

27th Annual Report

2008-09



GEM CABLES AND CONDUCTORS LIMITED

Registered Office :

Survey No: 434 A & 434 AA, Chitkul Village, Patancheru Mandal,
Medak Dist, Pin: 533 103.

email : info@gemcables.com, investors@gemcables.com.

GEM CABLES & CONDUCTORS LIMITED.

Board of Directors	Mr Y Kamesh. Mr Y Malla Reddy. Mr K V S Rao.
Registered Office & Works	Survey No: 434 A & 434 AA, Chitkul Village, Patancheru Mandal, Medak Dist, Pin: 533 103
Bankers	M/s. Indusind Bank Limited.
Auditors	M/s. JBRK & Co., Chartered Accountants, Hyderabad.
Registrars	M/s. Sathguru Management Consultants P Ltd., 15, Hindinagar, Panjagutta, Hyderabad 500 034.
Listed At	The Stock Exchanges at Mumbai, Hyderabad and Ahmedabad.
Contact email	info@gemcables.com
Investor Service	investors@gemcables.com

NOTICE.

Notice is hereby given that the **Annual General Meeting** of the Members of the Company will be held on Tuesday, the 29th September, 2009, at 10.00 AM at the Registered Office of the Company, Survey No. 434 & 434 AA, Chitkul Village, Patancheru, Medak Dist - 533 103 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2009, and the Balance Sheet and Cash flow Statement as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. K V S Rao, who, retires by rotation and being eligible, offers himself for reappointment.
3. Appointment of Auditors & fixation of remuneration:

To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. JBRK & Company, Chartered Accountants, Hyderabad, the retiring Auditors be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,00,000/- (One Lakh Rupees Only) plus out of pocket expenses."

By order of the Board of Directors.
Gem Cables & Conductors Limited.

Place: Hyderabad.
Date: 28th August, 2009.

Y.Kamesh
Director.

Notes:

1. A Member entitled to vote at the Meeting is entitled to appoint a proxy and such proxy need not be a member of the Company.
2. The proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / Bodies Corporate / Proxies are requested to :
 - a) Notify change, if any, in address with pin Code numbers immediately to the company's registrar & Share Transfer Agents M/s.Sathguru Management Consultants Pvt. Limited, 15, Hindi Nagar, Panjagutta, Hyderabad -34. Email : info@sathguru.com
 - b) Bring their copy of the Annual report and Attendance Slip with them at the Annual General Meeting.
 - c) Quote ledger folio in all their correspondence.
 - d) Members, who are holding shares under more than one folio and the name(s) are in the same order ,are requested to send their relative certificate to the registrars and share transfer Agents, for consolidation of the entire holding in one folio.
4. The register of members and Share Transfer books will remain closed from , Wednesday, the 23rd September, 2009, to Friday, the 29th September, 2009, both days inclusive.

DIRECTORS' REPORT

To:
The Members,
Gem Cables and Conductors Limited.

Your Directors present herewith the Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

Despite our best efforts, your Company could not achieve to post a healthy turnover solely owing to the lack of working capital facilities from the Banks and other institutions. However, your company could mitigate upto some extent, by resorting to doing job work for other companies and end users. Your Company is glad to report that the negotiated settlements with financial institutions and Banks are in place.

Operating Results:

As part of process of revamping, during the interregnum period your company is under contract manufacturing operations.

The financial results for the period are:

	2008 - 09	2007 - 08
1. Income from Operations	Rs. 157.50 Lakhs	Rs. 333.91 Lakhs
2. Gross Profit / Loss	Rs. 76.54 Lakhs	Rs. 11.77 Lakhs
3. Less : Bank Charges	Rs. 306.60 Lakhs	Rs. 2.53 Lakhs
4. Less : Depreciation	Rs. 83.80 Lakhs	Rs. 96.42 Lakhs
5. Net Loss for the period before extraordinary & prior period items	(Rs. 313.86 Lakhs)	(Rs. 87.85 Lakhs)

Market Scenario:

The domestic market, even though buoyant, is entirely propelled by the demand triggered by the ongoing APDERP projects. These projects are being handled by very big contractors on turn key basis and the price bargaining is very high, thereby reducing the value addition to a bare minimum. However, your Company has adopted a model of being outsourcing partner to some of these companies on contract manufacturing basis and this model is helping your Company to stay afloat.

Cash Flow Statement :

In Accordance with the listing agreements with stock Exchanges, the Cash Flow statement for the year ended 31.3.2009 is enclosed.

Restructuring :

The plans to restructure the Company's long term debt profile with low cost of funds is being vigorously pursued and the response has been very positive. The efforts of the Company to resolve the issues with all the financial institutions and Banks are yet to bear the fruit.

In spite of the present depressing situation owing to the constricted cash flows and various cases being faced by the Company, with the active support and co-operation from the institutions, banks and the sustained co-operation from the esteemed members and other associates, your directors are very confident of reviving the Company. Soon. As informed in the previous report, your company is on the verge of *hiving off* cable division to a suitable investor(s) in whose respect a postal ballot was issued on 8th August, 2008 to authorize the Board of Directors of the Company to sell its assets in accordance with and pursuant to the provisions of Section 293(1)(a), Section 192A read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and other applicable provisions, if any, of the Companies Act, 1956. The resolution as set forth in the notice of the Postal Ballot referred to above has been approved by the Share Holders with an overwhelming majority, having received 99.95% of the votes polled in favour of the resolution.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance along with a Certificate from the Auditors is furnished forming part of this Report.

