
18th *Annual Report 2008-09*



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

- G.R. CABLES LIMITED

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. Srinivas P & Associates
Chartered Accountants
Flat No.301, Madhava Apartments
Hill colony, Khairtabad
Hyderabad - 500 004.

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

NOTICE

Notice is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING OF G.R.CABLES LIMITED will be held at 3.00. P.M. on Thursday, the 31st December, 2009 at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad - 500 004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 30th September 2009 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.V. B. R .Reddy, who retires by rotation being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Sri P.Ramesh Babu, who retires by rotation being eligible offers himself for re-appointment.
4. To appoint M/s. Srinivas P & 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 and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS

5. APPOINTMENT OF SRI G.V.B.R REDDY AS A WHOLE TIME DIRECTOR

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

"RESOLVED THAT pursuant to the provisions of section 198,269,309,310,314 and all other applicable provisions, if any, of the Companies Act,1956 and subject to the limits specified in Schedule XIII of the said Act and subject to the approval of the financial institution , consent be and is hereby accorded to the re-appointment of Sri G V B R Reddy as a whole time director designated as executive director for a period of five years with effect from 21.07.2009 on the following terms and conditions.

1. Salary Rs 40,000/- per month
2. Perquisites:
 - i) fully furnished accommodation, including Gas, Electricity, and water valued as per Income Tax Rules,1962,
 - ii) Reimbursement of the medical expenses of the appointee and his family, the total cost of which to the Company shall not exceed one month salary in a year or five months salary over a period of five years

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- iii) Leave Travel Concession for the appointee and his family once in a year in accordance with rules of the Company
- iv) Fees of clubs subject to a maximum of two clubs, but the Company shall not pay admission or life membership fee
- v) Personal accident insurance premium not exceeding Rs.4000/- per annum
- vi) Contribution to the PF Superannuation fund or Annuity fund to the extent not taxable under the income tax act
- vii) Free use of Company car and driver for Company's business and private use of car by him shall be billed by the Company
- viii) Free use of telephone at residence for Company's business. He shall be entitled to make personal short distance calls however. Long distance calls on personal account will be paid by him

"RESOLVED further that wherein any financial year the Company has no profits or its profits are inadequate the Company may pay to Sri G V B REDDY, Whole time director designated as executive director re-imbusement by way of salary, perquisites, and allowances not exceeding the ceiling limits specified under part-II Para (2) of sch.XIII of the Companies Act, 1956 including statutory modifications thereof for time being in force."

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

G.V.B.R.Reddy
Executive Director

Place : Hyderabad

Date : 04.12.2009

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 holding the meeting.**
2. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act,1956 is annexed hereto
3. The Register of Members will be closed from 28.12.2009 to 31.12.2009 (both days inclusive).
4. Members are requested to bring the copies of Annual Reports while attending the Annual General Meeting.

G.R. CABLES LIMITED

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956

Item No.4

It is proposed to re-appoint Mr. G V B R REDDY as a whole time director of the Company for a period of five years with effect from 21.07.2009 as his term was expired on 20.07.2009.

Approval of members is being sought for the re-appointment and payment of remuneration of Sri G V B R REDDY as whole time director on the terms spelt out in the resolution.

Except Sri G R Reddy, Chairman and Managing director and Sri G V B R Reddy, none of the other directors are interested or concerned in this resolution.

This may also be treated as a Memorandum under section 302 of the Companies Act, 1956.

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

Place : Hyderabad
Date : 04.12.2009

G.V.B.R.Reddy
Executive Director

G.R. CABLES LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report and Audited Statements of accounts of the Company for the year ended 30th September 2009

FINANCIAL RESULTS

(Rs.in Lakhs)

ITEM	For the Year Ended 30.09.09 (12 months)	For the Period Ended 30.09.08 (12 months)
Sales & Other Income	15.72	221.65
Profit/Loss before Interest, Dep & Exceptional Items	(87.31)	(70.85)
Interest	61.27	67.38
Profit/Loss before Dep & Exceptional Items	(148.58)	(138.23)
Depreciation and ammortisations	164.97	188.52
Profit/Loss	(313.55)	(326.75)
Exceptional Items	622.55	376.26
Profit/Loss for the year	(936.10)	(703.01)

REVIEW OF OPERATIONS

During the year under review the Company could not achieve satisfactory operations due to paucity of working capital. The Company achieved a turnover of Rs. 15.72 lakhs as against Rs. 221.65 lakhs for the previous year and posted a net loss of Rs. 936.10 lakhs as against Rs. 703.01 lakhs for the previous year.

