

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	SCH. REF.	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
I. SOURCES OF FUNDS :			
1) Share holders' Funds:			
a) Capital	1	74,898,800	74,898,800
b) Reserves and Surplus	2	193,236,800	193,236,800
		268,135,600	268,135,600
2) Loan Funds :			
a) Secured Loans	3	779,066,525	757,292,711
b) Un-secured Loans	4	7,022,033	7,022,033
c) Debentures	5	325,664,363	307,314,863
		1,111,752,921	1,071,629,607
	TOTAL	1,379,888,521	1,339,765,207
II. APPLICATION OF FUNDS :			
1) Fixed Assets :	6		
a) Gross Block		302,094,968	302,526,375
b) Less : Depreciation		159,144,387	145,975,756
c) Net Block		142,950,581	156,550,619
d) Capital Work in Progress		-	930,951
e) Machinery in transit		113,210,705	130,443,928
		256,161,286	287,925,498
2) Investments:	7	-	10,714
3) Current Assets, Loans and Advances:			
a) Inventories	8	4,102,434	63,656,275
b) Sundry Debtors	9	96,960,265	32,117,285
c) Cash and Bank Balances	10	14,640,479	13,224,363
d) Other Current Assets	11	26,173,400	31,558,107
e) Loans and Advances	12	1,338,907	2,820,416
		143,215,485	143,376,446
Less: Current Liabilities and provisions:	13		
a) Liabilities		543,844,494	555,425,454
b) Provisions		2,293,535	2,313,995
		546,138,029	557,739,449
Net Current Assets		(402,922,544)	(414,363,004)
4) Profit and Loss Account:		1,526,649,779	1,466,191,998
	TOTAL	1,379,888,521	1,339,765,207
NOTES ON ACCOUNTS			
20			

Per our report of even date
for **BRAHMAYYA & Co.**,
Chartered Accountants
Firm's registration Number: 000513 S

for and on behalf of the Board

D.C. Galada
Managing Director

P. Chandramouli
Partner
Membership Number : 025211
Place : Hyderabad
Date : 26.06.2010

V. Subramanian
Vice President & Secretary

Devendra Galada
Executive Director

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 st MARCH, 2010

PARTICULARS	SCH. REF.	CURRENT YEAR	PREVIOUS YEAR
		Rs.	Rs.
I. INCOME:			
Sales : Less Returns (Gross)		201,663,716	316,323,231
Less : Excise Duty		16,071,333	36,975,792
Net Sales		185,592,383	279,347,439
Conversion charges earned		43,248,853	25,891,903
Licence fees		43,360,445	-
Others	14	5,096,261	2,666,882
Provision for bad and doubtful debts written back		-	123,628,503
Waiver of finance charges		-	5,091,786
TOTAL		277,297,942	436,626,513
II. EXPENDITURE:			
Raw Material Consumed	15	114,223,648	278,514,496
Power and fuel		26,077,876	19,607,599
Staff Cost	16	19,839,724	15,141,819
Finance Charges	17	59,630,429	67,909,299
Others	18	51,754,298	49,496,931
Depreciation	6	13,691,250	13,966,902
(Increase) / Decrease in Stocks	19	52,710,784	(36,236,725)
Diminution in value of investments		(172,286)	(77,052)
Bad debts/ Advances written off		-	127,267,050
TOTAL		337,755,723	535,590,319
III. LOSS FOR THE YEAR		60,457,781	98,963,806
Add : Provision for fringe benefit tax		-	450,000
		60,457,781	99,413,806
Add : Loss brought forward from last year		1,466,191,998	1,366,778,192
IV. TOTAL LOSS CARRIED TO BALANCE SHEET		1,526,649,779	1,466,191,998
Earning per share - basic and diluted		(8.07)	(13.27)
Nominal Value of Shares		10.00	10.00

NOTES ON ACCOUNTS

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Per our report of even date
for **BRAHMAYYA & Co.,**
Chartered Accountants
Firm's Registration Number: 000513 S

for and on behalf of the Board

D.C. Galada
Managing Director

P. Chandramouli
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Membership Number : 025211

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Place : Hyderabad
Date : 26.06.2010

