



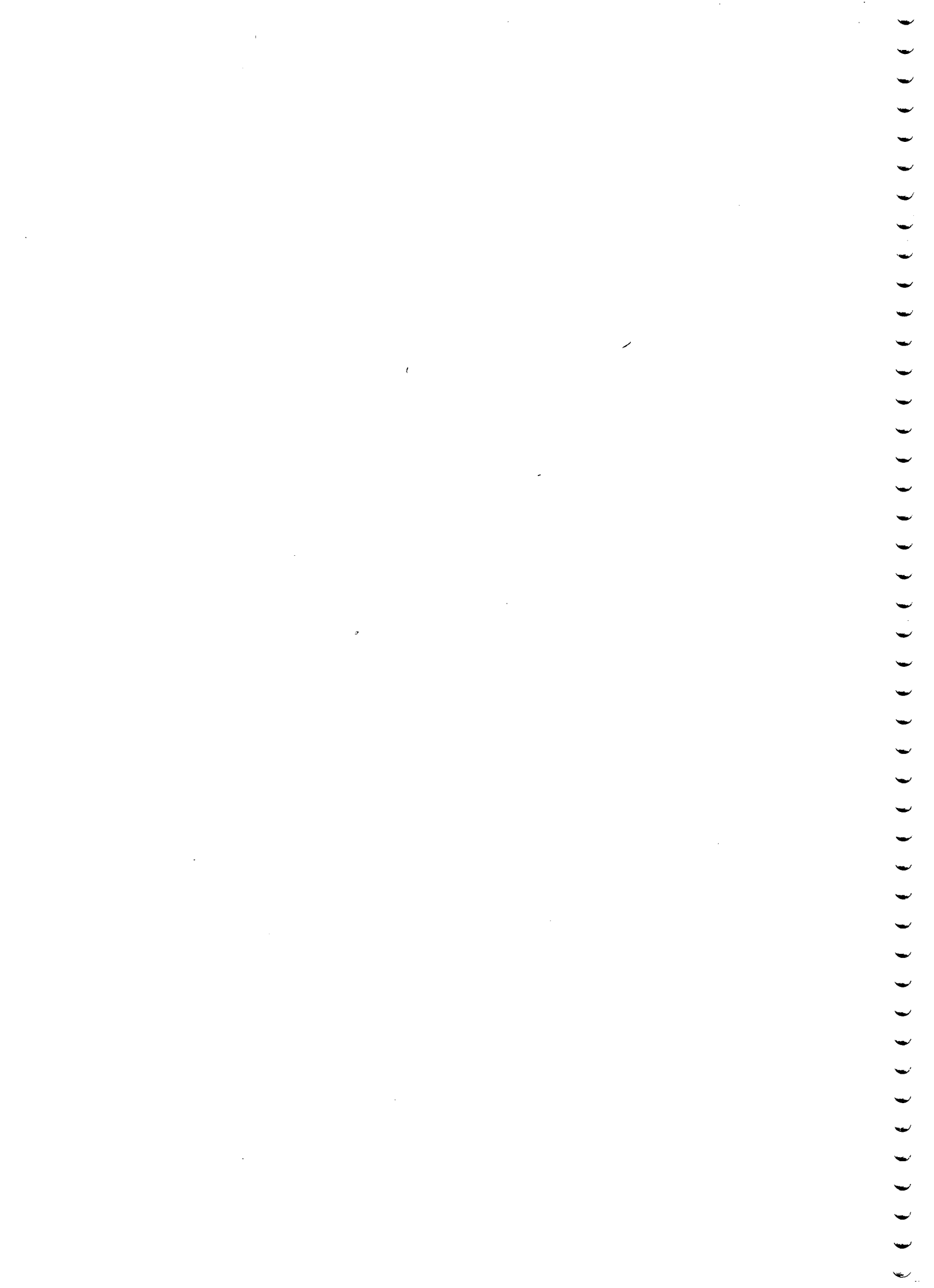
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17th ANNUAL REPORT



GEM CABLES & CONDUCTORS LIMITED
NO.1 BADAM SOHNA APARTMENTS,
RAJBHAVAN ROAD, HYDERABAD - 500 082.



GEM CABLES & CONDUCTORS LTD.

BOARD OF DIRECTORS

Dr. M. Venkataratnam, IAS (Retd.)
Chairman

Shri K.V.R. Sastry

Shri B. Ray

Shri Narasimha Murthy

Shri Bipin R. Shah

Shri P. C. Gupta

Shri N.J. Rao

Shri P. Jitendra Kumar

Shri Y. Kamesh
Vice Chairman & Managing Director

Shri K.V.S. Rao
Executive Director

REGISTERED OFFICE

No. 1 Badam Sohana Apartments,
Rajbhavan Road, **Hyderabad - 500 082.**

WORKS

Chitkul Village, Patancheru, **Medak Dist.**

BRANCHES

No.5, 12th Street, Nandanam Ext.,
Chennai - 600 035

Seethammampet, **Visakhapatnam-530 016**

Kanji Gokuldas Buildings,
Lohar Chawl, **Mumbai - 400 002.**

L-3-57, Acharya Vihar, **Bhubaneshwar - 751013.**

ASSOCIATES

A1 Shrouq Electrical Establishment,
P.B. No.2141, **Sharjah, (U.A.E.)**

BANKERS

M/s. Indus Ind Bank Ltd.

