



MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIW	NA
TRA	✓		AC	✓
AGM	✓	✓	SEN	✓
YE	✓	✓		✓



18th

Report **ANNUAL**.com
REPORT



GEM CABLES & CONDUCTORS LIMITED

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





GEM CABLES & CONDUCTORS LTD.

BOARD OF DIRECTORS

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

Shri K.V.R. Sastry

Shri B. Ray

Shri Narasimha Murthy

Shri Bipin R. Shah

Shri N.J. Rao

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

Shri P. Jitendra Kumar

Shri Y. Kamesh
Vice Chairman & Managing Director

Shri K.V.S. Rao
Executive Director

REGISTERED OFFICE

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

WORKS

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

BRANCHES

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

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

ASSOCIATES

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

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

BANKERS

Indusind Bank Limited, **Secunderabad.**

AUDITORS

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

SOLICITORS

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


**GEM
CABLES**


NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the 18th Annual General Meeting of the Members of the Company will be held on 31st of December '98 at the Institution of Engineers, Visvesvaraya Bhavan, Khairatabad, Hyderabad - 500 004 at 11.30 a.m., to transact the following Business.

ORDINARY BUSINESS :

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

2. Appointment of Auditors :

To Consider and If thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution;

"Resolved that pursuant to provisions of Sec.224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. G.K.Rao & Company, Chartered

Accountants, Secunderabad be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.25,000/- plus out of pocket expenses."

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

By Order of the Board,

Sd/- Y. Kamesh,

Vice Chairman & Managing Director

Place : Hyderabad

Dated : 04.12.1998


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DIRECTOR'S REPORT

To

Our Family of Share Holders :

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

FINANCIAL RESULTS :

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

OPERATIONS :

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

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

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

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

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

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

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

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

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

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

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


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PROFITS :

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

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

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

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

ORDER BOOK :

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

HUMAN RESOURCES :

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

The Company continues to maintain its cordial relations with the employees throughout the year. Your Directors take this opportunity to place on record, their appreciation for the high degree of dedicated services rendered by all the employees of the Company.

DIRECTORS :

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

AUDITORS :

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

general meeting.

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

PARTICULARS OF EMPLOYEES :

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

CASH FLOW STATEMENT :

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

ENERGY CONSERVATION :

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

ACKNOWLEDGEMENTS

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

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

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

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

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

By Order of the Board,

Sd/- Y. Kamesh,

Vice Chairman & Managing Director

Place : Hyderabad

Dated : 04.12.1998


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ANNEXURE TO DIRECTORS' REPORT

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES.

A. Conservation of Energy

a. Energy Conservation measures:

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

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

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

- None

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

Impact has not been measured.

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

Not applicable.

B. Technology Absorption.

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

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

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

- a) Development of 33 KV XLPE Cables, 11 KV ABC Cables and Cables with Elastomeric Insulation.
- b) Development of XLPE (Silane Cross Linkable) Compound with improved handling characteristics and shelf life, under the trade name of "GEMOXYLENE" and to obtain patent for the same.

c) Implementation of computerised thickness control process for extrusion.

e) Various process modifications for improving the machinery performance and product performance at various levels.

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

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

3. Future plan of action :

To commercially develop Elastomeric Cables for Wind Farms, Air Port Cables, EHV Cables, Cables for under water applications, Technology Absorption, Adaptation and Innovation.

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

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

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

a) Continuing leadership in South India in respect of the range of the Company.

b) Introduction of 11 kv XLPE Power Cables, ABC Cables, Mining Cables etc.,

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

C Foreign Exchange Earnings and outgo

f. Activities relating to exports :

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

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

By Order of the Board,

Sd/- Y. Kamesh,

Vice Chairman & Managing Director

Place : Hyderabad

Dated : 04.12.1998