



MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SEE	✓
YE	✓	✓		✓

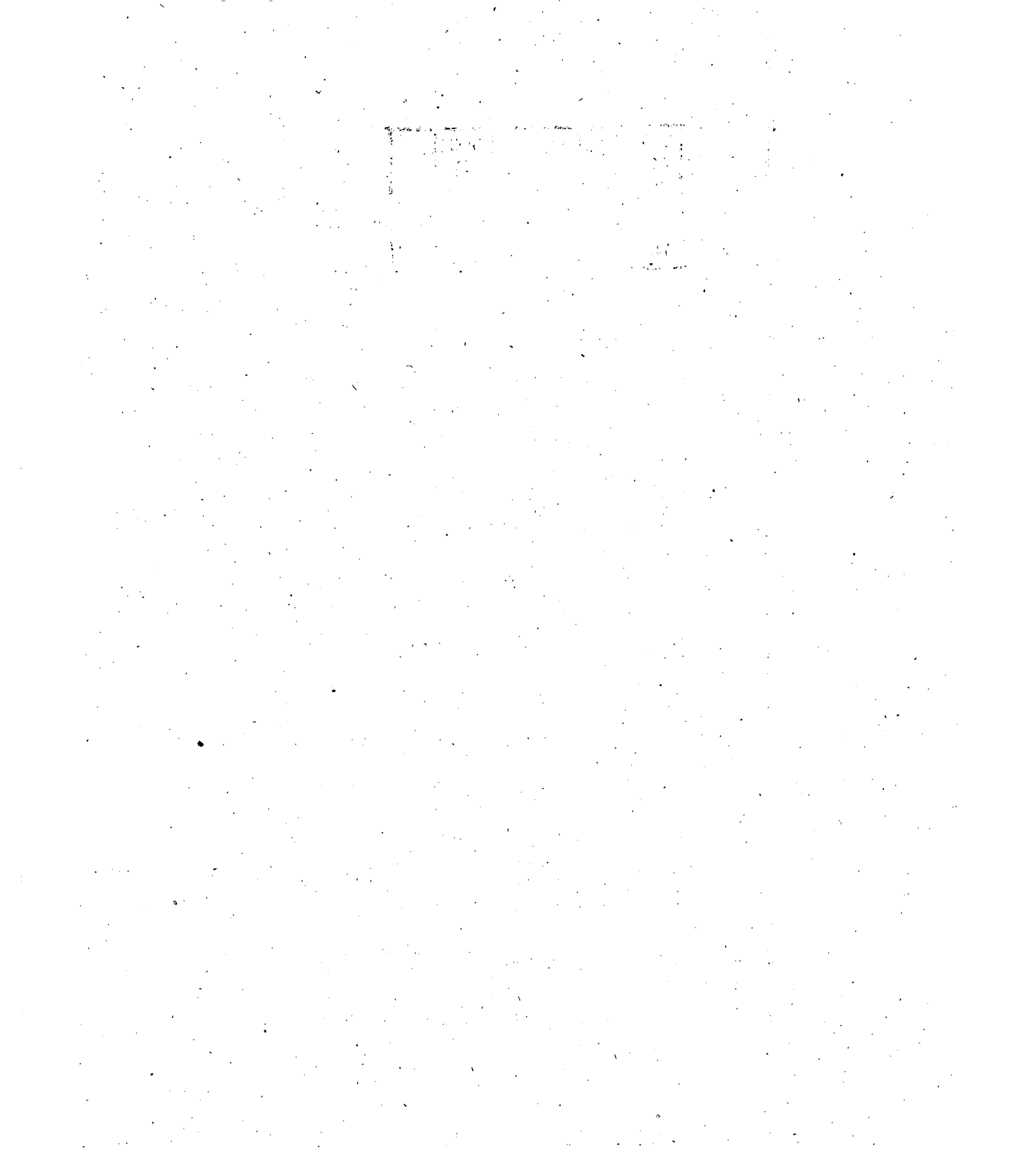


18th ANNUAL REPORT



GEM CABLES & CONDUCTORS LIMITED

**NO.1 BADAM SOHNA APARTMENTS,
RAJBHAVAN ROAD, HYDERABAD - 500 082.**



GEM CABLES & CONDUCTORS LTD.