Energy Conservation:

Conservation of Energy, technology absorption etc, are enclosed at Annexure 1 as required under Section 217 (1) (e) of the Companies Act, 1956.

Auditors and Auditors Report:

M/s. JBRK & Co., Chartered Accountants, Hyderabad, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Sec.224(1B) of the Companies Act, 1956.

Directors:

Shri. KVS Rao, Director, retires at the ensuing Annual General Meeting and is eligible for re-appointment.

Responsibility Statement:

Pursuant to the requirement under sec.217(2AA) of the Companies Act, 1956, with respect to Director's responsibility statement, it is hereby confirmed that:

1. in the preparation of the accounts for the financial year ended 31st March, 2009 the applicable accounting standards, except as stated have been followed along with proper explanation relating to material departure.
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review:
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The Directors have prepared the accounts for the financial year ended 31st March, 2009 on a "going concern" basis.
5. **The Replies to observations of Auditors are as follows.**
 - a. Confirmation of balances from few parties is awaited and the same is being obtained expeditiously.
 - b. The amount capitalized after 01.01.1998 were very marginal and hence no depreciation was provided.
 - c. The observation of Auditors in Para © is only a confirmation of adoption of AS-2 by the company.
 - d. Consequent to the loan a/c.s with Bank & Institutions having become non-performing, settlements with banks were since completed under one time settlement of dues. As regards IDBI, OTS has since been entered into, however, the company could not pay the OTS amount in view of its financial sickness. Since the OTS has been reached / completed with Banks/Institutions confirmation of balances is not required.
 - e. Closing stock balances have been verified by the management.
 - f. Provisions towards panel interest on PF, ESI and Professional Tax dues have not been made in the absence of demand notices from the respective authorities.

Particulars of Employees:

There are no Employees in the company whose particulars are required to be furnished as per Section 217 (2A) of the Companies Act, read with the Companies (particulars of employees) Rule 1975.

Human Resources:

During the period under review your Company continues to enjoy cordial relations with employees at all levels.

Foreign Exchange earning and outgo.

During the period there was neither earning nor outgo of foreign exchange.

Acknowledgements:

Your Directors convey their appreciation for the services rendered by Employees & Staff. They also place on record their gratitude for the advice, guidance received from the Indusind Bank in tiding over the current difficulties. Your Directors thank M/s. SASF, IDBI for their continued support.

Your Directors would like to thank all the Customers of the Company for their continued cooperation. Finally, we thank the large family of share holders of your Company and all others who are assisting the Company.

Place: Hyderabad

By order of the Board.

Date: 28th August, 2009.

For Gem Cables & Conductors Limited,

Sd/-
Y.Kamesh
Director.

Sd/-
K V S Rao.
Director.

Annexure to Directors Report.

Companies (Disclosure of particulars in the report of Board of Directors) Rules.

A. Conservation of Energy:

B. Energy Conservation measures:

No fresh energy conservation measures have been adapted this year, other than continuation the previous years' measures on account of very low production and equipment utilization.

Care is being exercised over putting off the yard lighting and the factory lighting at the first break of dawn. Where ever possible, tube lights and MV Lamps have been replaced with CFL lamps to save energy.

C. Additional investments and proposals, if any, being implemented for the reduction of consumption of energy: None.

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

b.) 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.

D. 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: No R&D was carried out during the period under review.
2. Benefits derived as a result of the above R&D: None.
3. Future Plan of action: To develop Elastomeric and special application cables and paper wound wires & strips for transformers.

Technology adoption, adaptation and innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
As there are only skeletal operations, no efforts have been made in this direction by the Company. There is no imported technology.
2. Benefits derived as a result of these efforts: Not applicable.
3. Imported technology: No technology has been imported in the last 5 years, reckoned from the beginning of the financial year.
4. Foreign Exchange earnings and outgo:
 - i. Activities relating to exports: Rs.Nil.
 - ii. Outgo by way of expenses: Rs. Nil.

By order of the Board.
Gem Cables & Conductors Limited

Place : Hyderabad.

Date: 28th August, 2009.

Sd/-
Y Kamesh.
Director.

Sd/-
K V S Rao.
Director.

Annexure to the Director's Report

REPORT ON CORPORATE GOVERNANCE:

The era of good Corporate Governance came into existence with the insertion of Clause 49 of the listing agreement. Your company believes in attainment of highest levels of transparency in all facets of its operations. The company is committed to maximize the shareholder value by adopting the principles of good corporate governance in line with the provisions stipulated in the listing agreement.

1. BOARD OF DIRECTORS:

The constitution of the Board is given below:

Name of the Directors	Whole - time / Independent	Number of outside Directorships held*	Number of memberships on Board Committees
Mr. Y Kamesh	Director	One	0
Mr. Y Malla Reddy	Independent	Nil	2
Mr. K V S Rao	Independent	Nil	2

2. AUDIT COMMITTEE :

During the year under review Four (4) meetings were held. The constitution of the Committee and the attendance of each member of the Committee is given below:

Name of the Directors	Designation	Whole time/ Independent	Profession	Committee meetings attended
Mr. Y Malla Reddy	Director	Independent	Business	4
Mr. K V S Rao	Director	Independent	Business	4

The meetings of Audit committee are also attended by the concerned officials of the Company as Invitees. The un-audited financial results for each quarter are approved by the audit committee before handing over to the Board of Directors for approval and adoption.

