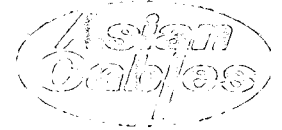


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R.P.C. CABLES LTD.



ANNUAL REPORT 1996 - 97



R.P.C. CABLES LTD.





DIRECTORS

Mr. H. V. Goenka, Chairman
 Mr. R. A. Naik
 Mr. Ravi Sunderarajan
 Mr. Haigreve Khaitan
 Mr. J. M. Mukhi
 Mr. B. L. Paranjape
 Mr. S. N. Bagla
 Mr. V. N. Nadkarni

MD	✓			BKC	✓
CS	✓			DPY	✓
RO	✓			DIV	✓
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		

PRESIDENT

Mr. A. S. Jatkar

REGISTERED OFFICE

VICE PRESIDENT (FINANCE) & SECRETARY

Mr. K. J. Rao

Hebbal Industrial Area
 Belavadi Post
 MYSORE - 571 186
 Phone : 402401 / 404 / 373 / 409
 Fax : 0821 - 402499
 E-Mail : rpgtel.mys/rpgtel
 (Intl.)rpgtel.mys@rpgtel.sprintrpg.sprint.com

BANKERS

Canara Bank
 State Bank of India
 Punjab National Bank
 Bank of India

ADMINISTRATIVE OFFICE

'CEAT MAHAL',
 463, Dr. Annie Besant Road, Worli
 MUMBAI - 400 025.
 Phone : 4937244/806/4938330/4930189
 Fax : 022-4930206

SOLICITORS & ADVOCATES

Mulla & Mulla & Craigie Blunt & Caroe
 Mr. N. Jayaraman

REGISTRARS & SHARE TRANSFER AGENTS

Alpha Systems Private Limited
 Leeman's Complex, III Floor,
 30/1, Cunningham Road
 BANGALORE - 560 052
 Phone : 2200142 / 2255186
 Fax : 080 - 2259373

AUDITORS

N.M. Rajji & Co.



NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Shareholders of RPG Telecom Limited will be held on Tuesday the 30th December 1997, at 11.00 A.M at Hotel Southern Star, Vinobha Road, Mysore-570 001 to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March, 1997 and the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Ravi Sunderarajan who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. R.A. Naik who retires by rotation and is eligible for re-appointment.

5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 224, 224A and other applicable provisions, if any, of the Companies Act, 1956, M/s. N. M. Raiji & Company, Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be agreed upon between the Board of Directors of the Company and the said Auditors."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorised to appoint branch auditors and fix their remuneration for auditing the accounts of the branches of the Company at Thane and Raebareli for the year ending 31st March, 1998, in consultation with the Auditors of the Company."

SPECIAL BUSINESS

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

"RESOLVED THAT Mr H V Goenka be and is hereby appointed as Director of the Company liable to retire by rotation"

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

"RESOLVED THAT Mr B L Paranjape be and is hereby appointed as Director of the Company liable to retire by rotation"

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

"RESOLVED THAT Mr V N Nadkarni be and is hereby

appointed as Director of the Company liable to retire by rotation"

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

"RESOLVED THAT Mr S N Bagla be and is hereby appointed as Director of the Company liable to retire by rotation"

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

"RESOLVED THAT subject to the provision of Section 387, 198 & 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby accords its approval to the extension of appointment of Mr. K. J. Rao, as the Manager of the Company for the period starting from 1st August, 1997 to 30th November, 1997 on the terms and conditions as may be determined by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT subject to the limits contained in Sections 198 & 387 read with Schedule XIII to the Companies Act, 1956, the remuneration payable to the Manager be determined by the Board of Directors of the Company from time to time and the Board of Directors be and are hereby authorised to vary and increase the remuneration, perquisites, incentives, bonus and commission as the Board of Directors may consider appropriate, and as may be permitted or authorised in accordance with any provisions under the Companies Act, 1956 or any other law for the time being in force or any statutory modifications or re-enactments thereof and/or any rule framed thereunder and the members hereby approve such variations and increase as may be determined by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution as they deem fit from time to time."