Devendra Galada
Executive Director

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	AS AT 31.03.2010 Rs	AS AT 31.03.2009 RS.
1. SHARE CAPITAL :		
<u>Authorised:</u>		
109,00,000 Equity Shares of Rs.10/ each	109,000,000	109,000,000
10,000 - 9.5% Cumulative Redeemable Preference Shares of Rs. 100/ each	1,000,000	1,000,000
TOTAL	110,000,000	110,000,000
<u>Issued:</u>		
74,89,880 Equity Shares of Rs.10/ each	74,898,800	74,898,800
1,000 - 9.5% Cumulative Redeemable Preference Shares of Rs. 100/ each	100,000	100,000
TOTAL	74,998,800	74,998,800
<u>Subscribed and paid up:</u>		
74,89,880 Equity Shares of Rs.10/ each fully paid up	74,898,800	74,898,800
TOTAL	74,898,800	74,898,800
2. RESERVES AND SURPLUS :		
Securities premium Account	137,336,800	137,336,800
Share Forfeiture Account	7,500,000	7,500,000
Capital Redemption Reserve	100,000	100,000
Capital reserve :	48,300,000	48,300,000
TOTAL	193,236,800	193,236,800

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	Rs.	Rs.
3. SECURED LOANS :		
Term Loans from:		
: Industrial Investment Bank of India	40,000,000	40,000,000
: Industrial Development Bank of India	80,000,000	80,000,000
Interest accrued and due on above loans	236,961,043	214,961,043
Working Capital loans from banks	419,746,482	419,746,482
Loans under hire purchase	2,359,000	2,585,186
TOTAL	779,066,525	757,292,711
4. UNSECURED LOANS :		
From A.P. State Government		
: Interest Free Sales Tax Loan	311,190	311,190
: Sales Tax Deferment	6,710,843	6,710,843
TOTAL	7,022,033	7,022,033
5 DEBENTURES:		
4,77,000 - 17.5% Secured Redeemable Non - Convertible Debentures of Rs.100/- each issued to Unit Trust of India	47,700,000	47,700,000
5,00,000 - 18% Secured Redeemable Non - Convertible Debentures of Rs.100/-each issued to Industrial Development Bank of India	50,000,000	50,000,000
Interest accrued and due on above debentures	227,964,363	209,614,863
TOTAL	325,664,363	307,314,863
7 INVESTMENTS: (at cost) (Long Term) (Non Trade- Quoted)		
7000 Equity Shares of Rs.10/- each Fully paid of Via Media India Limited	-	108,000
700 - 14% Optionally Convertible Debentures of Rs.40/- each of Via Media India Limited	-	75,000
	-	183,000
Less : Diminution in the value of investments	-	172,286
TOTAL	-	10,714

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

PARTICULARS		AS AT 31.03.2010 Rs	AS AT 31.03.2009 Rs.
8	INVENTORIES : (At Cost unless other wise stated) (as valued and certified by the Managing Director)		
	Raw materials	746,237	7,248,241
	Finished goods	-	47,191,354
	Stock in process	1,042,408	6,561,838
	Stores and Spares	2,313,789	2,654,842
	TOTAL	4,102,434	63,656,275
9	SUNDRY DEBTORS : (Unsecured, Considered good)		
	Debts due over six months	5,419,136	241,044
	Other debts	91,541,129	31,876,241
	TOTAL	96,960,265	32,117,285
10	CASH AND BANK BALANCES :		
	Cash in hand	601,466	109,962
	Cash with Scheduled Banks		
	: In Current Accounts	7,789,013	10,114,401
	: In Fixed Deposits	6,250,000	3,000,000
	TOTAL	14,640,479	13,224,363
11	OTHER CURRENT ASSETS :		
	Prepaid Expenses	57,992	92,114
	Deposits recoverable	2,938,664	4,352,368
	Balance with Central Excise Department	34,772	3,195,994
	Interest accrued	3,981	28,848
	Invoked Bank Guarantees	21,324,386	21,324,386
	Other Receivables	1,278,605	1,772,800
	Claims Recoverable	-	291,597
	Assets held for disposal at realisable value	535,000	500,000
	TOTAL	26,173,400	31,558,107