BOARD OF DIRECTORS

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

Shri K.V.R. Sastry

Shri B. Ray

Shri Narasimha Murthy

Shri Bipin R. Shah

Shri N.J. Rao

Shri G V Subrahmanyam, IA & AS (Retd.)

Shri P. Jitendra Kumar

Shri Y. Kamesh
Vice Chairman & Managing Director

Shri K.V.S. Rao
Executive Director

REGISTERED OFFICE

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

WORKS

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

BRANCHES

No.5, 4, Gopalakrishna Road,
T.Nagar, **Chennai - 600 035**

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

ASSOCIATES

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

M/s. Saeed A1 Hubaishi & Sons,
P O Box No. 5450, MAALLA, **ADEN
Yemen Republic**

BANKERS

Indusind Bank Limited, **Secunderabad.**

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 18th Annual General Meeting of the Members of the Company will be held on 31st of December 1998 at the Institution of Engineers, Visvesvaraya Bhavan, Khairatabad, Hyderabad - 500 004 at 11.30 a.m., to transact the following Business.

ORDINARY BUSINESS :

1. To Receive, consider, and adopt the Audited Profit & Loss Account for the year ended 30th September 1998, Balance Sheet and Cash Flow Statement as at that date and the Report of the Board of Directors and Auditors thereon.

2. 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 a remuneration of Rs.25,000/- plus out of pocket expenses."

3. To appoint a Director in place of Shri B. Ray, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri P. Narasimhamurthy who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Shri G.V.Subrahmanyam who retires by rotation and is eligible for reappointment.

By Order of the Board,

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

Place : Hyderabad

Dated : 04.12.1998



DIRECTOR'S REPORT

To

Our Family of Share Holders :

Your Directors take pleasure in presenting the 18th Annual Report together with the audited Statement of Accounts and Cash Flow Statement for the financial year ended 30th September, 98.

FINANCIAL RESULTS :

	30.09.1998.
	(Rs./Lakhs.)
Gross Profit	352.90
Less :	
Interest	305.54
Depreciation :	40.95
Net Profit Transferred to	
Balance Sheet	6.41

OPERATIONS :

Caught in the web of financial inadequacy and cash crunch, your company could not perform as much as it was capable of, though it had a good number of orders to execute and a name in domestic and overseas markets for the quality and adherence to technical standards. The Company already has ISO 9002 certification for low voltage cables. It has since acquired ISO 9002 accreditation for high voltage cables also. The Company's product viz., High Tension Cable has been certified as technically acceptable by one of the renowned test houses. This helps your company to gain International recognition and for acceptance we have sent our sample to CESI Milano, Italy for type test approval and certification.

Your Company has added one more laurel when it was awarded the CITD award for Import Substitute in the field of Cables & Conductors in April 1998.

It is a matter of unexplainable anguish that a company of this technical standing and recognition should get self-asphyxiated for want of funds. Ours is a Company in the small scale sector which has been positioned to brave the avalanche of Country's economic and financial constraints occasioned by recession and unsympathetic capital market. In the face of too much regulations, the usual support expected from the financing institutions has not been forthcoming to the extent expected. The domestic demand from the Electricity Boards is not supported by promise of timely payments because of their own financial problems. Hence advisedly we sought a different matrix of customers consisting of parties from whom payments could be expected with reasonable regularity and certainty.

It is heartening that a number of our customers extended the delivery dates and enabled us to complete the orders. We are thankful to them.

In spite of the period of lull and bouts of inactivity, we continued our marketing efforts to maintain our customer relations and to book orders with reasonably relaxed delivery terms. This has helped in our having a portfolio of Rs.31.02 crores of orders to be completed during the period ending Sept. 1999. We have made certain efforts and taken certain initiatives which will help in maintaining a free flow of raw materials during the current year 1998-99 which will enable us to fulfil our export and domestic obligations. We are confident that our efforts will show in our performance for the period December 1998 - September 1999. We are considering the current year as a year of revival and resurrection.

The Members will be happy to know that in spite of our difficult times and immense persuasion, we have not retrenched even a single employee nor have we laid off any worker. We thought we owe this much to our workers and staff who have stood by us during these days of turbulence.

In view of the precarious financial condition of the customers of the Company, viz., Electricity Boards, your company has, as informed earlier, put in vigorous efforts to tap overseas markets. Your Directors are glad to report that their efforts have met with a fair amount of success and that the Company could procure orders from UAE, Yemen and Trinidad & Tobago.

