>SCHEDULE - 16</b>		
<b>MATERIALS CONSUMED</b>		
Opening Stock:		
Raw materials and Packing materials	2,54,37,050	2,52,02,179
Scrap	<u>12,56,400</u>	<u>15,17,142</u>
	2,66,93,450	2,67,19,321
Add: Purchases of Raw materials and Packing materials		
	<u>78,55,447</u>	<u>8,34,84,950</u>
	3,45,48,897	11,02,04,271
Less: Closing Stock		
Raw materials and Packing materials	1,90,35,772	2,54,37,050
Scrap and Stores & Spares	<u>21,89,000</u>	<u>12,56,400</u>
Consumption	<u>1,33,24,125</u>	<u>8,35,10,821</u>
<b>SCHEDULE - 16</b>		
<b>POWER AND FUEL</b>		
Electricity Charges	20,45,388	36,59,373
Diesel	<u>15,747</u>	<u>1,77,269</u>
	<u>20,61,135</u>	<u>38,36,642</u>
<b>SCHEDULE - 17</b>		
<b>EMPLOYEE COST</b>		
Salaries and Wages	20,01,714	54,79,562
Employee's Retirement Benefit	3,30,279	2,24,486
Provident Fund	1,89,968	5,21,156
E.S.I.	15,091	35,494
Welfare Expenses	32,400	1,39,193
Managerial Remuneration	-	10,80,000
Bonus	<u>42,000</u>	<u>1,74,930</u>
	<u>26,11,452</u>	<u>76,54,821</u>

# G.R. CABLES LIMITED

	For the year ended 30.09.2008 Rs.	For the period ended 30.09.2007 Rs.
<b>SCHEDULE - 18</b>		
<b>REPAIRS AND MAINTENANCE</b>		
Buildings		-
Plant & Machinery	28,674	5,55,370
Others	86,135	1,40,327
	<u>1,14,809</u>	<u>6,95,697</u>
<b>SCHEDULE - 19</b>		
<b>ADMINISTRATION &amp; SELLING EXPENSES</b>		
Rent	-	2,07,000
Security Service Charges	5,86,397	2,98,665
Printing & Stationery	96,451	96,221
Postage and Telephones	1,39,472	2,05,221
Share Transfer & Depository Expenses	25,000	30,000
Insurance	2,84,805	5,54,786
Advertisement	3,958	17,385
Travelling and Conveyance	76,953	2,13,870
Licenses, Registration & fees	-	46,123
Legal, Professional fees and charges	2,71,503	2,55,810
Remuneration to Auditors	1,01,124	1,01,124
Directors sitting fees	23,000	28,000
Meeting Expenses	45,598	1,28,207
Sales Expenses	25,634	3,86,728
NPV Benefit on Sales tax deferment	41,29,588	-
General Expenses	2,61,547	4,07,222
Transportation charges on sales	1,67,223	27,80,119
	<u>62,38,253</u>	<u>57,56,481</u>
<b>SCHEDULE - 20</b>		
<b>FINANCIAL CHARGES</b>		
Interest On Working Capital Loans	64,03,041	56,45,042
Bank Charges	3,35,806	10,46,705
	<u>67,38,847</u>	<u>66,91,747</u>
<b>SCHEDULE - 21</b>		
<b>PRIOR PERIOD ADJUSTMENTS:</b>		
<b>PRIOR PERIOD EXPENSES:</b>		
Rent; Rates, Taxes and Others	-	48,000
		<u>48,000</u>

# **G.R. CABLES LIMITED**

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## **SCHEDULE - 22**

### **NOTES TO ACCOUNTS**

#### **1) SIGNIFICANT ACCOUNTING POLICIES:**

##### **A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

The Company follows the Mercantile System of accounting and recognizes income and expenditure on accrual basis (except deferred sales tax loan, which have been accounted on Net Present Value basis) and as going concern. The Accounts are prepared on historical cost basis and as a going concern. Accounting policies not referred to otherwise are consistent with Generally Accepted Accounting Principles.

##### **B. FIXED ASSETS:**

Fixed assets are shown at cost less depreciation. Cost comprises of purchase price and attributable other expenses less Excise Duty.

##### **C. DEPRECIATION ON FIXED ASSETS:**

Depreciation on Fixed Assets is provided on the straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956.

##### **D. INVENTORIES:**

Inventories are valued as under:

- |                       |  |
|-----------------------|--|
| i. Raw Materials      | At Weighted Average Cost   |
| ii. Stores and Spares | At Cost  |
| iii. Work-in-progress | At Cost  |
| iv. Finished Goods    | At Cost or Market Price whichever is lower plus estimated liability of Excise Duty |
| v. Scrap              | At net realizable value  |

##### **E. TREATMENT OF RETIREMENT BENEFITS:**

Gratuity liability and Leave Encashment benefits are determined by the company on accrual basis according to the eligibility of the employees.

##### **F. FOREIGN CURRENCY TRANSACTIONS:**

1. Investments in shares of foreign subsidiary are expressed in Indian Currency at the rates of exchange prevailing at the time when the original investments are made.
2. Foreign Currency Transactions are accounted at the exchange rates prevailing at the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

##### **G. TAXES ON INCOME:**

Provision for Deferred Tax on Timing Difference is made as per Accounting Standard – 22 (AS-22) issued by ICAI and provision is made for Current Tax and Fringe Benefit Tax as per the provisions of the Income Tax Act.

## G.R. CABLES LIMITED

### H. INVESTMENTS:

Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

### I. DEFERRED REVENUE EXPENDITURE:

Deferred Revenue Expenditure incurred for development of new products is amortized over a period of Five Years.

### 2) CONTINGENT LIABILITIES:

	As at 30.09.2008 Rs.	As at 30.09.2007 Rs.
In respect of		
i) Guarantees issued	1,07,70,308	31,40,400
ii) Letters of Credit	-	1,77,48,106
iii) Demand from customers consequent to reduction in Customs Duty	23,23,407	23,23,407.
3) Sales are being shown in composite price, which includes Excise Duty, Sales Tax, Insurance and Transportation charges.		
4) Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II, Schedule VI, of Companies Act, 1956.		

#### (a) Capacity and Production:

Particulars	Unit	Installed Capacity		Production	
		2007-08	2006-07	2007-08	2006-07
Jelly Filled Telecom Cables	LCKM	15	15	0.16	0.741
Power Cables	-	-	-	-	-

Note: 1. In view of different range of power and conductor cables of different sizes, quantitative information could not be furnished in respect of power cables:

2. The Installed Capacities are as certified by the Management and not verified by the Auditors, being a technical matter.

#### (b) Turnover:

Particulars	Unit	Quantity		Value (Rs. In lakhs)	
		2007-08	2006-07	2007-08	2006-07
Jelly Filled Telecom Cables	LCKM	0.15	0.741	156	930
Power Cables	-	-	-	40	168

## G.R. CABLES LIMITED

(c) Opening and Closing Stock of Finished Goods:

Particulars	Opening Stock				Closing Stock			
	Quantity		Value Rs. Lacs		Quantity		Value Rs. Lacs	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Jelly Filled Telecom Cables (LCKM)	0.28	0.194	329.7	336.64	0.29	0.28	340.89	329.70

(d) Raw materials consumed

Particulars	Unit	Quantity		Value (Rs.in Lakhs)	
		2007-08	2006-07	2007-08	2006-07
1. Copper	MT	5.992	138.008	23.97	318.43
2. Insulated Material	MT	11.525	188.769	9.22	115.65
3. G.S.Tape	MT	-	9.666	-	10.84
4. Aluminium Polyal	MT	4.086	61.342	10.22	107.66
5. Others (@)	-	-	-	89.84	282.53
Total				133.24	835.11

(@) In view of considerable number of miscellaneous items of diverse size and nature, quantitative information of these items is not furnished.