Terms and reference of the Audit Committee include a review of;

- ⊗ Financial reporting process;
- ⊗ Draft financial statements and auditor's report (before submission to the Board);
- ⊗ Accounting policies and practices;
- ⊗ Internal controls and internal audit systems;
- ⊗ Risk management policies and practices;
- ⊗ Related party transactions;
- ⊗ Adequacy of internal audit function;

The role of the audit committee includes recommending the appointment and removal of the external auditor, discussion of the audit, plan, fixation of audit fee and also approval of payment of fees for any other services.

3. INVESTORS GRIEVANCE COMMITTEE:

The Board constituted an investors grievance committee in which looks into shareholders and investors grievances. The following are the members of the committee:

Sri KVS Rao
Sri Y Malla Reddy.

Name & Designation of the Compliance officer :

Mr. Y Kamesh.
Compliance Officer
Gem cables & Conductors Limited,
Survey No: 434 A & AA, Chitkul Village,
Patancheru Mandal, Medak Dist.,
Andhra Pradesh, Pin: 533 103
investors@gemcables.com

4. REMUNERATION OF DIRECTORS:

There is no remuneration paid to any of the Directors.

5. BOARD MEETINGS AND ATTENDANCE AT BOARD MEETINGS & ANNUAL GENERAL MEETINGS:

The Board of Directors of the company met four (4) times during the last financial year. The Company placed before the Board the annual operating plans and budgets and performance of the company from time to time. Information, which is materially important were placed before the Board meeting as and when the same takes place.

The attendance at the Board meeting and Annual general meetings was as under:

Name of the Directors	Attendance at Board Meeting	Attendance at Annual General Meeting
Mr. Y Kamesh	4	Yes
Mr. Y Malla Reddy	4	Yes
Mr. K V S Rao	4	Yes

6. DISCLOSURES:

No transactions of material nature is entered into by the company with the promoters, Directors or management or their relatives etc, that may have a potential conflict of interest of the company during the period under review. The company has not entered into any contract with the director, which requires any entry in the register of contracts as required under the provisions of the Companies Act, 1956. There are no pecuniary transactions with the independent / non- executive directors other than payment of remuneration disclosed in point no. 4 above.

Compliances by the Company: Due to the bad financial health and the consequent problems, your company is yet to comply with many statutory requirements. Your Company is proposing to meet with all the requirements at the earliest.

7. NOTES ON DIRECTORS APPOINTMENT/ RE-APPOINTMENT:

Pursuant to clause 49 of the listing Agreement the particulars of directors who are proposed to be appointed / re - appointed at the ensuing Annual General Meeting are given below :

Mr. K V S Rao retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. KVS Rao is a graduate in metallurgy from REC (Currently National Institute of Excellence) with more than 30 years of experience in Manufacture and Marketing of Power Cables, Aluminium Products & Distribution Transformers.

8. SHARE TRANSFERS:

The trading of equity shares of the company is mandatory in the dematerialized form. To expedite the transfer process in the physical segment authority has been delegated to the share transfer committee, which comprises of the members of the investor's grievances committee.

Share transfers/ transmissions approved by the committee are reported to the Board from time to time.

SHAREHOLDER INFORMATION:

1. Annual General Meeting :
Date and time : 29th September, 2009 at 10.00 A.M
Venue : Registered Office of the Company,
Survey No : 434 AA & 434 AA, Chitkula Village,
Patancheru Mandal, Medak Dist., Andhra
Pradesh, Pin : 533 103

2. Financial Year : 01st April to 31st March

Financial Calendar (Tentative):

Quarter ending 30th June, 2008	Last week of July, 2008
Quarter ending 30th September, 2008	Last week of October, 2008
Quarter ending 31th December, 2008	Last week of January, 2009
Quarter ending 31th March, 2009	Last week of April, 2009

1. Dates of Book Closure : Wednesday, 23rd Sept, 2009, to Friday, 29th Sept, 2009.
2. Registered Office : Survey No: 434 A & 434 AA, Chitkul Village, Patancheru Mandal, Medak Dist, Andhra Pradesh, Pin: 533 103.
3. Equity shares are listed at: : The Hyderabad Stock Exchange Limited
The Stock Exchange – Mumbai
The Stock Exchange – Ahmedabad.
4. Listing Fees for the FY 2008-09 : Not Paid, on account of bad financial position.
5. Registrars and share transfer Agents : M/s. Sathguru Management Consultants P Ltd.,
15, Hindi Nagar, Panjagutta, Hyderabad -500 034.
e.mail: info @sathguru.com
7. Market Price Data : Since the Company's Equity Shares have been suspended from trading on the Stock Exchanges, the market price data is not available.

8. General Body Meetings : Location and time for last three Annual General Meetings:

Year	Date	Time	Address
2005 - 06	29-09-2006	10.00 am	Registered office of the Company
2006 - 07	28-09-2007	10.00 am	
2007 - 08	24-09-2008	10.00 am	

No Postal Ballots were used for voting at these meetings. At the ensuing Annual General Meeting, there is no item on the agenda that needs approval by postal ballot.