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.

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 thereunder.

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.V.B.R Reddy, Executive director and Sri P.Ramesh babu, Director of the company retires by rotation at the ensuing Annual General Meeting and being eligible, offer him-self for re-appointment.

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 2009, the

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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 give a true and fair view of the state of affairs of the company at the end of the year and of the 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 2009 on a "going concern" basis.

AUDITORS

M/s. Srinivas P & Associates, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. Who have signified their willingness to accept appointment and have further confirmed their eligibility under Section 224 (1-B) of the Companies Act, 1956.

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 shareholders of the Company, the Government of India, Customers, Bankers, Employees and other stake holders for their continued support to the Company.

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

(G.R.REDDY)
Chairman & Managing Director

Place : Hyderabad
Date : 04.12.2009

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ANNEXURE-I

Information as per Section 217 (l) (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 2009

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

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

Place : Hyderabad
Date : 04.12.2009

(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. Out of Six Directors on the Boards of the company only two are promoter Directors. The Board has whole time chairman.

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 period under review, Four Board meetings were held. The dates on which the Board Meetings were held are as follows:

04th December 2008, 31st January 2009, 30th April 2009 and 30th July 2009.

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The Annual General Meeting was held on 31st December 2008 for the year 2007-08.

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	4	4	Yes
2.	Sri G.V.B.R.Reddy	4	4	Yes
3.	Sri P.Ramesh Babu	4	3	Yes
4.	Smt C.Mariamamma	4	2	No.
5.	Dr.S.R Govinda Rajan	4	3	Yes
6.	Sri Y.J.Venkata Rao	4	1	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 GV.B.R.Reddy	Sri.P.Ramesh Babu
Date of Birth	: 05.12.1971	08.05.1956
Date of Appointment	: 29.01.1992	27.03.2000
Qualifications	: B.E. (Polymer)	M.A (Sociology)
Expertise in Specific functional areas	: Technical	Administration

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 292A 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. The Committee is chaired by Dr. S.R.Govinda Rajan, Director and includes Sri Y.J.Venkata Rao Director and Smt C.Mariamamma, Director as other members.

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There were four Audit Committee Meetings held during the period under review. The dates on which the said meetings were held as follows: 04.12.2008, 31.01.09, 30.04.09 and 31.07.2009

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.

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 30.09.2009

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

Sl. No.	Nature of Compliant	2008 - 2009	
		Received	Attendance to
1.	Delay in receipt of Share certificates sent to Transfer	3	3
2.	Non-Receipt of Annual Report	7	7
3.	Delay in crediting shares in demat Account	Nil	Nil
	Total	10	10

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.

- 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

* No salary was claimed due to in-sufficient profits.

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VI. GENERAL BODY MEETINGS:

Details of the last Three Annual General were as follows:

Date	Venue	Time
31.12.2008	Surana Udyog Auditorium FAPCCI, Red Hills, Hyderabad-500004	11:00 A.M
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

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 04.12.2009.

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 period 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 Prabha (Vernacular) - Hyderabad.

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

IX. GENERAL SHAREHOLDERS INFORMATION:

- * **Annual General Meeting Day** : Thursday , 31st December 2009.
Time : 3.00.P.M.
Venue : Surana Udyog, Auditorium, FAPCCI,
Red Hills, Hyderabad-500 004
- * **Book Closure Dates** : From 28.12.2009 to 31.12.2009 (both days inclusive)
- * **Financial Calender for the next year 2009-10 (Tentative)**
Financial Year Ending : 30th September 2010
First Quarter Results : On or before 31.01.2010
Half Yearly Results : On or before 30.04.2010.
Third Quarter Results : On or before 31.07.2010.
Fourth Quarter Results : On or before 31.10.2010
Registered Office : 36, Santosh Nagar, Mehdiptnam,
Hyderabad-500028
- * **Listing on Stock Exchanges:**
 1. Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
- * **Stock Code:**
BSE : 517564.
Listing fees paid for the period 2009-2010 to BSE.

