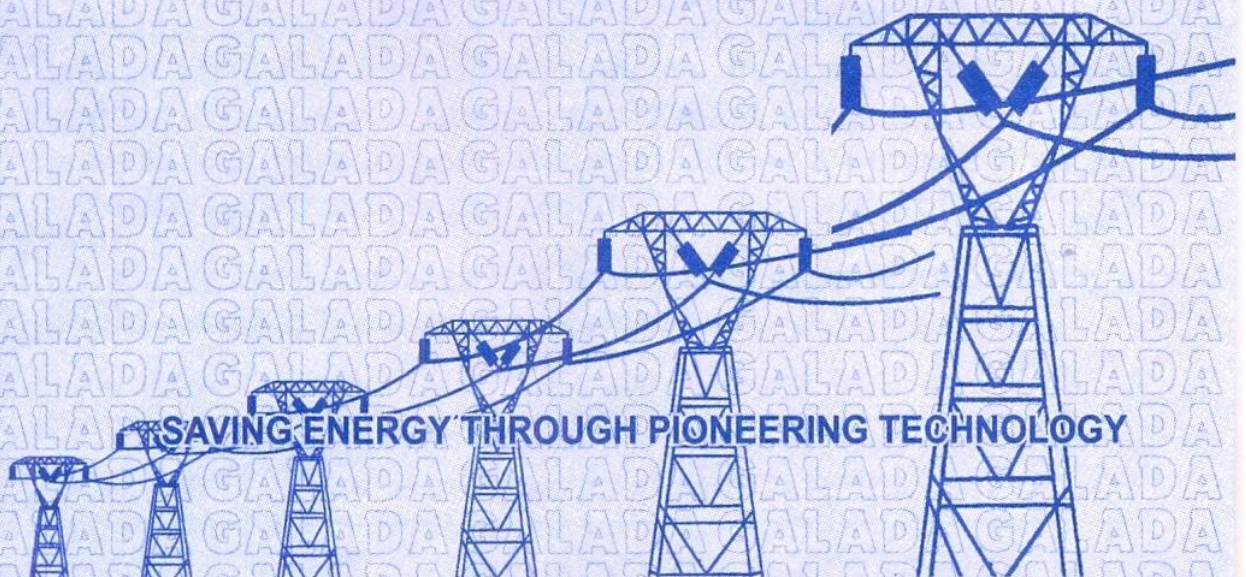


40<sup>th</sup> Annual Report  
2011-2012



**GALADA**  
POWER AND TELECOMMUNICATION LTD.





## **MESSAGE FROM MANAGING DIRECTOR**

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

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

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

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

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

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

## **BOARD OF DIRECTORS**

<b>Chairman</b>	Shri S.M. Kankaria
<b>Directors</b>	Shri S.V. Kanaka Seshu Shri M.C. Galada Shri T.B. Subramaniam Shri M.L. Sachdeva
<b>Managing Director</b>	Shri D. C. Galada
<b>Executive Director</b>	Shri Devendra Galada
<b>Vice President &amp; Secretary</b>	Shri V. Subramanian
<b>Auditors</b>	M/s. Brahmayya & Co Chartered Accountant, Flat No. 404, Golden Green Appts Erramanzil Colony, Hyd – 500 082.
<b>Stock Exchange</b>	The Stock Exchange, Mumbai Phiroze Jeejeebhoy towers, Dalal Street, Mumbai – 400 001.
<b>Registered Office &amp; Factory – I</b>	P 2/6, I.DA., Block 1/1, Uppal, Hyderabad – 500 039.
<b>Factory – II</b>	Village Khadoli, Silvassa, U. T. of Dadra & Nagar Haveli.
<b>Administrative Office</b>	3rd Floor, F.301, Galada Towers Begumpet, Hyderabad – 500 016.

## NOTICE

NOTICE is hereby given that the Fortieth Annual General Meeting of the Company will be held on Friday, the 28<sup>th</sup> September, 2012 at Hotel Kamat Lingapur, Chikoti Gardens, Begumpet, Hyderabad-500 016 at 10 a.m to transact the following items of business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2012 and the Reports of the Directors' and Auditors thereon.
2. To elect Director in place of Sri M C Galada who retires by rotation under the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To reappoint M/s. Brahmayya & Co., Chartered Accountants, as Auditors to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board to fix the remuneration of the said Auditors.

### SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution for the re-appointment of Shri Devendra Galada, Executive Director of the Company in accordance with Schedule XIII to the Companies Act, 1956 as amended from time to time for a further period of five (5) years valid upto 31.03.2017 on the same terms, conditions and managerial remuneration approved in the Annual General Meeting held on 30<sup>th</sup> November, 1994 and also as renewed in the subsequent meetings held on 31.03.1998,30.09.2003 and 28.09.2007.

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

198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and in particular Schedule XIII thereto, be and is hereby accorded to the re-appointment of Shri Devendra Galada, Executive Director for a further period of five (5) years valid upto 31.03.2017 on the following terms and conditions:

1. Salary

Rs.25,000/- per month including dearness allowance and all other allowances.

2. Perquisites

Provision of perquisites and benefits classified into three categories A, B, C as appearing hereinafter:-

## **Category A**

- i. Housing I: The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the following ceiling:

Sixty percent of the salary, over and above ten percent payable by the appointee.

Housing II: In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company.

Housing III: In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax Rules, 1962.

- ii. Medical Reimbursement: Expenses incurred for the appointee and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii. Leave Travel Concession: For the appointee and his family once in a year incurred in accordance with any rules specified by the Company.
- iv. Club fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- v. Personal Accident Insurance: Premium not exceeding Rs.4,000 per annum.

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

## **Category B**

1. Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.
2. Gratuity payable should not exceed half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

## Category C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to the individual appointee concerned.

**“Resolved further that** the consent of the Company be and is hereby accorded, pursuant to Section 309(3) read with Section 194(4) and other applicable provisions of the Act, for payment and/or provision of the aforesaid remuneration, benefits and perquisites to Shri Devendra Galada, Executive Director as minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company during his term of office”.

**“Resolved further that** the Board of Directors be and is hereby authorized to amend or vary the terms and conditions of remuneration provided that such remuneration shall not exceed the limits prescribed in Schedule XIII of the Act and any statutory modifications or re-appointment thereof and/or any guidelines relating to Managerial Remuneration as may be notified by the Central Government from time to time”.

By order of the Board

Sd/-

V Subramanian

Vice President & Secretary

Place: Hyderabad

Date : 07.08.2012

## NOTE

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

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

5. The shares of the Company are listed in the Mumbai Stock Exchange and the listing fees have been paid upto date.

**INFORMATION ON DIRECTOR SEEKING REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING.**

1. Name of the Director : Sri M C Galada
2. Date of birth : 30.05.1925
3. Date of appointment : 29.09.2009
4. Expertise : Industrial /business experience for over six decades.
6. List of Public Ltd Companies in which outside Directorship was held as on 31<sup>st</sup> March, 2012: NIL
7. Chairman / Member of the Committees of other Public Ltd Companies on which he was a Director as on 31<sup>st</sup> March, 2012 : NIL

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

**Item No.4**

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

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

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

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



## DIRECTORS' REPORT

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

### *Amount in Rs.Lacs*

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

## DIVIDEND

In view of the operating loss suffered by the Company during the period under report, your Directors are not in a position to recommend any dividend for the year 2011-12.

## PRODUCTION AND SALES

The Company has not been operating its Uppal (Hyderabad) plant since May 2000 and at present only its Silvassa plant is working. As the banks suspended all the credit facilities earlier made available, the Company revised its business strategy by accepting and executing job orders. This is reflected in continuance of business in spite of absence of working capital facilities.

## REFERENCE TO BIFR

The Company was declared as a sick industrial undertaking by BIFR in September, 2001 and Industrial Development Bank of India (IDBI) was appointed as the "Operating Agency" to examine the viability of the Company and formulate a scheme for its revival. As required, the Company submitted its Rehabilitation Proposal to IDBI and others in November, 2001 for their consideration. After a series of discussion, at the instance of the lending institutions, the Company submitted its revised Rehabilitation Proposal in October, 2003 and requested the institutions for its early consideration. After examining the proposal and further discussion, the Lenders initially gave time to the Company upto 30<sup>th</sup> September, 2004, which was later on extended upto 30<sup>th</sup> June, 2005, to show significant operational improvement in its performance. The Lenders also advised the Company to look into the possibility of one-time settlement of dues and the Company earnestly has pursued the matter with the Lenders

BIFR vide its order dated 14.09.2007 confirmed its opinion of winding up in terms of Section 20(1) of the Sick Industrial Companies (Special Provisions) Act. The Company preferred an appeal and got stayed the aforesaid Order.

In the meantime, the Company's efforts to make a break through in the matter has borne fruit and IDBI, SASF,UTI, Canara Bank & Syndicate Bank have since indicated their willingness for one-time settlement of their dues and the modalities are being worked out. It is hoped that with the improvement in the power scenario due to reforms, the situation is expected to turn-around in favour of the Company.

