



19th ANNUAL REPORT



GEM CABLES & CONDUCTORS LIMITED
No1. 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

Managing Director

Shri. K.V.S.Rao

Executive Director

Registered Office

No. 1 Badam Sohana Apartments,
Rajbhavan Road, **Hyderabad-482.**
Chitkul Village, Patancheru, Medak Dist.

Works

Branches

Plot No.24, SriVidya 3/386,
Godavari Street, Ganga Nagar,
Chennai-600 0091.

36/286, Anand Nagar ,OM CHS Ltd,
Nehru Road, Vakola, Santacruz (East),
Bombay - 400 055.

Associates

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

Bankers

M/s. Indusind Bank Ltd.,

Auditors

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

Listed at

Hyderabad Stock Exchange Ltd.,
D.No. 3-6-275, Himayathagar,
Hyderabad - 500 029.

The Stock Exchange, Mumbai,
Phirozejee Jeebhoy Towers,
Dalal Street, **MUMBAI - 400 001**

The Stock Exchange,
Kamadhenu Complex, Panjarapole
Ahmedabad - 380 015.

Registrars

M/s Sathguru Management Consultants
Private Ltd., Plot.No.15, Hindinagar
Panjagutta, **Hyderabad - 500 034.**



Directors Report.

Dear Members,

Your Directors present herewith the 19th Annual Report of the Company for the period ending with 31.03.2000. As may be seen the Company has suffered its first massive loss on account of many a factor which were beyond its control and purview.

As you are aware that Electricity Boards are the major customers for the products of the Company and your Directors are alluding to the fact that the chronic sickness prevailing in this segment which has totally eroded their financial viability has severely effected the Company's marketing policies and consequently the performance has taken a severe beating this financial year.

The apathy with which the Central and State Governments have been responding to the privatisation efforts of the Power Industry have also belied the expectations of our marketing efforts which perceived greater marketing potential when policy announcements were made.

It is a matter of great concern to your Board that the High Voltage Cable plant is lying idle on account of non availability of sufficient orders for that line. Your Company has got the Cables type tested in European Laboratories in addition to getting the type test approvals from the Country's premier testing laboratory, M/s. CPRI. The technical capabilities of your company to manufacture these highly sophisticated high voltage cables have been endorsed by the successful typetesting of the cables produced by it by these prestigious laboratories.

Your Company 's efforts to stem the tide of events although have been proceeding on an emphatic note, they have not yet borne fruit. Your Directors are hopeful and that coupled with that the situation of all round economic resurgence will stabilise the situation. As power is used every day in all walks of life it is only a matter of time before the fortunes of the Company will be shored up.

The Financial Results are as follows.

Gross Loss	Rs.120.67 lacs
Add Interest	Rs.327.61 lacs
Add Depreciation	Rs. 61.06 lacs
Less Other Income	Rs.289.90 lacs
Net Loss	Rs.219.43 lacs

Market Scenario:

In view of the very bad payment position and inordinate delays in realisations for the supplies made to the Electricity Boards, your company has decided to wean away from these markets and to start marketing its products to private customers and projects. As a result of these vigorous efforts in the last year, your Board is happy to state that the offers of the Company are receiving good response and that your company is all set to be awarded with orders of more than

Rs.1600.00 lakhs in the next three months including orders on hand.

One significant achievement in this regard is that your Company has doubled its marketing efforts in UAE & Yemen. It is expected that the demand for the products of your Company will greatly increase on account of the spurt in the prices of the oil which spurs the governments there to take up more and more projects. In fact we are all set to receive an order worth US \$ 11 millions, for which approval from the ADWEA is awaited.

In the meanwhile, your Company has also started manufacturing cables for other customers on job work basis. Even though this is being done on experimental basis, we are happy to inform you that your Company could generate Rs.80.48 lakhs as job work income, which is equivalent to sales of Rs.549.79 lakhs. Your Company is hopeful that it would be able to get more job orders in this direction, which will help your company to reduce the financial burden on account of the huge working capital requirements and reduce the element of risk of blockage of funds due to the failure of the customer to pay. By and large it is earnestly hoped that our energetic efforts to overcome the present difficulties and to emerge successful ultimately in the near future must succeed and it is our endeavour to meet the expectations of the valued investors.

At this point of time it has to be noted that the overall market situation continues to be unfavourable, with very lowered off take from major customers and with the very bad payment situations. This, naturally results in great competition for the orders from the customers whose payment terms are good. Consequentially, the margins on these orders are taking a very big dent and the prices of the products are infact, lower than what they were three years ago, despite the fact that there is marked increase in cost of raw material and other inputs, including power.

Human Resources:

Your Company 's manpower has not been effected in spite of the all-round problems faced by the Company and it continues to maintain cordial relations with employees.

Particulars of Employees:

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

Foreign Exchange Earning and Outgo.

During the year export earnings are Rs.372.37 lacs. The outgo of foreign exchange on account of travel related expenses are Rs.0. 83 lacs

Cashflow Statement.

In accordance with the listing agreements with various Stock Exchanges, the Cashflow Statements for the year ended 31.03.2000 is enclosed.



Financial restructuring:

Efforts are being put in by your company to reduce the financial burden on the company, which has resulted on account of the bad realisations from the customers. In this direction, your company is planning to enter into settlements with the lenders and it is expected that this exercise will greatly reduce the interest burden in the coming years. Once the funding plans are finalised and approved, your company proposes to go ahead in this direction and it is expected that the settlements would be completed in the next financial year. Your Company has already entered into this kind of settlement with M/s. ICICI for which the repayment is due in the month of March, 2001. No sooner the major export order your company is expecting is received, your Company will proceed ahead with its plans of restructuring.

Energy Conservation

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

Investor Support.

The Company's shares have been brought under the purview of compulsory demat with effect from 25th September, 2000 by SEBI. Therefore your Company has appointed M/s.Sathguru Management Consultants Private Limited as the new Registrar for both physical and electronic transfer. Your Company has already entered into an agreement with CDSL & NSDL for this facility. The Company's ISIN is INE 582B01017.

Acknowledgements

Your Directors convey their appreciation for the services rendered by the Employees and Staff. They also place on record the advice and guidance received from the Indusind Bank and Financial Institutions like ICICI & IDBI in tiding over the difficulties. Your Directors also place on record their gratitude for the trust placed in it by the Customers of the Company.

By Order of Board.

Place: Hyderabad Sd/-Dr.M.Venkata Ratnam, IAS,Retd.,
Date : 02 09 2000. Chairman.

**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.



- d) 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, 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:

- f. Activities relating to exports :
 - i. Earnings by way of export : Rs.372.37 Lacs.
 - ii. Outgo by way of expenses : Rs. 0.83 lacs.

By Order of the Board
Sd/- Dr.M.Venkata Ratnam, IAS., Retd.,
Chairman

Place: Hyderabad.
Date: 02.09.2000.

AUDITOR'S REPORT

To
The Members,
Gem Cables & Conductors Ltd.,
Hyderabad.

We have audited the attached Balance Sheet of Gem Cables & Conductors Limited as at 31.03.2000 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 (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. The Company has to make provision for legal expenses, insurance premium and interest on ICICI & ITC Classics loan to the extent given under item no.9 of Schedule-H (notes forming part of Balance Sheet.)
3. 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.
4. 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.
5. The Balance Sheet and Profit & Loss Account referred to in the Report are in agreement with the Books of Accounts.
6. In our opinion the Balance Sheet and Profit and Loss Account complies with the Mandatory Accounting Standards subject to the Accounting Standards as laid in Schedule - H Notes forming part of accounts, as referred in Sec. 211(3c) of the Companies Act. 1956.
7. 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 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 31st March 2000 and
 - ii) In so far as it relates to the Profit & Loss account of the Loss of the Company for the period ended on 31st March 2000.