AUDITORS

M/s. G.K. Rao & Co.
Chartered Accountants,
Secunderabad.

SOLICITORS

M/s. King & Partridge
Lakdikapul, **Hyderabad.**

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the 17th Annual General Meeting of the Members of the Company will be held on 31st of December'97 at Hotel Swagat Conference Hall, Ameerpet, Hyderabad.500 016 at 9.30 AM, to transact the following Business.

ORDINARY BUSINESS :

1. To Receive , Consider, and adopt the Audited Profit & Loss Account for the year ended 30th September 1997, Balance Sheet and Cash Flow Statement as at that date and the Report of the Board of Directors and Auditors thereon
2. To declare a Dividend.;
3. Appointment of Auditors :

To Consider and if thought fit , to pass with or without modifications , the following Resolution as an Ordinary Resolution; "Resolved that pursuant to provisions of Sec.224 and other applicable provisions , if any, of the Companies Act, 1956, M/s. G.K.Rao & Company, Chartered Accountants, Secunderabad be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual

- General Meeting of the Company on remuneration of Rs.25,000/- plus out of pocket expenses."
4. To appoint a Director in place of Shri.K V R Sastry, who retires by rotation and is eligible for reappointment.
 5. To appoint a Director in place of Dr.M.Venkataratnam, IAS (Retd), who retires by rotation and is eligible for reappointment.
 6. To appoint a Director in place of Shri.N J Rao, who retires by rotation and is eligible for reappointment.
 7. To appoint a Director in place of Shri.P.Jitendra Kumar, who retires by rotation and is eligible for reappointment.
 8. To appoint a Director in place of Shri.Bipin Shah, who retires by rotation and is eligible for reappointment.

By Order of the Board,

Sd/- Y.Kamesh,
Vice Chairman & Managing Director

Place : Hyderabad
Dated : 05.12.1997



DIRECTORS REPORT.

To

Our Family of Share Holders:

Your Directors take pleasure in presenting the 17th Annual Report together with the Audited Statement of Accounts and Cash Flow Statement for the Financial Year ended 30th September, 1997.

FINANCIAL RESULTS:

	30 09 1997. (Rs./Lakhs.)
PBDIT	644.97
Less:	
Interest:	348.14
Depreciation:	59.81
PAID:	237.02
Prior Period Adjustments:	2.71
	<hr/>
Amount available for appropriation:	234.31
	<hr/>
Appropriations:	
Dividend - proposed	19.09
Tax Thereon	1.91
Transfer to Reserves	213.31
	<hr/>

OPERATIONS:

Your Directors report that the performance of the Company during the year under review reflects a phase of sluggishness of the Markets with blend of many factors like limited availability of finances, changes in customer profile.

Your Board of Directors are confident of good future for your Company.

PROFITS:

Your Company, during the year under review has maintained a healthy bottom line and the PBDIT stood at Rs.644.97 lakhs, as against Rs. 456.44 lakhs for the preceeding year. The amount available for appropriation is Rs.234.31 lakhs, against Rs.228.26 lakhs for the preceding year.

The net worth of the Company has gone up from Rs.1364.18 lakhs to 1577.14 lakhs.

Your Board of Directors are of the opinion that due to inadequate Working Capital facilities from Banks, the interest out go has stalled further increase in profits. Your Company is taking all suitable measures like further broadening the customer base by concentrating on Private sector customers with terms to improve the liquidity of the Operations, to insulate itself.

DIVIDENDS:

Board of Directors have recommended for payment of dividend, for the year 1996-97 at the rate of 3%. Your Directors would like to bring to your notice that payment of dividend is recommended despite the very tight liquidity conditions being faced by your Company.

ORDER BOOK :

Your Directors would like to inform you that the Company is having confirmed orders worth Rs.2606.69 lakhs, from various projects in the Country

INDUSTRY SCENARIO:

With the firm endorsement of commitment to the process of liberalisation, even by the incumbent Government, witnessed by rapid clearances accorded to the mega power projects by the Central Government and of the fast track projects by the respective State Governments, promises an exciting new avenue for the product range of your Company.

The present power transmission and distribution system has outlived its age and usefulness, and is soon expected to be replaced in phases. The advent of the private power projects and need for transmission and distribution of large volumes of power at a minimal loss will generate additional demand for Power Cables.

On the other hand, emphasis on reducing the transmission losses and to curb the theft and unauthorized drawel of power will result into a greater demand for the Aerial Bunched (ABC) Cables.

HUMAN RESOURCES:

The strength of man power of your Company as

of date is 225, comprising of Managerial, Technical, Marketing & Administrative cadres and Workmen. In view of the rapidly expanding knowledge base and skills, the need to continuously improve the skills of the staff of the Company were felt and they were deputed to training programmes / Seminars and Workshops conducted by various agencies.