It is heartening to note that the products of your Company have met with approval from these very quality conscious customers and repeat orders are forthcoming. Your Company is in the process of obtaining working capital for smooth execution of these orders. The proto type High Voltage Cable manufactured for the Export Markets, in accordance with international standard - IEC 502 is sent to European Laboratories for type testing and necessary certification. The said cable has already undergone tests at CPRI Bangalore successfully. The credit goes to the Company's R&D Department.

In order to avoid vulnerability on account of your Company's dependence on any one sector of Economy, your Directors are adding the following new product lines to the existing range of the Company.

- 1) 3.3 KV Mining Cables; (Mining Sector)
- 2) Airport Lighting Cables; (Aviation)
- 3) Fire Resistant Low Smoke Cables for House Wiring; (Open Markets)
- 4) Welding Cables; (Industry and Ports;) and,
- 5) Instrumentation Cables.

It is expected that introduction of these products will help your Company to insulate itself from the failure of any sector of Economy

PROFITS :

Your Company, during the year under review has struggled to maintain its profitability and the PBITD stood at Rs. 352.90 lakhs, as against Rs.644.97 lakhs for the preceding year. The amount available for appropriation is Rs.6.41 lakhs, against Rs. 234.31 lakhs for the preceding year.

The net worth of the Company has gone up from Rs.1660.82 lakhs to Rs.1667.22 lakhs.

It would not be out of place to state that the future of the Company now lies in globalising as fast as is possible. While the Company is making every effort to see that its present domestic market share is not threatened, the thrust for the coming few years would be to earn foreign exchange. The Company is also now taking a fresh look at the domestic retail market which is growing by volumes and is planning a foray into the same in order to keep the cashflows at a steady volume.

In addition to this the Company is now developing the markets for Mining Cables, CATV, Cables (Import Substitution), Airport Lighting Cables, Railway Signalling Cables and Cables for satellite communication.

ORDER BOOK :

Your Directors would like to inform you that the Company is having confirmed orders worth Rs.19.77 crores for exports to various countries and Rs.11.25 crores from various projects in the Country. In addition to this, your Company is anticipating orders worth Rs.15 crores, in the near future.

HUMAN RESOURCES :

The strength of man power of your Company as of date is 225, comprising of Managerial, Technical, Marketing & Administrative cadres and Workmen. As and when the need to upgrade the skills or knowledge is perceived, the employees are made to acquire the same.

The Company continues to maintain its cordial relations with the employees 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.B.Ray and Shri.P. Narasimha Murthy, Directors retire by rotation and being eligible offer themselves for appointment as Directors of your Company. In addition to this Shri. GV Subrahmanyam who was co-opted by the Board also retires at this Meeting and is eligible for reappointment.

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.

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 the Export earnings are Rs.255.18 lacs. The outgo of foreign exchange on account of import of raw materials and other expenses are Rs. 84.97 Lakhs.

CASH FLOW STATEMENT :

In accordance with the listing agreements with various stock exchanges, the Cash Flow Statement for the year 1997-98 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

As we look back with fear and a substantial measure of relief at the year 1997-98 which has passed by, our feelings of gratitude and appreciation lie with our Staff & Workmen without whose loyalty and support we could not have overcome this difficult period.

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. ITC Classic Finance Limited.

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

Your Directors convey their 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

Place : Hyderabad

Dated : 04.12.1998



**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.
- 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 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.

- c) Implementation of computerised thickness control process for extrusion.
- e) 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, ensure 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 toward 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) :

C Foreign Exchange Earnings and outgo

f. Activities relating to exports :

g. i. Earnings by way of export :
Rs.255.18 Lacs.

ii. Outgo by way of imports :
Rs.84.97 Lacs.

By Order of the Board,

Sd/- Y. Kamesh,

Vice Chairman & Managing Director

Place : Hyderabad

Dated : 04.12.1998

AUDITOR'S REPORT

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

We have audited the attached Balance Sheet of Gem Cables & Conductors Ltd as at 30.09.98 and the Profit & Loss account for the 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 (Auditors Report) order 1988 issued by the Company Law Board in term of section 227(4A) of the Companies act,1956,we enclose in the Annexure a statement on 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 explanation 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,98 and
 - ii) In so far as it relates to the Profit & Loss account of the profit of the Company for the year ended on 30 th September,1998.

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

Sd/-
B.SURYANARAYANA REDDY
(Partner)

Date : 04.12.98
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 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 to 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 Company's 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 section (1B) of section 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 damaged 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.
17. The Company has to deposit the PF/ESI dues amounting to Rs.14,76,001/- and Rs.6,62,629/- with the appropriate authorities as at 30th September, 1998. However the Company is approaching the concerned Authorities for granting of instalment facility.
18. According to the information and explanations given to us, there were no undisputed income tax, Customs duty and Excise duty, as at the last day of the financial year pending for a period of more than 6 months from the date they became payable. However unpaid sales tax as on 30th September, 1998 is Rs.14,11,932/-. However the Company is availing instalment facility.
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 provisions) Act, 1985.

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

Sd/-
B.SURYANARAYANA REDDY
(Partner)

Date : 04-12-98
Place : Secunderabad.

BALANCE SHEET AS AT 30-09-1998

	Schedule	1997-98	1996-97
SOURCES OF FUNDS			
Share Capital	A	63637500	63637500
Reserves & Surplus	B	103085559	102444569
Central Subsidy		645520	645520
I F S T Loan		499480	499480
Secured Loans	C	239505913	225685086
Unsecured Loans from Directors		1062302	612301
		<u>408436274</u>	<u>393524456</u>
APPLICATION OF FUNDS			
Fixed Assets	D	209720814	81559650
Less Depreciation		17178079	13204643
		<u>192542735</u>	<u>68355007</u>
Capital work-in progress		0	99793478
Current Assets, Loans and Advances	E	339564324	295595410
Less Current Liabilities & Provisions	F	131797395	79231644
		<u>207766929</u>	<u>216363766</u>
Misc. Expenditure : to the extent not written off	G	8126610	9012205
		<u>408436274</u>	<u>393524456</u>

As per our Annexed report of even date

for and on behalf of the Board

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

Sd/-
Y. KAMESH
Vice Chairman & Managing Director

Sd/-
B. SURYANARAYANA REDDY
Partner

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

Place : Hyderabad
Dated : 04-12-1998

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDING ON 30-09-1998

	Schedule	1997-98	1996-97
INCOME			
Sales		118305241	123054606
Misc. Receipts		82838	24616518
		-----	-----
		118388079	147671124
		-----	-----
EXPENDITURE			
Cost of Goods Sold	I	66275097	45611488
Employee's Remuneration & Benifits	II	10664464	9222435
Interest & Finance Charges	III	30553923	34814111
Selling and Distribution Expenses	IV	4355278	3392081
Taxes & Duties		1309429	8757922
Expenses relating to Administration	V	4700205	4412535
Accretion/Decretion of Stocks	VI	-5441188	9995572
Depreciation		4095558	5981470
Misc. exp. written off		1234323	1781671
		-----	-----
		117747089	123969285
		-----	-----
Profit / Loss for the year		640990	23701839
Expenses/Income pertaining to prior year		0	-270883
Profit		640990	23430956
Proposed Dividend,tax		0	2100038
		-----	-----
Balance transferred to balance sheet		640990	21330918
		-----	-----

As per our Annexed report of even date

for and on behalf of the Board

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

Sd/-
Y. KAMESH
Vice Chairman & Managing Director

Sd/-
B. SURYANARAYANA REDDY
Partner

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

Place : Hyderabad
Dated : 04-12-1998

ANNEXURE TO BALANCE SHEET

	1997-98	1996-97
SCHEDULE - A.		
Authorised Capital :		
7800000 Equity Shares of Rs.10/- each	78000000	78000000
3200000 Redeemable preference shares of Rs. 10/- each	32000000	32000000
	-----	-----
	110000000	110000000
	-----	-----
Issued, Subscribed & Paid up Capital		
6363750, Equity Shares of Rs.10/- each.	63637500	63637500
TOTAL	63637500	63637500
	-----	-----
SCHEDULE - B:		
Reserves & Surplus :		
	103085559	102444569
	-----	-----
TOTAL	103085559	102444569
	-----	-----
SCHEDULE - C.		
Secured Loans :		
I.C.I.C.I		
Term Loan secured by first charge on the Land, Buildings, Plant & Machinery both present and future.	28620815	34378229
Industrial Development Bank of India		
Term Loan secured by first charge on the Land, Buildings, Plant & Machinery both present and future.	80000000	80000000
Indus Ind Bank		
Secured by first charge on Raw Material, Book Debts, Bills, Finished and Semi-finished Goods present and future	22820615	68901982
Indus Ind Bank Term Loan		
Secured by first charge on Raw Material, Book Debts, Bills, Finished and Semi-finished Goods present and future	63410996	10000000
ITC Classic Finance Limited,		
Secured by Hire Purchase Assets.	44653487	32404875
TOTAL	239505913	225685086
	-----	-----