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

PARTICULARS	AS AT 31.03.2010	AS AT 31.03.2009
	Rs.	Rs.
12 LOANS AND ADVANCES : (Unsecured, considered good, recoverable in cash or in kind or for value to be received)		
Advances for Supplies and Expenses	31,902	1,722,629
Staff Advances	243,749	681,569
Advance Tax and Tax Deducted at Source (Net)	1,063,256	416,218
TOTAL	1,338,907	2,820,416
13 CURRENT LIABILITIES AND PROVISIONS:		
A) LIABILITIES:		
Sundry Creditors :		
:total outstanding dues of Micro and Small Enterprises	9,836,267	12,881,953
:total outstanding dues of other than Micro and Small Enterprises	204,804,241	212,090,717
Advances received against sales	1,285,234	9,093,165
Unpaid Dividends (See Schedule 20 Note No: 19)	11,556,699	11,556,699
Liabilities for other finances	20,973,280	32,656,189
Due to Directors	637,302	404,258
Interest accrued but not Due	936,985	1,402,741
DPG Instalments Due to IDBI	107,854,691	107,854,691
Interest Accrued and Due on DPG Instalments	185,959,795	167,485,041
TOTAL (A)	543,844,494	555,425,454
B) PROVISIONS:		
for Gratuity	1,781,294	1,278,491
for Earned leaves	512,241	585,504
for Fringe Benefit Tax (Net)	-	450,000
TOTAL (B)	2,293,535	2,313,995
TOTAL (A+B)	546,138,029	557,739,449

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

PARTICULARS		CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
14	OTHER INCOME :		
	Interest earned (Gross) (Others)	281,668	286,784
	TDS : Current Year Rs 28,167		
	Previous Year Rs.11,855		
	Miscellaneous Receipts	163,425	53,704
	Excess provisions/Credit Balances Written back	103,110	8,693
	Rents earned	1,135,296	1,817,701
	Certification charges received	3,412,762	500,000
	TOTAL	5,096,261	2,666,882
15	RAW MATERIALS CONSUMED :		
	Opening stock	7,248,241	29,566,588
	Add : Purchases	108,436,696	256,196,149
		115,684,937	285,762,737
	Less : Cost of Materials Written off	715,052	-
	Less : Closing stock	746,237	7,248,241
	TOTAL	114,223,648	278,514,496
16	STAFF COST :		
	Salaries, Wages and Bonus	16,929,223	13,317,887
	Welfare expenses	1,642,745	1,160,341
	Contribution to Provident and other Funds	664,583	584,052
	Gratuity	603,173	79,539
	TOTAL	19,839,724	15,141,819
17	FINANCE CHARGES :		
	Interest on : Debentures	18,349,500	18,349,500
	: term loans	40,474,754	40,474,754
	: Others	767,197	8,890,476
	Bank charges	38,978	194,569
	TOTAL	59,630,429	67,909,299

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
18 OTHER EXPENSES :		
Manufacturing expenses	6,504,570	5,203,516
Stores Consumed	10,150,833	17,645,166
Rents	6,370,767	6,298,317
Rates and Taxes	720,997	695,156
Excise duty	(3,368,933)	1,518,508
Legal and Professional charges	1,880,769	4,193,099
Watch and Ward	1,296,687	1,288,606
Printing and Stationery	240,488	249,912
Postage and Telephones	643,552	687,841
Directors Sitting Fees	66,000	66,000
Traveling and Conveyance	3,865,529	3,703,569
Vehicle Maintenance	774,891	857,018
Auditors Remuneration :		
As Auditors	55,150	55,150
For Tax Audit	33,708	-
For Tax Representation	-	15,000
For Certification	14,000	16,933
Repairs and Maintenance:		
Machinery	585,689	165,678
Buildings	122,116	267,989
Others	90,125	52,765
Insurance	212,802	273,678
Transport Charges	906,115	3,100,809
Advertisement and Publicity	38,422	28,297
Sundry Expenses	1,451,724	1,808,761
Sales commission	-	247,567
Donations	20,801	6,106
Prior Year expenditure	-	75,099
Investments Written off	183,000	114,000
Loss on sale of Fixed Assets	15,270	-
Fixed Assets Discarded	-	857,583
Capital work in progress written off	18,164,174	-
Inventories Written Off	715,052	-
T D S written off	-	4,808
TOTAL	51,754,298	49,496,931

