

## **CORPORATE GOVERNANCE**

As per Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements), 2015, provisions relating to corporate governance are not applicable to your company and therefore, no separate report on corporate governance is required

## **MANAGEMENT DISCUSSION & ANALYSIS**

The Management Discussion and Analysis Report highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc. is forms part of this report and the same is annexed herewith.

## **STATUTORY AUDITORS**

M/s. JBRK &Co, Chartered Accountants, Hyderabad, were appointed as Statutory Auditors of the Company for a period of three (3) years from the conclusion of the 34<sup>th</sup>. AGM to the conclusion of 36<sup>th</sup>AGM, subject to ratification by the members at every AGM. The statutory auditors have also confirmed their eligibility under section 139(1) of the Companies Act, 2013. Members are requested to ratify their appointment as Statutory Auditors and to authorize the Board to fix their remuneration.

## **REPLIES TO AUDITORS' REPORT**

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

## **BUSINESS RESPONSIBILITY REPORT (BRR)**

Securities Exchange Board of India (SEBI) vide circular CIR/CFD/DIL/8/2012 dated August 13, 2012 has mandated the inclusion of BRR as part of the Annual Report for the top 100 listed entities based on their market capitalization on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd as at 31 March 2012. In view of the requirements specified, the company is not mandated for the providing the BRR and hence do not form part of this Report.

## **SECRETARIAL AUDIT REPORT**

In terms of Section 204 of the Act and Rules made there under, Mr. Manoj Kumar Koyalkar, M/s. AGR Reddy & Co, Practicing Company Secretary has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditors is enclosed as **Annexure - III** to this report. The report is self-explanatory and do not call for any further comments

## **QUALIFICATION**

As per the Secretarial Audit Report, during the year the Company has not appointed Company Secretary and Chief Financial Officer in view of the miniscule operations.

## **MANAGEMENT'S REPLY**

The Company at present is not carrying out any operations and thus was unable to appoint Chief Financial Officer and Company Secretary.

## **COST AUDITORS**

The provisions of Section 148 of the Companies Act, 2013 relating to mandatory Cost Audit does not apply to the Company and hence, no Cost Audit is conducted. However, the Company is required to maintain Cost records which the Company is maintaining.

## **CORPORATE SOCIAL RESPONSIBILITY**

The provisions w.r.t. CSR is not applicable to the Company. Therefore, the Company had not constituted CSR committee during the year 2016-17

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Details of loans and guarantees given and investments made under Section 186 of the Act are provided in the Notes to the Financial Statements.

## **WHISTLE BLOWER POLICY/VIGIL MECHANISM**

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and the rules framed there under and pursuant to the applicable provision of Clause 49 of the listing agreement entered with stock exchanges, the company has established a mechanism through which all stake holders can report the suspected frauds and genuine grievances to the appropriate authority. The Whistle blower policy which has been approved by the board of directors of the company has been hosted on the website of the company viz., [www.gemcables.com](http://www.gemcables.com)

### **PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The 'Manager' is responsible for implementation of the Code along with the management of the Company.

Members of the Board have confirmed compliance with the Code.

### **RISK MANAGEMENT POLICY**

The Board of Directors has formed a risk management committee to identify, evaluate, mitigate and monitor the risks associated with the business carried by the company. The committee reviews the risk management plan and ensures its effectiveness. A mechanism has been put in place which will be reviewed on regular intervals.

### **POLICY ON SEXUAL HARASSMENT**

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year ended 31st March, 2017, the Company has not received any complaints pertaining to Sexual Harassment.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All the related party transactions that were entered during the financial years were in the ordinary course of business of the company and were on arm's length basis. There were no related party transactions entered by the company during the year with the promoters, directors, key managerial personnel or other persons which may have a potential conflict with the interest of the company.

The policy on related party transactions as approved by the board of directors is hosted on the website of the company viz., [www.gemcables.com](http://www.gemcables.com)

Particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto shall be disclosed in Form No. AOC-2 as 'Annexure I' to this report

### DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

### PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public under Chapter V of the Act or under the corresponding provisions of Section 73 and 74 of the Companies Act, 2013. As such, there was no principal or interest outstanding on the date of the Balance Sheet.

### PARTICULARS OF EMPLOYEES

A table containing the particulars in accordance with the provisions of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as 'Annexure II' to this Report.

In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of the Company.

Copies of this statement may be obtained by the members by writing to the Company Secretary at the Registered Office of the Company.

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable for the period under review, since no remuneration has been paid to any Director; even the payment of the sitting fee for attending the meetings of the Board / Committees has been waived by them. Therefore, no enclosure is made in the annexures hereto, which form part of this Report.

### EXTRACT OF THE ANNUAL RETURN

In accordance with Section 134 (3) (a) of the Act, an extract of the Annual Return in the prescribed format is appended as 'Annexure III' to this Report.

### DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture or an Associate Company.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

**(A) CONSERVATION OF ENERGY**

(i)	the steps taken or impact on conservation of energy	Nil
(ii)	the steps taken by the company for utilizing alternate sources of energy	Nil
(iii)	the capital investment on energy conservation equipments	Nil

**(B) TECHNOLOGY ABSORPTION**

(i)	the efforts made towards technology absorption	The Company has neither absorbed nor adopted any new technology. The company has also not made any innovation in technology other than the R&D
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	No benefits derived in the year under review
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	No new technology was imported during the last three years.
	(a) the details of technology imported	--
	(b) the year of import;	--
	(c) whether the technology been fully absorbed	--
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	--
(iv)	the expenditure incurred on Research and Development .	No expenditure incurred on Research and Development.

Conservation of Energy which is an ongoing process in the Company's construction activities and the same is not furnished as the relative rule is not applicable to your company.

There is no information to be furnished regarding Technology Absorption as your company has not undertaken any research and development activity in any manufacturing activity nor any specific technology is obtained from any external sources which needs to be absorbed or adapted.

Innovation is a culture in the Company to achieve cost efficiency in the construction activity so as to be more competitive in the prevailing environment.

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

In accordance with the provisions of Section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo during the year in terms of actual outflows is as follows:

Foreign Exchange Inflows: NIL

Foreign Exchange Outflows: NIL

### **INTERNAL AUDIT & CONTROLS**

The Company to engage M/s. P. Jitendra Kumar, Chartered Accountant, as its Internal Auditor of the Company for the financial year 2016-17 and their report is reviewed by the Audit Committee from time to time. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

### **INTERNAL FINANCIAL CONTROL SYSTEMS**

The Company has adequate Internal Financial Controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

### **MANAGEMENT REPLIES TO AUDITORS REPORT – STANDALONE AND CONSOLIDATED FINANCIAL REPORTS:**

With reference to observations made in Auditor's Report, the notes of account is self-explanatory and therefore do not call for any further comments. The Auditors' Report does not contain any qualification. The results for the year ended March 31, 2017 have been subjected to an audit by the Statutory Auditors of the Company and a qualified report has been issued by them thereon.

## INDUSTRIAL RELATIONS

The company enjoyed cordial relations with its employees during the year under review and the Board appreciates the employees across the cadres for their dedicated service to the Company, and looks forward to their continued support and higher level of productivity for achieving the targets set for the future.

## LISTING WITH STOCK EXCHANGES:

The Securities Exchange Board of India (SEBI), on 02<sup>nd</sup> September 2015, has issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with an aim to consolidate and streamline the provisions of Listing Agreement for different segments of capital market to ensure better enforceability. The said regulations were effective from 1<sup>st</sup> December, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within 6 months from the effective date. The Company entered into Listing Agreement with the BSE Limited.

The Company confirms that it has not paid the Annual Listing Fees for the year 2016-2017 to BSE where the Company's Shares are listed.

## HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement

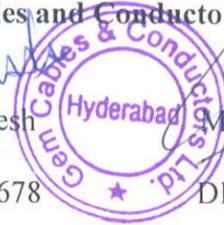
## ACKNOWLEDGEMENTS

Your Directors wish to express their appreciation of the support and co-operation of the Central and the State Government, bankers, financial institutions, suppliers, associates and subcontractors and seeks their continued patronage in future as well.

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

Mr. Y. Kamesh  
Director  
DIN: 02208678

Mr. K V S Rao  
Director  
DIN: 02905122



Date: 31.08.2017  
Place: Hyderabad

**REGISTERED OFFICE**

CIN: L31300AP1981PLC002833

Survey No.434A, 434AA,

Chitkul Village, Patancheru Mandal

Medak District-502307, Telangana, India



**Annexure - I**

**FORM NO. AOC - 2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

By order of the Board  
For **Gem Cables and Conductors Limited**

Mr. Y. Kamesh  
Director  
DIN: 02208678

Mr. K V S Rao  
Director  
DIN: 02905122

Date: 31.08.2017  
Place: Chitkul (V),  
Patancheru (M)



**Annexure - II**

**STATEMENT OF PARTICULARS AS PER RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

Sl. No	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Y.Kamesh	Nil
2.	Mr. Y. Malla Reddy	Nil
3.	Mr. K V S Rao	Nil

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year:

Sl. No	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. Y.Kamesh	Nil
2.	Mr. Y. Malla Reddy	Nil
3.	Mr. K V S Rao	Nil

- (iii) The percentage increase in the median remuneration of employees in the financial year 2016-17 is: Nil
- (iv) The number of permanent employees on the rolls of Company: 10.
- (v) No Remuneration is being paid to the directors.
- (vi) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

S. No	Particular	As at March 31, 2017	As at March 31, 2017
1.	Market Capitalisation	68,63,7500	68,63,7500
2.	Price Earnings Ratio	(2.21)	(3.30)

Market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

The Company made an Initial Public Offer in the year 1995 at a price of 10/- per equity share (at par). As on 31st March, 2017 the Market Quotation for the Company's Equity Shares of Rs.2.70/- each (Closing Price) is Rs.2.70/-.

- (vii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentile increase in the salaries of the employees other than the managerial personnel in the last financial year is 10% and there has been no increase in the managerial remuneration during the last financial year.

- (viii) Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the Company.

(Rs.)

Sl. No.	Name	Remuneration of Key Managerial Personnel (Incl. Commission)	Profit after Tax for the year ended 31st March, 2017	Remuneration of KMP (as % of PAT)
1.	Mr.Y.Kamesh, Director	Nil	(56,24,007)	Nil

- (ix) The key parameters for any variable component of remuneration availed by the directors: NA
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid director during the year. -N.A.-
- (xi) The Remuneration paid to Key Managerial Personnel is as per the Remuneration Policy of the Company
- (xii) The particulars of the employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: NIL

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

Mr. Y. Kamesh  
Director  
DIN: 02208678

Mr. K V S Rao  
Director  
DIN: 02905122



Date:31.08.2017  
Place: Chitkul (V),  
Patancheru (M)

Information under Section 197 (12) of the Companies Act, 2013 read with the rule 5(2) Companies ( Appointment and remuneration of managerial personnel ) Rules, 2014 and forming part of Directors Report for the year ended March 31, 2017

Employed throughout the Financial Year and in receipt of remuneration aggregating Rs 60,00,000 or more								
Name of the Employee	Designation	Remuneration (in Rs.)	Qualification	Experience (years)	Date of Commencement of Employment	Age	Last employment held before joining the company	% of equity shares held in the Company
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Employees for part of the Financial Year who were in receipt of remuneration aggregating Rs 60,00,000 or more								
Name of the Employee	Designation	Remuneration (in Rs.)	Qualification	Experience (years)	Date of Commencement of Employment	Age	Last employment held before joining the company	% of equity shares held in the Company
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- None of the employees is a relative of any Director of the company.