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CS	111		DEY	111
RO	111		DEY	111
TEA	111		AC	111
AGM	111		SEI	111
VE	111			



# 17<sup>th</sup> ANNUAL REPORT

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**GEM CABLES & CONDUCTORS LIMITED**

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





## GEM CABLES & CONDUCTORS LTD.

### BOARD OF DIRECTORS

Dr. M. Venkataratnam, IAS (Retd.)  
*Chairman*  
 Shri K.V.R. Sastry  
 Shri B. Ray  
 Shri Narasimha Murthy  
 Shri Bipin R. Shah  
 Shri P. C. Gupta  
 Shri N.J. Rao  
 Shri P. Jitendra Kumar  
 Shri Y. Kamesh  
*Vice Chairman & Managing Director*  
 Shri K.V.S. Rao  
*Executive Director*

### REGISTERED OFFICE

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

### WORKS

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

### BRANCHES

No.5, 12th Street, Nandanam Ext.,  
**Chennai - 600 035**  
 Seethammampet, **Visakhapatnam-530 016**  
 Kanji Gokuldas Buildings,  
 Lohar Chawl, **Mumbai - 400 002.**  
 L-3-57, Acharya Vihar, **Bhubaneswar - 751013.**

### ASSOCIATES

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

### BANKERS

M/s. Indus Ind Bank Ltd.

### AUDITORS

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

### SOLICITORS

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



## NOTICE TO THE SHARE HOLDERS

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

### ORDINARY BUSINESS :

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

2. To declare a Dividend.;

3. Appointment of Auditors :

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

General Meeting of the Company on remuneration of Rs.25,000/- plus out of pocket expenses."

4. To appoint a Director in place of Shri.K V R Sastry, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Dr.M.Venkataratnam, IAS (Retd), who retires by rotation and is eligible for reappointment.
6. To appoint a Director in place of Shri.N J Rao, who retires by rotation and is eligible for reappointment.
7. To appoint a Director in place of Shri.P.Jitendra Kumar, who retires by rotation and is eligible for reappointment.
8. To appoint a Director in place of Shri.Bipin Shah, who retires by rotation and is eligible for reappointment.

By Order of the Board,

Sd/- Y.Kamesh,

Vice Chairman & Managing Director

Place : Hyderabad  
Dated : 05.12.1997



## DIRECTORS REPORT.

To

### Our Family of Share Holders:

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

### FINANCIAL RESULTS:

	30.09.1997. (Rs./Lakhs.)
PBDIT	644.97
Less:	
Interest:	348.14
Depreciation:	59.81
PAID:	237.02
Prior Period Adjustments:	2.71
	<hr/>
Amount available for appropriation:	234.31
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Appropriations:	
Dividend - proposed	19.09
Tax Thereon	1.91
Transfer to Reserves	213.31
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### OPERATIONS:

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

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

### PROFITS:

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

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

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

### DIVIDENDS:

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

### ORDER BOOK :

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

### INDUSTRY SCENARIO:

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

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

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

### HUMAN RESOURCES:

The strength of man power of your Company as



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

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

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

#### **DIRECTORS:**

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

#### **AUDITORS:**

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

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

#### **PARTICULARS OF EMPLOYEES:**

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

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

#### **CASH FLOW-STATEMENT:**

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

#### **ENERGY CONSERVATION:**

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

#### **ACKNOWLEDGEMENTS**

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

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

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

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

By Order of the Board,

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

Date : 05-12-1997

Place : Secunderabad.



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

### A. Conservation of Energy

#### a. Energy Conservation measures:

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

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

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

- None.

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

Impact has not been measured.

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

Not applicable.

### B. Technology Absorption.

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

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

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

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

cess for manufacture of speciality Control Cables.

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

#### 2. Benefits derived as a result of the above R&D:

All the above items mentioned in Item No.1 have been implemented and taken in actual production, resulting in cost and time saving and delivering a perfect product, which in turn, ensures customer satisfaction.

#### 3. Future plan of action :

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

### Technology Absorption, Adaptation and Innovation.

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

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

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

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

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

- a) Technology Imported : None.

### C. Foreign Exchange Earnings and outgo:

#### a. Activities relating to exports :

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

By Order of the Board,

Sd/- Y.Kamesh,

Vice Chairman & Managing Director

Date : 05-12-1997

Place : Secunderabad.