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

"RESOLVED THAT subject to the provision of Section 387, 198 & 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby accords its approval to the appointment of Mr. A. S. Jalkar, as the Manager (designated as President) of the Company for the period of Two years with effect from 1st December, 1997 at the remuneration and perquisites and upon and subject to the terms set out in the Agreement entered into between the Company and Mr. A. S. Jalkar.

"RESOLVED FURTHER THAT subject to the limits contained in Sections 198 & 387 read with Schedule XIII to the Companies Act, 1956, the remuneration payable to the Manager be determined by the Board of Directors of the Company from time to time and the Board of Directors be and are hereby authorised to vary and increase the remuneration, perquisites, incentives, bonus and commission as the Board of Directors may consider appropriate, and as may be permitted or authorised in accordance with any provisions under the Companies Act, 1956 or any other law for the time being in force or any statutory modifications or re-enactments thereof and/or any rule framed thereunder and the members hereby approve such variations and increase as may be determined by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT if in any financial year during the tenure of the Manager the Company has no profits or its profits are inadequate, the Company will pay to him remuneration by way of salary, perquisites, incentive, bonus and commission as specified above by the Board of Directors as minimum remuneration subject to the limits laid down under Section 198 read with Schedule XIII and other applicable provisions of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution as they deem fit from time to time."

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

"RESOLVED THAT in supersession of the Resolution passed at the Annual General Meeting of the Shareholders held on 29th March 1996, consent of the Company be and is hereby accorded under the Provisions of Section 293(1) (d) of the Companies Act, 1956, to the Board of Directors of the Company, for borrowing any sum or sums of money from time to time from any one or more of Financial Institutions, Government / Government Bodies, Company's Bankers and/or from any one or more other persons, Firms or Bodies Corporate, whether by way of Term Loans, Cash Credit, Advance, Deposits, Bills Discounting or otherwise, and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or stock-in-trade (including raw materials, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in ordinary course of business) will or may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount upto which the moneys may be borrowed by the Board

of Directors and outstanding at any time shall not exceed the sum of Rs. 750 crores (Rupees Seven Hundred Fifty Crores) exclusive of interest. Board of Directors are hereby further authorised to execute such deeds of debentures and debenture trust deeds for mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board of Directors may think fit."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in the terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company located in Mysore, present and future and/or conferring power to enter upon and to take possession of assets of the Company in certain events to our favour of the following namely :

i) Canara Bank (CNB)

ii) State Bank of India (SBI)

to secure for second charge basis

- ii) Working Capital facilities (fund based) aggregating to Rs. 1000 lacs (Rupees One Thousand Lacs only) and (non fund based) aggregating to Rs. 2000 lacs (Rupees Two Thousand Lacs only) lent and advanced/agreed to be lent and advanced by Canara Bank;

Rupee Term Loan not exceeding Rs. 2500 lacs (Rupees Two Thousand Five Hundred Lacs Only) lent and advanced/agreed to be lent and advanced by Canara Bank to the Company.

- ii) Working Capital facilities (fund based) aggregating to Rs. 1000 (Rupees One Thousand Lacs only) and (non fund based) aggregating to Rs. 2000 lacs (Rupees Two Thousand Lacs only) lent and advanced/ agreed to be lent and advanced by State Bank of India;

together with interest thereon at the agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, cost, charges and other monies payable by the company to CNB and SBI under its loan agreement entered into/to be entered into by the company in respect of the Working capital facilities

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with CNB/SBI the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in the terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all the immovable properties of the Company *wheresoever situated, present and future and/or conferring power to enter upon and to take possession of assets of the Company (Upcom Cables Division, located at Rae Bareli) in certain events to or in favour of The Pradeshya Industrial and Investment Corpn.of U.P.Ltd (PICUP) to secure on second charge basis interest free Trade Tax Loan of Rs 485.33 lakhs (Four Hundred Eighty Five Lacs & Thirty Three Thousand only)together with interest, additional interest, further interest by way of liquidated damages,compound interest, premia on prepayment or on redemption, cost, charges expenses and other monies payable under its loan agreement amended from time to time."*

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with PICUP the documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

15. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 17 of the Companies Act, 1956 and other applicable provisions, if any, the Memorandum of Association of the Company be and is hereby altered by inclusion of the following new sub clause 6 under the head " III (A) THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION" contained therein and reading as under :

6. to carry on the business of purchasing and selling ,import and export, warehousing of electrical wires, cables of copper and aluminium of all kinds including rubber insulated, plastic insulated and paper insulated cables and wires for low voltages as well as high voltage power cables, enamelled and superenamelled wires, telephone cable of all kinds like paper insulated, jelly filled, foams filled, optical fibre etc., aluminium cables steel reinforced (ACSR) and also all types of cables and wires insulated or otherwise for communication purposes."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to accept such modification as may be required and to take such steps expedient or desirable to give effect to this resolution as they deem fit from time to time".

16. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 149 (2A) of the Companies Act, 1956 and other applicable provisions, if any, the Company hereby approves of the commencement and execution of the object covered by sub clause (C) 3 of Clause III of the Memorandum of Association of the Company by the

Board of Directors of the Company ".

17. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution :

"RESOLVED THAT subject to the approval of the Central Government under Section 21 and other applicable provisions if any, of the Companies Act 1956, the name of the Company be and is hereby changed from "RPG TELECOM LIMITED" to "RPG CABLES LIMITED" or any other name as made available by the Registrar of Companies, Karnataka and acceptable to the Board of Directors of the Company who be and are hereby authorised to accept the new name for the Company and accordingly to change the Memorandum and Articles of Association of the Company in respect of the name of the Company and to take such actions/decisions as may be necessary and expedient for giving effect to this Resolution".

By Order of the Board

K. J. Rao

Vice President (Finance) & Secretary

Registered Office :
Hebbal Industrial Area,
Belavadi Post,
Mysore-571 186
Date:21 November 1997

NOTES :

1. An Explanatory Statement relating to Item Nos.6 to 17as required by Section 173 of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF /HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE ANNUAL GENERAL MEETING.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday 27th December, 1997 to Saturday 10th January, 1998 (both days inclusive).
4. Dividend recommended by the Directors, if sanctioned at the Annual General Meeting will be paid on and from 03.02.1998 to those Shareholders whose names appears on the Register of Members on 10.01.1998.
5. Pursuant to Section 205 A (5) of the Companies Act, 1956 all dividends for RPG Telecom Ltd upto the financial year ended 30th September, 1993 and for erstwhile Asian Cables & Industries Ltd upto financial year ended 31st March, 1994 and for Upcom Cables upto financial year 31st March, 1989, which remained unpaid or unclaimed have been transferred to the

General Revenue Account of the Central Government. Shareholders concerned are requested to claim the amount from the Registrar of Companies, Karnataka, Bangalore. In case any assistance is required, please write to the Registrars and Share Transfer Agents of the Company.

6. Members are requested to kindly notify any change in address immediately to the Company's Registrars and Share Transfer Agents M/s. Alpha Systems Private Ltd. at 30/1, III Floor, Cunningham Road, Bangalore - 560 052.
7. Members are requested to kindly bring their copies of the Report and Accounts to the Meeting.
8. Depository - Your Company has entered into an arrangement with the 'National Securities Depository Limited' for custody and dematerialisation of securities in accordance with provisions of the Depositories Act, 1995. It is possible for members to avail of the facilities contemplated under the Depositories Act, by approaching one of the Depository participants.

ANNEXURE TO NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956

Item No. 6 to 9

Pursuant to Section 260 of the Companies Act, 1956 Mr H V Goenka, Mr B L Paranjape, Mr V. N. Nadkarni and Mr S N Bagla were appointed as Additional Directors of the Company on November 21, 1997. Their term expires at the forthcoming Annual General Meeting. Notice in writing has been received from some members of the company under the provisions of section 257 of the Companies Act, 1956 signifying their intention to propose the names of Mr H V Goenka, Mr B L Paranjape, Mr V N Nadkarni and Mr S N Bagla as candidates for the office of the Director along with a deposit of Rs 500/- each. The Directors consider that it would be in the interest of the company to appoint them as the Directors of the Company.

None of the Directors of the Company is concerned or interested in the Resolutions.

Item No 10

The Board of Directors of the Company at its meeting held on November 21, 1997 extended the period of appointment of Mr K J Rao as Manager of the Company for a period of four months subject to the approval of the Company in general meeting. Members are aware that the appointment was approved till 31st July, 97 in the last Annual General Meeting. Your Directors, considering all the circumstances deemed it fit and necessary to extend the period of his appointment as 'Manager' for the above mentioned period.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 11

Pursuant to section 269 of the Companies Act 1956 the Board of Directors of the Company in its meeting held on November 21, 1997

have appointed Mr A S Jatkar as the Manager (designated as President) of the Company subject to the approval of the members in the General meeting. The terms and conditions of his appointment are as set out in the agreement entered into between the Company and Mr. A. S. Jatkar, referred to in the Resolution at Item No. 11 of the accompanying notice, abstract of which is indicated below :

- i) Mr. A. S. Jatkar to act as the Manager (designated as President) of the Company for a period of Two years commencing from 1st December, 1997.

- ii) a) **Salary :** In the scale of

Rs. 85000/- Rs. 120000/- per month

- b) **Commission :**

Subject to the limits laid down in Section 198 of the Companies Act, 1956 such percentage of the net profits of the Company computed in the manner laid down in the Act or such quantum as may be decided by the Board of Directors from time to time.

- c) **Perquisites :**

i In addition to the above remuneration the Manager shall also be entitled to perquisites like, furnished accommodation, gas, electricity, water and furnishings, medical reimbursement and leave travel assistance for self and family, club fees, medical insurance, etc. in accordance with the rules of the company.

ii Valuation of perquisites shall be done as per the Income Tax Rules, wherever applicable. In the absence of any such Rule, the perquisites shall be evaluated at actual cost.

- d) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the provisions of the Income Tax Act.

- e) **Gratuity :**

One half month's salary for each complete year of service in accordance with the rules of the Company.

- f) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall however be billed by the Company to the Manager.

The approval of the Members is being sought to the appointment of Mr. A. S. Jatkar as Manager of the Company and for the payment of remuneration including perquisites. The Board recommends that the resolution be passed.

None of the Directors of the Company is concerned or interested in the Resolution.

The draft of the Agreement referred to in the Resolution at Item No. 10 will be open for inspection by the Members, at the Registered Office of the Company, during 10.00 AM to 12.30 PM on any working day except Saturdays.

Item No. 12

Section 293(1) (d) of the Companies Act, 1956 stipulates that, the Board of Directors can borrow monies only within such limits as may be laid down by the Company, in General Meeting. At the Annual General meeting held on 29th March, 1996 an Ordinary Resolution was passed authorising the Board to borrow from time to time upto a limit of Rs. 500 crores.

In view of the increase in need of funds, consequent upon Amalgamation of Asian Cables & Industries Ltd and Upcom Cables Ltd with RPG Telecom Ltd the Board of Directors has felt that, the existing limit may not sufficient and hence have proposed an increase in the limits of borrowings as indicated in the resolution.

None of the director is interested in the proposed resolution.