FOR G.K.RAO & CO.,
Chartered Accountants
Sd/-Pawan Kumar
Partner

Place: Hyderabad
Dated:02.09.2000



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 have 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 to Book 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/PO price as against lower of cost and net realisable value, which is contrary to Accounting Standard - 2 prescribed by the Institute of Chartered Accountants of India.
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 Sec. 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.50000/- 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. During the year no internal audit has been conducted.
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/Professional Tax/TDS dues amounting Rs.23,68,386/-, 9,29,878/-, 1,12,344/- and 8,882/- respectively with the appropriate authorities as at 31st March, 2000. We are informed that 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 six months from the date they became payable. The unpaid sales tax as on 31.03.2000 is Rs.5,50,739/-. 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/- Pawan Kumar
(Partner)

Place: Hyderabad
Date : 02-09-2000.



BALANCE SHEET AS AT 31-03-2000

	Schedule	1998 - 2000	1997 - 98
SOURCES OF FUNDS			
Share Capital	A	63637500	63637500
Reserves & Surplus	B	81108510	103085559
Central Subsidy		645520	645520
I F S T Loan		499480	499480
Secured Loans	C	211902877	239505913
Unsecured Loans from Directors		1062302	1062302
		-----	-----
		358856189	408436274
		-----	-----
APPLICATION OF FUNDS			
Fixed Assets	D	222299175	209720814
Less Depreciation		23284121	17178079
		-----	-----
		199015054	192542735
Current Assets, Loans and Advances	E	335518130	339564324
Less Current Liabilities & Provisions	F	182210645	131797395
		-----	-----
		153307485	207766929
Misc. Expenditure :	G	6533650	8126610
<i>to the extent not written off</i>			
		-----	-----
		358856189	408436274
		-----	-----

As per our Annexed report of even date

for and on behalf of the Board

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

Sd/- PAWAN KUMAR
Partner

Place : Hyderabad
Date : 02.09.2000

Sd/-
Y.Kamesh
Vice Chairman & Managing Director

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



PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDING ON 31.03.2000

	Schedule	1998 - 2000	1997 - 98
INCOME			
Sales		79731617	118305241
Misc. Receipts		26911770	82838
Excise Duty Draw Back		2079594	0
		-----	-----
		108722981	118388079
		-----	-----
EXPENDITURE			
Cost of Goods Sold	I	57206896	66275097
Employee's Remuneration & Benefits	II	16493756	10664464
Interest & Finance Charges	III	32761866	30553923
Selling and Distribution Expenses	IV	4912992	4355278
Taxes & Duties		1130742	1309429
Expenses relating to Administration	V	4335971	4700205
Accretion/Decretion of Stocks	VI	5823724	-5441188
Depreciation		6106042	4095558
Misc. exp. written off		1894081	1234323
		-----	-----
		130666070	117747089
		-----	-----
Profit / Loss for the year		-21943089	640990
Expenses / Income pertaining to prior year		-33960	0
		-----	-----
Balance transfered to balance sheet		-21977049	640990

As per our Annexed report of even date

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

Sd/- **PAWAN KUMAR**
Partner

Place : Hyderabad
Date : 02.09.2000

for and on behalf of the Board

Sd/-
Y.Kamesh
Vice Chairman & Managing Director

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



ANNEXURE TO BALANCE SHEET

	1998 - 2000	1997 - 98
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 :		
Balance transferred from P&L	103085559	103085559
	-21977049	0
	-----	-----
TOTAL	81108510	103085559
	-----	-----
SCHEDULE - C.		
Secured Loans :		
I.C.I.C.I	28100000	28620815
Term Loan secured by first charge on the Land, Buildings, Plant & Machinery both present and future.		
Industrial Development Bank of India	80000000	80000000
Term Loan secured by first charge on the Land, Buildings, Plant & Machinery both present and future.		
Indus Ind Bank	11391881	22820615
Secured by first charge on Raw Material, Book Debts, Bills, Finished and Semi-finished Goods present and future		
Indus Ind Bank Term Loan	63410996	63410996
Secured by first charge on Raw Material, Book Debts, Bills, Finished and Semi-finished Goods present and future		
ITC Classic Finance Limited,	29000000	44653487
Secured by Hire Purchase Assets.		
	-----	-----
TOTAL	211902877	239505913
	-----	-----