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA UPPAL,HYDERABAD - 500039.

PARTICULARS		CURRENT YEAR	PREVIOUS YEAR
		Rs.	Rs.
19	(INCREASE) / DECREASE IN STOCKS :		
	a. Opening Stock:		
	Finished Goods	47,191,354	16,386,078
	Stock-in-process	6,561,838	1,130,389
	TOTAL	53,753,192	17,516,467
	b. Closing Stock:		
	Finished Goods	-	47,191,354
	Stock-in-process	1,042,408	6,561,838
	TOTAL	1,042,408	53,753,192
	(INCREASE) / DECREASE (a-b)	52,710,784	(36,236,725)

GALADA POWER AND TELECOMMUNICATION LIMITED
P2/6 BLOCK-III,IDA ,UPPAL,
HYDERABAD - 500039.

6. FIXED ASSETS:

(amount in rupees)

SL NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 31-03-2009	ADDITIONS	DEDUCTIONS	AS AT 31.03.2010	UPTO 31-03-2009	FOR THE YEAR	ON DEDUCTIONS	UPTO 31.03.2010	AS AT 31.03.2010	AS AT 31-03-2009
1	Land	11,743,132	-	-	11,743,132	-	-	-	-	11,743,132	11,743,132
2	Buildings:										
	Factory	54,877,702	-	-	54,877,702	16,991,902	1,832,915	-	18,824,817	36,052,885	37,885,800
	Office	12,298,692	-	-	12,298,692	2,050,392	201,001	-	2,251,393	10,047,299	10,248,300
3	Plant and Machinery	217,156,382	71,401	-	217,227,783	123,481,935	11,229,547	-	134,711,482	82,516,301	93,674,447
4	Furniture and Fittings	2,391,412	-	-	2,391,412	1,440,221	130,819	-	1,571,040	820,372	951,191
5	Office Equipment	1,127,646	55,080	-	1,182,726	773,591	40,413	-	814,004	368,722	354,055
6	Vehicles	2,374,574	-	557,888	1,816,686	1,054,151	166,292	522,619	697,824	1,118,862	1,320,423
7	Data Processing Equipment	556,835	-	-	556,835	183,564	90,263	-	273,827	283,008	373,271
8	Capital work in progress	302,526,375	126,481	557,888	302,094,968	145,975,756	13,691,250	522,619	159,144,387	142,950,581	156,550,619
										-	930,951
	TOTAL	302,526,375	126,481	557,888	302,094,968	145,975,756	13,691,250	522,619	159,144,387	142,950,581	157,481,570
	Previous Year	322,291,404	99,955	19,864,984	302,526,375	150,516,256	13,966,902	18,507,402	145,975,756	156,550,619	171,775,148

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. in lacs)	
PARTICULARS	Current Year	Previous Year
A.CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary Items	(604.58)	(1,040.56)
Adjustments for:		
Depreciation	136.91	139.67
Interest (Net)	593.09	674.25
Provision for Doubtful Debts Written Back	-	(1,236.29)
Loss on sale of Fixed Assets/Assets Discarded	0.15	8.58
Diminution in Value of investments	(1.72)	(0.77)
Bad debts and Advances written Off	-	1,272.67
Investments written off	1.83	1.14
Excess Provisions/Credit balances Written back	(1.03)	(0.09)
Inventories written off	7.15	-
Capital work in progress written off	181.64	-
T D S Written off	-	0.05
Operating Profit before Working Capital Changes	313.44	(181.35)
Adjustments for :		
Trade and Other Receivables	(573.54)	26.04
Inventories	588.39	(139.31)
Trade Payables	(290.57)	417.56
Cash Generated from Operations	37.72	122.94
Direct Taxes	(10.97)	1.82
Net Cash from Operating Activities (A)	26.75	124.76
B.CASH FLOW FROM INVESTING ACTIVITIES :		
Purchases of Fixed Assets	(1.27)	(1.00)
Sale of Fixed Assets	0.20	-
Interest received	3.07	2.88
Net Cash used in Investing Activities (B)	2.00	1.88
C.CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of Borrowings	(2.27)	(14.60)
Interest paid	(12.32)	(88.18)
Net Cash used in Finanacing Activities (C)	(14.59)	(102.78)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	14.16	23.86
Cash and Cash equivalents at beginning of the year	132.24	108.38
Cash and Cash equivalents at the end of the year	146.40	132.24

Per our report of even date for **BRAHMAYYA & Co.**,
Chartered Accountants
Firm's registration Number: 000513 S

for and on behalf of the Board

D.C. Galada
Managing Director

P. Chandramouli
Partner
Membership Number : 025211

V. Subramanian
Vice President & Secretary

Place : Hyderabad
Date : 26.06.2010

Devendra Galada
Executive Director

20. NOTES ON ACCOUNTS:

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 Aluminium conductors and other allied products.

2. SIGNIFICANT ACCOUNTING POLICIES:

a) 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 on an 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.

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

- i. 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.
- ii. 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) 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.

g) Contingent Liabilities

The contingent liabilities are indicated by way of a note and will be provided/paid on crystallisation.

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) 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.

j) 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. Interest:

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

iii. 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.

iv. Other Sundry incomes:

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

k) 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.

l) 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.

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) 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 reflect 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.

o) 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.

p) 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.

q) 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.

3. The Company has recorded a net loss of Rs.60, 457,781/-for the year and has accumulated losses of Rs. 1,526,649,779/- as at March 31, 2010, 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 and ordered for winding up in terms of Section 20(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 by BIFR vide order dt:14-09-2007. The Company preferred as appeal against the said order before Appellate Authority for Industrial and Financial Reconstruction (AAIFR), AAIFR has stayed BIFR order for winding up 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.

4. LOANS:

- a) Term Loans from Industrial Development Bank of India, Industrial Investment Bank of India and the guarantees given by Industrial Development Bank of India to Capital Equipment Suppliers for deferred payment 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.
- 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.

5. NON – CONVERTIBLE DEBENTURES:

- 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.
6. Interest Free Sales Tax Loan from Andhra Pradesh State Government is over due for repayment.
 7. Out of the deferred sales tax an amount of Rs.4,500,000 was overdue for repayment and balance amount of Rs.2,210,843/- is payable on 1st April, 2014.
 8. Fixed Deposits of Rs.3,250,000/- (previous year Rs.3,000,000/-) are in the name of Executive Engineer, Electricity Department Dadra & Nagar Haveli, Silvassa ,towards Security Deposit for supply of power.
 9. No debenture redemption reserve is created in view of the losses being suffered by the Company.
 10. Depreciation on fixed assets is provided under Straight Line Method in accordance with Schedule XIV to the Companies Act 1956.
 11. The value of the movable assets acquired on lease as on 31.03.2010 amounts to Rs.267.84 lakhs (previous year Rs. 267.84 lakhs). The Company is paying Compensatory Finance charges to the IDBI, the lessor, as the lease agreement is not yet concluded.
 12. The Company has not received confirmation of balances from the parties included under Sundry Debtors, Loans and Advances, Sundry Creditors and Other Liabilities. Further balance with Banks in current accounts to the extent of Rs. 7,017,790/- is also subject to confirmation.
 13. 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.
 14. Managerial Remuneration included in other heads of account (minimum remuneration as per Schedule XIII to the Companies act, 1956.)

	Current Year Rs	Previous Year Rs
Managing Director		
Salary	492,000	492,000
Cost of perquisites and other benefits	595,306	474,792
Executive Director		
Salary	300,000	300,000
House Rent Allowance	180,000	180,000
Cost of perquisites and other benefits	413,489	292,282
TOTAL	1,980,795	1,739,074

15. 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.17,793.27 lakhs from 01.07.1997 to 31.03.2009 and Rs.3,624.83 lakhs for the current year is not provided in the books of account.
16. Interest on Working Capital Loans from Banks, amounting to Rs.9,937.39 lakhs from 01.07.2000 to 31.03.2009 and Rs. 2,085.44 lakhs for the current year is not provided in the books of Account.
17. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the company regarding the status of suppliers as defined under the “Micro, small and Medium Enterprises Development Act, 2006” and relied upon by the Auditors. During the year, the company has paid no interest in terms of section 16 of the said Act.
18. Details of total outstanding dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprises Act, 2006:

Particulars	Current Year Rs.	Previous Year 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	9,836,267	12,881,953
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

19. 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.

20. The reappointment of executive director and managing director with effect from 01.04.2002 and 01.01.2006 respectively are 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 those dates amounting to Rs. 5,684,331/-and Rs. 5,002,522/-respectively 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.
21. 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 31st December, 2005 including principal on account of this mutual agreement was classified and shown as current liability under the head Sundry Creditors.
22. The Companies main business is manufacturing of Aluminium 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.
23. The following are the details of amount recognised in the financial statement in respect of employee benefits as required by AS 15 (revised).

a)	The amounts recognised in the Balance Sheet	2009 -10	2008 - 09
	Particulars	Rs.	Rs.
	Present Value of obligation	2,833,614	2,510,450
	Fair value of plan assets	1,052,320	1,231,959
	Net liability recognised in the Balance sheet as Provision	1,781,294	1,278,491
b)	Changes in the present value of the defined obligation	2009 -10	2008 - 09
	Particulars	Rs.	Rs.
	Opening defined benefit obligation	2,510,450	2,394,960
	Current service Cost	121,876	34,416
	Interest Cost	200,836	191,597
	Actuarial (gain)/loss on obligation	389,130	(47,741)
	Benefits paid	(388,678)	(62,782)
	Closing defined benefit obligation	2,833,614	2,510,450
c)	Changes in the Fair value of Plan assets	2009 -10	2008 - 09
	Particulars	Rs.	Rs.
	Opening Fair value of Plan assets	1,231,959	1,001,271
	Contributions	100,370	194,737
	Actual returns on plan assets	108,669	98,733
	Benefits paid	(388,678)	(62,782)
	Closing Fair value of Plan assets	1,052,320	1,231,959

		2009 -10	2008 - 09
		Rs.	Rs.
d)	The amounts recognised in the Profit and Loss account		
	Particulars		
	Current service Cost	121,876	34,416
	Interest Cost	200,836	191,597
	Actual returns on plan assets	108,669	98,733
	Actuarial (gain)/loss on obligation	389,130	(47,741)
	Net benefit Expenditure	603,173	79,539
e)	Principal actuarial assumptions	2009 -10	2008 - 09
	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.			

24. The details of the transactions with related parties to be disclosed as required by Accounting Standard - 18 are as follows.

a)	Names of Related parties and description of relationship.		
	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)	Transactions with related Parties during the year	2009 - 10	2008 - 09
		Rs.	Rs.
i)	Key Management Personnel		
	Sri Dharam Chand Galada		
	Managerial Remuneration	1,087,306	966,792
	Sri Devendra Galada		
	Managerial Remuneration	893,489	772,282
ii)	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	602,392	344,769
	Sri Shashi Galada		
	Payment of Rent	93,000	93,000
	Sri Ewanth Kumar Parekh		
	Remuneration	604,542	479,820
c)	Year end Balances { due from/(due to) }		
	Sri Dharam Chand Galada	(240,298)	--
	Sri Devendra Galada	(389,004)	--
	Sri Shail Galada	(18,223)	3,777
	Sri Ewanth Kumar Parekh	(33,700)	219,425

25. Calculation of Earning Per share.

S.NO	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
a)	Net Loss For the year (in Rs.)	60,457,781	99,413,806
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.)	(8.07)	(13.27)

26. 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, 2010. 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.

