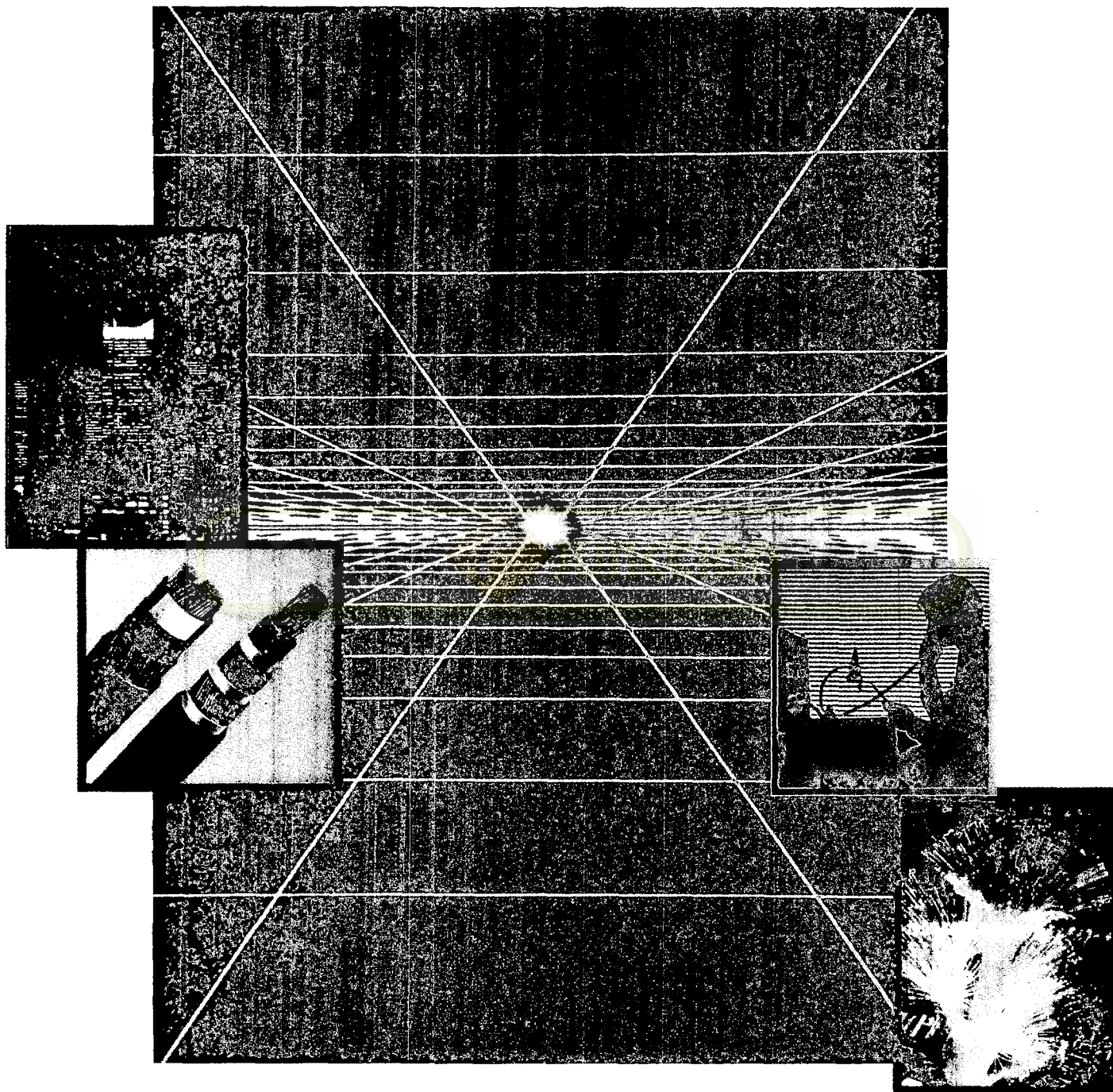
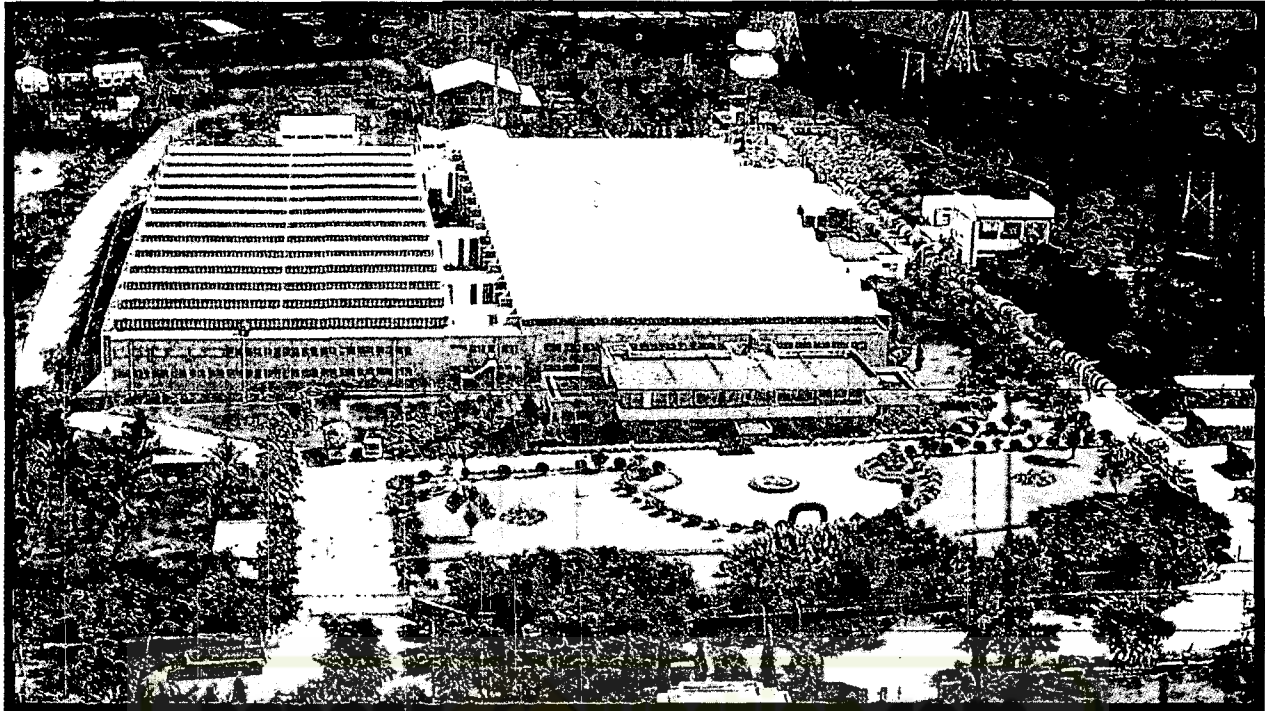


RPG CABLES LIMITED



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RPG Cables Limited - A view of the Mysore plant

The Company

RPG Cables Limited is one of the leading manufacturers of Power and Telecommunication cables in India. The Company is part of RPG Enterprises, one of the top business houses having interests in telecommunication and power sectors which are growing infrastructure sectors of the Indian economy.

RPG Cables Limited has two plants for manufacture of telecommunication cables. The major plant located at Mysore near Bangalore manufactures a wide range of polyethylene insulated jelly filled telephone cables with a capacity of 4.5 million conductor kilometers (ckm) and optical fibre cables with a capacity of 60,000 fibre kilometers (fkm) in technical collaboration with BICC Cables, U.K. The other plant located at Rae Bareli (UPCOM Cables) manufactures polyethylene insulated jelly filled telephone cables having a capacity of 2.1 million ckm.

The Company's third plant is located at Thane near Mumbai (Asian Cables) which manufactures Power & Control cables upto 132 KV and has technical collaboration with BICC cables U.K. for EHV-XLPE Cables.

All the three plants are accredited with ISO 9001/9002 certification.

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. Jatkari

COMPANY SECRETARY

Mr. M. J. Mendonza

BANKERS

Canara Bank

State Bank of India

Punjab National Bank

Bank of India

SOLICITORS & ADVOCATES

Mulla & Mulla & Craigie Blunt & Caroe

Kanga & Co.

N. Jayaraman

AUDITORS

N. M. Rajji & Co.

REGISTERED OFFICE

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

CORPORATE OFFICE

Ceat Mahal

463, Dr. Annie Besant Road, Worli

MUMBAI - 400 025.

Phone : 4937244 / 806 / 4938330 / 4930189

Fax : 022-4930206

E-mail : genl.ta@acilworli.acil.sprintsmx.ems.vsnl.net.in

REGISTRARS & SHARE TRANSFER AGENTS

Alpha Systems Private Limited

Leeman's Complex, IVth Floor,

30/1, Cunningham Road

Bangalore - 560 052

Phone : 2200142 / 2255186

Fax : 080 - 2259373

RPG Cables Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG CABLES LIMITED WILL BE HELD ON TUESDAY, THE 22ND SEPTEMBER, 1998 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 Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors and Auditors.
2. To declare dividend for the year ended 31st March, 1998.
3. To appoint a Director in place of Mr. Haigreva Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. J.M. Mukhi who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. R. Sunderarajan who retires by rotation and, being eligible, offers himself for re-appointment.
6. To consider, and if thought fit, to pass with or without modifications, 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 on 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 branch of the Company at Thane for the year ending 31st March, 1999, in consultation with the Auditors of the Company".

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to Section 80, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board") to issue upto 25,00,000 (Twenty Five Lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each for cash at par on private placement basis to such person (s) /bank(s)/financial institution(s)/ investment institution(s)/ mutual fund(s)/ other corporate bodies at such time or times and on such terms and conditions as the Board in its absolute discretion thinks fit."

"RESOLVED FURTHER THAT the said Preference Shares shall carry the right to receive proportionate dividend, which may be declared for the financial year in which such shares are allotted."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem necessary and to settle any or all matters arising with respect to the issue, allotment and utilisation of the proceeds of the issue of Shares and further to do all such acts, deeds and things and to finalise and execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this Resolution".

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

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to create, on such terms and conditions as it may deem fit, a charge on all or part of the current assets of the Company and a second charge on the fixed assets of the Company at Rae Bareilly (on which the Company has already created or may create a first charge in favour of the Industrial Finance Corporation of India (IFCI), IFCI acting for itself and as Agent of Industrial Credit & Investment Corporation of India Ltd. (ICICI), Industrial Development Bank of India (IDBI), State Bank of India (SBI) and The Pradeshiya Industrial and Investment Corporation of U.P. Ltd. (PICUP) and/or any other Financial Institutions) wheresoever situate, present and future, of every nature and kind whatsoever in favour of State Bank of India and The Pradeshiya Industrial and Investment Corporation of U.P. Ltd. to secure the working capital facilities and interest free Trade Loan together with interest and other money payable by the Company in respect of the said facilities, not exceeding Rs. 58 crores in terms of their respective loan agreements/letters of sanction, entered into/to be

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entered into by the Company in respect of the said working capital facilities/interest free trade loans.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise and execute all such documents and writings for creating the necessary mortgage and/or charge and to do all such acts, deeds and things as may be deemed necessary, proper or expedient for giving effect to the aforesaid resolution, and also agree to make any amendments thereto from time to time as it may think fit”.

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

“RESOLVED THAT the Capital of the Company be and is hereby increased from Rs. 40,00,00,000 (Rupees Forty Crores only) divided into 2,50,00,000 Equity Shares of Rs. 10/- each and 15,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each to Rs. 50,00,00,000 (Rupees Fifty Crores Only) divided into 2,50,00,000 Equity Shares of Rs. 10/- each and 25,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each”.

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

“RESOLVED THAT the first sentence of the existing Clause V of the Memorandum of Association of the Company be deleted and the following sentence be substituted in place thereof :

V. The Authorised Share Capital of the Company is Rs. 50,00,00,000 (Rupees Fifty Crores only) divided into 2,50,00,000 (Two Crores Fifty lacs) Equity Shares of Rs. 10/- each and 25,00,000 (Twenty Five lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each”.

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

“RESOLVED THAT the first sentence of existing Article 3 of the Articles of Association of the Company be deleted and the following sentence be substituted in place thereof :

3. The Authorised Share Capital of the Company is Rs. 50,00,00,000 (Rupees Fifty Crores only) divided into 2,50,00,000 (Two Crores Fifty lacs) Equity Shares of Rs. 10/- each and 25,00,000 (Twenty Five lacs) Redeemable Cumulative Preference Shares of Rs. 100/- each”.

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

“RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the manner stated below :

- (i) New Article 7(e) shall be inserted after the existing Article 7(d) :

7(e). The Directors may not accept any application for transfer of less than 100 (Hundred) Equity Shares or for sub-division into less than 100 (Hundred) Equity Shares of the Company, provided however, that this condition shall not apply to :

- (a) A transfer or sub-division of equity shares made in pursuance of any statutory provision or any order of the court of law.
 - (b) A transfer of entire equity shares by a shareholder holding less than 100 Equity Shares by a single transfer to a single or joint names.
 - (c) A transfer of equity shares :
 - (i) by a shareholder whose shareholding after the transfer will not be less than 100 Equity Shares, or
 - (ii) to one or more transferees whose shareholding after the transfer together with their shareholding, if any, will not be less than 100 Equity Shares.
 - (d) Transmission of shares under a will.
 - (e) Transfer or transmission of shares at the discretion of the Board in such circumstances as the Board may think fit”.
- (ii) Article 8(1) shall be deleted and the following be substituted in its place :

8(1). If the sum payable in respect of any call or instalment is not paid on or before the date appointed for payment thereof, the holder, for the time being of the share, debenture and any other instrument in respect of which the call shall have been made or the instalment shall be due, shall pay interest on the same at the rate of 24% per annum from the date appointed for the payment thereof to the time of actual payment, or at such lower rate as the Directors may determine.

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

RPG Cables Limited

"RESOLVED THAT if and when permitted by law and subject to all applicable provisions of the law and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase such number of Equity Shares or other Securities specified by the Government, of the Company, as may be thought fit, from the holders of the Equity Shares or other Securities of the Company in such proportion and manner as may be permitted by the law, not exceeding such percentage of the capital of the Company as may be permitted by law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Equity Shares or other Securities."

"RESOLVED FURTHER THAT nothing herein above contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy back any Equity Shares or Securities."

By Order of the Board

M.J. Mendonza
Company Secretary

Registered Office :

Hebbal Industrial Area,
Belavadi Post,
Mysore - 571 186.
Dated : July 1, 1998

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY 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.

2. The Explanatory Statement setting out the material facts concerning the special business mentioned under Item Nos. 7 to 13 of the Notice as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, September 14, 1998 to Tuesday, September 22, 1998 (both days inclusive).
4. Dividend if declared at the Meeting, will be paid on October 6, 1998 to those members whose names appear on the Register of Members of the Company on September 22, 1998.
5. Pursuant to Section 205 A(5) of the Companies Act, 1956 all unclaimed/unpaid dividends for RPG Cables Ltd. upto the financial year ended 30th September, 1994 and for erstwhile Asian Cables & Industries Ltd. upto the financial year ended 31st March, 1994 and for erstwhile Upcom Cables Ltd. upto the financial year 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said periods 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 :
 - (a) notify any change in address immediately to the Company's Registrars and Share Transfer Agents M/s. Alpha Systems Private Ltd. at 30/1, IVth Floor, Cunningham Road, Bangalore - 560 052.
 - (b) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - (c) quote ledger folio number in all their correspondence.
7. 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 any one of the Depository participants.