FIXED ASSET SCHEDULE AS ON 31.03.2000
SCHEDULE D

Sl.No.	DESCRIPTION	Gross Block			Depreciation			Net Block	
		As on 01.10.98	Additions Adjustment	As on 31.03.2000	As on 01.10.98	Additions for the Year	As on 31.03.2000	As on 31.03.2000	As on 31.10.98
1	Land	2700665	0	2700665	0	0	0	2700665	2700665
2	Buildings								
	a) Factory Building	20996697	0	20996697	1712307	546096	2258403	18738294	19284390
	b) Office Building	771948	0	771948	66070	18875	84945	687003	705878
3	Plant & Machinery	129385697	11005318	140391015	13551874	4998395	18550269	121840746	115833823
4	Laboratory	51783137	0	51783137	349421	38211	387632	51395505	51433716
5	Office Furniture & Fixtures	360738	0	360738	157183	33711	190894	169844	203555
6	Miscellaneous Fixed Assets & Off. Equipment	1815949	0	1815949	486878	143823	630701	1185248	1329071
7	Vehicles	1546079	1570183	3116262	749581	293242	1042823	2073439	796498
8	Library	14411	2860	17271	14411	410	14821	2450	0
9	Tools & Tackles	34889	0	34889	34889	0	34889	0	0
10	Patents & Copy Rights	310604	0	310604	55465	33279	88744	221860	255139
	TOTAL	209720814	12578361	222299175	17178079	6106042	23284121	199015054	192542735

Note: 1) Plant & Machinery includes Assets acquired on hire purchase basis of Rs.30154600/- from ITC Classic Finance Ltd.,



GEM
CABLES





ANNEXURE TO BALANCE SHEET

	1998 - 2000	1997 - 98
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)	38283479	35643789
Finished Goods (At Company's PO / List Prices) & Semi Finished Goods at cost	17252383	23076107
2 Sundry Debtors :		
(Unsecured and Considered Good)Held for less than 6 months	1141731	83878304
(Unsecured and Considered Good)Held for more than 6 months	248191484	165733586
3 Cash & Bank Balances :		
A. Bank Balance with Scheduled Banks	1936148	126464
B. Cash on Hand	229844	26630
C. Deposits with scheduled Banks including Margin Money Deposits.	4040760	7929049
4 Loans & Advances :		
Unsecured & considered good (Recoverable in cash or kind value to be received)	24442301	23150395
TOTAL	335518130	339564324
SCHEDULE - F.		
Current Liabilities & Provisions		
Current Liabilities :		
1 Sundry Creditors	58515432	56842061
2 Creditors for Expenses	10991337	11215697
3 Advance from Customers	780953	2865426
4 Other Liabilities	51697579	24070398
5 Interest Accrued and due	50988193	35067232
6 Manjeera Gramina Bank	328033	0
7 Interest Accrued but not due	0	1736581
8 Harita Finance/T.V.S.Lakxmi/The Associates	8909118	0
TOTAL	182210645	131797395
SCHEDULE - G.		
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Public Issue Expenses	3392070	4411581
Research & Development	111770	140461
ISO 9002 Expenses	106930	132270
Development Expenditure	1905795	2135466
Registration Fee	96000	96000
Investment Processing Fee	250000	325000
Other Misc. Expenditure	671085	885832
TOTAL	6533650	8126610



1998 - 2000

1997 - 98

SCHEDULE - H:

NOTES FORMING PART OF ACCOUNTS:

1	Contingent liabilities not provided for.				
a)	Letter of Credit		0		20434087
b)	Bank Guarantee	10002421			19252198
c)	Bills		0		20432271
d)	Liabilities	49153221			0
2	Particulars of remuneration paid to Managing Director & Executive Director			Rs.in Lakhs	
		Managing Director	Executive Director	Managing Director	Executive Director
	Salary & Perquisites	3.69	2.65	2.47	1.82
	Contribution to P.F. & other funds	0.66	0.48	0.25	0.16
		-----	-----	-----	-----
		4.35	3.13	2.72	1.98
		-----	-----	-----	-----
3	Payment to statutory Auditors		Rs.		Rs.
	Audit Fees		0.25		0.25
			-----		-----
			0.25		0.25
			-----		-----
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.				