Item No. 13

Owing to the expanding business requirements of the Company consequent upon Merger, the requirement of the funds has increased and in order to augment and strengthen the finances of the Company it has become imperative to resort to funding such increasing activity by borrowings of funds. Therefore, the existing limits which were approved by the members on 29th March 1996 for working capital facilities from Canara Bank & State Bank of India is required to be raised to the proposed level. This would require the approval of the Members under the provisions of Section 293 (1) (a) of the Companies Act, 1956, for Mortgaging the Assets of RPG Telecom Division located at Mysore. Sanction for higher limits and Term Loans already received and partly availed and hence the proposed resolution.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 14

The erstwhile Upcom Cables Ltd had availed an interest free Trade Tax term loan of Rs. 485.33 Lacs from PICUP. This financial assistance provided by PICUP has to be secured by the second Mortgage of movable properties of the Upcom Cables Division located at Rae-Bareilly. This would require the approval of the Members under the provisions of Section 293 (1) (a) of the Companies Act, 1956.

Copies of the letters of Sanction received from PICUP are open for inspection at the Registered Office of the Company between 10.00 A.M. to 12.30 P.M. on any working day except Saturdays.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 15

The Directors of the Company foresee a good opportunity in trading of various types of power and telecom cables. Furthermore, in the domestic market there is a demand for certain kinds of imported speciality cables. It is felt prudent for the company to enter into the business of cable trading inclusive of imports and exports. Since the

existing provisions of the Object Clause of the Memorandum of Association do not include these objects, the same is sought to be altered by the inclusion of the new sub clause 6 forming part of the special resolution. This requires passing of special resolution by the shareholders, pursuant to Section 17 of the Companies Act, 1956. The Board of Directors of the Company recommends passing of the resolution.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 16

The Object clause of the Memorandum of Association of the Company was amended with shareholders' approval in the Annual General Meeting of the Company held on March 29, 1996 for incorporating the carrying on business of generation and distribution of power. The same was subsequently confirmed by the Hon'ble Company Law Board, Madras Bench vide its order dated September 2, 1996. The Company would like to pursue the business of generation and distribution of power. The undertaking of such new activity amounts to new business and therefore the approval of the Company in general meeting is sought for in terms of the provisions of Section 149 (2A) of the Companies Act, 1956.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 17

Consequent to the Amalgamation of Asian Cables & Industries Ltd and Upcom Cables Ltd with the Company, the business portfolio of the Company has enhanced to manufacturing of power cables also. As a result of this it has become imperative to change the name of the Company to reflect the expanded business activities of the Company. Hence it is proposed to change the name of the Company to 'RPG Cables Ltd' subject to the permission of appropriate authorities. This requires passing of special resolution by the shareholders pursuant to Section 21 of the Companies Act, 1956. The Board of Directors of the Company recommends passing of the resolution.

None of the Directors of the Company is in any way concerned or interested in the resolution

By Order of the Board

K. J. Rao
Vice President (Finance) & Secretary

Registered Office :
Hebbal Industrial Area,
Belavadi Post,
Mysore-571 186
Date: 21 November 1997

**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the Annual Report and Audited Accounts for the year ended March 31, 1997.

FINANCIAL RESULTS

	Year ended	Period
	31st	ended
	March,	31st
	1997	March,96
	Rs. in Lacs	Rs. in Lacs
Sales	42578	10791
Gross Profit	3771	1165
Less : Depreciation	1730	506
Less : Prior year's adjustments	6	(3)
Profit before tax	2035	659
Less : Income tax	600	50
Profit after tax	1435	609
Less : Income Tax for earlier years	200	-
Add : Surplus brought forward from previous year	1761	1253
Add : Transfer from Investment Allowance Reserve	111	-
Total	3107	1862

APPROPRIATION

Dividend excess provision written back	(2)	-
Transfer to Capital Redemption Reserve	450	-
Transfer to General Reserve	116	500
Proposed Dividend:		
Equity	382	202
Preference	187	-
Corporate Dividend Tax	38	-
Balance carried forward in the Profit & Loss Account	1936	1160
Total	3107	1862

The figures for 1996-97 include those of erstwhile Asian Cables & Industries Limited & Upcom Cables Limited which were merged with your Company with effect from April 1, 1996, being the appointed date in scheme of Amalgamation approved by the Hon'ble High Courts at Lucknow, Mumbai and Bangalore. Consequently the figures for 1996-97 are not comparable with those of the previous year.