9. Share transfer system : All shares have been transferred and Returned with in 30 days from the date of receipt, so long as the documents have been clear in all respects.
10. The share transfer committee generally meets once a month.
11. Investors relations: All complaints received from shareholders have been cleared within the financial year. The complaints are generally replied with in 10 working days from their lodgment with the company. The investors can contact the company on its email id: investors@gemcables.com

12. Distribution of shareholding as at 31st March, 2009:

Share Holding of nominal Value of		Share Holders		Share Amount	
Rs.	Rs.	Number	% to Total	In Rs.	% to Total
(1)	(2)	(2)	(3)	(4)	(5)
Upto - 5000		9872	93.33%	13429410	19.57%
5001 - 10000		424	4.00 %	3727220	5.43%
10001 - 20000		151	1.43%	2310920	3.37%
20001 - 30000		42	0.40%	1079000	1.57%
30001 - 40000		22	0.21%	769680	1.12%
40001 - 50000		21	0.20%	1004760	1.46%
50001 - 100000		14	0.13%	942980	1.37%
100001 and above		32	0.30%	45373530	66.11%
TOTAL		10578	100.00%	68637500	100.00%

According to categories of shareholders as at 31st March, 2009:

	CATEGORY	No. of Shares held	% age of shareholding
A	PROMOTER'S HOLDING:		
1.	Promoters* - Indian Promoters - Foreign Promoters	3376907	49.20%
2.	Persons acting in Concert #	0	0
B.	NON-PROMOTERS HOLDING		
3.	Institutional Investors	0	0
a.	Mutual Funds	0	0
b.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions / Non-government Institutions)	500000	7.28%
c.	FIs	0	0
4.	OTHERS		
a.	Private Corporate Bodies	156380	2.28%
b.	Indian Public	2784568	40.57%
c.	NRIs / OCBs	45895	0.67%
d.	Any other (please specify)	0	0
	TOTAL	6863750	100%

13. Dematerialization of shares:

As on 31st March, 2009 out of the total shareholding of 6863750 equity shares 15,05,717 shares representing 21.93% of equity shares are in dematerialized form.

14. As of date, the Company has no outstanding convertible instruments.

AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE:

To the Board of Directors of
GEM CABLES AND CONDUCTORS LIMITED.

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance condition of corporate governance of Gem Cables & Conductors Limited ("the company") for the year ended 31st March, 2009 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

The compliance of the conditions of the Corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on Certification of Corporate governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in clause 49 the above-mentioned listing agreement.

We further state that such a compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For JBRK & CO
Chartered Accountants
Sd/-
P Jitendra Kumar.
Partner

Place: Hyderabad

Date: 28th August, 2009.

AUDITORS' REPORT

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

We have audited the Balance sheet of Gem Cables & Conductors Limited as at 31.03.2009 and also the annexed Profit & Loss Account for the period ended on the date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of Material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Reports) Order, 2003, issued by the Central Government in terms of section 227(4-A) of Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order;
- 2 Further to our comments in the Annexure referred to in paragraph 1 above, and the following, viz.:
 - a) Sundry Debtors and Sundry Creditors, Loans and advances are subject to confirmation and reconciliation.
 - b) Though the Depreciation is provided on the cost of equipment procured with IDBI equipment finance, no depreciation is provided on the amounts capitalized after 01-01-1998 and also on the amount of materials utilized for trial / test production of the H.V. Cables and transferred to Capital work – in – progress.
 - c) The Raw Material is valued at average cost, stores and spares are valued at cost and finished stocks are valued at Company's list price / purchase order price. The cost formulas used by the company for determining the cost of inventories is in conformity to the norms prescribed under accounting standard-2 issued by the Institute of Chartered Accountants of India.
 - d) Bank balances and Loan from Industrial Development Bank are subject to reconciliation and confirmation.
 - e) In the absence of adequate information, the value of raw material and closing stock is considered on the basis of values/ amounts given and certified by the management. The closing stock of Rs. 6.66 Lacs is not physically verified by us.

f) No provision is made for the penal interest, if any payable on the unpaid amounts of PF, ESI, Professional tax dues to the respective authorities.

g) In the absence of any details, we are unable to express an opinion about the correctness of the Contingent liabilities of Rs 623.27 lakhs, as to the nature and the amount.

3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
4. On the basis of written representations received from the Directors as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub section (l) of Sec.274 of the Companies Act, 1956.
5. In our opinion proper books of accounts as required by Law have been kept by the Company in so far as appears from our examinations of such books.
6. The Balance Sheet and Profit & Loss Account as required by Law have been kept by the Company in so far as appears from our examination of such books.
7. Save otherwise stated here in above, in our opinion, these accounts comply with the Mandatory Accounting Standards issued by the ICAI and as referred to in Section 211(3C) of the Companies Act, 1956.
8. Subject to observations in para 2, In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and 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 in conformity with the accounting principles generally accepted in India:
 - a. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b. In the case of Profit & Loss Account, of the Loss of the Company for the period ended 31st March, 2009; and
 - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For JBRK & CO
Chartered Accountants

P Jitendra Kumar
Partner
Membership No: 22109

Date: 28.8.2009.

Place: Hyderabad.