* **Stock Price Data**

Monthly high and low price of shares traded on Bombay Stock Exchange during the year from 1st October, 2008 to 30th September, 2009 is given below:

Month	High	Low
October - 2008	2.82	1.57
November - 2008	2.38	1.70
December - 2008	2.21	1.76
January - 2009	2.29	1.73
February - 2009	2.06	1.70
March -2009	1.82	1.23
April - 2009	2.67	1.36
May - 2009	2.86	1.84
June - 2009	3.81	2.15
July -2009	2.42	2.00
August -2009	2.50	1.98
September -2009	2.66	2.02

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* **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 30.09.2009**

Share Holding	Numbers of Shareholders	% to Total	No of Shares	% to Total
01 - 500	21505	75.45	3853387	13.34
501 - 1000	3272	11.49	2986974	10.33
1001 - 2000	1719	6.04	2844268	9.84
2001 - 3000	738	2.59	1947344	6.74
3001 - 4000	274	0.96	1020057	3.53
4001 - 5000	349	1.23	170090	5.89
5001 - 10000	349	1.22	2699668	9.35
10001 - above	290	1.02	11842262	40.98
Total	28493	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, 2009.

* **Dematerialization of Shares:**

86.56% of Shares issued by the company have been dematerialized as on 30.09.2009. 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, Mehdiapatnam,
Hyderabad-500028
Phone No.040-23521286
Email- grcables10@gmail.com

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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, 2009 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, 2009, 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 : 04.12.2009

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

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 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.

The company is also contemplating to foray into turnkey projects and other infrastructure related activities in future if other parameters permit.

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 2008-09.

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INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate Internal Control System to commensurate with the size of operations of the Company. Further, the Audit Committee reviews the procedures periodically.

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, 2009 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, 2009 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, 2009 stands at Rs.369.53 Lakhs.

Secured Loans:

The Working Capital Advances as at 30th September, 2009 stand at Rs. 358.83 Lakhs compared to Rs. 368.66 Lakhs as at 30th September, 2008.

Unsecured Loans:

The Deferred Sales Tax amount as at 30th September, 2009 stand at Rs.851.27 Lakhs compared to Rs. 802.84 Lakhs as at 30th September, 2008.

Fixed Assets:

The Gross Block stood at Rs.3280 Lakhs and the net block stood at Rs.1043.79 Lakhs as at 30th September, 2009 compared to Rs. 3623.89 Lakhs and Rs. 1295.73 Lakhs as at 30th September, 2008 respectively. The decrease in the value of the Fixed Assets is on account of depreciation of plant and Machinery and impairment of part of the old Telecom equipment.

Sundry Debtors:

The Net Debtors stood at Rs.58.76 Lakhs as at 30th September, 2009 as against Rs. 646.60 Lakhs as at 30th September, 2008. During the year un-recoverable debtors to the tune of Rs.561.19 Lacs were written off.

Cash and Bank Balances:

Cash and Bank balances with scheduled banks as at 30th September, 2009 amounting to Rs. 6.70 Lakhs (includes Margin Money amount of Rs.6.69 Lakhs) against Rs. 113.88 Lakhs as at 30th September, 2008.

Loans and Advances:

Loans and Advances as at 30th September, 2009 stood at Rs.65 Lakhs as against Rs. 489 Lakhs as at 30th September, 2008 represents advances, Deposits etc., During the year un-recoverable advances of Rs.236.24 Lacs were written off.

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Current Liabilities & Provisions:

Sundry Creditors includes the amount payable to suppliers for supply of materials amounting to Rs.92.11 Lakhs as at 30th September 2009 as against Rs. 77.15 Lakhs as at 30th September, 2008.

B. Operations Results:

Revenue:

During the year, the Company achieved sales Rs.15.72 Lakhs compared to Rs. 196.31 Lakhs in the previous year ended 30th September, 2008.

Expenditure:

During the year, the Company incurred expenses amounting to Rs.937.44 Lakhs as compared to Rs. 882.97 Lakhs in the previous year.

Financial Charges:

The Company has incurred a sum of Rs.61.27 Lakhs towards Financial Charges for the year as against Rs. 67.39 Lakhs in the previous year.

Depreciations:

The Company has provided a net sum of Rs.164.97 Lakhs towards depreciation for the year as against Rs. 164.79 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 12, of which executives and staff accounts for 6 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.

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 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the period 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 19 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956;

G.R. CABLES LIMITED

- vi. **Subject to Note Nos. 1 (A) and 18 of Schedule 18 of Financial Statements**, in our opinion and to the best of our information and according to the explanations 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, 2009;
 - 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 period ended on that date.

for **Srinivas P & Associates**
Chartered Accountants

P.Srinivas

Proprietor

M.No. 204098

Place : Hyderabad

Date : 04.12.2009

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
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 control system commensurate with its size and the nature of its business.
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. 1086/- with respect to Employees' State Insurance and Rs. 189431/- with respect to Provident Fund as at 30th September 2009, 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 have accumulated losses of Rs.2953 lacs exceeding fifty percent of its net worth at the end of the financial year and has incurred a cash loss of Rs. 771.13 lacs before prior period items in the financial year and a cash of loss Rs. 514.48 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 **Srinivas P & Associates**
Chartered Accountants

Place : Hyderabad
Date : 04.12.2009

P.Srinivas
Proprietor
M.No. 204098

G.R. CABLES LIMITED**BALANCE SHEET AS AT 30th SEPTEMBER, 2009**

PARTICULARS	Schedule Number	As at 30.09.2009 Rs.	As at 30.09.2008 Rs.
I. SOURCES OF FUNDS:			
1. SHARE HOLDERS FUNDS			
(a) Share Capital	01	28,89,48,610	28,89,48,610
(b) Reserves & Surplus	02	3,69,52,799	3,69,52,799
		32,59,01,409	32,59,01,409
2. LOAN FUNDS			
(a) Secured Loans	03	3,60,27,723	3,71,40,599
(b) Unsecured Loans	04	8,51,27,019	8,02,84,456
		12,11,54,742	11,74,25,055
TOTAL		44,70,56,151	44,33,26,464
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS:			
(a) Gross Block	05	32,79,99,216	36,23,89,190
(b) Less: Depreciation		22,36,19,910	23,28,15,902
(c) Net Block		10,43,79,306	12,95,73,288
(d) Capital Work-in-Progress		-	11,34,483
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	06	4,56,47,181	9,93,28,589
(b) Sundry Debtors	07	58,76,405	6,46,60,504
(c) Cash and Bank Balances	08	6,70,376	1,13,88,023
(d) Loans and Advances	09	64,90,041	4,88,99,908
		5,86,84,003	22,42,77,024
LESS: CURRENT LIABILITIES & PROVISIONS			
(a) Liabilities	10	2,48,05,311	2,16,98,625
(b) Provisions		3,340	19,280
NET CURRENT ASSETS		3,38,75,352	20,25,59,119
DEFERRED TAX ASSET (Net)			
		1,34,38,374	1,34,38,374
(a) Profit & Loss Account		29,53,63,118	9,66,21,200
TOTAL		44,70,56,151	44,33,26,464
NOTES TO ACCOUNTS	18		

As per our report of even date attached

for **SRINIVAS P & ASSOCIATES**

Chartered Accountants

P. Srinivas

Proprietor

M.No. 204098

G.R. Reddy

Chairman & Managing Director

G.V.B.R. Reddy

Executive Director

For and on behalf of the Board.

Place: Hyderabad

Date: 04.12.2009

G.R. CABLES LIMITED**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30th SEPTEMBER, 2009**

PARTICULARS	Schedule Number	For the year	For the period
		ended 30.09.2009 Rs.	ended 30.09.2008 Rs.
INCOME:			
Sales		15,71,878	1,96,30,983
Less: Excise Duty		1,80,226	26,09,024
Net Sales		13,91,652	1,70,21,959
Other Income	11	-	25,34,196
Increase/(Decrease) in Stocks	12	(12,57,502)	(15,59,650)
		1,34,150	1,79,96,505
EXPENDITURE			
Materials Consumed	13	-	1,33,24,125
Power & Fuel	14	10,21,919	20,61,135
Employee Cost	15	18,03,008	26,11,452
Admn. & Selling Expenses	16	55,77,045	63,53,062
Sales Tax		4,62,892	7,30,240
Financial Charges	17	61,27,199	67,38,847
Depreciation		1,64,97,797	1,64,79,090
DRE Written off		-	23,73,562
Loss of Investment in Subsidiary Company		-	3,76,25,800
Inventories Written off		5,24,23,906	-
Loss on Impairment of Fixed Assets		98,30,667	-
		9,37,44,433	8,82,97,313
Profit/(Loss) for the Year		(9,36,10,283)	(7,03,00,808)
Prior Period Adjustments (Net)		10,51,31,635	-
Profit/(Loss) before Taxation		(19,87,41,918)	(7,03,00,808)
Less: Fringe Benefit Tax		-	19,280
Deferred Tax Liability/ (Asst)		-	(92,14,036)
Profit/(Loss) after tax		(19,87,41,918)	(6,11,06,052)
Loss brought forward from previous years		9,66,21,200	3,55,15,148
Loss carried to Balance Sheet		29,53,63,118	9,66,21,200
Basic & Diluted Earning per Share (Rs.)		-6.88	-2.11
NOTES TO ACCOUNTS	18		

As per our report of even date attached
for **SRINIVAS P & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board

P. Srinivas
Proprietor
M.No. 204098

G.R. Reddy
Chairman & Managing Director.

G.V.B.R. Reddy
Executive Director

Place: Hyderabad
Date : 04.12.2009

G.R. CABLES LIMITED

SCHEDULES TO BALANCE SHEET

	As at 30.09.2009	As at 30.09.2008
	Rs.	Rs.

SCHEDULE - 1 SHARE CAPITAL:

AUTHORISED

3,40,00,000 Equity Shares of Rs.10/- each	34,00,00,000	34,00,00,000
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ISSUED, SUBSCRIBED AND PAID UP

2,88,94,861 (previous year 2,88,94,861) Equity Shares of Rs.10/- each fully paid up	28,89,48,610	28,89,48,610
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	28,89,48,610	29,34,20,110
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SCHEDULE - 2 RESERVES AND SURPLUS

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

SCHEDULE - 3 SECURED LOANS

Working Capital Loans from Banks	3,58,83,049	3,68,65,683
Vehicle Loan from HDFC	1,44,674	2,74,916
	3,60,27,723	3,71,40,599

(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	8,51,27,019	8,02,84,456
	8,51,27,019	8,02,84,456

**SCHEDULE - 5
FIXED ASSETS**

Amount : in Rupees

Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As on 30.09.2008	Additions	Deductions	As on 30.09.2009	Up to 30.09.2008	For the year	Deductions	Up to 30.09.2009	As on 30.09.2009	As on 30.09.2008
LAND	2238760	-	-	22,38,760	-	-	-	-	22,38,760	22,38,760
BUILDINGS	3,33,19,722	-	-	3,33,19,722	1,05,90,547	8,42,830	-	1,14,33,377	2,18,86,345	2,27,29,175
PLANT & MACHINERY	31,80,75,521	8,56,892	3,55,24,457	28,34,07,956	21,51,87,882	1,51,08,587	25,693,789	20,46,02,680	7,88,05,276	10,28,87,639
FURNITURE & FIXTURES	9,05,145	-	-	9,05,145	7,46,000	57,296	-	9,03,296	1,01,849	1,59,145
OTHER EQUIPMENTS	54,03,574	2,77,591	-	56,81,165	50,48,802	2,56,670	-	53,05,472	3,75,693	3,54,772
VEHICLES	24,46,467	-	-	24,46,467	12,42,671	232414	-	14,75,085	9,71,382	12,03,796
TOTAL	36,23,89,189	11,34,483	3,55,24,457	32,79,99,216	23,28,15,902	1,64,97,797	2,56,93,789	22,36,19,910	10,43,79,305	12,95,73,287
PREVIOUS YEAR:										
Fixed Assets	36,19,98,554	3,90,636	-	36,23,89,190	21,63,36,812	1,64,79,090	-	23,28,15,902	12,95,73,287	14,56,61,741
Capital Work-in-progress	11,34,483	-	-	11,34,483	-	-	-	-	11,34,483	11,34,483

Note: (i) Some of the Old Plant and Machinery & equipment are impaired according to AS28 at the end of the year.
(ii) Capital work in progress is capitalised at the end of the year.

G.R. CABLES LIMITED

	As at 30.09.2009 Rs.	As at 30.09.2008 Rs.
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SCHEDULE - 6

INVENTORIES

(As certified by the Management)

Raw Materials	94,66,500	1,90,35,772
Semi Finished Goods	1,08,83,457	4,40,14,957
Finished Goods	2,24,02,624	3,40,88,860
Scrap	28,94,600	21,89,000
	<u>4,56,47,181</u>	<u>9,93,28,589</u>

SCHEDULE - 7

SUNDRY DEBTORS (Net)

(Unsecured Considered good)

Due Over Six Months	56,55,262	6,18,79,016
Other Debts	2,21,143	27,81,488
	<u>58,76,405</u>	<u>6,46,60,504</u>

SCHEDULE - 8

CASH AND BANK BALANCES

Cash on Hand	620	1,33,513
Balance with Scheduled Banks:		
- In Current Accounts / Margin Accounts	6,69,756	1,12,54,510
	<u>6,70,376</u>	<u>1,13,88,023</u>

SCHEDULE - 9

LOANS AND ADVANCES

(Unsecured Considered good and recoverable
in cash or kind or for value to be received)

Advances	27,28,276	4,36,10,811
Deposits	37,61,765	52,89,097
	<u>64,90,041</u>	<u>4,88,99,908</u>

G.R. CABLES LIMITED

	As at 30.09.2009 Rs.	As at 30.09.2008 Rs.
SCHEDULE - 10		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors for		
Raw Materials		
Due to Others	92,10,987	77,15,534
Expenses	1,11,23,303	1,04,64,172
Capital Goods	32,24,858	32,24,858
Advances from Customers	12,46,163	2,94,059
	<u>2,48,05,311</u>	<u>2,16,98,625</u>
B. PROVISIONS		
Provision for Taxation	3,340	19,280
	<u>3,340</u>	<u>19,280</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 30.09.2009 Rs.	For the period ended 30.09.2008 Rs.
SCHEDULE - 11		
OTHER INCOME		
Interest Earned	-	25,34,196
	<u>-</u>	<u>25,34,196</u>

G.R. CABLES LIMITED

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	For the year ended 30.09.2009 Rs.	For the period ended 30.09.2008 Rs.
SCHEDULE - 12		
STOCK INCREASE/(DECREASE)		
A. WORK - IN - PROGRESS:		
Opening Stock	4,40,14,957	4,66,93,015
Less: Written Off	3,31,31,500	—
Closing Stock	1,08,83,457	4,40,14,957
Increase/(Decrease)	—	(26,78,058)
B. FINISHED GOODS		
Opening Stock	3,40,88,860	3,29,70,452
Less: Written Off	1,04,28,734	—
Closing Stock	2,24,02,624	3,40,88,860
Increase/(Decrease)	(12,57,502)	11,18,408
(A+B)	(12,57,502)	(15,59,650)
SCHEDULE - 13		
MATERIALS CONSUMED		
Opening Stock:		
Raw materials and Packing materials	1,90,35,772	2,54,37,050
Scrap	21,89,000	12,56,400
	2,12,24,772	2,66,93,450
Add: Purchases	—	78,55,447
Less: Written Off	88,63,672	—
	1,23,61,100	3,45,48,897
Less: Closing Stock		
Raw materials and Packing materials	94,66,500	1,90,35,772
Scrap and Stores & Spares	28,94,600	21,89,000
Consumption	—	1,33,24,125
SCHEDULE - 14		
POWER AND FUEL		
Electricity Charges	9,95,330	20,45,388
Diesel	26,589	15,747
	10,21,919	20,61,135
SCHEDULE - 15		
EMPLOYEE COST		
Salaries and Wages	14,17,005	20,01,714
Employee's Retirement Benefit	1,37,603	3,30,279
Provident Fund	2,01,757	1,89,968
E.S.I.	46,097	15,091
Welfare Expenses	546	32,400
Bonus	—	42,000
	18,03,008	26,11,452

G.R. CABLES LIMITED

	For the year ended 30.09.2009 Rs.	For the period ended 30.09.2008 Rs.
SCHEDULE - 16		
ADMINISTRATION & SELLING EXPENSES		
Security Service Charges	3,47,079	5,86,397
Printing & Stationery	864	96,451
Postage and Telephones	51,088	139,472
Repairs and Maintenance	2,840	1,14,809
Insurance	18,353	2,84,805
Advertisement	3,666	3,958
Travelling and Conveyance	7,267	76,953
Legal, Professional fees and charges	-	2,71,503
Remuneration to Auditors	90,917	1,01,124
Directors sitting fees	21,000	23,000
Meeting Expenses	33,000	45,598
Sales Expenses	-	25,634
NPV Benefit on Sales tax deferment	47,84,918	41,29,588
General Expenses	2,16,052	2,86,547
Transportation charges on sales	-	1,67,223
	<u>55,77,045</u>	<u>63,53,061</u>

SCHEDULE - 17 **FINANCIAL CHARGES**

Interest On Working Capital Loans	60,10,774	64,03,041
Bank Charges	1,16,425	3,35,806
	<u>61,27,199</u>	<u>67,38,847</u>

G.R. CABLES LIMITED

SCHEDULE - 18

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 Cost or Market Price whichever is lower |
| ii. Stores and Spares | At Cost or Market Price whichever is lower |
| iii. Work-in-progress | At Cost or realisable value whichever is lower |
| 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.R. CABLES LIMITED

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 regular Income Tax and Fringe Benefit Tax as per the provisions of the respective Acts.

H. INVESTMENTS:

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

2) CONTINGENT LIABILITIES:

	As at 30.09.2009	As at 30.09.2008
	Rs. in Lakhs	Rs. in Lakhs
In respect of		
i) Guarantees issued	15.82	107.7
ii) Letters of Credit	-	-
iii) Demand from customers consequent to reduction in Customs Duty	23.23	23.23
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	
		2008-09	2007-08	2008-09	2007-08
Jelly Filled Telecom Cables	LCKM	15	15	0.01	0.16
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)	
		2008-09	2007-08	2008-09	2007-08
Jelly Filled Telecom Cables	LCKM	0.01	0.15	14.82	156
Power Cables	-	-	-	0.90	40

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	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Jelly Filled Telecom Cables (LCKM)	0.29	0.28	340.89	329.7	0.28	0.29	224.03	340.89

(d) Raw materials consumed

Particulars	Unit	Quantity		Value (Rs.in Lakhs)	
		2008-09	2007-08	2008-09	2007-08
1. Copper	MT	-	5.992	-	23.97
2. Insulated Material	MT	-	11.525	-	9.22
3. G.S.Tape	MT	-	-	-	-
4. Aluminium Polyal	MT	-	4.086	-	10.22
5. Others (@)	-	-	-	-	89.84
Total		-	21.603	-	133.24

(@) 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

Particulars	2008-09		2007-08	
	Value Rs. in Lakhs	Percentage	Value Rs. in Lakhs	Percentage
Raw materials				
(a) Imported	-	-	-	-
(b) Indigenous	-	-	133.24	100

30.09.2009 30.06.2008

Rs. lacs. Rs. lacs

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

G.R. CABLES LIMITED

	2008-09 Rs.	2007-08 Rs.
6) Managerial Remuneration under Section 198 of the Companies Act, 1956		
Salary (Managing Director & Executive Director)	-	-
Contribution to Provident Fund	1,568	4,680
7) Payment to Auditors:		
Audit Fees	50,000	50,000
Tax Audit	40,000	40,000
Service Tax / reimbursement expenses	917	11,124
8) Sundry Debtors include Net of Debit and Credit balances. During the year old and unrecoverable debtors to the tune of Rs.561.19/- Lakhs were written off.		
9) Prior period items include the following items:		Rs.Lacs
(a) Financial Expenses pertaining to previous periods:		114.43
(b) Loans and Advances:		236.24
(c) Un-recoverable debtors:		561.19
(d) Other Miscellaneous items		139.44
		<u>1,051.32</u>
10) During the year Depletions/Obsolete values to the extent of Rs.88.63 Lakhs from Raw materials, Rs.331.31 Lakhs from W.I.P and Rs.104.28 Lakhs from F.G were identified and written off.		
11) During the year some of the old equipments pertaining to Telecom Cables were impaired as per AS-28 (issued by ICAI) to zero value and the net value of Rs.9830667 (Gross block Less accumulated depreciation) is identified in the P&L account.		
12) 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.		
13) Sundry creditors include outstanding dues to Micro, Small and Medium Undertakings, to the extent possible ascertained and identified from the available information, is Nil and Previous Year: NIL.		
14) Related Party Disclosure:		
Key personnel – Sri G.V.B.R. Reddy		

Particulars	30.09.2009 Rs.	30.06.2008 Rs.
Managerial Remuneration/Exp	-	4,680

G.R. CABLES LIMITED

15) Deferred Tax

- A. The Deferred Tax Asset of the current year is Nil where as for the Previous Year Deferred Tax Liability of Rs.92,14,036 has been recognized in the Profit & Loss Account
- B. Break up of Deferred Tax Asset (Net) Showing in the Balance Sheet are as follows:

Due to large accumulated losses no deferred tax asset/liability was identified during the year as per AS-22

16) All products are wires and cables. Hence no segment wise results are reported.

17) Basic and diluted EPS

Particulars	Year Ended 30.09.2009	Period Ended 30.06.2008
Profit /loss after tax Rs.	(19,87,41,918)	(6,11,06,052)
Number of Equity Shares	2,88,94,861	2,88,94,861
Nominal value per share	Rs. 10/-	Rs. 10/-
Basic / Diluted EPS Rs.	-6.88	-2.11

18) The company determines liability on Sales Tax Deferment on a Net Present value basis and accordingly provision is made. The provision of Rs.4784918/- is shown under Administrative Expenses.

Provision will be made in each year for the incremental liability. Had the above item not been considered, the profit/loss for the period has been reduced to the said amount. Also, the accumulated losses would have been lower by the above mentioned 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 18 form an integral part of the Balance Sheet and Profit and Loss Account.

As per our report of even date attached

for **SRINIVAS P & ASSOCIATES**

Chartered Accountants

P. Srinivas

Proprietor

M.No. 204098

Place: Hyderabad

Date : 04.12.2009

For and on behalf of the Board

G.R. Reddy

Chairman & Managing Director

G.V.B.R. Reddy

Executive Director

G.R. CABLES LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2009**

(Figures in Rupees)

PARTICULARS	For the year ended 30.09.09	For the period ended 30.09.08
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/ (Loss) for the period as per P & L A/c	(9,36,10,283)	(7,03,00,808)
ADJUSTMENTS FOR		
Depreciation	1,64,97,797	1,64,79,090
Interest	61,27,199	67,38,847
Loss of Investment in Subsidiary Company	-	3,76,25,800
Write Offs	6,22,54,573	23,73,562
Other Income	-	(25,34,196)
Operating Profit Before Working Capital Changes	<u>(87,30,714)</u>	<u>(96,17,705)</u>
ADJUSTMENTS FOR		
Increase/(Decrease) in Working Capital from Banks	(9,82,634)	(19,91,610)
(Increase)/Decrease in Trade and Other Receivables	10,11,93,966	55,46,817
(Increase)/Decrease in Inventories	5,36,81,408	70,28,328
Increase/(Decrease) in Liabilities & Provisions	30,90,748	(1,31,55,579)
CASH GENERATED FROM OPERATIONS	<u>15,69,83,488</u>	<u>(25,72,044)</u>
Interest Paid	61,27,199	67,38,847
Income tax paid	-	19,280
Prior Period Adjustments and Exceptional Items	16,73,86,208	3,76,25,800
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>(2,52,60,633)</u>	<u>(5,65,73,676)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Fixed Assets	3,43,89,973	(3,90,636)
Depreciation Adjustment	(2,56,93,789)	-
Capital Work - in - Progress	11,34,483	-
(Increase)/Decrease in Investments	-	5,02,62,789
Interest Received	-	25,34,196
NET CASH USED IN INVESTING ACTIVITIES	<u>98,30,667</u>	<u>5,24,06,349</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
(Increase)/Decrease in Term Loans	(1,30,242)	98,406
(Increase)/Decrease in Sales Tax Deferrment Loan	48,42,563	48,41,431
NET CASH USED IN FINANCING ACTIVITIES	<u>47,12,321</u>	<u>49,39,837</u>
NET INCREASE/(-) DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>(1,07,17,645)</u>	<u>7,72,510</u>
Opening Cash and Cash Equivalents	1,13,88,023	1,06,15,512
Closing Cash and Cash Equivalents	<u>6,70,378</u>	<u>1,13,88,022</u>

As per our report of even date attached

for **SRINIVAS P & ASSOCIATES**

Chartered Accountants

P. Srinivas

Proprietor

M.No. 204098

Place: Hyderabad

Date : 04.12.2009

For and on behalf of the Board

G.R. Reddy

Chairman & Managing Director

G.V.B.R. Reddy

Executive Director

G.R. CABLES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE 2008-2009

I REGISTRATION DETAILS

Registration No. 1 3 7 7 2

State Code 0 1

Balance Sheet Date 3 0 0 9 2 0 0 9
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 7 0 5 6

Total Assets

4 4 7 0 5 6

SOURCES OF FUNDS

Paid up Capital

2 8 8 9 4 9

Reserves and Surplus

3 6 9 5 3

Secured Loans

3 6 0 2 8

Unsecured Loans

8 5 1 2 7

APPLICATION OF FUNDS

Net Fixed Assets

1 0 4 3 7 9

Investments

N I L

Net Current Assets

3 3 8 7 5 4

Misc. Expenditure

N I L

Accumulated Losses

2 9 5 3 6 3

Deffered Tax Asset

1 3 4 3 8

G.R. CABLES LIMITED

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

Turnover

1 5 7 2

Total Expenditure

9 3 7 4 4

Profit/Loss before Interest, Depreciation and tax

1 9 8 7 4 2

Profit after tax

1 9 8 7 4 2

Earnings per share (in Rs.)

- 6 . 8 8

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 2 4 9 0 0 9 : 1 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 : 04.12.2009

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, Mehdiapatnam, Hyderabad - 500 028

ATTENDANCE SLIP

EIGHTEENTH ANNUAL GENERAL MEETING

Day: Thursday, 31st December, 2009 at 3.00 P.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 18th 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, Mehdiapatnam, 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 18th Annual General Meeting of the Company to be held at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad - 500 004 on Thursday, 31st December, 2009 at 3.00 P.M. and at any adjournment thereof.

Affix
Revenue
Stamp
Re.1/-

Signed this day of 2009.

* 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