Company's relation with the work force is cordial throughout the year.

Your Directors take this opportunity to place on record, their appreciation for the high degree of dedicated services rendered by all the employees of the Company.

DIRECTORS:

Shri. K V R Sastry, Dr.M.Venkataratnam, Shri.P. Narasimha Murthy Shri.N.J.Rao, Shri.P.Jitendra Kumar,Shri Bipin R Shah, Shri.P.C Gupta, Directors retire by rotation and being eligible offer themselves for appointment as Directors of your Company, except Shri P C Gupta. The Board places its appreciation for the valuable services rendered by Shri P C Gupta, during his tenure as the Director of the Company.

AUDITORS:

You are requested to appoint the Auditors for the Company till the conclusion of the next annual general meeting.

M/s. G K Rao & Co., the retiring Auditors, have communicated their eligibility for appointment and their re-appointment is recommended by the Board.

PARTICULARS OF EMPLOYEES:

There are no employees employed by the Company, whose particulars are required to be disclosed as per Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) rules 1975.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year there are no Export earnings.. The outgo of foreign exchange on account of import of raw materials and other expenses are Rs. 1.78 Lakhs.

CASH FLOW-STATEMENT:

In accordance with the listing agreements with various stock exchanges, the Cash Flow Statement for the year 1996-97 is enclosed.

ENERGY CONSERVATION:

Conservation of energy, technical absorption etc., in Form A, B are enclosed at Annexure I as required under section 217 (1) (E) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors place on record grateful appreciation of the valuable counsel and financial support received from M/s. Industrial Credit and Investment Corporation of India, Industrial Development Bank Of India, M/s. Indus Ind Bank Limited, M/s. Global Trust Bank Limited, M/s. ITC Classic Finance Limited.

Your Company, thankfully acknowledges the services rendered by M/s. Ikon Visions (P) Limited.

Your Directors convey thier thankful acknowledgements to the Auditors, Internal Auditors and Consultants and other advisors for their continuous services to the Company.

Your Directors acknowledge with gratitude the co-operation extended and trust placed on it by all customers of the Company and look forward for their continued support.

By Order of the Board,

Sd/- Y.Kamesh,
Vice Chairman & Managing Director

Date : 05-12-1997
Place : Secunderabad.

**ANNEXURE TO DIRECTORS' REPORT
COMPANIES (DISCLOSURE OF PARTICULARS IN THE
REPORT OF BOARD OF DIRECTORS) RULES.**

A. Conservation of Energy

a. Energy Conservation measures:

Besides adding capacitors for power factor improvement energy conservation is being improved by bringing about greater awareness among employees for optimal use of energy. Specific action is being pursued such as :

- Conversion of drive Motors into Thyristor DC driven ones from the existing AC induction motors.
- Timely switching off the mains when production on a particular machine is not undertaken.
- Switching off electrical lights when they are not required.
- Providing external thermal insulation to the barrel heaters to reduce thermal loss.
- Provision of digital temperature controllers for all heating equipment in place of the rheostats.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- None.

c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

Impact has not been measured.

d. Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the schedule thereto:

Not applicable.

B. Technology Absorption.

a. Efforts made in technology absorption as per Form B is given below :

Form for disclosure of particulars with respect to absorption. Research and Development (R & D)

1. Specific areas in which R & D efforts have been put in by the Company are:

- a) Development of 33 KV XLPE Cables, 11 KV ABC Cables and Cables with Elastomeric Insulation.
- b) Development of Triple extrusion process.
- c) Development of XLPE (Silane Cross Linkable) Compound with improved handling characteristics and shelf life, under the trade name of "GEMOXYLENE" and to obtain patent for the same.
- d) Development of specialised Cables for Wind Forms;
- e) Development of composite tinning pro-

cess for manufacture of speciality Control Cables.

- f) Development of in house testing methods for detecting the partial discharge in the High Voltage Cables.
- g) Implementation of computerised thickness control process for extrusion.
- h) Various process modifications for improving the machinery performance and product performance at various levels.

2. Benefits derived as a result of the above R&D: All the above items mentioned in Item No.1 have been implemented and taken in actual production, resulting in cost and time saving and delivering a perfect product, which in turn, ensures customer satisfaction.

3. Future plan of action :

To commercially develop Elastomeric Cables for Wind Farms, Air Port Cables, EHV Cables, Cables for under water applications.

Technology Absorption, Adaptation and Innovation.

1. Efforts in brief, made towards technology absorption, adaptation and innovation.

To continue further development, with the efforts of the in house research and development of XLPE Cables of Higher Voltage & Elastomeric Cables for various applications.

2. Benefits derived as a result of the efforts eg. product improvement, cost reduction, product development, import substitution etc.

- a) Continuing leadership in South India in respect of the range of the Company.
- b) Introduction of 11 kv XLPE Power Cables, ABC Cables, Mining Cables etc.,

3. Imported Technology (Imported during the last 5 years reckoned from the beginning of the financial year)

- a) Technology Imported : None.