ANNEXURE TO AUDITORS REPORT

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

1. a. The Fixed Assets register is being updated.
- b. It is explained to us that the physical verification of most of the fixed assets has been done by the management during the year under audit and no discrepancies were noticed on such verification.
- c. As per the information made available for us there are some disposals of fixed assets during the period covered under audit.
2. In respect of inventories:
 - a. In our opinion and according to the explanations given to us, the physical verification of stores, spares and Raw Materials was conducted by the Management, at reasonable intervals during the year.
 - b. The Company has a reasonable system of physical verification of inventories which in our opinion is reasonable having regard to the size of the company.
 - c. The Company has to improve the maintenance of records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the books of records.
3. The Company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956. Hence the sub-clause (b), (c) and (d) of clause 3 of the Companies (Auditors Report) Order, 2005 are Not applicable.
4. 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 inventory and fixed assets and for sale of goods. In our opinion and according to the information and explanations given to us there has been no continuing failure to correct major weaknesses in internal control during the year.
5. (a) The Company has not entered into any transactions exceeding Rs. Five lakhs in respect of any party mentioned in the Register maintained under section 301 of the Companies act, 1956 during the period under audit.

(b) In view of the above, clause 5 (b) of the paragraph 4 of the Companies (Auditors Report) order, 2005 is not applicable to the company for the current year.
6. The Company did not accept any deposits from the public within the meaning of section 58-A of the Companies Act, 1956.
7. During the year no internal audit has been conducted.
8. The Company, according to the information and explanations given to us, is not required to maintain the accounts and records prescribed by the Central Government under section 209(1) (d) of the Companies, Act, 1956.

10. According to the information and explanations given to us, there were no undisputed Income Tax, Custom duty and Excise duty, as at last day of the accounting period. According to the information and explanations given to us there are no disputed statutory dues outstanding as at 31-03-2009.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The Company is not a chit fund, Nidhi or Mutual benefit fund/society.
13. In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. All long-term investments have been held by the company in its own name.
14. In our opinion and according to the information and explanation given to us, the company has not given any guarantee for the loans taken by others from bank or financial institutions.
15. The Company has not taken any term loans during the period under audit.
16. According to the information and explanations given to us, during the period under audit, the company has not applied any short term borrowings for long term use and vice versa.
17. The Company has not made any preferential allotments of shares during the period.
18. To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For JBRK & CO
Chartered Accountants
Sd/-
P Jitendra Kumar.
Partner
Membership No. 22109

Place: Hyderabad
Date: 28th August, 2009.

GEM CABLES & CONDUCTORS Ltd.
BALANCE SHEET AS AT 31.03.2009

PARTICULARS	SCHEDULE		2008-09		2007-08
SOURCE OF FUNDS					
Share Capital	A		68637500		68637500
Capital Reserve			37800000		37800000
Central Subsidy			645520		645520
IFST Loan			499480		499480
Secured Loans	C		209978750		231622674
Unsecured Loans	D		12055421		33652861
Total			329616671		372858035
APPLICATION OF FUNDS					
Fixed Assets	E	238953285		244888360	
Less: Depreciation Fund		85446925	153506360	79629447	165258913
Current Assets, Loans & Advances	F	266140182		241062941	
Less: Current Liabilities & Provisions	G	373555203	-107415021	286164150	-45101209
Misc.Expenditure : (to the extent written off)	H		0		599677
Profit & Loss Account Balance	B		283525332		252100656
Total			329616671		372858035
Notes to Accounts	R				

As per our annexed Report of even date
for JBRK& Co.,
Chartered Accountants

Sd/-
P Jitendra Kumar
Partner
Membership number 22109

Place : Hyderabad
Date: 28-08-2009

For and on behalf of Board of Directors
Gem Cables & Conductors Limited

Sd/-
Y.Kamesh
Director

Sd/-
K V S Rao
Director

GEM CABLES & CONDUCTORS Ltd.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2009

PARTICULARS	SCHEDULE	2008 - 09	2007-08
INCOME			
Sale of Goods	I	8648742	21273977
Contract Manufacturing Receipts	J	7101996	11332088
Other Income	K	12879659	0
Total		28630397	32606065
EXPENDITURE			
Cost of Material		8145910	0
Manufacturing Expenses	L	4125684	24925544
Employee's Remuneration & Benefits	M	3979431	4252220
Interest & Finance Charges	N	30660235	253046
Selling and Distribution Cost	O	1744047	166167
Administration Cost	P	2217067	971108
Depreciation	E	8379644	9378305
Misc.exp.written off	H	632148	599676
Total		59884166	40546066
Loss for the Year before extraordinary items & Prior year expenses		(31253769)	(7940001)
Fringe Benefit Tax		38367	66700
prior Period Adjustments		132540	441985
Amount carried to Balance Sheet		-31424676	-8448686

As per our annexed Report of even date for JBRK & Co.,
Chartered Accountants.