AMALGAMATION

The Amalgamation of Asian Cables & Industries Limited (ACIL) & Upcom Cables Limited (UPCOM) with RPG Telecom Limited (RPGTL) was accomplished on November 10, 1997. The order of the Hon'ble High Court of Bombay was filed with the Registrar of Companies, Maharashtra on November 7, 1997 and the Order of the Hon'ble

High Court of Uttar Pradesh, Lucknow Bench with the Registrar of Companies, Uttar Pradesh on September 5, 1997 and the Hon'ble High Court of Karnataka, Bangalore with the Registrar of Companies, Karnataka, Bangalore on November 10, 1997. Therefore this Annual Report has been sent to Shareholders of the erstwhile ACIL and UPCOM.

The Merger was announced on March 26, 1997. Shareholders of RPGTL, ACIL & UPCOM at their Meetings held on May 21, 1997, May 29, 1997 and June 10, 1997 endorsed the merger proposal. The three Companies received the requisite Orders for confirmation of the Merger, and approved the Scheme of Amalgamation as per Section 394 of the Companies Act, 1956, by the Hon'ble High Courts located at Lucknow, Bangalore and Mumbai on August 28, 1997, October 15, 1997 and October 20, 1997 respectively.

In consultation with the Bangalore and other concerned Stock Exchanges, the Company fixed the date of Book closure as December 27, 1997. As on this day, Members of erstwhile UPCOM will receive One Share of RPGTL for every Two Shares of UPCOM and ACIL will receive One Share of RPGTL for every Five Shares of ACIL held. The Amalgamation creates an integrated cable company that addresses the requirement of both Power and Telecom Sectors, including Fibre Optic Cable. The advantages of this merger had already been dealt with during the Extra Ordinary General Meeting held for approval for the Scheme of Amalgamation.

DIVIDEND :

'Upcom Cables' had issued 19% Preference Shares of Rs. 5,00,00,000/- while 'Asian Cables' had issued 20% Preference Shares of Rs. 5,00,00,000/- during the year. The dividend on these Shares will absorb Rs. 1.87 crores. including interim dividend already paid.

Your Directors take pleasure in recommending Dividend payment of 18% on the Equity Share Capital of the Company, i.e. Rs. 1.80 Per Equity Share which will absorb Rs. 382.29 lacs. on the expanded Capital following Merger. The Dividend, if approved at the forthcoming Annual General Meeting, will be paid to Shareholders Registered in the Books of the Company including those who become members of the Company consequent to the merger.

The Dividend, if approved, will be paid out of Current Years' Surplus.

OPERATIONS :**Telecom Cables**

During the year under review the Telecom Cables business underwent major uncertainty resulting in delay in receipt of Orders. The Company had to accept larger proportion of Orders under Deferred Payment Scheme from DoT to retain its market share and ensure reasonable capacity utilisation.

Power Cables

During the year under review the Power Cables business also faced recessionary trends. Therefore, adequate business could not be secured and the plant worked at sub optimum levels. Higher discounts on cables had to be offered to procure orders in view of severe competition in the subdued market conditions.

FUTURE PROSPECTS :

1. **Telecom Cables** There is a substantial reduction in the prices of Cables in the new tender which was finalised few months back. However, there are adequate orders for both the units located at Mysore and Rae Bareli. This would enable the Company to work at a reasonable capacity utilisation. However, as margins are under pressure your company is making all out efforts to reduce costs and wastage through TQM.
2. **Optic Fibre Cables** Despite an unsatisfactory year, the business outlook for the future appears promising. With bottlenecks now being removed for privatisation of Basic Telephony services, it is expected that adequate business would be available for Optic Fibre Cables in the near future. The plant is now fully established to produce Quality Cables and all approvals from DoT, Railways and other customers have been received.
3. **Power Cables** In view of recessionary trends continuing in the Power Cable business, your Company had deferred the implementation of PVC Power Cables project at Mysore. With the likely early finalisation and clearance of Mega Private Power Generation Projects in the country, it is expected that demand for Power Cables would accelerate during the next couple of years.
4. **Total Quality Management** All the three units located at Mysore, Thane and Rae Bareli are already ISO-9000 accredited for manufacturing facility of Jelly Filled Telephone Cables, Optic Fibre Cables and Power Cables. The 'Total Quality Management' movement is being aggressively pursued to improve process control and reduce waste. Continuous efforts are on to control and reduce expenses to effectively face competition and to achieve the status of a low cost manufacturing Cable Plant in the country.