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27. As required by Accounting Standard (AS 28) "impairment of Assets", as notified by the Companies (Accounting Standards) Rules, 2006, the management has carried out the assessment of impairment of assets and no impairment loss has been recognised during the year.

28. Contingent liabilities not provided for on account of:

(amount in Rupees)

S.NO	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
a)	Guarantees and Letters of Credit issued by the bankers	17,701,099	17,701,099
b)	Estimated liabilities to parties against materials	2,854,688	2,854,688
c)	Claims against the Company not acknowledged as debts	10,717,794	9,909,001
d)	Duty Payable on Imports in Transit	18,148,606	16,998,257

29. Licensed and installed capacity:

S.NO	PARTICULARS	UNITS	CURRENT YEAR	PREVIOUS YEAR
i.	Licensed capacity	NOT APPLICABLE		
ii.	Installed capacity * Aluminium Alloy Conductors and Wires	MT	14,700	14,700

* (Installed Capacity is as certified by the Management and not verified by Auditors, being a technical matter)

30. Consumption of Raw Materials:

(Quantity in MTs and Value in Rupees)

S.NO	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY	VALUE	QUANTITY	VALUE
i.	Aluminium Rods.	293.348	30,471,580	2,124.421	260,550,425
ii.	Aluminium Ingots.	849.052	78,574,340	56.313	7,134,790
iii.	Galvanised Steel Wire	78.657	4,014,805	213.077	10,697,768
iv.	Others	8.409	1,162,923	0.845	131,513
	TOTAL	1,229.466	114,223,648	2,394.656	278,514,496

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31. Details of Production, Opening Stock, Closing Socks:

(Quantity in MTs and Value in Rupees)

S.NO	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY	VALUE	QUANTITY	VALUE
i.	Opening Stock				
	Aluminium Conductor	453.301	47,191,354	88.571	16,386,078
ii.	Closing Stock				
	Aluminium Conductor	--	---	453.301	47,191,354
iii.	Production (own)				
	Aluminium Conductor	1,119.984		2,300.188	
	Aluminium Rods ***	901.345		70.444	
	*** Includes Captive consumption	762.190		50.786	
	Production (Job Work)				
	Aluminium Rods /Wires	4,079.298		1,559.250	
	Standard Wires	4,503.409		2,559.173	

32. Sale of finished goods :

(Quantity in MTs and Value in Rupees)

S.NO	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY	VALUE	QUANTITY	VALUE
i.	Aluminium Conductor	1,573.285	186,760,086	1,935.458	313,111,479
ii.	Aluminium Rods	139.155	14,137,803	19.658	3,118,236
iii.	Others		7,65,827		93,516
	TOTAL	1,712.440	201,663,716	1,955.116	316,323,231

33. Analysis of materials consumed.

(Value in Rupees)

S.NO	PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
		PERCENTAGE	VALUE	PERCENTAGE	VALUE
i.	Indigenous	100.00	114,223,648	100.00	296,159,662
ii.	Imported	--	--	--	--
	TOTAL	100.00	114,223,648	100.00	296,159,662

34. Previous Year figures have been regrouped wherever necessary to make them comparable with those of current year.

Per our report of even date
for BRAHMAYYA & CO.,
Chartered Accountants.
Firm's registration Number: 000513 S

for and on behalf of the Board

D.C.Galada
Managing Director

P.Chandramouli
Partner
Membership Number: 025211

V.Subramanian
Vice President & Secretary

Devendra Galada
Executive Director

Place: Hyderabad
Date : 26.06.2010