Sd/-
P Jitendra Kumar
Partner
Membership number 22109

Place: Hyderabad
Date: 28-08-2009

For and on behalf of Board of Directors
Gem Cables & Conductors Limited

Sd/-
Y. Kamesh
Director

Sd/-
K V S Rao
Director

GEM CABLES & CONDUCTORS Ltd.
ANNEXURE TO BALANCE SHEET

SCHEDULE – A	2008-09	2007-08
Authorized Capital :		
7800000 Equity Share of Rs.10/- each	78000000	78000000
3200000 Redeemable preferences shares of Rs.10/- each	32000000	32000000
Total	110000000	110000000
Issued, Subscribed & Paid up Capital 6863750 Equity Shares of Rs.10/-each	68637500	68637500
Total	68637500	68637500

SCHEDULE-B	2008-09	2007-08
Losses Carried Forward	252100656	243651970
Profit & Loss Account	31424676	8448686
Total	283525332	252100656

SCHEDULE – C	2008-09	2007-08
Secured Loans:		
Industrial Development Bank of India (SASF) Term Loan secured by first charge on the Land Buildings, Plant & Machinery both Present and future	68200000	68200000
Indusind Bank Limited Secured by first charge on Raw Material, Book debts, Bills, Finished and Semi - Finished goods present and future	141778750	21953624
Indusind Bank Limited Term Loans Secured by first charge on Raw Material, Book Debts, Bills, Finished and Semi - Finished Goods present and future	0	141469050
Total	209978750	231622674

Note: All the above Loans are secured by the Personal Guarantee of Directors Y.Kamesh & KVS Rao .
Residential property of the Managing Director is given as collateral security to M/s Indusind Bank Ltd.,

SCHEDULE – D	2008 - 09	2007- 08
Unsecured Loans:		
Unsecured Loans from Directors	8055421	8055421
Global Trust Bank	0	13907621
Global Trust Bank Special Bills Discounted	0	7689819
Unsecured loan from GTL	4000000	4000000
Total	12055421	33652861

Gem Cables & Conductors Limited
SCHEDULE: E - FIXED ASSETS

Amounts in Rs.

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on	Additions/	Delitions	As on	As on	Additions	Deletion	As on	As on	As on
	01.04.2008	Adjustments	Adjustments	31.03.2009	01.04.2008			31.03.2009	31.03.2009	31.03.2008
Land	2700665	-	-	2700665	-	-	-	-	2700665	2700665
Buildings										
A) Factory Building	20996697	-	-	20996697	7868722	701290	-	8570012	12426685.1	13127975
Plant & Machinery	111414725	51425	6000000	105466150	45989619	5092152	2559439	48522332	56943818	65425106
Laboratory	51908043	-	-	51908043	22267716	2465632	-	24733348	27174695	29640327
Office Furniture & Fixtures	252238	-	-	252238	231821	15967	-	247788	4450	20417
Miscellaneous Fixed Assets & Office Eqpt	2073592	-	-	2073592	1437969	98496	-	1536465	537127	635623
Vehicles	1702579	-	26500	1676079	1678597	210	2728	1676079	-	23983
Library	30426	-	-	30426	30426	-	-	30426	-	-
Tools & Tackles	35834	-	-	35834	35834	-	-	35834	-	-
Patents & Copy Rights	310604	-	-	310604	88744	-	-	88744	221860	221860
Computers	-	40000	-	40000	-	-	5898	5898	34102	-
Capital Work in Progress	53462957	-	-	53462957	-	-	-	-	53462957	53462957
Total	244888360	91425	6026500	238953285	79628448	8379644	2562167	85446925	153506360	165258913

GEM CABLES & CONDUCTORS Ltd.
ANNEXURE TO BALANCE SHEET

SCHEDULE - F	2008 - 09	2007 - 08
Current Assets, Loans & Advances		
Inventories:		
As taken, valued and certified by the Management		
Raw Materials including packing Materials, at average cost and stores and spares at cost.	300804	81447
Finished Goods (At Company's PO/List Price) & Semi Finished Goods at cost	365385	365385
Sundry Debtors:		
Less than 6 months	605013	3381587
Un secured and more than 6 months	222636050	206654100
Total	223241063	210035687
Cash & Bank Balances:		
Bank Balance with Schedule Banks	12980185	261235
Cash on Hand	443891	97592
Deposits with schedule Banks (Including margin money deposits)	4989753	3908753
Earnest Money deposits	169000	401000
Total	18582829	4668580
Loans & Advances		
Income Tax Receivables	331700	260638
Loans & Advances, Unsecured, recoverable in cash or kind or value to be received:	23261393	25037955
VAT Input Credit	57008	613249
	23650101	25911842
Total	266140182	241062941

GEM CABLES & CONDUCTORS Ltd.
ANNEXURE TO BALANCE SHEET

SCHEDULE -- G	2008 - 09	2007 - 08
Current Liabilities & Provisions		
Sundry Creditors	34069013	19820873
Advance Received from Customers	780953	780953
Creditor for Expenses, Other Liabilities & Provisions	24715151	98774982
Salaries and Gratuity Payable	29327925	29452278
Manjeera Grameena Bank	0	834433
Interest Accrued and Due	117502217	117417784
FBT payable	105067	66700
ICICI Bank Misc loan via directors	4089	97359
Gem Telecom Limited	18918788	18918788
Tejaswani Egg .	14600000	0
Sujana Towers Ltd	77010000	0
Bagyanagar Invst. & Trading Pvt. Ltd.	12022000	0
Global Forgings Ltd.	14500000	0
Omicron Bio Genesis Ltd.	30000000	0
Total	373555203	286164150

SCHEDULE -- H	2008 - 09	2007 - 08
Miscellaneous Expenditure (To the Extent Not Written off or Adjusted)		
Public Issue Expenses	261610	261610
Research & Development	8621	8621
ISO 9002 Expenses	45403	12932
Investment Processing Fee	19286	19286
Other Misc. Expenditure	218113	218113
Development Expenditure	49865	49865
Registration Fee	29250	29250
Total	632148	599677

GEM CABLES & CONDUCTORS Ltd.
ANNEXURE TO PROFIT & LOSS ACCOUNT.