1998 - 2000

1997 - 98

6. Sundry Debtors/Sundry Creditors and Loans And Advances balances are Subject to confirmation.
7. As per the settlement made M/s ICICI Ltd., and ITC Classic Finance Ltd., have agreed to waive their liability to the extent of Rs.Nil and Rs.24770245/- of respectively, subject to the repayment of balance amount with in the time agreed. The extent of liability waived is treated as current year income.
8. No. Depreciation has been provided on working progress/ interest capitalised on 30.09.1998.
9. Figures for the previous year have been regrouped to make them comparable with those of current year wherever practicable.
- a) The Company has to make provision for legal expenses and insurance premium to the extent of Rs.400000/- and Rs.1,20,244/- respectively.
- b) The Company has to make provision for interest amounting to Rs.1930000/- on ICICI Loan and ITC Classics loan.
- c) As per the certificate of Manager Production, machinery procured under IDBI equipment Finance Loan was put to use on trial basis and no regular commercial production was envisaged till 31.03.2000. As such Interest amounting to Rs.3,37,30,838/- on the said loan is capitalised and no depreciation was provided.
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			
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		15000	
c	Production (Ckm) Single and Multi Core, PVC,PE and XLPE Insulated, Low, Medium and High Voltage Cables, ABC Cables and AAAC & ACSR Conductors.	1389.148		1359.730	
d	Opening & Closing stock (Ckm)				
	Opening Stock	1036.195	23076107	903.039	17634919
	Closing Stock	1144.643	17252383	1036.195	23076107
e	Consumption of Raw Materials (M.T)				
	A. Aluminium	336.987	24261682	107.703	9304524
	B. P.V.C / X.L.P.E. Compound	211.963	9349035	231.687	9641425
	C. G.I.Wire / Strip	173.040	4989721	219.304	7621029
	D. Copper	134.597	11555797	347.573	33363230
	E. ALLOY CONDUCTOR/B/O Components	0.000	0	13.395	3560296
			50156234		63490504



	1998 - 2000		1997 - 98	
Imported at CIF Value :	0.000	0	13.530	8497317
Indigenous :	100.000	50156234	86.470	54993187
f Value of Imports on CIF Basis :				
Raw Materials :			0.000	8497317
g Details of Sales Cables / Conductors	1280.700	79731617	1226.574	118305241
h Foreign Currency out going :				
A) On import of Raw Material		0		8497317
B) On Travelling Expenses		83024		91412
C) On Capital Goods		0		0
i Earnings in Foreign Currency on FOB basis		37237411		25518273

As per our Annexed report of even date

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

Sd/- PAWAN KUMAR
Partner

Place : Hyderabad
Date : 02.09.2000

for and on behalf of the Board

Sd/-
Y.Kamesh
Vice Chairman & Managing Director

Sd/-
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	31.03.2000		

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	541066	Total Assets	541066
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Sources of Funds

Paid up capital	63637	Reserves and Surplus	81108
Secured Loans	211902	Unsecured Loans	1062

Application of Funds

Net Fixed Assets	199015	Investments	Nil
Net Current Assets	153307	Miscellaneous Exp.	6533
Accumulated Loss	Nil		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (incl. stock adjustment and other income)	108722	Total Expenditure	130666
Profit Before Tax	0	Profit After Tax	0
Earning per share	0	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 Low Voltage Power Cables Control & Instrumentation Cables AAAC/ACSR Conductors Single Core Cables & Wires.