C. Foreign Exchange Earnings and outgo:

a. Activities relating to exports :

- i) Earnings by way of export : nil.
- ii) Outgo by way of imports & expenses : Rs. 1.78 lacs.

By Order of the Board,

Sd/- Y.Kamesh,

Vice Chairman & Managing Director

Date : 05-12-1997

Place : Secunderabad.

AUDITOR'S REPORT

To

The Members,
M/s. Gem Cables & Conductors Ltd.,
Hyderabad.

We have audited the attached Balance Sheet of Gem Cables & Conductors Limited as at 30.09.97 and the Profit & Loss Account for the eighteen months period ended on that date annexed thereto in which the Accounts of the branches are incorporated and report that

1. As required by the Manufacturing and other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, We enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the annexure referred to paragraph 1 above we report that.
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper Books of Accounts as required by Law have been kept by the Company in so far as appears from our examination of such books.
 - c. The Balance Sheet and Profit & Loss Account referred to in the Report are in

agreement with the Books of Accounts.

- d. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss account read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required by the Companies act, 1956 in the manner so required and give a true and fair view.
 - i. In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 30th September '97 and
 - ii. In so far as it relates to the Profit & Loss account of the profit of the Company for the period ended on 30th September, 1997.

For G.K.RAO & CO.,
Chartered Accountants

Sd/-
B.SURYANARAYANA REDDY
(Partner)

Date : 05-12-1997
Place : Secunderabad.

ANNEXURE TO AUDITORS REPORT

(Referred to in Paragraph 1 of our Report of even date)

1. The fixed assets register is being updated. It is explained to us that the physical verification of the fixed assets has been done by the management during the year under audit and no major discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. In our opinion and according to the explanations given to us, the physical verification of stores, spare parts and raw materials was conducted by the Management, at reasonable intervals during the year. In our opinion the frequency and extent of such verification is reasonable having regard to the size of the Company.
4. The Company has a reasonable system of physical verification of stocks, which in our opinion is reasonable having regard to the size of the Company.
5. No material discrepancies have been noticed on physical verification of stocks as compared Books Records.
6. The valuation of these stocks is fair and proper and is in accordance with the normally accepted accounting principles. As far as finished stock is concerned, it has been valued at companies list price/ purchase order price as against lower of cost and net realisable value.
7. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 & 370 (1B) of the Companies Act, 1956, though unsecured loans were received from Directors.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 and/or to the companies under the same management as defined under Sub.Sec (1B) of sec. 370 of the Companies Act, 1956.
9. Loans and advances in the nature of interest free loans given to the employees for festival/vehicle/housing are being repaid regularly.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery and other assets.
11. The Company has not made any transactions of purchase of goods and materials, sale of goods, materials and services aggregating during the year to Rs. 50,000/- or more in respect of each party in pursuance of Contracts or arrangements entered in the register maintained under Sec. 301 of Companies Act, 1956.
12. No unserviceable or damage stores or raw materials have been determined during the year.
13. The company did not accept any deposits from the public as envisaged under Section 58A of Companies Act, 1956.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap.
15. The internal audit of the Company has been conducted by a firm of Chartered Accountants. In our opinion the internal audit system is commensurate with the size of the Company and nature of its business.
16. The Company, according to the information and explanations given to us, is maintaining the accounts and records prescribed by the Central Government under section 209 (1) (d) of the Companies Act., 1956. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
The Company is generally regular in depositing the PF/ESI dues with the appropriate authority. However a sum of Rs. 1282810/- which had fallen due for deposit with appropriate authorities had not been so deposited as at 30th, September, 1997.
18. According to the information and explanations given to us, there were no undisputed Income Tax, Sales Tax, Customs duty and Excise Duty, as at the last day of the financial year pending for a period of more than six months from the day they became payable.
19. No personal expenses have been charged to revenue account.
20. The Company is not a Sick Industrial Company within the meaning of clause (o) of Sub Section (1) of Section 3 of Sick Industrial Companies (Special Provision) Act, 1985.

For G.K.RAO & CO.,
Chartered Accountants

Sd/-
B.SURYANARAYANA REDDY
(Partner)

Date : 05-12-1997
Place : Secunderabad.

BALANCE SHEET AS AT 30-09-1997

Schedule		1996-97	1995-96
SOURCES OF FUNDS			
Share Capital	A	63637500	63637500
Reserves. & Surplus	B	102444569	82375246
Central Subsidy		645520	645520
I F S T Loan		499480	499480
Secured Loans	C	225685086	148184576
Unsecured Loans from Directors		612301	612301
		<u>393524456</u>	<u>295954623</u>
APPLICATION OF FUNDS			
Fixed Assets	D	81559650	81236126
Less Depreciation		13204643	7292320
		<u>68355007</u>	<u>73943806</u>
Capital work-in progress		99793478	31497468
Current Assets,			
Loans and Advances	E	295595410	231322205
Less Current Liabilities & provision	F	79231644	51049301
		<u>216363766</u>	<u>180272904</u>
Misc. Expenditure :	G	9012205	10240445
to the extent not written off			
		<u>393524456</u>	<u>295954623</u>