(e) Consumption of Raw materials, Stores & Spares:

Particulars	2007-08		2006-07	
	Value in Lakhs	Percentage	Value in Lakhs	Percentage
Raw materials				
(a) Imported	-	-	-	-
(b) Indigenous	133.24	100	835.11	100

30.09.2008 30.06.2007

Rs. lacs. Rs. lacs

- 5) A. Value of Imports on C.I.F basis  
Raw Materials - 50.96
- B. Expenditure in Foreign Currency Travelling 0.23 -
- C. Earnings in Foreign Currency - -

## G.R. CABLES LIMITED

	2007-08 Rs.	2006-07 Rs.
6) Managerial Remuneration under		
Section 198 of the Companies Act, 1956		
Salary (Managing Director & Executive Director)	-	10,80,000
Contribution to Provident Fund	4,680	9,360
7) Payment to Auditors:		
Audit Fees	50,000	50,000
Tax Audit	40,000	40,000
Service Tax	11,124	11,124

8. Sundry Debtors include disputed debts of Rs. 23,23,407/- (previous year's Rs. 23,23,407/-) pending before Courts. Necessary provision will be made in the accounts when these cases are legally settled.

9. Advances (Schedule No.11) includes long pending advances towards capital expenditure amounting to Rs. 18,02,986/- (previous year's Rs. 18,02,986/-). Out of these certain items are subject matter of disputes. Necessary adjustment/provision in the accounts for advances of doubtful nature will be made on settlement of these disputes.

10. Confirmation of balances has not been received in respect of Sundry Creditors, Sundry Debtors, Loans and Advances margin money. These accounts are subject to reconciliation and adjustments, if any.

11. The Company has requested for information from the Creditors as regards their status under The Micro, Small and Medium Enterprises Development Act, 2006 but is yet to receive the same. However there are no specific claims on the company under Interest on Delayed Payments to Micro, Small and Medium Enterprises.

12. Related Party Disclosure:

In accordance with Accounting Standard 18 issued by the ICAI, the disclosures required are given below:

Particulars	30.09.2008 Rs.	30.06.2007 Rs.
Purchase of Raw Materials	-	66,994
Purchase of Machinery	-	50,49,850
Managerial Remuneration	4680	10,89,360

Wholly Owned Subsidiary - Gold Island Cables Private Limited, Colombo (Sri Lanka)

Key personnel - Sri G.V.B.R. Reddy



## G.R. CABLES LIMITED

### 13. Deferred Tax

- A. The Deferred Tax Asset of Rs. 92,14,036/- (Previous Year Deferred Tax Liability of Rs.1,27,28,100/- has been recognized in the Profit & Loss Account).
- B. Break up of Deferred Tax Asset (Net) Showing in the Balance Sheet are as flows.

	2007-08		2006-07	
Deferred Tax Liability	Rs.	Rs.	Rs.	Rs.
Depreciation on Fixed Assets	3,20,64,873		3,51,68,927	
Deferred Revenue Expenditure	-	3,20,64,873	8,06,774	3,59,75,701
<b>Deferred Tax Asset</b>				
Unabsorbed Losses	4,50,30,372		3,77,39,090	
Retirement Benefits	-		5,10,641	
Disallowance u/s. 40(a)(ia)	4,72,875	4,55,03,247	19,50,307	4,02,00,038
<b>Deferred Tax Asset (Net)</b>		<b>1,34,38,374</b>		<b>42,24,338</b>

Board of Directors is of the opinion that the company will achieve considerable progress and consequential profitability in the years to come and accordingly the deferred tax asset was recognized on Unabsorbed Losses

14. The subsidiary company, M/s. Gold Island Cables Private Limited, Colombo, Sri Lanka, is woundup with effect from 30th October 2007, vide Board of Investments of Sri Lanka letter dated 30th October 2007 bearing No. EC / 11 / AG / 2595. Hence, no Consolidated Balance Sheet is prepared. Also, the consequent loss of Rs. 37625800/- on the Investments is recognised in the Profit and Loss Account.
15. All products are wires and cables. Hence no segment wise results are reported.
16. Impairment of Assets (AS - 28 Issued by ICAI)

As required by Accounting Standard (AS - 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

### 17. Basic and diluted EPS

Particulars	Year Ended 30.09.2008	Period Ended 30.06.2007
Profit /Loss after tax Rs.	-6,11,06,052	-3,11,80,094
Number of Equity Shares	2,88,94,861	2,88,94,861
Nominal value per share	Rs. 10/-	Rs. 10/-
Basic /Diluted EPS Rs.	-2.11	-1.08

18. The company determines liability on Sales Tax Deferment on a Net Present value basis and accordingly provision is made. The provision of Rs. 41,29,588/- is shown under Administrative Expenses (Previous Year being Income shown under Other income Rs. 1,55,71,376/-).

## **G.R. CABLES LIMITED**

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Provision is calculated at the end of each year for the incremental liability. Had the above item not been considered, the loss for the year would have been lower by Rs.4129588/-. Also, the accumulated losses would have been lower by the said amount.

- 19 Previous year's figures have been regrouped wherever necessary to conform to current year's classification.
- 20 Paise rounded off to nearest Rupee.
- 21 Schedules 1 to 22 form an integral part of the Balance Sheet and Profit and Loss Account.
- 

As per our report of even date attached  
for **M.V. NARAYANA REDDY & CO**  
Chartered Accountants

For and on behalf of the Board

**Y Subba Rami Reddy**  
Partner  
M.No.218248

**G.R. Reddy**  
Chairman & Managing Director

**G.V.B.R. Reddy**  
Executive Director

Place: Hyderabad  
Date : 04.12.2008

**G.R. CABLES LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2008**

(Figures in Rupees)

PARTICULARS	For the year ended 30.09.08	For the period ended 30.09.07
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/ (Loss) for the period as per P & L A/c	(7,03,00,808)	(1,83,65,291)
<b>ADJUSTMENTS FOR</b>		
Depreciation	1,64,79,090	1,64,76,452
Loss on Investment in Subsidiary Company	3,76,25,800	-
Miscellaneous Expenditure written off	23,73,562	23,73,562
Interest received	(25,34,196)	(26,28,572)
NPV Benefit on Sales Tax Deferment	41,29,588	(1,55,71,376)
Operating Profit Before Working Capital Changes	(1,22,26,964)	(1,77,15,225)
<b>ADJUSTMENTS FOR</b>		
Increase/(Decrease) in Working Capital from Banks	-19,91,610	5,50,272
(Increase)/Decrease in Trade and Other Receivables	48,30,511	4,09,75,115
(Increase)/Decrease in Inventories	70,28,328	34,62,646
Increase/(Decrease) in Liabilities & Provisions	-4,17,082	-2,74,63,786
<b>CASH GENERATED FROM OPERATIONS</b>	<b>94,50,147</b>	<b>1,75,24,247</b>
Interest Paid	-	-
Income Taxes Paid	-1,20,787	-
Net Prior Period Adjustments	-	(48,000)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(28,97,604)</b>	<b>(2,38,978)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,90,636)	(53,02,555)
Sale of Fixed Assets	-	47,633
Capital Work - in - Progress	-	-
Investments	-	-
Interest Received	25,34,196	26,28,572
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>21,43,560</b>	<b>(26,26,350)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Long Term borrowings	98,406	1,76,510
Funded and Arrears of Interest paid	-	-
Sales Tax Deferred	7,11,843	24,52,494
Increase in Capital	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>8,10,249</b>	<b>26,29,004</b>
<b>NET INCREASE/(-) DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>56,205</b>	<b>(2,36,324)</b>
Opening Cash and Cash Equivalents	77,308	3,13,632
Closing Cash and Cash Equivalents	1,33,513	77,308

As per our report of even date attached  
for **M.V. NARAYANA REDDY & CO**  
Chartered Accountants

For and on behalf of the Board

**Y Subba Rami Reddy**  
Partner  
M.No.218248

**G.R. Reddy**  
Chairman & Managing Director

**G.V.B.R. Reddy**  
Executive Director

Place: Hyderabad  
Date : 04.12.2008

# G.R. CABLES LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE 2007-2008

### I REGISTRATION DETAILS

Registration No. 

1	3	7	7	2
---	---	---	---	---

State Code 

0	1
---	---

Balance Sheet Date 

3	0	0	9	2	0	0	8
---	---	---	---	---	---	---	---

  
Date      Month      Year

### II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Rights Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Bonus Issue

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Private Placements

			N	I	L				
--	--	--	---	---	---	--	--	--	--

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities

			4	4	3	3	2	6	
--	--	--	---	---	---	---	---	---	--

Total Assets

			4	4	3	3	2	6	
--	--	--	---	---	---	---	---	---	--

#### SOURCES OF FUNDS

Paid up Capital

			2	8	8	9	4	9	
--	--	--	---	---	---	---	---	---	--

Reserves and Surplus

			3	6	9	5	3		
--	--	--	---	---	---	---	---	--	--

Secured Loans

			3	7	1	4	1		
--	--	--	---	---	---	---	---	--	--

Unsecured Loans

			8	0	2	8	4		
--	--	--	---	---	---	---	---	--	--

#### APPLICATION OF FUNDS

Net Fixed Assets

			1	3	0	7	0	8	
--	--	--	---	---	---	---	---	---	--

Investments

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Net Current Assets

			2	0	2	5	5	9	
--	--	--	---	---	---	---	---	---	--

Misc. Expenditure

			N	I	L				
--	--	--	---	---	---	--	--	--	--

Accumulated Losses

			9	6	6	2	1		
--	--	--	---	---	---	---	---	--	--

Deferred Tax Asset

			1	3	4	3	8		
--	--	--	---	---	---	---	---	--	--

# G.R. CABLES LIMITED

## IV PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover

1 9 6 3 1

Total Expenditure

8 8 2 9 7

Profit before Tax

- 7 0 3 0 1

Profit after tax

- 6 1 1 0 6

Earnings per share (in Rs.)

- 2 . 1 1

Dividend %

N I L

## V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No.

(ITC Code) 8 5 4 4 . 9 0

Product

J E L L Y F I L L E D

Description

T E L E C O M M U N I C A T I O N

C A B L E S

For and on behalf of the Board

Place: Hyderabad  
Date : 04.12.2008

**G.R. Reddy**  
Chairman & Managing Director

**G.V.B.R. Reddy**  
Executive Director

**G.R. CABLES LIMITED**

**G.R. Cables Limited**

Registered Office: 36, Santosh Nagar, Mehdipatnam, Hyderabad - 500 028

**ATTENDANCE SLIP**

**SEVENTEENTH ANNUAL GENERAL MEETING**

Day: Wednesday, 31st December, 2008 at 11.00 A.M.

Regd. Folio No. :	No. of Shares :
Client ID* :	DP ID No. :
Name of the Member / Proxy .....	
Attendance by <input type="checkbox"/> Member <input type="checkbox"/> Proxy <input type="checkbox"/> Authorised Representative	
(Please tick the appropriate box)	

I state that I am a member / proxy for the member of the Company. I hereby record my presence at the 17th Annual General Meeting at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad - 500 004.

Signature of Attending Member / Proxy

\* Applicable for investors holding shares in Electronic Form.

Note: Please complete and sign this Attendance Slip and hand it over at the entrance of the hall.

**G.R. Cables Limited**

Registered Office: 36, Santosh Nagar, Mehdipatnam, Hyderabad - 500 028

**PROXY FORM**

Regd. Folio No. :	No. of Shares :
Client ID* :	DP ID No. * :

I / We ..... of  
..... being the member / member(s) of G.R. Cables Limited hereby appoint  
..... of  
..... or failing him  
..... of ..... as  
my / our Proxy to attend and vote for me / us and on my / our behalf 17th Annual General Meeting of the Company to be held at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad - 500 004 on Wednesday, 31st December, 2008 at 11.00 A.M. and at any adjournment thereof.

Affix  
Revenue  
Stamp  
Re.1/-

Signed this ..... day of ..... 2008.

\* Applicable for investors holding shares in Electronic Form.

(Signature of the Member across the stamp)

**NO GIFTS WILL BE GIVEN**

**Printed Matter  
Book - Post**

*If undelivered, please return to:*

**G.R. CABLES LIMITED**

Registered Office: 36, Santosh Nagar,  
Mehdipatnam,  
Hyderabad - 500 028