ANNEXURE TO PROFIT & LOSS ACCOUNT

	1998 - 2000	1997 - 98
SCHEDULE - I.		
Cost of Goods Sold :		
A Cost of Material	50156234	63490504
B Power & Fuel	3115255	1861235
C Repairs & Maint.(Machinery & other Services)	70957	154593
D Job works charges	3366649	62159
E Spares & Consumables Consumed	497801	531291
F Custom Duty Paid	0	175315
TOTAL :	57206896	66275097
SCHEDULE - II.		
Employees Remuneration & Benefits :		
A Salaries & Wages & Gratuity	14705993	9608878
B Employees Welfare	822609	432367
C Contribution to PF	965154	623219
TOTAL :	16493756	10664464
SCHEDULE - III.		
Interest :		
A Interest on Working Capital / Term Loan	30346456	14059696
B Interest, Bank Charges & others	2367575	3574302
C Hire Finance Charges	47835	12919925
TOTAL :	32761866	30553923
SCHEDULE - IV.		
Selling and Distribution Expenditure:		
A Sales Expenses	297370	212423
B Material Outward	2584239	1327027
C Packing Material Consumed	1990758	2402239
D ISI Charges	3000	12260
E Inspection Fee	2800	4365
F Sales Commission	34825	396964
TOTAL :	4912992	4355278



ANNEXURE TO PROFIT & LOSS ACCOUNT

1998 - 2000

1997 - 98

SCHEDULE - V.

Administration Expenses

A Rent	387650	290620
B Rates & Taxes	214878	193297
C Postage & Telegrams	35528	50984
D Printing & Stationery	93796	120651
E Conveyance	63571	117126
F Professional Charges	25870	55900
G Office Maintenance	25240	29122
H Travelling Expenses	78653	95536
I General Expenses	73235	92713
J Newspapers & Periodicals	580	2746
K Insurance	214317	273256
L Telephone & Telex	588484	755093
M Vehicle Maintenance	133525	180606
N Audit Fee	25000	25000
O Electricity Charges	141893	137719
P Advertisement Expenses	30864	28844
Q Hamali Charges	2084	7068
R Other Expenditure	1423951	1430550
S Service Charges for security & other services	776852	813374
	-----	-----
TOTAL :	4335971	4700205
	-----	-----

SCHEDULE - VI.

Accretion / decretion of stocks :

Closing Stock

1. Finished Goods	17252383	23076107
& Semi Finished Goods	----- 17252383	----- 23076107

Less : Opening Stock

1. Finished Goods	23076107	17634919
& Semi Finished Goods	----- 23076107	----- 17634919

Accretion/Decretion Stock

	5823724	-5441188
	-----	-----



1998 - 2000

1997 - 98

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2000
(PURSUANT TO CLAUSE - 32 OF THE LISTING AGREEMENT)**

Rs. in lakhs

A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	-219.77	6.41
Adjustment for Depreciation.	61.06	40.96
Interest	327.62	305.54
Miscellaneous Exp. Written off	18.94	12.35
	-----	-----
Operating Profit Before Working Capital Changes	187.85	365.26
	-----	-----
Adjustment for Trade and other receivables	-10.13	-649.55
Inventories	31.84	-78.46
Trade Payables	504.13	559.45
	-----	-----
	525.84	-168.56
	-----	-----
Cash Generated from Operations.	713.69	196.70
Interest Paid	-327.62	-305.54
Net cash from operating activities	386.07	-108.84
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets.	-125.78	-286.91
Differed revenue Expenditure	-3.01	-3.49
Sale of Vehicle	0.00	2.01
	-----	-----
Net Cash used in investing activities.	-128.79	-288.39
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from short term borrowings	0.00	77.80
Repayment of short term borrowings	-114.29	0.00
Proceeds from long term borrowings	0.00	64.91
Repayment of long term borrowings	-161.74	0.00
Other payments	0	-33.79
	-----	-----
Net cash from financing activities	-276.03	108.92
	-----	-----
Net increase in cash & cash Equivalents (A+B+C)	-18.75	-288.31
Cash & Cash Equivalents as at 01.10.1998 (Opening Balance)	80.82	369.15
Cash & Cash Equivalents as at 31.03.2000 (Closing Balance)	62.07	80.82

AUDITORS CERTIFICATE

We have examined the Cash Flow Statement of M/s Gem Cables & Conductors Limited, for the year ended on 31.03.2000. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 and is based on and is an agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated 02-09-2000 to the Members of the Company.

Place: Hyderabad
Date : 02-09-2000

for and on behalf of
G.K.RAO & CO
Chartered Accountants
Sd/-PAWAN KUMAR
Partner