As per our Annexed report of even date

for and on behalf of the Board

For **G.K.RAO & CO.,**
Chartered Accountants-

Sd/-
Shri Y. KAMESH
Vice Chairman & Managing Director

Sd/-
B. SURYANARAYANA REDDY
Partner

Sd/-
Shri K.V.S. RAO
Executive Director

Place : Hyderabad
Dated : 05-12-1997

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDING ON 30-09-1997

	Schedule	1996-97	1995-96
INCOME			
Sales		123054606	219306194
Misc. Receipts		24616518	529214
		<u>147671124</u>	<u>219835408</u>
EXPENDITURE			
Cost of Goods Sold	I	45611488	165437584
Employee's Remuneration & Benefits	II	9222435	6348528
Interest & Finance Charges	III	34814111	20715235
Selling and Distribution Expenses	IV	3392081	4979637
Taxes & Duties		8757922	10301045
Expenses relating to Administration	V	4412535	5774971
Accretion/Decretion of Stocks	VI	9995572	-19799782
Depreciation		5981470	2215221
Misc. exp. written off		1781671	1148808
		<u>123969285</u>	<u>197121247</u>
Profit/(Loss) for the Year		23701839	22714161
Exp./Income pertaining to prior years.		-270883	111890
Profit		23430956	22826051
Proposed Dividend		1909125	7636500
Dividend Tax		190913	0
		<u>21330918</u>	<u>15189551</u>

As per our Annexed report of even date

for and on behalf of the Board

For **G.K.RAO & CO.,**
Chartered Accountants

Sd/-
Shri Y. KAMESH
Vice Chairman & Managing Director

Sd/-
B. SURYANARAYANA REDDY
Partner

Sd/-
Shri K.V.S. RAO
Executive Director

Place : Hyderabad
Dated : 05-12-1997

ANNEXURE TO BALANCE SHEET

	1996-97	1995-96
SCHEDULE - A.		
Authorised Capital :		
7800000 Equity Shares of Rs.10/- each	78000000	78000000
3200000 Redeemable preference shares of Rs. 10/- each	32000000	32000000
	<u>110000000</u>	<u>110000000</u>
Issued,Subscribed&Paid up Capital		
6363750, Equity Shares of Rs.10/- each.	63637500	63637500
TOTAL	<u>63637500</u>	<u>63637500</u>
SCHEDULE - B:		
Reserves & Surpluses :		
Reserves	102444569	82375246
TOTAL	<u>102444569</u>	<u>82375246</u>
SCHEDULE - C.		
Secured Loans :		
I.C.I.C.I.	34378229	39241978
Term Loan secured by first charge on the Land, Buildings, Plant & Machinery both present and future.		
Industrial Development Bank of India	80000000	0
Term Loan secured by first charge on the Land, Buildings, Plant & Machinery both present and future.		
Indus Ind Bank	68901982	64986042
Secured by First Charge on Raw Material, Book Debts, Bills, Finished and Semi-Finished Goods present and future.		
Indus Ind Bank Term Loan	10000000	20000000
Secured by First Charge on Raw Material, Book Debts, Bills, Finished and Semi-Finished Goods present and future.		
ITC Classic Finance Limited,	32404875	23956556
Secured by Hire Purchase Assets.		
TOTAL	<u>225685086</u>	<u>148184576</u>

FIXED ASSETS SCHEDULE AS ON 30-09-1997
SCHEDULE D

Sl.No.	DESCRIPTION	Gross Block			Depreciation			Net Block	
		As on	Additions	As on	As on	Additions	As on	As on	As on
		1-04-96		30.09.97	31-03-96	for the Year	30-09-97	30-09-97	31-03-96
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1.	Land	2700665	0	2700665	0	0	0	2700665	2700665
2.	Buildings								
	a) Factory Building	10900115	0	10900115	802147	546096	1348243	9551872	10097968
	b) Office Building	771948	0	771948	34612	18875	53487	718461	737336
3.	Plant & Machinery	63111034		63111034	5209683	4998393	10208076	52902958	57901351
4.	Laboratory	480583	1805	482388	285758	38189	323947	158441	194825
5.	Office Furniture & Fixtures	352558	3180	355738	101557	33228	134785	220953	251001
6.	Miscellaneous Fixed Assets & Off. Equipment	975382	313686	1289068	265920	86712	352632	936436	709462
7.	Vehicles	1529201	74000	1603201	488607	226698	715305	887896	1040594
8.	Library	0	0	0	0	0	0	0	0
9.	Tools & Tackles	34889	0	34889	34889	0	34889	0	0
10.	Patents & Copy Rights	310604	0	310604	0	33279	33279	277325	310604
	TOTAL	81166979	392671	81559650	7223173	5981470	13204643	68355007	73943806

NOTES :

- 1) On Account of Revaluation of Assets Gross Block has been increased by Rs.50514000 as on 31/03/92.
- 2) Plant & Machinery includes Assets acquired on hire purchase basis of Rs. 30154600 from ITC Clasic Finance Ltd.



GEM
CABLES



ANNEXURE TO BALANCE SHEET

	1996-97	1995-96
SCHEDULE - E.		
Current Assets, Loans & Advances		
1 Inventories :		
As taken, valued and certified by the Management.		
Raw Materials including Packing Mtls (At average Cost) and stores and spares (At Cost)	33238959	22363924
Finished Goods (At Company's PO / List Prices) & Semi Finished Goods at cost	17634919	27630491
2 Sundry Debtors :		
(Unsecured & considered good)		
held for Less than 6 months.	50758313	52870310
held for More than 6 months.	134143961	64986042
3 Cash & Bank Balances :		
A. Bank Balance with Scheduled Banks	30110685	3581468
B. Cash on Hand	1667844	477235
C. Deposits with scheduled Banks including Margin Money Deposits.	5135952	13235019
4 Loans & Advances :		
Unsecured & considered good	22904777	46177216
A. Recoverable in Cash or kind value to be received		
TOTAL	295595410	231322205

SCHEDULE - F.

Current Liabilities & Provisions

Current Liabilities :

1 Sundry Creditors	27786734	22948100
2 Creditors for Expenses	12494783	7581039
3 Creditor for Capital Works	17230478	2165546
4 Advance from Customers	2691232	3818008
5 Other Liabilities	11041186	5271764
6 Interest Accrued and due	4096131	0
7 Interest Accrued but not due	1791062	1628344
8 Proposed Dividend 96-97	1909125	7636500
Dividend Tax	190913	0
TOTAL	79231644	51049301

SCHEDULE - G.

Miscellaneous Expenditure

(to the extent not written off or adjusted)

Public Issue Expenses	5093771	6117056
Research & Development	130112	101507
ISO 9002 Expenses	95143	0
Development Expenditure	2175286	2187398
Registration Fee	96000	96000
Investment Processing Fee	375000	450000
Other Misc. Expenditure	1046893	1288484
	9012205	10240445

1996-97

1995-96

**SCHEDULE - H:
NOTES FORMING PART OF ACCOUNTS.**

1. Contingent liabilities not provided for.	1996-97	1995-96
a) Letter of Credit	NIL	559000
b) Bank Guarantee	12727166	18075117
c) Bills	37654085	82000005
d) Capital commitments	0	716892
e) Others	0	610961

2. Particulars of remuneration paid to Managing Director & Executive Director

Rs. in lakhs

	1996-97		1995-96	
	Managing Director	Executive Director	Managing Director	Executive Director
Salary & Perquisites	3.58	2.37	2.32	1.40
Contribution to P.F. & other funds	0.39	0.22	0.18	0.10
	<u>3.97</u>	<u>2.59</u>	<u>2.50</u>	<u>1.50</u>
Payment to statutory Auditors	Rs.		Rs.	
Audit Fees	25000.00		25000.00	
	<u>25000.00</u>		<u>25000.00</u>	

4. Secured Loans granted to Company are also Secured by Personal Guarantees of Managing Director and Executive Director.

5. Accounting Policies

- a) Depreciation is provided on all depreciable assets on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 as amended from time to time and is calculated from the date on which asset is installed/brought to use.
- b) Valuation of Inventory:
 - i) Raw Material at average Cost.
 - ii) Stores and Spares at cost
 - iii) Finished goods at Purchase Order Price / Company's list price.
- c) Price variation in sale contracts is accounted for on successful completion of major Portion of contracts
- d) Foreign Currency Transaction

Foreign currency transactions have been translated at the exchange rate prevailing on the date of transaction.

Export Sales are accounted at the exchange rate prevailing on the date of sale.

Gain / Loss arising out of fluctuation in the exchange rates are taken into consideration on realisation.

e) Research & Development Expenditure

Research & Development Expenditure resulting in acquisition of patents is capitalised and shown in fixed assets schedule and is amortised over a period of 14 years from the date of capitalisation.

Other Research & Development Expenditure is shown under Miscellaneous. Expenditure and written off over a period of 10 years.

f) Provision for gratuity is made in the accounts on Mercantile basis.

6. Reserves consists of General Reserve Rs. 2955632/-, Profit & Loss A/c As. 38185909/-, Capital Reserve Rs. 31078027/-, Share Premium Rs. 30225000/-.
7. The bills/ debit notes raised in respect of price variation for the supplies effected are subject to approval from the respective customers.
8. Sundry Debtors/Sundry Creditors and Loans And Advances balances are Subject to confirmation.
9. Figures for the previous year have been regrouped to make them comparable with those of current year wherever practicable.
10. Additional information pursuant to the provisions of paragraph 3, 4c, 4d of Schedule VI.

Quantitative information in respect of goods manufactured.