DEPOSITORY :

Your Company entered into an arrangement with the 'National Securities Depository Limited' for custody and dematerialisation of securities in accordance with provisions of the Depositories Act, 1995. It is possible for members to avail of the facilities contemplated under the Depositories Act by approaching one of the Depository participants.

NITEL :

Efforts to revive the Company are being pursued although there are setbacks in view of inadequate business.

SUBSIDIARIES :

The Company had directly invested funds in various telecom ventures. These are being realigned with RCHL Subsidiary Company to facilitate mobilisation of external funds for these ventures. Pursuant to Section 212 of the Companies Act, 1956, a statement and the Annual Reports of Subsidiaries viz. KTL Industrial Finance Co. Ltd., Blue Niles Holdings Ltd., Concepta Industrial Finance Company Ltd. and RPG Communications Holdings Ltd. and its Subsidiaries are appended.

DEPOSITS :

Deposits maturing during the period were paid on respective due dates. There were no outstanding matured deposits. The Company has complied with the provisions of Section 58A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION :

As required under Section 217(1) of the Companies Act, 1956 and Rules made therein, particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo have been included in Annexure I, which forms part of the Directors' Report.

HUMAN RESOURCES :

Your Directors would like to record their appreciation of the contribution of employees at all levels during the year and especially towards Total Quality Management movement.

Names of employees and other particulars as required under Section 217 (2A) of the Companies Act, 1956 are in Annexure II of this report. None of these employees is a relative of any Director of the Company.

DIRECTORS :

Mr. Ravi Sunderarajan, Mr. R.A. Naik retire by rotation and being eligible, offer themselves for re-election.

Mr. A. S. Jatkar, Mr. V. C. Vaidya, Mr. S. M. Ramkrishna Rao, Mr. V. Atmaram Rao, Mr. K. B. Singh, Mr. S. Goenka and Dr. K. S. Krishnaswamy have resigned from the Board with effect from November 11, 1997. The Board places on record its appreciation of the valuable services rendered.

Mr. H. V. Goenka, Mr. B. L. Paranjape, Mr. V. N. Nadkarni and Mr. S. N. Bagla have been appointed as Additional Directors on the Board of the Company. They hold office till the forthcoming Annual General Meeting. The Company has received Notice from Members under the provisions of section 257 of the Companies Act, 1956 signifying their intention to appoint them as Directors on the Board of the Company.

The Directors consider that it would be in the interest of the company to appoint them as Directors of the Company.

AUDITORS' REPORT :

The observation made by the Auditors be read together with the Notes referred to, which are self explanatory.

AUDITORS :

M/s. N. M. Rajji & Co., Auditors of the Company, retire at this Annual General Meeting and subject to Section 224 & 224 A of the Companies Act, 1956, are eligible for reappointment.

Pursuant to Section 228 of the Companies Act, it is proposed to appoint Branch Auditors in consultation with the statutory Auditors.

ACKNOWLEDGEMENT :

Your Directors acknowledge the valuable support and unstinted co-operation received from Customers, Company's Bankers and Financial Institutions during the year. The Board also places on record its appreciation of the support received from M/s. BICC Cables Limited, U K, the Technical Collaborators for Optical Fibre and XLPE/EHV Cables.

for and on behalf of the
Board of Directors

Place : Mumbai
Date : 21, November 1997

H.V. GOENKA
Chairman