## **DIRECTORS**

In terms of Articles of Association of the Company, Shri.M.C.Galada retires by rotation and is eligible for re-appointment.

## **AUDITORS**

M/s.Brahmayya & Co, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act 1956 inserted vide the Companies (Amendment) Act, 2000, the Directors confirm that:

1. In the preparation of Annual Accounts, the applicable accounting standards have been followed.
2. Appropriate accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the loss for the year 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

## **AUDITOR'S REPORT**

As regards observations at para 6, we submit that:

1. Due to liquidity constraints, dividend declared for the year 1995-96 has not been fully distributed and the same is being suitably dealt with in rehabilitation proposal..
2. Additional interest / liquidated damages payable to Financial Institutions and others are not provided as the Company has sought waiver of these amounts from the Institutions.
3. Interest on working capital demand loan has not been provided from the date of initiation of legal proceedings by Banks.

As regards observations at para 9(b) forming part of Annexure to Auditor's Report, we submit that the payment of arrears of sales tax and property tax is being suitably dealt with in the Rehabilitation Package / OTS proposal. As regards the re-appointment of Executive Director and Managing Director, we submit that the re-appointments were made on the same terms and conditions stipulated on 30.11.1994 and no increase whatsoever was considered pending the complete turn-around of the Company.

As regards observations in the Corporate Governance Certificate, we submit that the issue of composition of the Board is dealt with in our report on Corporate Governance for the year 2011-12.

## **PERSONNEL**

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

## **OTHER INFORMATION**

Information required by the Companies (Amendment) Act, 1988 is given in Annexure-I forming part of this Report along with Corporate Governance & Management Discussion and Analysis.

## **ACKNOWLEDGEMENTS**

The Board of Directors would like to place on record their deep appreciation and sincere thanks for the continued cooperation, guidance, support and assistance provided during the period under review by all the stake holders.

By order of the Board

**D.C.Galada**  
**Managing Director**

**Devendra Galada**  
**Executive Director**

Place : Hyderabad  
Date : 30.06.2012

## **ANNEXURE – 1 TO DIRECTORS REPORT**

(Additional information given in terms of Notification no.1029 of 31-12-1988 issued by the Department of Company affairs )

Disclosures

### **A. Conservation of Energy**

The Company has been vigorously implementing various measures for energy conservation such as installation of sophisticated power saving furnaces in the heat treatment and ageing operations and carrying out modifications on a continuing basis for conservation of energy in other fields. The additional cost incurred is more than offset by the reduction in production cost due to lower consumption of energy per unit of output.

### **B. Technology Absorption**

The efforts of the Company are focused on improvement of existing products and standardization. There is no bought – out technology from foreign countries to be absorbed by the company.

### **C. Foreign Exchange Earnings and Outgo**

There are no foreign exchange earnings and outgo during the period under report.

## **REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12**

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

### **1. COMPANY'S PHILOSOPHY**

The Company's philosophy on corporate governance relates to laying the foundation for corporate excellence. It wants to enhance shareholder value with best practices of corporate governance. The high standard of corporate governance is maintained by being transparent and accountable and through continuous interaction with shareholders, employees, lending institutions, banks, government agencies, customers and society in general.

#### **Corporate ethics**

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings.

#### **a) Code of Conduct for Board Members and Senior Management.**

The Board of Directors of the Company adopted the Code of Conduct for its members and Senior Management at their meeting held on 30.06.2006. The Code highlights Corporate Governance as the corner stone for sustained management performance for servicing all the stakeholders and for instilling pride of association.

The Code is applicable to all directors and specified senior management executives. The Code impresses upon directors and senior management executives to uphold the interest of the Company and its stakeholders and to endeavor to fulfill all the fiduciary obligations towards them. Another important principle on which the Code is based is that the directors and senior management executives shall act in accordance with the highest standards of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties.

#### **b) Code of Conduct for prevention of Insider Trading.**

The Company has adopted a Code of Conduct for prevention of Insider Trading for its management, staff and directors. The Code lays down guidelines and procedures to be followed and disclosures to be made by Directors, top level executives and staff whilst dealing in shares. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to the Code.

#### **c) Whistle Blower Policy.**

The Company encourages all employees, officers and directors to report any suspected violations promptly and intends to investigate any good faith reports of violations. The Whistle Blower Policy specifies the procedure and reporting authority for reporting unethical behaviour, actual or suspected fraud or violation of the Code or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees of the Company to approach the Company Secretary / Executive Director or Audit Committee of the Board as the case may be, to safeguard them against victimization.

## 2. BOARD OF DIRECTORS

### a) Composition

The Board of Directors as at 31.03.2012 comprises seven directors, of which five are non-executive. The Chairman is non-executive and the number of independent directors, i.e. those who have no business relationship with the Company is three. The composition is as under:

Name of the Director	Position
<b>Executive</b>	
Sri D C Galada	Promoter & Managing Director & CEO
Sri Devendra Galada	Promoter & Executive Director
<b>Non-Executive Promoter</b>	
Sri S M Kankaria	Promoter & Chairman
Sri M C Galada	Promoter Director
<b>Non-Executive Independent</b>	
Sri T B Subramaniam	Director
Sri M L Sachdeva	Director
<b>Nominee Director - Independent</b>	
Sri S V Kanaka Seshu	Nominee of APIDC

The Company in the Board Meeting held on 30.06.2008 decided to appoint one more Independent Director to comply with the provisions of SEBI'S revised guidelines dated 08.04.2008. The Company is finalizing its capital restructuring scheme which would lead to broad basing of Board as required by strategic investors. This process would be completed during the current year and stock exchange is informed accordingly.

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

Four Board Meetings were held during the year, the dates being 04.06.2011, 20.08.2011, 05.11.2011 and 11.02.2012. The last AGM was held on 30.09.2011.

The attendance record of the Directors at the Board Meetings and the last Annual General Meeting (AGM) is given below:



Name of the Director	Attendance Particulars		No. of other Directorships and other Committee Membership / Chairmanship.	
	Board Meeting	Last AGM (Y/N)	Other Directorships	Committee Memberships* (of which Chairman)
Sri		(Y/N)		
S M Kankaria	3	N		-
D C Galada	4	Y	1	-
Devendra Galada	4	Y	-	-
M C Galada	4	N	1	-
T B Subramaniam	4	Y	2	2(2)
M L Sachdeva	1	N		-
S V Kanaka Seshu	1	N	6	3(2)

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

**(c) Pecuniary relationship or transactions of the Directors vis-à-vis the Company:**

The Managing Director and Executive Director receive only the remuneration payable to them and do not have any material pecuniary relationship or transactions with the Company (vide para 26 of Notes to Accounts).

The Company's Non-executive Directors do not have any pecuniary relationship or transactions with the Company.

**(d) Information supplied to the Board.**

The following information were provided to the Board as part of agenda papers in advance of the Board Meetings or presented at the time of Board Meetings:

- industry scenario
- operational performance of the company
- financial working results of the company
- action taken on the decisions of the previous Board meetings
- payment of statutory dues
- appointment of directors / senior Managerial Personnel.
- disclosure of interest of directors
- particulars of share transfers and demating of shares.
- compliance certificates from Managing Director and Secretary of the company.
- other significant developments

### 3. AUDIT COMMITTEE

The members of the Audit Committee as at 31.03.2012 are as given below:

Sri T B Subramaniam	...	Chairman (Non-executive Independent Director)
Sri M L Sachdeva	...	Member (Non-executive Independent Director)
Sri M C Galada	...	Member (Non-executive Promoter Director)

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 in compliance with revised clause 49 of the Listing Agreement. Sri T B Subramaniam, Chairman has qualification and experience in finance and accounts.

Audit Committee meetings are also attended by Vice President & Secretary (Compliance Officer) of the Company and the Statutory Auditors of the Company.

Four Audit Committee meetings were held, the dates being 04.06.2011, 20.08.2011, 05.11.2011 and 11.02.2012.

The role and terms of reference of the Audit Committee are comprehensive and cover the matters specified for Audit Committees under the Listing Agreements with the Stock Exchanges.

### 4. REMUNERATION COMMITTEE

The members of the Remuneration Committee as at 31.03.2012 are as given below:

Sri T B Subramaniam	...	Chairman
Sri M L Sachdeva	...	Member

The role of the Remuneration Committee is to recommend / review the remuneration package of the Managing Director / Executive Director / senior Managerial Personnel. The remuneration payable to the Managing Director and the Executive Director is subject to the approval of the Board and of the Company in General Body Meeting and such other approvals, as may be necessary. Remuneration Committee meet on 04.06.2011 to consider the reappointment of Sri D C Galada Managing Director on the existing terms and conditions for a further period of five years from 01.01.2011 to 31.12.2015.

The Non-Executive Directors were paid sitting fee @ Rs.500 and other expenditure for each meeting of the Board / Committee attended by them. The remuneration paid to the Managing Director and the Executive Director are given in para 15 to the Notes to Accounts.

### 5. SHARE HOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The members of the Share Holders' / Investors' Grievance Committee as at 31.03.2012 are as given below:

Sri T B Subramaniam	...	Chairman
Sri M C Galada	...	Member

The Committee approves share transfers, transmission of shares, sub-division of shares, issue of fresh share certificates and other related work. The Committee periodically interacts with Registrars and Share Transfer Agents to look into the quality of service rendered to the shareholders and also review the reports submitted by them for necessary action.

The Committee also look into the redressal of shareholders' / investors' complaints and maintain good investor relation.

a) Number of complaints received from shareholder during the year : nil

b) Number of pending share transfers as on 31.03.2012 : nil

Name and Designation of Compliance Officer : Sri V Subramanian,  
Vice President & Secretary

## 6. ANNUAL GENERAL MEETINGS

a) The details of date, time and location of Annual General Meetings (AGM) held in last three years are as under:

Date of Meeting & Year	Venue of the Meeting	Time of Meeting
30.09.2009 (2008-2009)	Hotel Kamath Lingapur, Chikoti gardens, Begumpet, Hyderabad – 500 016	10.00 am
18.09.2010 (2009-2010)	Hotel Kamath Lingapur, Chikoti gardens, Begumpet, Hyderabad – 500 016	10.00 am
30.09.2011 (2010-2011)	Hotel Kamath Lingapur, Chikoti gardens, Begumpet, Hyderabad – 500 016	10.00 am

b) Information on directors seeking appointment / reappointment as required under the Listing agreement with Stock Exchange.

Given under Notes appended to the Explanatory Statement under the heading information on Director seeking re-appointment at the Annual general Meeting'.

- c) No Special Resolutions have been put through by postal ballot by the Company during the Financial Year 2011-12. The Company does not have any proposal for postal ballot this year.

## 7. SUBSIDIARY COMPANY.

The Company has no Subsidiary Company.

## 8. DISCLOSURES

There are no materially significant related party transactions i.e. transaction of the Company of material nature with its Promoters, Directors or the Management or relatives etc. that would have potential conflict with the interests of the Company at large.

No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the period under review.

The Whistle Blower Policy (WBP) has been adopted by the Company to report to management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. WBP also provides safeguards against victimization of the employees who avail the mechanism and no personnel has been denied access to the Audit Committee.

The Company has complied with the mandatory requirement of this clause and has also adopted the Whistle Blower Policy which is a non-mandatory requirement of this clause.

## 9. MEANS OF COMMUNICATION.

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchange immediately after they are prepared and approved by the Board. These are published in the prescribed proforma within the prescribed time of the conclusion of the meeting of the Board in which they are considered, in one English newspaper and in one vernacular newspaper of the State where the registered office of the Company is situated. The quarterly financial results during the financial year 2011-2012 were published as detailed below:

Quarter	Date of Board Meeting	Date of publication	Name of New paper
I	20.08.2011	21.08.2011	The Financial Express Andhra Prabha
II	05.11.2011	06.11.2011	The Financial Express Andhra Prabha
III	11.02.2012	12.02.2012	The Financial Express Andhra Prabha
IV	30.06.2012	01.07.2012	The Financial Express Andhra Prabha

The web site is commissioned and it is available at [www.galadapower.com](http://www.galadapower.com).

### **Management Discussions and Analysis Report.**

The Management Discussion and Analysis Report is a part of the Annual Report.

### **GENERAL INFORMATION**

1. Date, time and venue of Annual General Meeting. : 28<sup>th</sup> September, 2012 at 10 a.m  
Hotel Kamath Lingapur,  
Chikoti gardens, Begumpet,  
Hyderabad – 500 016
2. Date of Book Closure (both days inclusive) : 25.09.2012 to 28.09.2012
3. Dividend payment date : Not applicable.
4. Listing on Stock Exchanges : Bombay Stock Exchange Ltd.,  
P J Towers, Dalal Street,  
Mumbai – 400 001
5. Stock Code : BSE 504697
6. Name and address of the Registrar for shares held in electronic form. : Venture Capital and Corporate  
Investment Ltd.,  
12-10-134 (MIG-134) 2<sup>nd</sup> floor,  
Bharathnagar Colony,  
Hyderabad – 500 018.
7. Electronic connectivity : National Securities Depository Ltd.,  
Trade World, Kamala Mills Compound  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai – 400 013  
  
Central Depository Services (India) Ltd  
Phiroze Jeejeebhoy Towers, 28<sup>th</sup> floor,  
Dalal street,  
Mumbai – 400 023
8. Registered Office : P 2/6, IDA Block III,  
Uppal, Hyderabad-500 039



9. Communication regarding share transfers and other related correspondence : Galada Towers (3<sup>rd</sup> floor 301)  
1-10-74/C, Ville Bapuji  
Begumpet,  
Hyderabad – 500 016  
Tel: 27766224/25 Fax: 27766226  
Email: [fa@galadapower.com](mailto:fa@galadapower.com)

10. Share Transfer system : Shares lodged for physical transfer would be registered within a period of 15 days, if the documents are clear and in order in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week's time. Shares in dematerialized form are transferred within a shorter period.

11. Shareholding pattern as on 31-03-2012

Category	No.of Shares	% holding
a) Promoters, their relatives and associates.	1171931	16
b) Financial Institutions	1095677	15
c) Bodies corporate	1316910	17
d) Public	3905362	52
Total	7489880	100

12. Dematerialization of Equity Shares:

The Company has made arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat facility. 5792034 equity shares aggregating 77.23 % of the total equity capital is held in dematerialized form as on 31<sup>st</sup> March, 2012. ISIN allotted to the Company's script is: **INE255C01018**.

13. Outstanding GDRs / ADRs or Warrants or any convertible instrument, conversion dates and likely impact on equity.

There are no GDRs / ADRs or Warrants or any other convertible instrument which are pending for conversion into equity shares.

14. Plant locations: Silvassa Unit : Survey No.319, Khadoli Village,  
Silvassa – 396 230. UT of D&NH

15. Market Price Data:

The Company's shares are being traded actively on The Stock Exchange, Mumbai. The Company's share price was quoted between Rs.4 and Rs10 during the financial year under review.

**Note:** Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

16. Declaration for Code of Conduct.

The declaration by Managing Director and CEO affirming compliance of Board members and senior management personnel to the Code is annexed herewith.

17. Compliance Certificate by Auditors:

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of corporate governance as stipulated in clause 49 of the Listing Agreement which is also annexed herewith.

The Company in the Board Meeting held on 30.06.2008 decided to appoint one more Independent Director to comply with the provisions of SEBI'S revised guidelines dated 08.04.2008. The Company is finalizing its capital restructuring scheme which would lead to broad basing of Board as required by strategic investors. This process would be completed during the current year and stock exchange is informed accordingly.

18. Secretarial Audit:

The Company gets the Secretarial Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total Equity Capital with both the depositories and in physical form with the total paid up capital as per the books. The Secretarial Audit Reports are placed before the Board of Directors on a quarterly basis and are also sent to the Stock Exchange where the Company's shares are listed.

### DECLARATION FOR CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct up to the year ended 31<sup>st</sup> March, 2012.

For Galada Power and Telecommunication Ltd

Place: Hyderabad  
Date : 30.06.2012

D C Galada  
Managing Director

## **CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION.**

We, Sri D C Galada, Managing Director as CEO and Sri V Subramanian, Vice President & Secretary as CFO of Galada Power and Telecommunication Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and all its schedules and notes to accounts as well as the cash flow statements and the director's report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or contain statements that might be misleading;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and we have:
  - a) designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles;
  - b) evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and
  - c) disclosed in this report any change in the Company's internal control over financial reporting that has materially affected the Company's internal control over financial reporting;
6. We have disclosed to the Company's auditors and the audit committee of the Company's Board of Directors;
  - a) deficiencies in the design or operation of internal controls and steps taken / proposed to be taken to rectify these deficiencies;
  - b) significant changes in internal controls over financial reporting, if any, during the year covered by this report;
  - c) significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements and

- d) Instances of significant fraud of which we are aware that involves management or other employees who have a significant role in the Company's internal controls system over financial reporting.

Place: Hyderabad  
Date : 30.06.2012

V Subramanian  
Vice President & Secretary

D C Galada  
Managing Director

## **MANAGEMENT DISCUSSION AND ANALYSIS**

*(forming part of Directors' Report)*

### **a) Business review and outlook.**

The power sector, after going through a turbulent time for over a decade, has started looking up due to reforms initiated by the successive Governments. This augurs well for the aluminium industry, particularly for those like us engaged in the manufacture and supply of electrical conductors for overhead power transmission and distribution lines.

Most of the State Electricity Boards have accepted to implement "reforms" to enable them to become commercially and economically viable. As a result of the reforms under implementation, the following two major benefits will accrue to the State Electricity Boards:

- rational pricing of power with the approval of the State Electricity Tariff Advisory Committee which will put the State Electricity Boards back on viable lines.
- privatisation of distribution network which will bring down substantially the technical losses and set right the revenue collection mechanism for the State Electricity Boards.

Most of the finance is now made available under Accelerated Power Development and Reform Programme (APDRP) announced by the Government of India and only those State Electricity Boards who have gone in with the formulation and implementation of power reforms are eligible for availing of the said finance. This is expected to play a vital role in easing financial difficulties and ensuring growth in the power sector, which in turn will immensely benefit manufacturers like us.

### **b) Internal Control System and their adequacy.**

The Company has a proper and adequate system of internal controls with laid-down policies and procedures for all its operations and financial functions to see that all its assets are safeguarded and protected against loss from any unauthorised use or disposition and all financial records are maintained properly. The Company's Board has an Audit Committee which consists of four independent Directors to review, inter alia, the significant findings of the internal audit.



**c) Rehabilitation Scheme.**

BIFR vide its order dated 14.09.2007 confirmed its opinion of winding up in terms of Section 20(1) of the Sick Industrial Companies (Special Provisions) Act. The Company preferred an appeal before the Hon'ble High Court of Andhra Pradesh which has stayed BIFR order and further hearings are in progress.

In the meantime, the Company's efforts to make a break through in the matter has borne fruit and IDBI, SASF, UTI, Canara Bank & Syndicate Bank have since indicated their willingness for one-time settlement of their dues and the modalities are being worked out. It is hoped that with the improvement in the power scenario due to reforms, the situation is expected to turn- around in favour of the Company.

**d) Material developments in human resources / industrial relations.**

The Company values human resource as one of its most important assets and is strengthening it in line with its growth plans. The Company has always had an excellent track record of cordial and harmonious industrial relations. This year too, the industrial relations in the Company have been very cordial and not a single man-day was lost on this account.

**e) Cautionary Statement.**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities law and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax law and other statutes and other incidental factors.



## CERTIFICATE

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

We have examined the compliance of conditions of Corporate Governance by GALADA POWER AND TELECOMMUNICATION LIMITED, Hyderabad (A.P) for the year ended on 31<sup>st</sup> March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

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

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

  
(P. CHANDRAMOULI)  
Partner

Membership Number: 025211

Place : Hyderabad  
Date : June 30, 2012



**AUDITORS' REPORT**

To the Members of GALADA POWER AND TELECOMMUNICATION LIMITED, HYDERABAD.

1. We have audited the attached Balance Sheet of GALADA POWER AND TELECOMMUNICATION LIMITED, HYDERABAD (A.P) as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss and also the Cash Flow Statement 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 the 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 (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 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. *Without qualifying our opinion we draw attention to Note no: 1 of the financial statements regarding the preparation of the financial statements on a going concern basis.*
5. *In the absence of confirmation letters from the parties, we are unable to ascertain whether the amounts shown under the heads Trade receivables, Current Assets and Loans and Advances are realisable and the payables shown under various heads of account are also subject to confirmation by the respective institutions / parties.*
6. a) *The Company has not complied with the provisions of Sec-205-A (1) of the Companies Act, 1956 regarding transfer of unpaid dividend to a special bank account and the interest payable for such non compliance amounting to Rs. 207.67 lakhs up to 31<sup>st</sup> March, 2011 and Rs.13.91 lakhs for the year is not provided in the Accounts.*  
b) *The Company has not provided for the liability on account of additional interest and liquidated damages payable to the Financial Institutions and / or other financiers for non compliance with certain terms of sanction of loans and / or repayment schedules amounting to Rs.25,363.35 lakhs up to 31<sup>st</sup> March, 2011 and Rs.4,195.64 lakhs for the year.*  
c) *The Company has not provided for the liability on account of interest on recalled bank working capital loans amounting to Rs.14,415.93 lakhs up to 31<sup>st</sup> March, 2011 and Rs.2,746.13 lakhs for the year.*

*Consequent to the above, the loss for the year and the liabilities as at 31.03.2012 is understated by Rs.6,955.68 lakhs and Rs. 46,942.63 lakhs respectively.*





*Brahmayya & Co.,*

CHARTERED ACCOUNTANTS

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

7. Further to our comments in the Annexure referred to above, we report that:
- i) **Except as discussed in paragraphs 4 to 6 above**, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) In our opinion, **except as discussed in paragraphs 4 to 6 above**, 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, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, **except as discussed in paragraphs 4 to 6 above**, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to the explanations given to us, **subject to our observations in paragraphs 4 to 6 above and also Note no : 27 regarding payment of Managerial remuneration** the said accounts read in conjunction with the other notes thereon 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 31<sup>st</sup> March, 2012;
    - b) in the case of the statement of profit and loss, of the Loss of the Company for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for BRAHMAYYA & Co.,  
Chartered Accountants  
Firms' Registration Number - 000513S

  
(P. CHANDRAMOULI)  
Partner

Membership Number: 025211

Place : Hyderabad  
Date : June 30, 2012

**Annexure to the Auditor's Report: referred to in paragraph 3 of our report of even date,**

Re: GALADA POWER AND TELECOMMUNICATION LIMITED, HYDERABAD.

1.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
  - c) During the year the Company has not disposed off any substantial part of fixed assets that would affect the going concern status of the Company.
2.
  - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion, the procedures of physical verification of inventories 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 and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3.
  - a) During the year, the Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - b) In view of our comment in paragraph 3(a) above, (III) (b), (c), (d), (e), (f) and (g) of paragraph 4 of the aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
  - a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section
  - 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 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public. Hence the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.





7. In our opinion, the Company has an internal audit system, the scope and coverage of which, in our opinion, needs to be enlarged so as to make it commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the same.
9. a) According to the records, during the year, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. However, the Company is not regular in depositing the dues relating to Investor Education and Protection Fund, Sales Tax and Property Tax.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2012 for a period of more than six months from the date they became payable except the following

Nature of Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Due date	Date of payment
The Companies Act, 1956	Investor Education and Protection Fund	115,56,699	1996	30.12.2003	Not yet paid
APGST Act	IFST Loan Differed Sales Tax Sales tax	3,11,190 67,10,843 14,00,000	1988 1996 2000	25.07.1997 01.04.2001 01.08.2001	- - Rs.75,000 paid up to 30.06.2012
AP Municipalities Act, 1965	Property Tax	9,84,920 2,07,075	1997 to 2011 2011 to 2012	1997- 2011 30.09.2011	Not yet paid
Customs Act 1942	Duty on Imports	204,49,304			Not yet paid

- c) According to the records of the company and the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute.
10. The accumulated losses of the Company as at the end of the financial year under reference are more than fifty percent of net worth of the Company. The Company has incurred cash losses during the year covered by our audit and also in the immediately preceding financial year.



11. In our opinion the company has defaulted in repayment of dues to financial institutions, banks and debenture holders. However, the period and amount of default is not furnished as the Company has submitted its rehabilitation proposal to re schedule all dues payable to the financial institutions, banks and debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us the Company has not obtained any term loans during the year.
17. In our opinion and according to the information and explanations given to us the funds raised on short-term basis have not been used for long-term investment.
18. During the year, 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, 1956.
19. During the year, the Company has not issued any debentures, therefore the question of creating security or charge in respect thereof does not arise. However introspect of the debetures issued to Unit Trust of India in earlier years and outstanding as at this year end, the security or Charge is not yet created.
20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

Place : Hyderabad  
Date : June 30, 2012

for BRAHMAYYA & Co.,  
Chartered Accountants  
Firms' Registration Number: 000513S

  
(P. CHANDRAMOULI)

Partner  
Membership Number: 025211

GALADA POWER AND TELECOMMUNICATION LIMITED

BALANCE SHEET AS AT 31 MARCH , 2012

PARTICULARS	NOTES	31.03.2012 Rs	31.03.2011 Rs
<b>EQUITY AND LIABILITIES</b>			
<b>Share holders funds</b>			
Share Capital	04	74,898,800	74,898,800
Reserves and Surplus	05	(1,455,705,982)	(1,362,316,281)
		<u>(1,380,807,182)</u>	<u>(1,287,417,481)</u>
<b>Non - Current liabilities</b>			
Long Term Borrowings	06	217,700,000	217,806,260
Long - Term Provisions	07	474,808	464,874
		<u>218,174,808</u>	<u>218,271,134</u>
<b>Current liabilities</b>			
Short term borrowings	08	419,746,482	419,746,482
Trade Payables	09	43,834,336	99,930,745
Other Current Liabilities	10	1,052,157,621	989,224,511
Short - Term Provisions	11	1,616,016	2,303,983
		<u>1,517,354,455</u>	<u>1,511,205,721</u>
	<b>TOTAL</b>	<u>354,722,081</u>	<u>442,059,374</u>
<b>ASSETS</b>			
<b>Non - Current assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	12	114,141,922	128,827,256
Machinery in Transit		113,210,705	113,210,705
Long-Term Loans and Advances	13	16,286,464	17,186,464
		<u>243,639,091</u>	<u>259,224,425</u>
<b>Current Assets</b>			
Inventories	14	14,752,289	53,131,447
Trade Receivables	15	47,817,901	58,289,308
Cash and Cash Equivalents	16	31,903,970	55,242,205
Short-Term Loans and Advances	17	15,739,430	14,810,806
Other Current Assets	18	869,400	1,361,183
		<u>111,082,990</u>	<u>182,834,949</u>
	<b>TOTAL</b>	<u>354,722,081</u>	<u>442,059,374</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS

for and on behalf of the Board

  
D.C. GALADA  
Managing Director

  
DEVENDRA GALADA  
Executive Director

  
V SUBRAMANIAN  
Vice President & Secretary

per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm's Registration Number: 0005135

  
P. CHANDRAMOULI  
Partner  
Membership Number: 025211

Place: Hyderabad  
Date : 30.06.2012



**GALADA POWER AND TELECOMMUNICATION LIMITED**

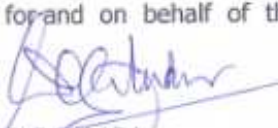
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH,2012**

PARTICULARS	NOTES	31.03.2012 Rs	31.03.2011 Rs
<b>INCOME</b>			
Revenue from Operations	19	79,771,587	117,470,973
Other Income	20	7,127,034	87,900,048
<b>TOTAL REVENUE</b>		<b>86,898,621</b>	<b>205,371,021</b>
<b>EXPENSES</b>			
Cost of Material Consumed	21	26,735,917	137,001,522
(Increase)/Decrease in Inventories	22	35,260,450	(46,571,377)
Employee Benefit Expense	23	18,500,161	16,605,293
Finance Costs	24	59,056,532	58,933,821
Depreciation Expense	25	12,953,175	13,214,451
Other Expenses	26	27,782,087	57,915,613
<b>TOTAL EXPENSES</b>		<b>180,288,322</b>	<b>237,099,323</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(93,389,701)</b>	<b>(31,728,302)</b>
<b>TAX EXPENSE</b>		-	-
<b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(93,389,701)</b>	<b>(31,728,302)</b>
<b>EARNINGS PER EQUITY SHARE OF ₹10/-EACH</b>			
Basic and diluted		(12.47)	(4.24)

**SIGNIFICANT ACCOUNTING POLICIES**

03

for and on behalf of the Board

  
D.C. GALADA  
Managing Director

  
DEVENDRA GALADA  
Executive Director

  
V SUBRAMANIAN  
Vice President & Secretary

per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firm's Registration Number: 0005135

  
P.CHANDRAMOULI  
Partner  
Membership Number: 025211


Place: Hyderabad  
Date : 30.06.2012


GALADA POWER AND TELECOMMUNICATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

PARTICULARS	31.03.2012 Rs	31.03.2011 Rs
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Tax	(93,389,701)	(31,728,302)
<b>Adjustments for:</b>		
Depreciation	12,953,175	13,214,451
Net gain on sale of Tangible assets	(153,339)	(18,129)
Asset Discarded	1,846,649	-
Interest (Net)	55,845,729	57,335,019
Excess Provisions Written Back	(834,232)	(9,936,786)
Waiver of Finance Charges	-	(2,136,651)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(23,731,719)</b>	<b>26,729,602</b>
<b>Adjustments for:</b>		
Increase / (decrease) in Long Term Provisions	9,934	(47,367)
Increase / (decrease) in Trade Payables	(55,262,177)	12,266,256
Increase / (decrease) in Other Current liabilities	3,947,694	13,862,250
Increase / (decrease) in Short Term Provisions	(687,967)	522,689
(Increase) / decrease in Long Term Loans and advances	900,000	(3,997,800)
(Increase) / decrease in Short Term Loans and advances	(362,319)	(5,249,913)
(Increase) / decrease in Inventories	38,379,158	(49,029,013)
(Increase) / decrease in Trade Receivables	10,471,407	38,670,957
(Increase) / decrease in other Current assets	417,763	21,227,097
Direct Taxes Paid ( net of refunds )	(566,306)	(5,958,609)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(26,484,532)</b>	<b>48,996,149</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(817,840)	(772,997)
Sale of Fixed Assets	856,690	1,700,000
Interest received	3,228,009	842,794
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>3,266,859</b>	<b>1,769,797</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (decrease) in Long Term Borrowings	(106,260)	106,260
Interest paid	(14,302)	(20,480)
<b>NET CASH GENERATED IN FINANCING ACTIVITIES (C)</b>	<b>(120,562)</b>	<b>85,780</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(23,338,235)</b>	<b>50,851,725</b>
Cash and Cash equivalents as at beginning of the year	55,242,205	4,390,480
Cash and Cash equivalents as at the end of the year #	<b>31,903,970</b>	<b>55,242,205</b>
# including restricted balance of	<b>2,100,509</b>	-

for and on behalf of the Board

  
D.C. GALADA  
Managing Director

  
DEVENDRA GALADA  
Executive Director

  
V SUBRAMANIAN  
Vice President & Secretary

per our report of even date  
for **BRAHMAYYA & CO.,**  
Chartered Accountants  
Firms' Registration Number: 0005135

  
P.CHANDRAMOULI  
Partner  
Membership Number: 025211

Place: Hyderabad  
Date : 30.06.2012

GALADA POWER AND TELECOMMUNICATION LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2012.

	31.03.2012 Rs	31.03.2011 Rs
<b>04 SHARE CAPITAL</b>		
<b>AUTHORISED:</b>		
10,900,000 Equity Shares of ₹10/- each	109,000,000	109,000,000
10,000 - 9.5% Cumulative Redeemable Preference Shares of ₹100/- each	1,000,000	1,000,000
<b>TOTAL</b>	<b>110,000,000</b>	<b>110,000,000</b>
<b>ISSUED:</b>		
7,489,880 Equity Shares of ₹10/- each	74,898,800	74,898,800
10,000 - 9.5% Cumulative Redeemable Preference Shares of ₹100/- each	1,000,000	1,000,000
<b>TOTAL</b>	<b>75,898,800</b>	<b>75,898,800</b>
<b>SUBSCRIBED AND PAID - UP:</b>		
7,489,880 Equity Shares of ₹10/- each	74,898,800	74,898,800
<b>TOTAL</b>	<b>74,898,800</b>	<b>74,898,800</b>

a. Rights attached to equity Shares:

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. Details of shareholders holding more than 5% shares in the company

	31.03.2012		31.03.2011	
	Nos	% in the class	Nos	% in the class
Equity Shares of ₹10/- each fully paid				
Industrial Development Bank of India	1,043,069	13.93	1,055,543	14.09
DD Investment and Leasing Private Limited	504,126	6.73	478,930	6.39

	31.03.2012 Rs	31.03.2011 Rs
<b>05 RESERVES AND SURPLUS:</b>		
Capital Redemption Reserve	100,000	100,000
Securities Premium Reserve	137,336,800	137,336,800
Share Forfeiture Account	7,500,000	7,500,000
Capital Reserve	51,125,000	51,125,000
Surplus i.e. balance in Statement of Profit and Loss		
Opening balance	(1,558,378,081)	(1,526,649,779)
Add: Net loss transferred from Statement of Profit and Loss	(93,389,701)	(31,728,302)
Closing Balance	(1,651,767,782)	(1,558,378,081)
<b>TOTAL</b>	<b>(1,455,705,982)</b>	<b>(1,362,316,281)</b>





GALADA POWER AND TELECOMMUNICATION LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2012.

	31.03.2012 Rs	31.03.2011 Rs
<b>06 LONG TERM BORROWINGS</b>		
<b>Debentures:(Secured) #</b>		
477,000 - 17.5% Redeemable Non - Convertible Debentures Rs.100/- each issued to Unit Trust of India	47,700,000	47,700,000
500,000 - 18% Redeemable Non Convertible Debentures Rs.100/- each issued to Industrial Development Bank of India	50,000,000	50,000,000
<b>Term Loans: ( Secured ) #</b>		
Industrial Investment Bank of India	40,000,000	40,000,000
Industrial Development Bank of India	80,000,000	80,000,000
<b>Other Loans and Advances:</b>		
Hire purchase loans Secured by Vehicles	-	106,260
<b>TOTAL</b>	<b>217,700,000</b>	<b>217,806,260</b>

a. 17.5% Secured Redeemable Non-Convertible Debenture of Rs.100/- each aggregating to Rs.477 Lakhs issued to UTI are to be redeemed in 3 equal annual instalments starting from the end of the third year of allotment (The date of allotment being 28th December, 1995 and 25th August 1997), though the same are secured by Pari Passu first charge on the fixed assets of the Company, the documentation is not completed.

b. 18% Secured Redeemable Non-Convertible Debentures of Rs.100/- each aggregating to Rs.500 Lakhs issued to IDBI are to be redeemed in 3 equal annual instalments starting from the end of the fourth year of allotment (The date of allotment being 29th April, 1999) and secured by pari passu first charge on the present and further fixed assets of the Company and irrevocable personal guarantees of two of the Directors of the Company.

c. Term Loans from Industrial Development Bank of India and Industrial Investment Bank of India are secured by the mortgage of Land, Buildings, Plant and Machinery and uncalled portion of capital, present and future on Pari-Passu basis and irrevocable personal guarantee of one of the Directors of the Company.

# The loans are already overdue for repayment and the company is in continuous default in repayments. However, as the company's rehabilitation proposal submitted to BIFR is pending with the Hon'ble High Court of AP, the loans are continued to be classified as long term, which are otherwise current dues.

**07 LONG TERM PROVISIONS**

<b>Provision for employee benefits:</b>		
Provision for Leave Encashment	474,808	464,874
<b>TOTAL</b>	<b>474,808</b>	<b>464,874</b>

**08 SHORT TERM BORROWINGS**

Working Capital Loans from Banks (secured)	419,746,482	419,746,482
<b>TOTAL</b>	<b>419,746,482</b>	<b>419,746,482</b>

The Working Capital facilities from Canara Bank and Syndicate Bank are secured by hypothecation of all movable assets of the Company and a second charge on all Fixed Assets of the Company and irrevocable personal guarantees of five of the Directors of the Company. As the company could not comply with the terms of sanction, the Bankers have initiated legal Proceedings for recovery of above debts.



31.03.2012

31.03.2011

Rs

Rs

**09 TRADE PAYABLES**

Dues to Micro and Small Enterprises	5,130,868	6,899,147
Dues to other than Micro and Small Enterprises	38,703,468	93,031,598
<b>TOTAL</b>	<b>43,834,336</b>	<b>99,930,745</b>

**10 OTHER CURRENT LIABILITIES**

Current maturities of long term borrowings:		
Interest Free Sales Tax Loan	311,190	311,190
Sales Tax Deferment	6,710,843	6,710,843
Hire Purchase instalments	106,260	91,080
Lease Rentals Payable to IDBI	90,549,441	84,775,197
DPG Instalments Due to IDBI	107,854,691	107,854,691
Interest accrued and due on Debentures	264,713,635	246,313,863
Interest accrued and due on Term Loans	281,958,302	259,898,028
Interest accrued and due on DPG Instalments	222,959,918	204,434,549
Assigned liabilities	48,393,118	48,393,118
Advance from Customers	6,889,796	5,341,228
Trade/ Security Deposits	5,118,828	4,938,828
Other liabilities:		
Excise Duty Payable	941,116	4,581,478
Sales Tax Payable	1,400,000	1,700,000
Withholding Taxes payable	58,289	28,144
Municipal taxes Payable	1,399,070	984,920
Due to Directors	349,928	353,932
Interest on Trade Payable	702,576	702,576
Unpaid Dividends **	11,556,899	11,556,899
Other Statutory dues	88,245	100,556
Miscellaneous	115,676	153,591
<b>TOTAL</b>	<b>1,052,157,621</b>	<b>989,224,511</b>

\*\* will be transferred to Investor Education and Protection fund as and when due

**11 SHORT TERM PROVISIONS**

Provision for employee benefits:		
Provision for Gratuity	1,616,016	2,303,983
<b>TOTAL</b>	<b>1,616,016</b>	<b>2,303,983</b>



GALADA POWER AND TELECOMMUNICATION LIMITED

12. TANGIBLE ASSETS:

S.NO	PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK				
		AS AT 01.04.2011	ADDITIONS DEDUCTIONS	AS AT 31.03.2012	UP TO 31.03.2011	FOR THE YEAR	ON DEDUCTIONS	UP TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
1	Land	11,743,132	-	11,743,132	-	-	-	11,743,132	11,743,132	
2	Buildings: Factory Office	54,877,702 12,288,692	- -	50,777,354 12,239,572	20,657,730 2,452,394	1,832,916 201,001	2,279,601 33,218	20,211,045 2,620,176	30,566,309 9,619,396	34,219,972 9,846,296
3	Plant and Equipment #	210,878,517	717,660	206,697,195	140,466,563	10,479,571	4,361,656	146,586,498	60,110,697	70,409,934
4	Furniture and Fixtures	2,391,412	-	1,640,229	1,698,738	109,488	644,043	1,164,183	476,046	692,674
5	Vehicles	2,177,441	-	2,177,441	876,365	184,253	-	1,060,618	1,116,823	1,301,076
6	Office Equipment	1,182,727	-	819,592	850,943	35,570	308,338	578,175	241,417	331,784
7	Data Processing Equipment	654,239	99,980	728,264	371,853	110,376	22,068	460,161	268,103	282,386
	<b>Total</b>	296,203,862	817,840	296,822,779	167,376,606	12,953,175	7,648,924	172,680,857	114,141,922	128,827,256
	<b>Previous Year</b>	<b>302,094,968</b>	<b>772,997</b>	<b>296,203,862</b>	<b>159,144,387</b>	<b>13,214,461</b>	<b>4,982,232</b>	<b>167,376,606</b>	<b>128,827,256</b>	<b>142,960,581</b>



GALADA POWER AND TELECOMMUNICATION LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2012.

	31.03.2012 Rs	31.03.2011 Rs
<b>13 LONG TERM LOANS AND ADVANCES</b> (unsecured and considered good)		
Security Deposits:		
Earnest Money Deposits	5,185,000	6,085,000
Other Deposits	7,851,464	7,851,464
Deposits for Power Supply #	3,250,000	3,250,000
TOTAL	<u>16,286,464</u>	<u>17,186,464</u>
# in the form of Fixed Deposits with Banks		
<b>14 INVENTORIES ( at Cost )</b>		
Raw Material	603,748	2,644,345
Work in Process	3,797,770	1,068,739
Finished Goods	8,555,565	46,545,046
Stores and Spares	1,795,208	2,873,317
TOTAL	<u>14,752,289</u>	<u>53,131,447</u>
<b>15 TRADE RECEIVABLES</b> (unsecured and considered good)		
Due for more than six months	43,459,500	48,083,693
Due for less than six months	4,358,401	10,205,615
TOTAL	<u>47,817,901</u>	<u>58,289,308</u>
<b>16 CASH AND CASH EQUIVQLENTS</b>		
Balances with Banks:		
on Current accounts	596,761	8,284,763
Cash on Hand	347,492	157,442
Other Bank balances		
Deposits with original maturity of less than twelve months	28,859,208	46,800,000
Margin money deposits	2,100,509	-
TOTAL	<u>31,903,970</u>	<u>55,242,205</u>
<b>17 SHORT TERM LOANS AND ADVANCES</b> (unsecured and considered good)		
Advance Income Tax	7,588,170	7,021,865
Staff Advances	371,100	714,225
Balance with Central Excise Department	7,235,121	6,491,477
Sales Tax Receivable	526,253	509,021
Other Advances	18,766	74,218
TOTAL	<u>15,739,430</u>	<u>14,810,806</u>
<b>18 OTHER CURRENT ASSETS</b>		
Interest accrued	596,882	670,902
Accrued Job Work Charges	235,824	-
Assets held for disposable at realisable value	-	535,000
Prepaid Expenses	36,694	155,281
TOTAL	<u>869,400</u>	<u>1,361,183</u>





GALADA POWER AND TELECOMMUNICATION LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2012.

	31.03.2012 Rs	31.03.2011 Rs
<b>19 REVENUE FROM OPERATIONS</b>		
<b>Sale of Goods</b>		
Finished Goods (Aluminium Conductor)	64,749,314	114,022,238
<b>Sale of Services</b>		
Job Work Charges ( Conversion)	13,174,063	9,445,766
<b>Other Operating Income</b>		
Certification Charges	3,148,500	2,300,000
<b>Revenue from Operations (gross)</b>	81,071,877	125,768,004
Less: Excise Duty	1,300,290	8,297,031
<b>Revenue from Operations (Net)</b>	79,771,587	117,470,973
<b>20 OTHER INCOME</b>		
<b>Interest Income</b>		
Bank Deposits	3,153,989	1,509,715
Others	-	52,364,026
Income Tax	70,076	54,521
<b>Other Non Operating Income</b>		
Net Gain on Sale of Tangible Assets	153,339	18,129
Rentals earned	2,250,144	1,666,354
Excess Provisions and Credit Balances Written Back	834,232	9,936,786
Misc Receipts	665,254	46,063
Waiver of Finance Charges	-	2,136,651
Bad Debts Recovered	-	20,167,803
<b>TOTAL</b>	7,127,034	87,900,048
<b>21 COST OF MATERIAL CONSUMED</b>		
Inventory at the Beginning of the year	2,644,345	746,237
Add: Purchases	24,695,320	138,899,630
	27,339,665	139,645,867
Less: Inventory at the Closing of the year	603,748	2,644,345
<b>Cost of raw material consumed</b>	26,735,917	137,001,522
<b><u>Details of Purchases</u></b>		
Aluminium	24,612,627	131,506,445
Steel Wire	82,693	7,370,730
Magnesium	-	16,631
Silicon	-	5,824
	24,695,320	138,899,630
<b><u>Details of Inventory</u></b>		
Steel Wire	603,748	1,030,785
Aluminium	-	1,613,560
	603,748	2,644,345
<b><u>Details of Raw material consumed</u></b>		
Aluminium	26,226,187	130,491,665
Steel Rod	509,730	6,339,945
Magnesium	-	164,088
Silicon	-	5,824
	26,735,917	137,001,522





31.03.2012

31.03.2011

Rs.

Rs.

**22 (INCREASE) OR DECREASE IN INVENTORIES**

<b>Inventory at the End of the year</b>		
Finished Goods	8,555,565	46,545,046
Stock In Process	2,545,225	965,509
Scrap	1,252,545	103,230
	<u>12,353,335</u>	<u>47,613,785</u>
<b>Inventory at the Beginning of the year</b>		
Finished Goods	46,545,046	-
Stock In Process	965,509	1,005,123
Scrap	103,230	37,285
	<u>47,613,785</u>	<u>1,042,408</u>
<b>Increase/(Decrease) in Inventories</b>	<u>(35,260,450)</u>	<u>46,571,377</u>

**Details of Stock in Progress**

Aluminium Conductor	2,255,966	676,250
Aluminium Rod	289,259	289,259
	<u>2,545,225</u>	<u>965,509</u>

**Details of Finished Goods**

Aluminium Conductor	8,555,565	46,545,046
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**Details of Scrap**

Aluminium	1,248,730	100,520
Steel	3,815	2,710
	<u>1,252,545</u>	<u>103,230</u>

**23 EMPLOYEE BENEFIT EXPENSE**

Salaries, Wages and Bonus	16,516,041	14,226,028
Contribution to Provident and Other Funds	583,177	621,863
Staff Welfare Expenses	1,001,011	1,091,861
Gratuity	399,932	665,541

<b>TOTAL</b>	<u>18,500,161</u>	<u>16,605,293</u>
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**24 FINANCE COSTS**

Interest expense	40,585,643	40,474,754
Interest Debentures	18,399,773	18,349,500
Hire Purchase Charges	14,302	20,480
Bank Charges	56,814	89,087

	<u>59,056,532</u>	<u>58,933,821</u>
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**25 DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation on tangible assets	12,953,175	13,214,451
	<u>12,953,175</u>	<u>13,214,451</u>



31.03.2012

31.03.2011

Rs

Rs

## 26 OTHER EXPENSES

	31.03.2012	31.03.2011
	Rs	Rs
Stores Consumed	3,219,701	6,264,139
Contract Labour Charges	3,705,594	4,449,873
Rates and Taxes	2,170,868	1,054,644
Excise Duty #	(3,640,362)	4,581,478
Contract Charges	-	16,632,653
Power and Fuel	5,017,138	6,073,786
Rent	665,200	634,800
Equipment Rentals ##	5,774,243	5,758,467
Insurance	145,356	137,133
Travelling and Conveyance	2,056,296	3,419,103
Vehicle Maintenance	1,089,389	941,863
Legal and Professional Charges	992,231	2,292,655
Payments to Auditors:		
as auditors	75,000	55,150
for certification	15,000	16,545
for tax audit	14,000	14,000
Repairs and Maintenance to:		
Machinery	169,973	81,451
Own Buildings	84,012	518,147
Other Assets	81,196	84,780
Security Charges	1,472,777	1,327,533
Assets Discarded	1,846,649	-
Miscellaneous Expenses	2,827,826	3,577,413
<b>TOTAL</b>	<b>27,782,087</b>	<b>57,915,613</b>

# Represents the aggregate of Excise Duty borne by the Company and the difference between Excise Duty on Opening and Closing Stocks of finished /saleable goods.

## The Company has taken Certain movable assets costing Rs. 267.84 lakhs on lease from IDBI. The Company is providing for Compensatory Finance charges to the IDBI, the lessor, as the lease agreement is not yet concluded.



**1 NATURE OF OPERATIONS:**

GALADA POWER AND TELECOMMUNICATION LIMITED has been incorporated on 24.06.1972. At present the Company is engaged in the business of manufacturing Aluminum conductors and other allied products.

The Company has recorded a net loss of Rs.7,889.60 Lakhs for the year and has accumulated losses of Rs. 63,460.30 Lakhs as at March 31, 2012, resulting in substantial erosion of the net worth. Further, there were lower cash inflows from the existing business activities. The Company has defaulted in payment of dues to banks / financial institutions and could not comply with the terms of sanction and / or repayment schedules of the lending institutions and Banks; consequently all the lending institutions recalled the loans and the Bankers of the Company also initiated legal proceeding for the recovery of the debts. The matter was referred to Board for Industrial and Financial Reconstruction (BIFR) and the Company had been declared sick. Later on, BIFR confirmed their opinion for winding up in terms of Section 20(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 vide order dt:14-09-2007. The Company preferred an appeal before AAIFR which confirmed the BIFR order. The Company further preferred an appeal before the Hon'ble High Court of Andhra Pradesh which has stayed BIFR order and further hearings are in progress. As the Management of the Company is of the view that an acceptable and viable rehabilitation package can be worked out, the accompanying financial statements have been prepared on a "going concern" basis.

**2 BASIS OF ACCOUNTING:**

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India under the historical cost convention and on accrual basis, except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies are consistent with those used in the previous year.

**3 SIGNIFICANT ACCOUNTING POLICIES:**

**a) Change in accounting policy:** Presentation and disclosure of financial statements:

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year





b) **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the 'results of operations during' the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) **Fixed Assets**

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation, amortisation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

d) **Depreciation**

- i. Depreciation on Fixed Assets is provided on Written down Value/Straight Line method as per Schedule XIV of the Companies Act, 1956.
- ii. Fixed Assets costing rupees Five thousand or less are fully depreciated in the year of acquisition.

e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset are no longer exist or have decreased.



f) **Inventories**

- i. Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, raw materials and other items held for use in the production of inventories are not written down below the cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on FIFO basis.
- ii. Goods in transit are valued at Cost.
- iii. Finished goods, Work in progress, Scrap, by-products and loose tools are valued at lower of cost and net realizable value.
- iv. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on FIFO basis and Cost of finished goods includes excise duty.
- v. *Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling costs.*

g) **Prior period items**

All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments" and the others are shown under respective heads of account in the Profit and Loss Account.

h) **Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value of each long term investment is made to recognize a decline other than temporary in nature.



i) **Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically the following basis is adopted:

i. **Sale of Goods:**

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. Sales are inclusive of excise duty and value added tax/sales tax and is net of sales returns and discounts. Revenue from export sales is recognised on the date of bill of lading.

Revenue on account of price escalations is accounted for on acceptance of such claims by the buyers.

ii. **Income from Services:**

Revenue is recognized as and the Services rendered as per the terms of individual Service Contract. Income from Services is accounted inclusive of service tax.

iii. **Interest:**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv. **Export Benefits:**

Export Entitlements in the form of Duty Drawback and Duty Entitlement Pass Book (DEPB) Schemes are recognized in the Profit and Loss account on realisation.

v. **Other Sundry incomes:**

Insurance claims, conversion escalations are accounted for on accrual basis.

j) **Government Grants and Subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the assets concerned in arriving at the carrying amount of the related asset. Government grants in the form of non-monetary assets given at a concessional rate are accounted for on the basis of their acquisition cost.





**k) Retirement and Other Employee Benefits**

- i. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- ii. The Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- iii. Short term compensated absences are provided on an estimated basis. Long term compensated absences are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**l) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of Fixed Assets, which take substantial period of time to get ready for their intended use, are capitalized. Other Borrowing costs are recognized as an expense in the year in which they are incurred.

**m) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases.

**Where the Company is the lessee:**

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

**Where the Company is the lessor:**

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the profit and loss account. Costs, including depreciation are recognised as an expense in the profit and loss account.

**n) Earnings per Share (Basic and Diluted)**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



**o) Taxes on Income**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only, if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

**p) Cash Flow Statement**

Cash flows are reported using indirect method. Cash and cash equivalents in the cash flow statement comprise cash at bank, cash/cheques in hand and Fixed Deposits with Banks.

**q) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**r) Provisions**

A provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.





**GALADA POWER AND TELECOMMUNICATION LIMITED,**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012.**

- 27 Appointment and payment of Managerial Remuneration:
- a. The reappointment of executive director with effect from 01.04.2002 is subject to the conditions laid down in schedule XIII to the Companies Act, 1956. However, the Company has not obtained Central Government approval pursuant to the said conditions for payment of remuneration from that date amounting to Rs. 7,246,992/-(including for Current year Rs. 7,83,281/-) and accordingly the provisions of Section 309(5A) of the Companies Act, 1956 are applicable. However, the said amount is charged to the profit and loss account as managerial remuneration, as the management is of the view that the said provisions are not applicable to the Company, as the matter is referred for rehabilitation under the Sick Industrial Companies (Special Provisions) Act, 1985.
  - b. The appointment of managing director with effect 01.01.2006 is subject to the conditions laid down in schedule XIII to the Companies Act, 1956. However, the Company has not obtained Central Government approval pursuant to the said conditions for payment of remuneration from that date amounting to Rs. 69,67,711/-(including for Current year Rs. 9,82,694) and accordingly the provisions of Section 309(5A) of the Companies Act, 1956 are applicable. However, the said amount is charged to the profit and loss account as managerial remuneration, as the management is of the view that the said provisions are not applicable to the Company, as the matter is referred for rehabilitation under the Sick Industrial Companies (Special Provisions) Act, 1985.
- 28 No debenture redemption reserve is created in view of the losses being suffered by the Company.
- 29 The Company has not received confirmation of balances from the parties included under Sundry Debtors, Loans and Advances, Sundry Creditors and Other Liabilities.
- 30 Additional Interest and Liquidated damages payable to the financial institutions and /or other financiers for non compliance with terms of sanctions and/or repayment schedules amounting to Rs.25,363.35 lakhs from 01.07.1997 to 31.03.2011 and Rs.4,195.64 lakhs for the current year is not provided in the books of account.
- 31 Interest on Working Capital Loans from Banks, amounting to Rs.14,415.93 lakhs from 01.07.2000 to 31.03.2011 and Rs. 2,746.13 lakhs for the current year is not provided in the books of Account.
- 32 The Company has declared dividend for the year 1995-96 in the Annual General Meeting held on 30.12.96 and unpaid amount of Rs.11,556,699/- has become due for transfer to Investor Education and Protection Fund. However, the Company is of the opinion that the said amount need not be transferred to Investor Education and Protection Fund as the same is payable to the share holders and has been included in its rehabilitation proposal as payable at a later date.
- 33 The ICICI Bank Limited has assigned all the amounts due to it by the Company to a third party with effect from 01.01.2006 on "as is where is" basis pending legal documentation and other negotiations as to the repayment with the third party, the total amount due as at 31<sup>st</sup> December, 2005 including principal on account of this mutual agreement was classified as assigned liabilities and shown as other current liability.



**GALADA POWER AND TELECOMMUNICATION LIMITED,**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012.**

- 34 In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.
- 35 Disclosure of Sundry Creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors.
- 36 Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006.

Particulars	31.03.2012 Rs.	31.03.2011 Rs.
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	5,130,868	6,899,147
The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year, and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

37 Calculation of Earnings per share	31.03.2012	31.03.2011
a) Net Loss for the year (in Rs.)	93,389,701	31,728,301
b) Weighted average number of Equity shares (Nos.)	7,489,880	7,489,880
c) Face value as per share (in Rs.)	10	10
d) Earnings per share (Basic and Diluted) (in Rs.)	(12.47)	(4.24)





- 38 Disclosure relating to the Gratuity liability ( not funded ) as per Accounting Standard 15 "Employee Benefits"

Particulars		31.03.2012 Rs.	31.03.2011 Rs.
a)	The amounts recognised in the Balance Sheet		
	Present Value of obligation	3,520,949	3,605,452
	Fair value of plan assets	1,904,933	1,301,469
	<b>Net liability recognised in the Balance sheet</b>	<b>1,616,016</b>	<b>2,303,983</b>
b)	Changes in the present value of the defined obligation		
	Opening defined benefit obligation	3,605,452	2,833,614
	Current service Cost	98,063	122,635
	Interest Cost	288,436	226,689
	Actuarial (gain)/loss on obligation	177,356	422,514
	Benefits paid	(648,358)	-
	<b>Closing defined benefit obligation</b>	<b>3,520,949</b>	<b>3,605,452</b>
c)	Changes in the Fair value of Plan assets		
	Opening Fair value of Plan assets	1,301,469	1,052,320
	Contributions	1,087,899	142,852
	Actual returns on plan assets	163,923	106,297
	Benefits paid	(648,358)	-
	<b>Closing Fair value of Plan assets</b>	<b>1,904,933</b>	<b>1,301,469</b>
d)	The amounts recognised in the Profit and Loss account		
	Current service Cost	98,063	122,635
	Interest Cost	288,436	226,689
	Actual returns on plan assets	(163,923)	(106,297)
	Actuarial (gain)/loss on obligation	177,356	422,514
	<b>Net benefit Expenditure</b>	<b>399,932</b>	<b>665,541</b>
e)	Principal actuarial assumptions	<b>2011 -12</b>	<b>2010 -11</b>
	Mortality table (LIC)	1994-96	1994-96
	Discount Rate	8.00%	8.00%
	Rate of escalation in Salary (per annum)	4.00%	4.00%
	Attrition Rate	1.00%	1.00%
	Retirement Age in years	58 years	58 years
The rate of escalation in compensation considered in the above valuation is estimated taking into account inflation, seniority, promotion and other relevant factors and the above information is certified by an actuary.			

- 39 The Companies main business is manufacturing of Aluminum Conductors and other allied products and all other activities of the Company revolve around the main business and as such there are no separate reportable segments as per the Accounting Standard AS 17 " Segment Reporting" as notified by Companies (Accounting Standards) Rules, 2006.



**GALADA POWER AND TELECOMMUNICATION LIMITED,**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012.**

40 The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:

a. Names of related parties and relation with the company:

i. Key Management Personnel:	
Sri Dharam Chand Galada	Managing Director
Sri Devendra Galada	Executive Director
ii. Relatives of Key Management Personnel:	
Sri Mahavir Chand Galada	Father of Managing Director
Smt. Snehlatha Galada	Wife of Managing Director
Sri Shail Galada	Son of Managing Director
Sri Shashi Galada	Son of Managing Director
Sri Ewanth Kumar Parekh	Son - in - law of Managing Director

b. Particulars of Transactions during the year:	31.03.2012 Rs.	31.03.2011 Rs.
Key Management Personnel		
Sri Dharam Chand Galada		
Managerial Remuneration	982,694	982,495
Sri Devendra Galada		
Managerial Remuneration	783,281	779,380
Relatives of Key Management Personnel		
Smt. Snehlatha Galada		
Payment of Rent	114,000	114,000
Sri Shail Galada		
Payment of Rent	93,000	93,000
Remuneration	788,363	636,232
Sri Shashi Galada		
Payment of Rent	93,000	93,000
Sri Ewanth Kumar Parekh		
Remuneration	909,873	7,69,396
c. Balances due from / (due to) as at the year end		
Sri Dharam Chand Galada	(152,659)	(163,648)
Sri Devendra Galada	(196,269)	(188,284)

41 In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules, 2006, there is a net deferred tax asset as on 31st March, 2012. In the absence of convincing evidence regarding the availability of sufficient taxable income in near future against which the deferred tax asset can be adjusted, the Company has not recognised the deferred tax asset arising due to tax effect of timing differences at present.

42 As required by Accounting Standard (AS 28) "Impairment of Assets", the management has carried out the assessment of impairment of assets and no impairment loss has been recognized during the year.



**GALADA POWER AND TELECOMMUNICATION LIMITED,**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012.**

43 Contingent liabilities and Commitments :

Particulars	31.03.2012	31.03.2011
	Rs.	Rs.
Contingent liabilities:		
Bank guarantees and Letters of credit ;	17,701,099	17,701,099
Claims against the Company not acknowledged as debts	24,862,726	22,894,963
Duty Payable on Imports in Transit	20,449,304	19,298,955
Income Tax demands disputed by the Company	5,054,342	5,054,342

44 Analysis of materials consumed:

	2011-12		2010-11	
	Percentage	Value in Rs.	Percentage	Value in Rs.
Imported	--	--	--	--
Indigenous	100.00	29,955,618	100.00	143,265,661
	<b>100.00</b>	<b>29,955,618</b>	<b>100.00</b>	<b>143,265,661</b>

45 Previous year figures are regrouped and reclassified where ever necessary to make them comparable with those of current year.

per our report of even date  
for Brahmayya & Co.  
Chartered Accountants  
Firms' Registration Number: 000513S




P. CHANDRAMOULI  
Partner  
Membership Number: 025211

Place :Hyderabad  
Date :30.06.2012

for and on behalf of the Board



D.C.GALADA  
Managing Director



DEVENDRA GALADA  
Executive Director



V.SUBRAMANIAN  
Vice President & Secretary