SCHEDULE – I	2008 - 09	2007 - 08
Income:		
Cables & Conductors	292421	0
Trading sales - Cables & Conductors	8356321	21273977
Total :	8648742	21273977

SCHEDULE – J	2008 - 09	2007 - 08
Contract Manufacturing Receipts		
Contract Manufacturing Income received	7101996	11332088
Total :	7101996	11332088

SCHEDULE – K	2008 - 09	2007 - 08
Other Income		
Interest from Bank	70220	0
Profit on Sale of Plant & Machinery	12809439	0
Total :	12879659	0

SCHEDULE – L	2008 - 09	2007 - 08
Manufacturing Expenses :		
Cost of trading materials	0	21274526
Power & Fuel	1402417	2021171
Labour Charges	2033492	1603813
Spares & Consumables Consumed	130127	16144
Material Inward & Weighment	4680	3500
Repairs & Maintenance	321117	6390
Jobwork Charges	3766	0
Raw material Consumed	150175	0
Packing Charges	27150	0
Calibration Charges	18090	0
Generator Maintenance	34670	0
Total :	4125684	24925544

SCHEDULE – M	2008 - 09	2007 - 08
Employees Remuneration & Benefits :		
Salaries, Wages & Perquisites	3478656	4117176
Perquisites to MD	58427	0
Employees welfare	199374	135044
Employer Contribution to ESI	90498	0
Employer Contribution to PF	110176	0
Others	42300	0
Total :	3979431	4252220

GEM CABLES & CONDUCTORS Ltd.
ANNEXURE TO PROFIT & LOSS ACCOUNT.

SCHEDULE – N	2008 - 09	2007 - 08
Interest & Finance Charges		
Bank Charges	65889	253046
Interest to OBC A/c. GTB	406578	0
LC Charges	6831	0
Interest Paid GTB	30180937	0
Total :	30660235	253046

SCHEDULE – O	2008 - 09	2007 - 08
Selling and Distribution Expenditure:		
Sales Expenses	0	23112
Discount allowed	32189	143055
Packing Material	20750	0
Bad debts written off	1042242	0
Marketing Exp.	436497	0
Material Outward	28470	0
Central Excise Duty	65797	0
Inspection Charges	10539	0
Others	107563	0
Total	1744047	166167

SCHEDULE – P	2008 - 09	2007 - 08
Administration Expenses		
Misc. Expenses	46690	30239
Rates & Taxes	110360	179937
Postage & Telegram	71620	10078
Printing Stationery & Periodicals	43640	4494
Conveyance	148257	67202
Professional Charges	385335	0
Office & Factory Maintenance	88255	10929
Traveling Expenses	45096	1811
Insurance	98087	15766
Communication Charges	205458	316446
Repairs to Vehicle	69259	281461
Office Electricity Charges	22583	36364
Audit Fee : Statutory	110300	15000
ISO	24787	0
Security Charges	543170	0

GEM CABLES & CONDUCTORS Ltd.
ANNEXURE TO PROFIT & LOSS ACCOUNT.

Transport & Hamali Charges	12408	1381
Donation	15000	0
Listing Fees	150750	0
Tender Document Charges	21240	0
loss on sale of Motor Cycle	4772	0
Total	2217067	971108

SCHEDULE – Q	2008-09	2007-08
Accretion/ Decretion of stocks :		
Closing Stock		
1. Finished Goods & Semi Finished Goods	365385	365385
Less : Opening Stock		
1. Finished Goods & Semi Finished Goods	365385	365385
Total	0	0

SCHEDULE – R **2008 - 09** **2007-08**

NOTES FORMING PART OF ACCOUNTS:

1	Contingent liabilities not provided for.		
	a) Bank Guarantee	0	0
	b) Liabilities	62327819	62327819
2	Particulars of remuneration payable to Managing Director:		
		Managing Director	Managing Director
	Salary & Perquisites (Only perquisites - no salary drawn)	58427	160833
	Contribution to P.F. other funds	0	0
3	Payment to Statutory Auditors:		
	Audit Fees	100000	15000

- 4) Secured loans granted to company are also Secured by Personal Guarantees of Managing Director and Executive Director, apart from the primary securities.
- 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.
 - d) Foreign currency Transactions: There are no foreign currency transactions during the year.
 - e) Provision for Gratuity and Bonus is not made in the accounts for this Financial year.
- 6) Sundry Debtors/ Sundry Creditors and Loans and Advances balances are subject to confirmation.
- 7) Figures for the previous year have been regrouped to make them comparable with those of current year wherever practicable
- 8) Please refer to the Directors report regarding OTS /financial restructuring with F.I.'s & Banks.
- 9) The company made negotiated settlements with its lenders but the benefits, arising out of such settlements are recognised and given effect to, only when the terms and conditions including the total repayment in accordance with their terms and conditions of the settlement are complied with in totality.
- 10) The retirement benefits such as gratuity, leave encasement etc., are not provided for in the accounts, since the same are met /paid on as and when need arose basis.
- 11) 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