As certified by the Management and not verified by Auditors.

a	Licensed Capacity	Not applicable		
			1996 -97	1995 - 96
b	Installed Capacity (Ckm)		15000.00	15000.00
	Single and Multi Core, PVC,PE and XLPE-Insulated, Low, Medium and High Voltage Cables, ABC Cables and AAAC & ACSR Conductors.			
c	Production (Ckm)		3490.48	5995.00
	Single and Multi Core, PVC,PE and XLPE Insulated, Low, Medium and High Voltage Cables, ABC Cables and AAAC & ACSR Conductors.			

d	Opening & Closing stock (Ckm)	QTY	VALUE in Rs.	QTY	VALUE in Rs.
	Opening Stock	1035.110	27630491	1846.110	7830709
	Closing Stock	903.039	17634919	1035.110	27630491
e	Consumption of Raw Materials (M.T)				
A.	Aluminium	196.498	15965160	443.240	36325938
B.	P.V.C / X.L.P.E. Compound	244.509	11063114	187.760	8193499
C.	G.I.Wire / Strip	190.943	6023663	198.544	5903456
D.	Copper	43.322	6261886	9.521	1290822
E.	Alloy Conductor B/O Components	464.180	4280826	5396.000	110642368
			<u>43594649</u>		<u>162356083</u>
	Imported at CIF Value :	—	NIL	0.87%	1419899
	Indigenous :	—	—	99.13%	160936184
		—	—	100.00%	162356083
f	Value of Imports on CIF Basis :				
	Raw Materials :	—	—		1419899
g	Details of Sales				
	Cables / Conductors	0			
	Turnkey Sales	0	3622.551	123054606	6806.000
				<u>123054606</u>	<u>219306194</u>
					<u>219306194</u>
h	Foreign Currency out going :				
	A) On import of Raw Material		—		1419899
	B) On Travelling Expenses		178998		394194
	C) On Capital Goods		Nil		3575250
i	Earnings in Foreign Currency on FOB basis		—		40984600

As per our Annexed report of even date

for and on behalf of the Board

For **G.K.RAO & CO.,**
Chartered Accountants

Sd/-
B. SURYANARAYANA REDDY
Partner

Place : Hyderabad
Dated : 05-12-1997

Sd/-
Shri Y. KAMESH
Vice Chairman & Managing Director

Sd/-
Shri K.V.S. RAO
Executive Director

NOTES FORMING PART OF ACCOUNTS

As per notification dated 15.05.95 issued by Department of Company Affairs, the additional information under Part IV of Schedule VI to the companies Act, 1956 is as under

Balance Sheet Abstract and Company's General Business Profile

I. Registration No	2833	State Code.	01
Balance Sheet Date	30.09.97		
II. Capital Raised during the year (Amount in Rs. Thousand)			
Public Issue (Calls in arrears)	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and deployment of funds (Amount in Rs. thousands)			
Total Liabilities	472756	Total Assets	472756
Sources of Funds :			
Paid up capital	63637	Reserves and Surplus	102444
Secured Loans	225685	Unsecured Loans	612
Application of Funds:			
Net Fixed Assets	168148	Investments	Nil
Net Current Assets	216364	Miscellaneous Exp	9012
Accumulated Losses	Nil		
IV. Performance of Company (Amount in Rs. Thousands)			
Turnover (incl. Stock adjustment and other income)	147671	Total Expenditure	123969
Profit Before Tax	23431	Profit After Tax	23240
Earning per share in Rs.	3.69	Dividend Rate %	3%
V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)			
Item Code No.	854420.12		
Product Description	High Voltage Power Cables Control Cables AAAC/ACSR Conductors		

ANNEXURE TO PROFIT & LOSS ACCOUNT

	1996-97	1995-96
SCHEDULE - I.		
Cost of Goods Sold :		
A Cost of Material	43594649	162356083
B Power & Fuel	1094827	1500605
C Repairs & Maint.(Machinery & other Services)	212602	188633
D Job works charges	342521	685534
E Spares & Consumables Consumed	366889	706729
	<u>45611488</u>	<u>165437584</u>
SCHEDULE - II.		
Employees Remuneration & Benefits :		
A Salaries & Wages & Gratuity	8022201	5205612
B Employees Welfare	585871	786519
C Contribution to PF	614363	356397
	<u>9222435</u>	<u>6348528</u>
SCHEDULE III.		
Interest :		
A Interest on Working Capital/Term Loan	22982894	15716426
B Interest & Bank Charges and others	1906472	1637969
C Hire Finance Charges	9924745	3360840
	<u>34814111</u>	<u>20715235</u>
SCHEDULE IV.		
Selling and Distribution Expenditure:		
A Sales Expenses	203118	576439
B Material Outward	1168154	1654659
C Packing Material Consumed	1826950	2554931
D ISI Charges	11000	5905
E Inspection Fee	66272	85247
F Sales Commission	116587	102456
	<u>3392081</u>	<u>4979637</u>



ANNEXURE TO PROFIT & LOSS ACCOUNT

1996-97

1995-96

SCHEDULE - V.

	1996-97	1995-96
Administration Expenses	238300	268675
A Rent	181858	92982
B Rates & Taxes	50421	61067
C Postage & Telegrams	138270	141071
D Printing & Stationery	156947	106897
E Conveyance	134195	110550
F Professional Charges	78861	48227
G Office Maintenance	181712	459176
H Travelling Expenses	292529	251423
I General Expenses	6496	3083
J Newspapers & Periodicals	336475	519630
K Insurance	373989	444700
L Telephone & Telex	266043	116634
M Vehicle Maintenance	25000	25000
N Audit Fee	97255	74509
O Electricity Charges	36585	316871
P Advertisement Expenses	6519	7750
Q Hamali Charges	1212706	389400
R Other Expenditure	595374	2337326
S Service Charges for security & Other Services	3000	0
T Donations		
TOTAL :	4412535	5774971

SCHEDULE - VI.

Accretion / decretion of stocks :

Closing Stock		27630491	
1. Finished Goods & Semi Finished Goods	17634919		27630491
Less : Opening Stock		7830709	
1. Finished Goods & Semi Finished Goods	27630491		7830709
Accretion/Decretion Stock			
		27630491	
		-9995572	
			19799782

**CASH FLOW STATEMENT FOR THE YEAR ENDING ON 30 SEPT. 1997
(PURSUANT TO THE LISTING AGREEMENT)**

	1996-97 (Rs.in lacs)	1995-96 (Rs.in lacs)
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	234.31	228.26
ADJUSTMENT FOR DEPRECIATION	59.81	22.15
INTEREST	348.14	207.15
MISCELLANEOUS EXP. WRITTEN OFF	17.82	11.49
TRANSFER OF REVALUATION RESERVE	(12.62)	0.00
	-----	-----
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	647.46	469.05
ADJUSTMENTS FOR:		
TRADE AND OTHER RECEIVABLES	(437.71)	(14.69)
INVENTORIES	(8.80)	(291.70)
TRADE PAYABLES	262.95	146.49
	(183.56)	(159.90)
	-----	-----
CASH GENERATED FROM OPERATIONS	463.90	309.15
INTEREST PAID	(348.14)	(207.15)
	-----	-----
NET CASH FROM OPERATING ACTIVITIES	115.76	102.00
	-----	-----
B CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS	(686.89)	(250.10)
DIFFERED REVENUE EXPENDITURE	(5.53)	(0.96)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(692.42)	(251.06)
	-----	-----
C CASH FLOW FROM FINANCING ACTIVITIES:		
PROCEEDS FROM SHORT TERM BORROWINGS	39.16	200.00
REPAYMENT OF SHORT TERM BORROWINGS	(100.00)	(300.00)
PROCEEDS FROM LONG TERM BORROWINGS	884.48	392.42
REPAYMENT OF LONG TERM BORROWINGS	(48.64)	(61.98)
OTHER PAYMENTS	(2.12)	(18.09)
	-----	-----
NET CASH FROM FINANCING ACTIVITIES	772.88	212.35
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	196.22	63.29
CASH & CASH EQUIVALENTS AS AT (Opening Balance)	172.93	109.64
CASH & CASH EQUIVALENTS AS AT (Closing Balance)	369.15	172.93



**GEM
CABLES**



AUDITORS' CERTIFICATE

The Board of Directors,
M/s Gem Cables & Conductors Limited,
HYDERABAED.

We have examined the Cash Flow Statement of M/s Gem Cables & Conductors Limited, for the period ended on 30.09.1997. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 5.12.97 to the Members of the company.

For and on behalf of

G.K.RAO & CO.,
Chartered Accountants

Sd/-

(B. SURYANARAYANA REDDY)
Partner

Place : Hyderabad
Date : 5.12.97



GEM CABLES & CONDUCTORS LTD.,

Regd. & Corporate Office : No.1 Badam Sohana Apartments,
Rajbhavan Road, Hyderabad - 500 082, India.
Phones : 3310486, 3311820. Grams : "GEM CABLE"

PROXY FORM

Regd. Folio No. No. of Shares Held :

I/We

of

in the District of

being a member/members of the above named company hereby appoint

of

in the District of

as my/our Proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on 31st December 1997, at 9.30 a.m. and at any adjournment thereof.

Signed this day of Nineteen Ninety Six.

- Note :
1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself.
 2. A Proxy need not be a member.
 3. This Proxy Form duly completed should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the time fixed for holding the meeting.

*Signature
across
30 paise
Revenue
Stamp*



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Regd. & Corporate Office : No.1 Badam Sohana Apartments,
Rajbhavan Road, Hyderabad - 500 082, India.
Phones : 3310486, 3311820. Grams : "GEM CABLE"

ATTENDANCE SLIP

(Please present this slip at the entrance of the Meeting Venue)

Regd. Folio No. No. of Shares Held :

I hereby record my presence at the 17th Annual General Meeting of Gem Cables & Conductors Limited held on Monday the 31st December 1997 at the Hotel Swagat, Ameerpet, Hyderabad.

Name of the Shareholder :

Name of the Proxy :

Signature of Member / Proxy :

Note : To be signed and handed over at the Meeting Venue.

BOOK POST
(PRINTED MATTER)

To



If undelivered please return to

GEM CABLES & CONDUCTORS LTD.,
No.1 Badam Sohana Apartments,
Rajbhavan Road, Hyderabad - 500 082.