**FIXED ASSETS SCHEDULE AS ON 30-09-1998
SCHEDULE D**

Sl.No.	DESCRIPTION	Gross Block		Depreciation			Net Block		
		As on 1-10-97 Rs.	Additions/ Adjustment Rs.	As on 30-09-98 Rs.	As on 01-10-97 Rs.	Additions for the Ye Rs.	As on 30-09-98 Rs.	As on 30-09-98 Rs.	As on 30-09-97 Rs.
1.	Land	2700665	0	2700665	0	0	0	2700665	2700665
2.	Buildings								
	a) Factory Building	10900115	10096582	20996697	1348243	364064	1712307	19284390	9551872
	b) Office Building	771948	0	771948	53487	12583	66070	705878	718461
3.	Plant & Machinery	63111034	66274663	129385697	10208076	3343798	13551874	115833823	52902958
4.	Laboratory	482388	51300749	51783137	323947	25474	349421	51433716	158441
5.	Office Furniture & Fixtures	355738	5000	360738	134785	22398	157183	203555	220953
6.	Miscellaneous Fixed Assets & Off. Equipment	1289068	526881	1815949	352632	134246	486878	1329071	936436
7.	Vehicles	1603201	265831 (322953)	1546079	593183	156398	749581	796498	1010018
8.	Library	0	14411	14411	0	14411	14411	0	0
9.	Tools & Tackles	34889	0	34889	34889	0	34889	0	0
10.	Patents & Copy Rights	310604	0	310604	33279	22186	55465	255139	277325
	TOTAL	81559650	128161164	209720814	13082521	4095558	17178079	192542735	68477129

NOTES :

1) Plant & Machinery includes Assets acquired on hire purchase basis of Rs. 30154600 from ITC Clasic Finance Ltd.



**GEM
CABLES**





ANNEXURE TO BALANCE SHEET

	1997-98	1996-97
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)	35643789	33238959
Finished Goods (At Company's PO / List Prices) & Semi Finished Goods at cost	23076107	17634919
2 Sundry Debtors :		
(Unsecured and Considered Good)Held for less than 6 months	83878304	50758313
(Unsecured and Considered Good)Held for more than 6 months	165733586	134143961
3 Cash & Bank Balances :		
A. Bank Balance with Scheduled Banks	126464	30110685
B. Cash on Hand	26630	1667844
C. Deposits with scheduled Banks including Margin Money Deposits.	7929049	5135952
4 Loans & Advances :		
Unsecured & considered good (Recoverable in cash or kind value to be received)	23150395	22904777
TOTAL	339564324	295595410
SCHEDULE - F.		
Current Liabilities & Provisions		
Current Liabilities :		
1 Sundry Creditors	56842061	27786734
2 Creditors for Expenses	11215697	14594821
3 Creditor for Capital Works	0	17230478
4 Advance from Customers	2865426	2691232
5 Other Liabilities	24070398	11041186
6 Interest Accrued and due	35067232	4096131
7 Interest Accrued but not Due	1736581	1791062
TOTAL	131797395	79231644
SCHEDULE - G.		
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Public Issue Expenses	4411581	5093771
Research & Development	140461	130112
ISO 9002 Expenses	132270	95143
Development Expenditure	2135466	2175286
Registration Fee	96000	96000
Investment Processing Fee	325000	375000
Other Misc. Expenditure	885832	1046893
TOTAL	8126610	9012205

SCHEDULE - H:

NOTES FORMING PART OF ACCOUNTS.