	2008-09		2007-2008	
A) Licensed Capacity	Not Applicable		Not Applicable	
B) Opening & Closing stock (CKM)	QTY	Value in Rs	QTY	Value in Rs
Opening stock	0.751	365385	0.751	365385
Closing Stock	0.751	365385	0.751	365385
C) Consumption of Raw Materials (MT)				
a) Aluminium	1.100	55000	0	0
D) PVC/XLPE Compound:	0	0	0	0
E) GI Wire/Strip:	0	0	0	0
F) Copper / Film:	0.405	95175	0	0
a) Imported at CIF Value:	0	0	0	0
b) Indigenous:	0	0	0	0
c) Imported:	0	0	0	0
G) Value of Imports on CIF Basis:	0	0	0	0
a) Raw Materials:	0	0	0	0
b) Details of Sales:	0	0	0	0
c) Cables/Conductors:	0	0	0	0
H) Foreign Currency out going:	0	0	0	0
a) on import of Raw Material	0	0	0	0
b) on Travelling Expenses	0	0	0	0
c) on Capital Goods	0	0	0	0
I) Earnings in Foreign Currency on FOB basis	0	0	0	0

As per our Annexed report of even date for JBRK & Co.,
Chartered Accountants

Sd/-
P Jitendra Kumar
Partner

Place: Hyderabad
Date: 28th Aug, 2009

for and on behalf of the Board of Directors

Sd/-
Y.Kamesh
Director

Sd/-
K V S Rao.
Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE AS PER
SCHEDULE VI. PART (IV) OF THE COMPANIES ACT, 1956**

I. Registration No. 2833 State Code 01
Balance Sheet Date 31.03.2009

II. Capital Raised during the year (Amount in Rupees Thousands)
Public Issue (Calls in arrears) NIL Rights Issued NIL
Bonus Issue NIL Private Placement NIL

III. Position of Mobilization and deployment of funds (Amount in Rupees Thousands)

Total Liabilities	329616	Total Assets	329616
Source of Funds			
Paid up Capital	68637	Reserves and surplus	37800
Secured Loans	209978	Un secured loans	12055
Application of Funds			
Net Fixed Assets	153506	Investments	0
Net Current Assets	-107415	Miscellaneous Exp	0
Accumulated Loss	283525		

IV. Performance of Company (Amount in Rupees Thousands)

Turnover (Inclusive of stock adjustment & other income)	28630	Total Expenditure	59884
Profit before Tax	(31254)	Profit after Tax	(31425)
Earning per share	0	Dividend Rate %	0

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

GEM CABLES & CONDUCTORS LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st March 2009
(PURSUANT TO CLAUSE - 32 OF THE LISTING AGREEMENT)

	2008 - 2009 (Rs.in lakhs)	2007 - 2008. (Rs.in lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary items	-313.86	-83.82
Adjustment for Depreciation	58.17	93.78
Interest (Provision)	306.60	0.00
Miscellaneous Exp.written off	5.99	6.00
Interest Earned & Other Income	128.80	0.00
Operating Profit Before Working Capital Charges	185.70	15.96
<u>Adjustment for changes in assets and Liabilities</u>		
Reduction in sundry Debtors	132.05	
Increase in inventories	2.19	0
Increase in loans & Advances	14.13	6.8
Decrease/ Increase Trade payables	0.00	-12.81
Increase/ Decrease in Current liabilities & Provisions	873.53	-51.91
Cash Generated from Operations	939.12	-57.92
Other Income	128.80	0.00
Net Cash from operating activities	810.32	-41.96
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	59.35	3.16
Deferred revenue Expenditure	0	0
Sale of Vehicle	0	0
Net Cash used in investing activities	59.35	3.16
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from short term borrowings	0	0
Repayment of short term borrowings	0	0
Proceeds from long term borrowings	-432.41	0
Repayment of long term borrowings	0.00	21.66
Other payments	-306.60	0
Net Cash from financing activities	-739.01	21.66
Net increase in cash & cash Equivalents (A+B+C)	130.66	17.14
Cash & Cash Equivalents Of Opening Balance	3.59	44.22
Cash & Cash Equivalent as at the end of the year	134.25	3.59

Auditors Certificate.

We have examined the Cash Flow Statement of M/s Gem Cables & Conductors Limited, for the period ended 31.03.2009 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 28.08.2009 to the Members of the Company.

for JBRK & Co.,
Chartered Accountants
Sd/-

P Jitendra Kumar
Partner

Place: Hyderabad
Date: 28th Aug 09



Gem Cables & Conductors Limited.

Survey No: 434 A & AA, Chitkul Village, Patancheru Mandal, Medak Dist , Pin: 533 103
Tel: 040 66668624. Fax: 040 6651044. email: info@gemcables.com

Proxy Form.

Regd. Folio No:

No. of Shares held:

I / We,
of
in the district of

Being a member / members of the above name company hereby appoint
..... Of in the district of
as my / our proxy to vote for me/us on my/our behalf at the Annual General Meeting
of the Company to be held on Wednesday, the 29th September, 2009 at 10.00 AM and at any
adjournment thereof.

Signed this the day of September 2009.

Signature
across Revenue
Stamp.

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy and vote instead of himself.
2. A proxy need not me a member.
3. This proxy for 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.



Gem Cables & Conductors Limited.

Survey No: 434 A & AA, Chitkul Village, Patancheru Mandal, Medak Dist , Pin: 533 103
Tel: 040 66668624. Fax: 040 6651044. email: info@gemcables.com

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 Annual General Meeting of the Company to be held on 29th Sept, 2009, at 10.00 AM at the Registered Office of the Company.

Name of the share holder:

Name of the proxy:

Signature of the Member / Proxy:

