

# **30<sup>th</sup> Annual Report**

## **2011-2012**



**GEM CABLES AND CONDUCTORS LIMITED**

***Registered Office :***

Survey No.: 434A & 434 AA, Chitkul Village,  
Patancheru Mandal, Medak Dist, Pin : 533 103.  
email: [info@gemcables.com](mailto:info@gemcables.com), [investors@gemcables.com](mailto:investors@gemcables.com)

# **GEM CABLES & CONDUCTORS LIMITED.**

<b>Board of Directors</b>	<b>Mr Y Kamesh. Mr Y Malla Reddy. Mr K V S Rao.</b>
<b>Registered Office &amp; Works</b>	<b>Survey No: 434 A &amp; 434 AA, Chitkul Village, Patancheru Mandal, Medak Dist. Pin:533 103</b>
<b>Bankers</b>	<b>M/s. Indusind Bank Limited.</b>
<b>Auditors</b>	<b>M/s. JBRK &amp; Co., Chartered Accountants, Hyderabad.</b>
<b>Registrars</b>	<b>M/s. Sathguru Management Consultants (P) Ltd., Plot No. 54, Sagar Society, Road No. 2, Banjara Hills, Hyderabad 500 034.</b>
<b>Listed At</b>	<b>The Stock Exchange Mumbai.</b>
<b>Contact email</b>	<b><u><a href="mailto:info@gemcables.com">info@gemcables.com</a></u></b>
<b>Investor Service</b>	<b><u><a href="mailto:investors@gemcables.com">investors@gemcables.com</a></u></b>

## **NOTICE**

Notice is hereby given that the **30th Annual General Meeting** of the Members of the Company will be held on Saturday, the 29<sup>th</sup> September, 2012, at 10.00 AM at the Registered Office of the Company, Survey No 434A & 434AA, 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 31<sup>st</sup> March, 2012, 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. Y.Malla Reddy, 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/- plus out of pocket expenses."

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

Place: Hyderabad.  
Date: 25<sup>th</sup> August, 2012.

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, Plot No. 54, Sagar Society, Road No. 02, Banjara Hills, 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 correspondences.
  - 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, Thursday, the 27<sup>th</sup> September, 2012, to Saturday, the 29<sup>th</sup> September, 2012, (both days inclusive).

## DIRECTORS' REPORT

To  
The Members,  
Gem Cables and Conductors Limited.

Your Directors present herewith the 30th Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2012.

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.

### Operating Results:

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

The financial results for the Year are:

		2011-12	2010-11
1.	Income from Operations	Rs. 1570.63 Lakhs	Rs. 845.34 Lakhs
2.	Gross Profit / Loss	Rs. (39.68) Lakhs	Rs. (65.83) Lakhs
3.	Less: Bank Charges	Rs. 0.07 Lakhs	Rs. 1.19 Lakhs
4.	Less: Depreciation	Rs. 82.82 Lakhs	Rs. 82.82 Lakhs
5.	Net Loss for the period before extraordinary & prior period items	Rs. (122.57 Lakhs)	Rs. (149.84 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, it is felt that unless large working capital arrangements are made, it is difficult to revive the market leadership position in the near future.

### Cash Flow Statement :

In Accordance with the listing agreements with stock Exchanges, the Cash Flow statement for the year ended 31.03.2012 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.

The efforts of the Company to induce an investing partner or to sell always some of the assets in pursuance of the resolution passed on 08.08.2008 are bearing fruit and your directors are hopeful to close these deals in the current financial year.

### **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 reappointment. 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. Y.Malla Reddy, Director, retires at the ensuing Annual General Meeting and is eligible for reappointment.

### **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 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012 on a "going concern" basis.

### **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 earnings 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. Your Directors thank M/s. SASF, IDBI and Banks for their continued support.

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

Place: Hyderabad  
Date: 25<sup>th</sup> August , 2012.

By order of the Board.  
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 7 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.

Place : Hyderabad.

Date: 25<sup>th</sup> August, 2012.

By order of the Board.

Gem Cables & Conductors Limited

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:

Director	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 Director	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 & 434 AA, Chitkul Village,  
Patancheru Mandal, Medak Dist.,  
Andhra Pradesh, Pin: 533 103  
[investors@gemcables.com](mailto: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 were as under:

Director	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.

### 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. Y. Malla Reddy retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## 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 : 29<sup>th</sup> September, 2012 at 10.00 A.M.  
Venue : Registered Office of the Company,  
Survey No: 434 A & 434 AA, Chitkul Village,  
Patancheru Mandal, Medak Dist.,  
Andhra Pradesh, Pin: 533 103

2. Financial Year : 01<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

### Financial Calendar (Tentative) For 2012-2013:

Quarter ending 30 <sup>th</sup> June, 2012	Last week of July, 2012
Quarter ending 30 <sup>th</sup> September, 2012	Last week of October, 2012
Quarter ending 31 <sup>st</sup> December, 2012	Last week of January, 2013
Quarter ending 31 <sup>st</sup> March, 2013	Last week of April, 2013

1. Dates of Book Closure : Thursday, 27<sup>th</sup> Sept, 2012, to Saturday, 29<sup>th</sup> Sept, 2012.
2. Registered Office : Survey No: 434 A & AA, Chitkul Village, Patancheru Mandal, Medak Dist, Andhra Pradesh, Pin: 533 103
3. Equity shares are listed at: : The Stock Exchange – Mumbai
4. Listing Fees for the FY 2012-13 : Paid to The Bombay Stock Exchange Ltd. MUMBAI.
5. Registrars and share transfer Agents : M/s. Sathguru Management Consultants P Ltd., 15, Hindi Nagar, Panjagutta, Hyderabad 500 034. email: info@sathguru.com
6. 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.

7. General Body Meetings: Location and time for last three Annual General Meetings:			
Year	Date	Time	
2008-09	29.09.2009	10.00 am	Registered office of the Company.
2009-10	30.09.2010	11.30 am	
2010-11	29.09.2011	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.

8. 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.

9. The share transfer committee generally meets once a month.

10. 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

11. Distribution of shareholding as at 31<sup>st</sup> March, 2012:

Share Holding of nominal Value of		Share Holders		Share Amount	
Rs.	Rs.	Number	% to Total	In Rs.	% to Total
(1)		(2)	(3)	(4)	(5)
Upto - 5000		9876	93.37%	13438410	19.58%
5001 - 10000		422	3.99%	3701220	5.39%
10001 - 20000		148	1.40%	2257920	3.29%
20001 - 30000		42	0.40%	1085000	1.58%
30001 - 40000		22	0.21%	769680	1.12%
40001 - 50000		21	0.20%	1005760	1.46%
50001 - 100000		15	0.14%	1005980	1.47%
100001 and above		32	0.29%	45373530	66.11%
<b>TOTAL</b>		<b>10578</b>	<b>100.00%</b>	<b>68637500</b>	<b>100.00%</b>

According to categories of shareholders as at 31<sup>st</sup> March, 2012:

	<b>CATEGORY</b>	<b>No. of Shares held</b>	<b>% of shareholding</b>
<b>A</b>	<b>PROMOTER'S HOLDING:</b>		
1.	Promoters*		
a.	Indian Promoters	3375307	49.18%
b.	Foreign Promoters		
2.	Persons acting in Concert #	0	0
<b>B.</b>	<b>NON-PROMOTERS HOLDING</b>		
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
<b>C.</b>	<b>OTHERS</b>		0
4. a.	Private Corporate Bodies	174080	2.54%
b.	Indian Public	2769368	40.34%
c.	NRIs / OCBs	44995	0.66%
d.	Any other (please specify)	0	0
	<b>TOTAL</b>	<b>6863750</b>	<b>100%</b>

## 12. Dematerialization of shares:

As on 31<sup>st</sup> March, 2012 out of the total shareholding of 68,63,750 equity shares 21,86,617 shares representing 31.86% of equity shares are in dematerialized form.

13. 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 M/s.Gem Cables & Conductors Ltd. ("the company") for the year ended 31<sup>st</sup> March, 2012 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 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  
Firm Reg. No.05775S

Sd/-

P Jitendra Kumar.  
Partner

Membership No: 22109

Place: Hyderabad  
Date: 25th August, 2012.

## **AUDITORS' REPORT**

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

We have audited the accompanying Financial statements of GEM CABLES & CONDUCTORS LIMITED Hyderabad which comprise the Balance Sheet as at March 31, 2012, and the statement of Profit and Loss, and a summary of significant accounting policies and other explanatory information contained in the notes to financial statements.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, and financial performance of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub section (3C) of section 211 of Companies Act, 1956 ("Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by The Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a 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 we express our inability to express an opinion 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. 532.69 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.
- h) The company has become a sick industrial company with in the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and intimation to that effect was made to BIFR in the year 2003 during which 50% of the net worth of the company was eroded
3. As required by section 227(3) of the Act, 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 audit.
- b) In our opinion proper books of accounts as required by Law have been kept by the Company so far as appears from our examinations of those books.
- c) The Balance Sheet and Profit & Loss dealt with by this report are in agreement with books of account.
- d) In our opinion, the Balance Sheet and Statement of Profit & Loss comply with the accounting standards referred to in Subsection (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representation received from the Directors, os on March 31, 2012 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on March 31, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required 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 31<sup>st</sup> March, 2012.
- b. In the case of Profit & Loss Account, of the Loss of the Company for the period ended on 31<sup>st</sup> March, 2012

For JBRK & CO  
Chartered Accountants  
Firm Reg. No.05775S

Sd/-  
P Jitendra Kumar.  
Partner

Membership No: 22109

Place: Hyderabad

Date: 25<sup>th</sup> August, 2012.



## 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 no 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. 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.

(a) 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 and 58 AA of the Companies Act, 1956.
7. The Company has an internal audit system which is in our opinion is commensure with the size of the company and nature of its business. 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.

9. The company is a sick company and has been registered for a period of not less than 5 years. The company's financial accumulated losses at the end of the financial year exceeds 100% of its net worth and the company has incurred a cash loss during this year.
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 31-03-2012.
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. As per the information and explanations made available to us, the company has not defaulted in repayment of dues to banks or financial institutions.
14. 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.
15. 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.
16. The Company has not taken any term loans during the period under audit.
17. 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.
18. No debentures have been issued by the company during the year.
19. The company has not raised money during the year by way of public issue.
20. The Company has not made any preferential allotments of shares during the period.
21. 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  
Firm Reg. No.05775S

Sd/-  
P Jitendra Kumar.  
Partner  
Membership No: 22109

Place: Hyderabad  
Date: 25<sup>th</sup> August, 2012.

**GEM CABLES & CONDUCTORS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2012**

(In Rupees)

Particulars	Note No.	As at 31st March 2012	As at 31st March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share Capital	1	68,637,500	68,637,500
(b) Reserves and surplus	2	(271,092,508)	(258,821,792)
(c) Money received against share warrants	3	-	-
		(202,455,008)	(190,184,292)
Share application money pending allotment		-	-
<b>Non-current liabilities</b>			
(a) Long-term borrowings	4	331,932,213	331,932,213
		331,932,213	331,932,213
<b>Current liabilities</b>			
(a) Trade payables	5	112,598,276	53,529,312
(b) Other current liabilities	6	232,661,982	232,290,442
(c) Short-term provisions	7	155,812	266,648
		345,416,070	286,086,402
<b>Total</b>		<b>474,893,275</b>	<b>427,834,323</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	8		
(i) Tangible assets		75,194,322	83,475,866
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		53,462,957	53,462,957
		128,657,279	136,938,823
(b) Deferred tax assets (net)	9	15,944,127	15,944,127
(c) Long-term loans and advances	10	18,519,006	16,735,247
		34,463,133	32,679,374
<b>Current assets</b>			
(a) Inventories	11	53,268,576	15,656,366
(b) Trade receivables	12	250,653,283	233,296,644
(c) Cash and cash equivalents	13	233,729	5,816,742
(d) Short-term loans and advances	14	7,817,275	3,446,374
		311,772,863	258,216,127
<b>Total</b>		<b>474,893,275</b>	<b>427,834,323</b>
Significant accounting Policies & Notes to accounts	24 & 25		

This is Balance Sheet referred in our Report of even date

For JBRK & Co.,  
Chartered Accountants  
Firm Reg. No 5775S

Sd/-  
P. Jitendra Kumar  
Partner  
Membership No. 22109

Place : Hyderabad  
Date: 25.08.2012

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 LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

PARTICULARS	NOTE NO.	(In Rupees)	
		AS AT 31st MARCH, 2012	AS AT 31st MARCH, 2011
<b>REVENUE FROM OPERATIONS</b>			
Revenue From Operations	15	157,026,808	83,425,298
Other Income	16	36,527	1,108,548
<b>TOTAL REVENUE</b>		<b>157,063,335</b>	<b>84,533,846</b>
<b>EXPENSES:</b>			
Cost Of Material Consumed	17	163,529,893	24,465,175
Purchase Of Stock-In-Trade	18	28,982,090	73,877,435
Inventories Of Finished Goods Work-In-Progress and Stock -In-Trade	19	(37,612,209)	(14,933,178)
Employee Benefit Expenses	20	3,403,820	4,141,514
Finance Cost	21	7,157	118,538
Depreciation And Amortization Expense	22	8,281,543	8,281,543
Other Expenses	23	2,728,997	3,566,946
<b>TOTAL EXPENSES</b>		<b>169,320,891</b>	<b>99,517,973</b>
Profit Before Exceptional And Extraordinary Items And Tax		(12,257,556)	(14,984,127)
Exceptional Items		-	-
Profit Before Extraordinary Items And Tax		(12,257,556)	(14,984,127)
Prior Period Expenses		13,159	960,000
Profit Before Tax		(12,270,715)	(15,944,127)
Tax Expense		-	-
Current Tax		-	-
Deferred Tax		-	15,944,127
Profit(Loss) For The Period From Continuing Operations		(12,270,715)	-
Significant accounting Policies & Notes to accounts	24 & 25		

This is Profit & Loss Account referred in our Report of even date For JBRK & Co., Chartered Accountants. Firm Reg. No. 5775S

Sd/-  
P Jitendra Kumar  
Partner  
Membership No. 22109

Place: Hyderabad  
Date: 25.08.2012

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 LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

	(In Rupees)		
NOTE No.	PARTICULARS	AS AT 31st MARCH, 2012	AS AT 31st MARCH, 2011
1	<b>SHARE CAPITAL</b> <u>Authorized Share Capital</u> 78,00,000 Equity Shares of 10/- each 32,00,000 Redeemable Prefrences shares of Rs.10/- each - - <u>Issued, Subscribed and Paid up</u> 6863750 Equity Shares of 10/- each Less: Calls in Arrears  <div style="text-align: right;"><b>TOTAL</b></div>	 78,00,000 32,00,000 110,00,000  68,637,500 - 68,637,500	 78,00,000 32,00,000 110,00,000  68,637,500 - 68,637,500
	<b>(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:</b>		
	<u>Equity shares</u>	<u>In Numbers</u>	<u>In Numbers</u>
	Equity Shares at the beginning of the year	6,863,750	6,863,750
	Add : Fresh Issue of shares	-	-
	Add : ESOP	-	-
	Add : Bonus shares	-	-
	Less: Buy back of shares	-	-
	Equity shares at the end of the year	6,863,750	6,863,750
2	<b>RESERVES AND SURPLUS</b> <u>(a) Capital Reserve</u> Opening balance Add: Additions during the year Less: Utilised / transferred during the year  Closing balance <u>(b) Capital Redemption Reserve</u> Opening balance Add: Additions during the year Less: Utilised / transferred during the year  Closing balance <u>(c) Surplus/(Deficit) in Statement of Profit &amp; Loss</u> Opening Balance Add: profit/Loss during the year Less: Interim Dividend Less: Transfer to General Reserve  Closing Balance	 37,800,000 - - 37,800,000  645,520 - - 645,520  (297,267,313) (12,270,715) - - (309,538,028)	 37,800,000 - - 37,800,000  645,520 - - 645,520  (297,267,313) - - - (297,267,313)
	<b>TOTAL</b>	<b>(271,092,508)</b>	<b>(258,821,792)</b>

NOTE No.	PARTICULARS	AS AT 31st MARCH, 2012	AS AT 31st MARCH, 2011
3	<b><u>MONEY RECEIVED AGAINST SHARE WARRANTS</u></b> The Company does not have received money against Share Warrants	-	-
4	<b><u>LONG TERM BORROWINGS</u></b>		
(I)	Term Loans		
	(a) From Banks		
	Secured	327,432,733	327,432,733
	Unsecured	-	-
		327,432,733	327,432,733
	(b) From Other Parties		
	Secured	-	-
	Unsecured	4,499,480	4,499,480
		4,499,480	4,499,480
	<b>TOTAL</b>	<b>331,932,213</b>	<b>331,932,213</b>
5	<b><u>TRADE PAYABLES</u></b>		
(I)	Sundry Creditors	112,598,276	53,529,312
	<b>TOTAL</b>	<b>112,598,276</b>	<b>53,529,312</b>
6	<b><u>OTHER CURRENT LIABILITIES</u></b>		
(I)	Statutory		
	TDS Payable	14,841	8,981
	PF & ESI Payables	9,430	9,430
	PT Payable	1,950	1,930
	Sales Tax Payable	1,569,181	293,630
		1,595,402	313,971
(II)	Outstanding liabilities		
	Creditor for Expenses,	16,478,371	16,478,371
	Salaries and Gratuity Payable	28,141,814	29,051,705
	Other Liabilities	186,446,395	186,446,395
		231,066,580	231,976,471
	<b>TOTAL</b>	<b>232,661,982</b>	<b>232,290,442</b>
7	<b><u>SHORT TERM PROVISION</u></b>		
	Audit Fee Payable	100,000	110,300
	CPDC OF AP LTD.	26,020	106,249
	Provision for Expenses	29,792	50,099
		155,812	266,648
	<b>TOTAL</b>	<b>345,416,070</b>	<b>286,086,402</b>

**GEM CABLES & CONDUCTORS LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012**

(In Rupees)

NOTE No.	PARTICULARS	AS AT 31st MARCH, 2012	AS AT 31st MARCH, 2011
8	<b>FIXED ASSETS</b> (AS PER ANNEXURE - A)		
	<b>NON CURRENT INVESTMENTS</b>		
9	Deferred Tax Assets	15,944,127	15,944,127
	Deferred Tax Liabilities	-	-
	<b>Net Deferred Tax</b>	<b>15,944,127</b>	<b>15,944,127</b>
10	<b>LONG TERM LOANS &amp; ADVANCES</b>		
	<u>(a) Other Loans and advances</u>		
	Secured, considered good	-	-
	Unsecured, considered good	18,519,006	16,735,247
	Doubtful	-	-
	Less: Provision for doubtful loans and advances	-	-
	<b>TOTAL</b>	<b>18,519,006</b>	<b>16,735,247</b>
11	<b>INVENTORIES</b>		
	Raw-Materials	300,804	300,804
	Work-in-progress	38,011,632	399,423
	Finished Goods	422,385	422,385
	Stock-in-trade	14,533,755	14,533,755
	<b>TOTAL</b>	<b>53,268,576</b>	<b>15,656,367</b>
12	<b>TRADE RECEIVABLES</b>		
	<u>(A) Outstanding For More Than Six Months</u>		
	Secured	-	-
	Unsecured and Considered Good	233,303,641	231,461,983
	Less than 6 Months	-	-
	Doubtfull	-	-
	Provision	-	-
		<b>233,303,641</b>	<b>231,461,983</b>
	<u>(B) Others</u>		
	Secured	-	-
	Unsecured and Considered Good	17,349,642	1,834,661
	Doubtfull	-	-
	Provision	-	-
		<b>17,349,642</b>	<b>1,834,661</b>
	<b>TOTAL</b>	<b>250,653,283</b>	<b>233,296,644</b>
13	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash On Hand	143,720	189,039
	<u>Balance With Schedule Banks</u>		
	Bank of Baroda	11,822	11,822
	Karnataka Bank	47,561	2,026,255
	Corporation bank	10,382	3,569,382
	State Bank of Hyderabad	20,244	20,244
		<b>90,009</b>	<b>5,627,703</b>
	<b>TOTAL</b>	<b>233,729</b>	<b>5,816,742</b>

NOTE No.	PARTICULARS	AS AT 31st MARCH, 2012	AS AT 31st MARCH, 2011
14	<b><u>SHORT TERM LOANS &amp; ADVANCES</u></b>		
	(a) <u>Loans and advances to related parties</u>		
	Secured, considered good	-	-
	Unsecured, considered good	-	-
	Doubtful	-	-
	Less: Provision for doubtful loans and advances	-	-
		-	-
	(b) <u>Security deposits</u>		
	Secured, considered good	-	-
	Unsecured, considered good	2,076,455	2,273,225
	Doubtful	-	-
	Less: Provision for doubtful deposits	-	-
		2,076,455	2,273,225
	(c) <u>Loans and advances to employees</u>		
	Secured, considered good	-	-
Unsecured, considered good	504,523	522,307	
Doubtful	-	-	
Less: Provision for doubtful loans and advances	-	-	
	504,523	522,307	
(d) <u>Balances with government authorities</u>			
Unsecured, considered good			
(i) CENVAT credit receivable	5,036,297	82,079	
(ii) VAT credit receivable	-	568,763	
(iii) Service Tax credit receivable	-	-	
	5,036,297	650,842	
<b>TOTAL</b>	<b>7,617,275</b>	<b>3,446,374</b>	



Gem Cables & Conductors Limited  
 Note No. 8 ANNEXURE - A - FIXED ASSETS

Amounts in Rs.

DESCRIPTION	GROSS BLOCK				DEPRECIATION				Net Block	
	As At 1st April, 2011	Additions during year	Deductions during year	As At 31st March, 2012	As At 1st April, 2011	For the Year	Deductions/ Adjustments	Up to 31st March, 2012	As At 31st March, 2012	As At 31st March, 2011
	<u>Tangible Assets</u>									
Land	2,700,665	-	-	2,700,665	-	-	-	-	2,700,665	2,700,665
Buildings										
A) Factory Building	20,996,697	-	-	20,996,697	9,972,591	701,290	-	10,673,880	10,322,817	11,024,106
B) Office Building	-	-	-	-	-	-	-	-	-	-
Plant & Machinery	105,466,150	-	-	105,466,150	58,541,616	5,009,642	-	63,551,258	41,914,892	46,924,534
Laboratory	51,908,043	-	-	51,908,043	29,664,612	2,465,632	-	32,130,244	19,777,799	22,243,451
Office Furniture & Fixtures	252,238	-	-	252,238	252,238	-	-	252,238	-	-
Miscellaneous Fixed Assets & Office Eqpt	2,073,592	-	-	2,073,592	1,733,457	98,496	-	1,831,952	241,640	340,135
Vehicles	1,676,079	-	-	1,676,079	1,676,079	-	-	1,676,079	-	-
Library	30,426	-	-	30,426	30,426	-	-	30,426	-	-
Tools & Tackles	35,834	-	-	35,834	35,834	-	-	35,834	-	-
Patents & Copy Rights	310,604	-	-	310,604	88,744	-	-	88,744	221,860	221,860
Computers	40,000	-	-	40,000	18,866	6,484	-	25,350	14,650	21,134
Capital Work in Progress	53,462,957	-	-	53,462,957	-	-	-	-	53,462,957	53,462,957
(A)	238,953,285	-	-	238,953,285	102,014,462	8,281,543	-	110,296,006	128,657,279	136,938,823
<u>Non Tangible Assets</u>										
(B)	-	-	-	-	-	-	-	-	-	-
TOTAL	238,953,285	-	-	238,953,285	102,014,462	8,281,543	-	110,296,006	128,657,279	136,938,823
Previous Year	238,953,285	-	-	238,953,285	93,732,919	8,281,543	-	102,014,462	136,938,823	145,270,366

**GEM CABLES & CONDUCTORS LIMITED**

**NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31st MARCH, 2012**

<b>NOTE No.</b>	<b>PARTICULARS</b>	<b>AS AT 31st MARCH, 2012</b>	<b>AS AT 31st MARCH, 2011</b>
<b>15</b>	<b><u>REVENUE FROM OPERATIONS</u></b>		
a	Sale Of Products Including Price Variation Claims	128,182,478	23,738,996
b	Sale Of Services	-	-
c	Sale by Trading - Conductor	28,844,330	59,686,302
d	LESS: Excise Duty	-	-
	<b>NET REVENUE FROM OPERATIONS</b>	<b>157,026,808</b>	<b>83,425,298</b>
<b>16</b>	<b><u>OTHER INCOME:</u></b>		
	Interest Income	36,527	27,008
	Contract Manufacturing Income	-	1,081,540
		<b>36,527</b>	<b>1,108,548</b>
<b>17</b>	<b><u>COST OF MATERIALS CONSUMED:</u></b>		
	Purchases Raw-Materials And Semi Finished Goods	163,529,693	24,465,175
	Add: Opening Balance Of Stock	300,804	300,804
	Less: Closing Balance Of Stock	300,804	300,804
	Consumption Of Materials	<b>163,529,693</b>	<b>24,465,175</b>
<b>18</b>	<b>PURCHASES OF TRADED GOODS</b>	<b>28,982,090</b>	<b>73,877,435</b>
		<b>28,982,090</b>	<b>73,877,435</b>
<b>19</b>	<b><u>CHANGES IN INVENTORIES</u></b>		
	<b><u>(A) FINISHED GOODS</u></b>		
	At The Beginning Of The Accounting Period	422,385	422,385
	At The End Of The Accounting Period	422,385	422,385
		-	-
	<b><u>(B) WORK-IN-PROGRESS</u></b>		
	At The Beginning Of The Accounting Period	399,423	-
	At The End Of The Accounting Period	38,011,632	399,423
		<b>(37,612,209)</b>	<b>(399,423)</b>
	<b><u>(C) STOCK-IN-TRADE</u></b>		
	At The Beginning Of The Accounting Period	14,533,755	-
	At The End Of The Accounting Period	14,533,755	14,533,755
		-	<b>(14,533,755)</b>
	<b>GRAND TOTAL (A+B+C)</b>	<b>(37,612,209)</b>	<b>(14,933,178)</b>
<b>20</b>	<b><u>EMPLOYEE BENEFITS EXPENSE</u></b>		
	<b><u>(A) SALARY AND WAGES</u></b>		
	Factory /Office Staff Salary	3,158,462	3,854,892
	Director's Remunerations	-	-
		<b>3,158,462</b>	<b>3,854,892</b>

NOTE No.	PARTICULARS	AS AT 31st MARCH, 2012	AS AT 31st MARCH, 2011
	<b><u>(B) CONTRIBUTION TO PROVIDENT AND OTHER FUNDS</u></b>		
	Contribution To Provident Fund	35,648	43,249
	Contribution To Employees State Ins.Fund	33,261	38,393
	Esi Arrears	-	68,000
		<b>68,909</b>	<b>149,642</b>
	<b><u>(C) OTHER EXPENSES</u></b>		
	Workers And Staff Welfare	28,594	26,184
	Bonus	147,655	110,796
	Leave With Wages	-	-
		<b>176,249</b>	<b>136,980</b>
	<b>TOTAL (A+B+C)</b>	<b>3,403,620</b>	<b>4,141,514</b>
21	<b><u>FINANCIAL COSTS:</u></b>		
	<b><u>(A)INTEREST EXPENSE</u></b>		
	Interest To Bank	-	-
	Interest To Parties/Distributors(Net)	1,105	-
		<b>1,105</b>	<b>-</b>
	<b><u>(B) OTHER BORROWING COSTS</u></b>		
	Bank Charges	6,052	118,538
		<b>6,052</b>	<b>118,538</b>
	<b>TOTAL (A+B)</b>	<b>7,157</b>	<b>118,538</b>
22	<b><u>DEPRECIATION AND AMORTZATION EXPENSE:</u></b>		
	Depreciation	8,281,543	8,281,543
	Preliminary & Pre-Operative Exp.Written Off	-	-
		<b>8,281,543</b>	<b>8,281,543</b>
23	<b><u>OTHER EXPENSES:</u></b>		
	<b><u>(A)MANUFACTURING EXPENSE :</u></b>		
	<b><u>Consumption Of Stores And Spare Parts</u></b>		
	Opening Stock	-	-
	Add:Purchases	23,630	149,913
	Total	23,630	149,913
	Less:Closing Stock	-	-
		<b>23,630</b>	<b>149,913</b>
	Freight Inward	-	-
	Power & Fuel	571,057	1,075,891
	Labour Charges	8,150	143,951
	Repair To Machinery	22,040	9,702
	Repair To Buildings	6,860	9,425
	Repair To Generator	1,400	54,880
	Factory Maintenance	97,913	77,597
	Jobwork Charges	79,125	259,769
	Calibration Charges	7,000	25,945
	Testing & Analyticals	13,455	25,926
	Engraving Charges	-	1,650
	Transport Charges	66,850	28,756
		<b>873,950</b>	<b>1,713,492</b>

NOTE No.	PARTICULARS	AS AT 31st MARCH, 2012	AS AT 31st MARCH, 2011
	<b><u>(B) ADMINISTRATIVE EXPENSES</u></b>		
	Payment To The Auditors	100,000	110,300
	Car Rental Exp.	4,750	-
	Conveyance Exp.	51,272	107,642
	Fees & Taxes	435	28,236
	Office Maintenance	95,903	53,443
	Postage & Courier Exp.	44,728	18,834
	Printing & Stationery	22,520	37,105
	Professional Charges	56,500	217,722
	Subscription/Membership Fees	66,988	196,076
	Telephone Exp.	49,365	67,057
	Misc. Exp.	105,242	107,567
	Professional Tax For Directors	10,000	10,000
	License Renewal Fees	114,086	263,715
	Sales Tax Arrears	664,936	91,285
	Roc Fee	83,025	20,500
	Pooja Exp	2,115	2,620
	Advertisement & Publicity	-	4,263
	Insurance	-	2,270
	Repairs To Vehicle	-	3,900
	Donation	-	10,000
	Security Charges		(38,449)
	Gram Panchyath Fee	35,000	63,527
		<b>1,506,865</b>	<b>1,377,613</b>
	<b><u>(C) SELLING &amp; DISTRIBUTION EXPENSE</u></b>		
	Travelling Expenses	8,000	17,475
	Boarding & Lodging	7,572	16,391
	Central Excise Duty Arrears	259,687	244,544
	Inspection Charges	44,110	19,323
	Material Outward	-	700
	Others	-	5,881
	Business Promotion	4,733	11,608
	Tender Forms	550	10,006
		<b>324,652</b>	<b>325,928</b>
	<b>GRAND TOTAL (A+B+C)</b>	<b>2,728,997</b>	<b>3,566,946</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**  
**NOTE 24: SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Preparation Of Financial Statements**

Financial statements are prepared on accrual basis under the historical cost convention in accordance with the Accounting Standards as notified by the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act 1956.

**2. Use of Estimates**

The Preparation of financial statements, in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses for the period.

Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances.

**3. Fixed Assets**

Fixed Assets are at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**4. Depreciation**

Depreciation on fixed assets is provided on Straight Line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956.

**5. Revenue Recognition**

Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained.

**6. Inventories**

Cost of Inventories, comprises of Cost of Purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition.

Raw Materials and Work-in-Progress are valued at average cost method.

Finished Goods produced and purchased are valued at Purchase order price.

Stores and Spares and packing materials are carried at cost.

**7. Personal Guarantee**

Loans shown on long term borrowings are covered by personal guarantee of Company Director and secured Loans granted to Company are also secured by Personal Guarantee of Directors apart from the primary securities.

**8. Employee Benefits**

Provision for Gratuity and Bonus is not made in the accounts for this financial year.

The retirement benefits such as gratuity, leave encashment etc., are not provided for in the accounts, since the same are met / paid on as and when need arose basis.

**9. Foreign Currency Transactions**

There are no foreign currency transactions during the year.

## 10. Settlements to Lenders

The Company made negotiated settlements with its lenders but the benefits, arising out of such settlements are recognised and given effect to, only even the terms and conditions including the total repayment in accordance with their terms and conditions of the settlement are complied with in totality.

## 11. Taxation

Deferred tax for timing differences between the income as per the financial statement and income as per the Income tax Act 1961 is accounted for using the tax rates and laws that have been enacted.

## 12. Confirmations

Sundry Debtors / Sundry Creditors and Loans and Advances balances are subject to confirmations.

## 13. OTS

Please refer to the director's report regarding OTS / Financial restructuring with FI's & Banks.

## 14. SEGMENT REPORTING

The company is principally engaged in single business segment Viz., Manufacturing of Cables and Conductors and operates in one geographical segment as per Accounting Standard 17 on 'Segment Reporting'. Accordingly no segment reporting has been made by the company.

15. Figures for the previous year have been regrouped to make them comparable with those of current year where ever practicable.

## NOTE 25: NOTES ON FINANCIAL STATEMENTS

### 1) CONTINGENT LIABILITY

(Rs in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Bank Guarantees availed from Banks	0.00	0.00
Liability	6,23,27,819	6,23,27,819
Disputed Income tax / Sales Tax liability for which the company preferred an appeal	Nil	Nil

### 2) PAYMENT TO AUDITORS

Payment to Auditors Particulars	For the year ended 31.03.2012 (Amount in Rs.)	For the year ended 31.03.2011 (Amount in Rs.)
a) Statutory Audit fees	1,00,000	1,00,000
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

As per our Annexed report of even date  
For JBRK & Co.,  
Chartered Accountants.  
Firm Reg. No. 5775S

For and on behalf of Board  
Gem Cables & Conductors Ltd.

Y.Kamesh  
Director

P Jitendra Kumar  
Partner  
Membership No. 22109

K V S Rao  
Director

Place: Hyderabad  
Date: 25.08.2012

## As certified by the Management.

A) Licensed Capacity	Not Applicable		Not Applicable	
	2011-12		2010-11	
B) Opening & Closing stock (CKM)	QTY	Value in Rs	QTY	Value in Rs
Opening stock	52.479	1,53,55,563	0.791	4,22,385
Closing Stock(krms)	164.326	5,32,68,576	52.479	1,53,55,563
C) Consumption of Raw Materials (MT)				
A). Aluminium	0	0	0	0
B). PVC/XLPE Compound:	0	0	0	0
C). GI Wire/Strip:	45.000	22,82,150	34.136	16,39,725
D). Copper / Film:	0	0	0	0
E). ACSR	0	0	0	0
F). Others:	0	0	0	0
G). Wooden Drums(Nos)	55	1,48,900	0	0
Imported:				
D) 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
E) 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
F) Earnings in Foreign Currency on FOB basis	0	0	0	0

As per our annexed Report of even date  
For JBRK & Co.,  
Chartered Accountants.  
Firm Reg. No. 5775S

P Jitendra Kumar  
Partner  
Membership No. 22109

Place: Hyderabad  
Date: 25.08.2012

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

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	1
Balance Sheet Date	31.03.2012		
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	474893	Total Assets	474893
<b>Source of Funds</b>			
Paid up Capital	68637	Reserves and surplus	38446
Secured Loans	327432	Un secured loans	4499
<b>Application of Funds</b>			
Net Fixed Assets	128667	Investments	0
Net Current Assets	-33643	Miscellaneous Exp	0
Accumulated Loss	309537		
IV. Performance of Company (Amount in Rupees Thousands )			
Turnover (Inclusive of stock adjustment & other income)	157063	Total Expenditure	169320
Profit before Tax	-12257	Profit after Tax	-12257
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		



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 st March 2012.  
( PURSUANT TO CLAUSE-32 OF THE LISTING AGREEMENT)**

	<b>2011-12 (Rs.in lakhs)</b>	<b>2010-11 (Rs.in lakhs)</b>
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	-122.71	-159.44
Adjustment for depreciation	82.82	82.82
Interest (Provision)	0.37	1.19
Miscellaneous Exp. Written off	0.00	0.00
Interest Earned & Other Income	0.00	0.00
Operating Profit before working capital charges	(39.53)	(75.43)
<b>Adjustment for changes in assets and Liabilities</b>		
Reduction in Sundry Debtors	-173.57	(20.13)
Increase In Inventories	(376.12)	(149.33)
Increase In Loans & Advances	(10.00)	(25.93)
Decrease / Increase Trade payables	0	0
Increase / Decrease in Current Liabilities & Provisions	543.75	227.52
Cash Generated from Operations	(55.46)	(43.30)
Other Income	0.00	0.00
Taxes Paid	0	0.00
Net Cash from operating activities	(55.46)	(43.30)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	0.00	0.00
Deferred revenue Expenditure	0.00	0.00
Sale of Vehicle	0.00	0.00
Net Cash used in Investing activities	0.00	0.00
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from short term borrowings	0	-
Repayment of short term borrowings	0	-
Proceeds from long term borrowings	0	-
Repayment of long term borrowings	0	(22.95)
Other Payments & Interest Paid	(0.37)	(1.19)
Net cash from financing activities	(0.37)	(24.14)
Net increase in cash & cash Equivalents (A+B+C)	(55.83)	(67.44)
Cash & Cash Equivalents of Opening Balance	58.15	125.62
Cash & Cash Equivalent as at the end of the year	2.34	58.18

As per our annexed Report of even date  
For JBRK& Co.,  
Chartered Accountants  
Firm Reg. No 5775S

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

Sd/-  
P. Jitendra Kumar  
Partner  
Membership No. 22109

Sd/-  
Y.Kamesh  
Director

Place : Hyderabad  
Date: 25.08.2012

Sd/-  
K V S Rao  
Director



**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](mailto: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 Saturday, the 29<sup>th</sup> September, 2012 at 10.00 AM and at any adjournment thereof.

Signed this the ..... day of September 2012.

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 duty 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](mailto: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 29<sup>th</sup> Sept, 2012, 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: