

## **REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2012-13**

(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 31.03.2013 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:

<b>Name of the Director</b>	<b>Position</b>
<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 30.06.2012, 07.08.2012, 10.11.2012 and 16.02.2013. The last AGM was held on 28.09.2012.

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	3	Y	-	-
M C Galada	4	N	1	-
T B Subramaniam	4	Y	2	2(2)
M L Sachdeva	4	N		-
S V Kanaka Seshu	4	N	7	3(1)

\* 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 39 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 31.03.2013 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 30.06.2012, 07.08.2012, 10.11.2012 and 16.02.2013.

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 31.03.2013 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 and Executive Director . 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 met on 07.08.2012 to consider the reappointment of Sri Devendra Galada, Executive Director on the existing terms and conditions for a further period of five years from 01.04.2012 to 31.12.2017.

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 39 to the Notes to Accounts.

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

The members of the Share Holders' / Investors' Grievance Committee as at 31.03.2013 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 31.03.2013 : 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
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
28.09.2012 (2011-2012)	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 Notice 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 2012-13. 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 2012-2013 were published as detailed below:

Quarter	Date of Board Meeting	Date of publication	Name of New paper
I	30.06.2012	01.07.2012	The Financial Express Andhra Prabha
II	07.08.2012	08.08.2012	The Financial Express Andhra Prabha
III	10.11.2012	11.11.2012	The Financial Express Andhra Prabha
IV	16.02.2013	17.02.2013	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. : 30<sup>th</sup> September, 2013 at 10 a.m  
Hotel Kamath Lingapur,  
Chikoti gardens, Begumpet,  
Hyderabad – 500 016
2. Date of Book Closure (both days inclusive) : 26.09.2013 to 30.09.2013
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 31-03-2013

Category	No.of Shares	% holding
a) Promoters, their relatives and associates.	1171931	16
b) Financial Institutions	1095477	15
c) Bodies corporate	1294085	17
d) Public	3928387	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. 5798834 equity shares aggregating 77.4 % of the total equity capital is held in dematerialized form as on 31<sup>st</sup> March, 2013. ISIN allotted to the Company's script is: **INE255C01018**.





## 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, 2013.

For Galada Power and Telecommunication Ltd

Place: Hyderabad  
Date : 31.05.2013

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 : 31.05.2013

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.