1.	Contingent liabilities not provided for.	1997-98	1996-97
	a) Letters of Credit	20434087	0
	b) Bank Guarantee	19252198	12727166
	c) Bills	20432271	37654085

2. Particulars of remuneration paid to Managing Director & Executive Director
Rs. in lakhs

	1997-98		1996-97	
	Managing Director	Executive Director	Managing Director	Executive Director
Salary & Perquisites	2.47	1.82	3.58	2.37
Contribution to P.F. & other funds	0.25	0.16	0.39	0.22
	<u>2.72</u>	<u>1.98</u>	<u>3.97</u>	<u>2.59</u>

3.	Payment to Statutory Auditors	Rs.	Rs.
	Audit Fees	25000	25000
		<u>25000</u>	<u>25000</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 domestic/export 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. Capital work in progress has been capitalised on 30.09.98, hence no depreciation provided.
7. The bills / debit notes raised in respect of price variation for the supplies effected are subject to approval from the respective customers and is dependent upon terms and conditions of orders
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	
		1997-98	1996-97
b	Installed Capacity (Ckm) Single and Multi Core, PVC,PE and XLPE Insulated, Low, Medium and High Voltage Cables, ABC Cables and AAAC & ACSR Conductors.	15000.00	15000.00
c	Production (Ckm) Single and Multi Core, PVC,PE and XLPE Insulated, Low, Medium and High Voltage Cables, ABC Cables and AAAC & ACSR Conductors.	1359.73	3490.48



d.	Opening & Closing stock (Ckm)	QTY	VALUE in Rs.	QTY	VALUE in Rs.
	Opening Stock	903.039	17634919	1035.110	27630491
	Closing Stock	1036.195	23076107	903.039	17634919
e.	Consumption of Raw Materials (M.T).				
	A. Aluminium	107.703	9304524	196.498	15965160
	B. P.V.C / X.L.P.E Compound	231.687	9641425	244.509	11063114
	C. G.I.Wire / Strip	219.304	7621029	190.943	6023663
	D. Copper	347.573	33363230	43.322	6261886
	E. ALLOY CONDUCTOR/B/O Components	5.395	2852686	464.180	4280826
	F. PE TWIN	8.000	707610	0.000	0
			63490504		43594649
	Imported at CIF Value :				
	Indigenous :	13.530	8497317	0.000	0
		86.470	54993187	0.000	0
f.	Value of Imports on CIF Basis :				
	Raw Materials :	0.000	8497317		0
g.	Details of Sales				
	Cables / Conductors	1226.574	118305241	3622.551	123054606
			118305241		123054606
h.	Foreign Currency out going :				
	A) On import of Raw Material		8497317		0
	B) On Travelling Expenses		91412		178998
	C) On Capital Goods		0		0
i.	Earnings in Foreign Currency on FOB basis		25518273		0

As per our Annexed report of even date

for and on behalf of the Board

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

Sd/-
Y. KAMESH
Vice Chairman & Managing Director

Sd/-
B. SURYANARAYANA REDDY
Partner

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

Place : Hyderabad
Dated : 04-12-1998

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	30.09.98		
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	540233	Total Assets	540233
Sources of funds			
Paid up capital	63637	Reserves and Surplus	103085
Secured Loans	239505	Unsecured Loans	1062
Application of Funds:			
Net Fixed Assets	192542	Investments	Nil
Net Current Assets	207766	Miscellaneous Exp.	8126
Accumulated Loss	Nil		
IV. Performance of Company (Amount in Rs. Thousands)			
Turnover (incl. Stock adjustment and other income)	118388	Total Expenditure	117747
Profit Before Tax	641	Profit After Tax	641
Earning per share	0.10	Dividend Rate %	Nil
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

	1997-98	1996-97
SCHEDULE - I.		
Cost of Goods Sold :		
A Cost of Material	63490504	43594649
B Power & Fuel	1861235	1094827
C Repairs & Maint.(Machinery & other Services)	154593	212602
D Job works charges	62159	342521
E Spares & Consumables Consumed	531291	366889
Custom duty paid	175315	0
TOTAL :	66275097	45611483
SCHEDULE - II.		
Employees Remuneration & Benefits :		
A Salaries & Wages & Gratuity	9608878	8022201
B Employees Welfare	432367	585871
C Contribution to PF	623219	614363
TOTAL :	10664464	9222435
SCHEDULE - III.		
Interest :		
A Interest on Working Capital / Term Loan	14059696	22982894
B Interest, Bank Charges & others.	3574302	1906472
C Hire Finance Charges	12919925	9924745
TOTAL :	30553923	34814111
SCHEDULE - IV.		
Selling and Distribution Expenditure :		
A Sales Expenses	212423	203118
B Material Outward	1327027	1168154
C Packing Material Consumed	2402239	1826950
D ISI Charges	12260	11000
E Inspection Fee	4365	66272
F Sales Commission	396964	116587
TOTAL :	4355278	3392081

ANNEXURE TO PROFIT & LOSS ACCOUNT

	1997-98	1996-97
SCHEDULE - V.		
Administration Expenses		
A Rent	290620	238300
B Rates & Taxes	193297	181858
C Postage & Telegrams	50984	50421
D Printing & Stationery	120651	138270
E Conveyance	117126	156947
F Professional Charges	55900	134195
G Office Maintenance	29122	78861
H Travelling Expenses	95536	181712
I General Expenses	92713	292529
J Newspapers & Periodicals	2746	6496
K Insurance	273256	336475
L Telephone & Telex	755093	373989
M Vehicle Maintenance	180606	266043
N Audit Fee	25000	25000
O Electricity Charges	137719	97255
P Advertisement Expenses	28844	36585
Q Hamali Charges	7068	6519
R Other Expenditure	1430550	1215706
S Service Charges for security & other services	813374	595374
TOTAL :	4700205	4412535

SCHEDULE - VI.
Accretion / decretion of stocks :
Closing Stock

1. Finished Goods & Semi Finished Goods	23076107	17634919
	-----	-----
	23076107	17634919
Less : Opening Stock		
1. Finished Goods & Semi Finished Goods	17634919	27630491
	-----	-----
	17634919	27630491
	-----	-----
Accretion/Decretion Stock	-5441188	-9995572
	-----	-----

**CASH FLOW STATEMENT FOR THE PERIOD ENDING ON 30TH SEPT 1998
(PURSUANT TO THE LISTING AGREEMENT)**

	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	6.41	234.31
ADJUSTMENT FOR DEPRECIATION	40.96	59.81
INTEREST	305.54	348.14
MISCELLANEOUS EXP. WRITTEN OFF	12.35	17.82
TRANSFER OF REVALUATION RESERVE	0.00	(12.62)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	365.26	647.46
ADJUSTMENT FOR:		
TRADE AND OTHER RECEIVABLES	-649.55	(437.71)
INVENTORIES	-78.46	(8.80)
TRADE PAYABLES	559.45	262.95
	(168.56)	(183.56)
CASH GENERATED FROM OPERATIONS	196.70	463.90
INTEREST PAID	-305.54	(348.14)
NET CASH FROM OPERATING ACTIVITIES	(108.84)	115.76
B. CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF FIXED ASSETS	-286.91	(686.89)
DEFERRED REVENUE EXPENDITURE	-3.49	(5.53)
SALE OF VEHICLE	2.01	
NET CASH USED IN INVESTING ACTIVITIES	-288.39	(692.42)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
PROCEEDS FROM SHORT TERM BORROWINGS	77.80	39.16
REPAYMENT OF SHORT TERM BORROWINGS	0.00	(100.00)
PROCEEDS FROM LONG TERM BORROWINGS	64.91	884.48
REPAYMENT OF LONG TERM BORROWINGS	0.00	(48.64)
OTHER PAYMENTS	-33.79	(2.12)
NET CASH FROM FINANCING ACTIVITIES	108.92	772.88
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(288.31)	196.22
CASH & CASH EQUIVALENTS AS AT (OPENING BALANCE)	369.15	172.93
CASH & CASH EQUIPMENTS AS AT (CLOSING BALANCE)	80.82	369.15

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 30.09.1998. 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 4.12.98 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 : 4.12.98



GEM CABLES & CONDUCTORS LTD.,

Regd. & Corporate Office : No.1 Badam Sohana Apartments,
Rajbhavan Road, Hyderabad - 500 082, India.
Phones : 3310486, 3395970. 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 18th Annual General Meeting of the Company to be held on 31st December, 1998, at 11.30 a.m. and at any adjournment thereof.

Signed this day of Nineteen Ninety Eight

- 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



GEM CABLES & CONDUCTORS LTD.,

Regd. & Corporate Office : No.1 Badam Sohana Apartments,
Rajbhavan Road, Hyderabad - 500 082, India.
Phones : 3310486, 3395970. 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 18th Annual General Meeting of Gem Cables & Conductors Limited held on Thursday the 31st December, 1998 at the Institution of Engineers, Khairatabad, 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.