ANNEXURE TO NOTICE

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

Item No. 7

As the Company wishes to augment its long term resources to meet its future requirements including redemption of

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existing preference share capital, it proposes to approach financial and lending institutions, investment institutions, mutual funds, banks, corporate bodies etc. for issue of Preference Shares. It is proposed to confer necessary authority on the Board of Directors to issue Redeemable Cumulative Preference Shares at par on private placement basis upto a maximum limit of Rs. 25 crores.

In view of the foregoing, consent of the Members is being sought in terms of Section 80, 81 (1A) and other applicable provisions of the Companies Act, 1956.

None of the Directors are interested in this resolution.

Item No. 8

Section 293(1)(a) of the Companies Act, 1956, *inter alia*, provides that the Board of Directors of a Public Limited Company shall not without the consent of the Company at a General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially the whole of such undertaking. Since the mortgage/charge to be created on the assets of the Company in favour of State Bank of India, and The Pradeshiya Industrial and Investment Corporation of U.P. Ltd., Rae Bareilly to secure working capital facilities and interest free trade loan respectively, may be regarded as a disposal of the whole or substantially the whole of the Company's undertaking, the mortgage/charge of the Company's properties requires the consent of the members by a resolution at a general meeting.

None of the Directors of the Company are interested in this resolution.

Item Nos. 9, 10 & 11

Presently the Authorised Share Capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores only) divided into 2,50,00,000 Equity Shares of Rs. 10/- each and 15,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each.

In view of the reasons stated in item no. 7 it is proposed that the Authorised Share Capital of the Company be increased from Rs. 40,00,00,000 (Rupees Forty Crores only) divided into 2,50,00,000 Equity Shares of Rs. 10/- each and 15,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each to Rs. 50,00,00,000 (Rupees Fifty Crores only) divided into 2,50,00,000 Equity Shares of Rs. 10/- each and 25,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each.

The resolutions are for increase in Authorised Capital as above and consequential modification of the Capital Clause in the Memorandum of Association of the Company.

None of the Directors of the Company are interested or concerned in the proposed resolutions.

A copy of the Memorandum of Association of the Company will remain open for inspection by the Members at the

Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on any working day prior to the date of the meeting.

Item No. 12

The Company proposes to make certain changes in the Company's Articles of Association as follows :

Article 7(e)

The Company's marketable lot is of 100 Equity Shares. In order to increase efficiency and reduce costs it is proposed to prohibit transfer of shares or sub-division of shares into less than marketable lots subject to legal restrictions. Hence the article is being amended in view of these changes.

Articles 8(1)

In line with commercially accepted prudent business practices, the rate of interest in respect of any call or instalment payable on any shares/debentures/instruments is being increased from 12% to 24% per annum. The article is proposed to be amended in view of these changes.

No Director of the Company is interested in this resolution.

Item No. 13

The Companies Act, 1956 presently prohibits a Company from purchasing its own Shares and Securities. However, it is anticipated that the law may in future permit a Company to buy back its own securities (buy-back of securities).

Subject to the buy-back of securities being legally permissible, it is proposed to enable the Company to buy-back its Equity Shares or such other permissible securities, not exceeding such percentage of the capital of the Company as may be permitted by law, from the Members of the Company either from the open market or from the holders of odd lots, or as permitted by law. The buy-back of shares or securities would be at the rate and from the funds permitted by law as set out in the Resolution.

The Resolution, if approved, will be operative for and will be given effect to within a period of 15 months from the date of passing the Resolution or such other time limit laid down by law.

The Directors commend the Resolution for acceptance by the members.

None of the Directors are interested in the Resolution except as Shareholders of the Company.

By Order of the Board

M.J. Mendonza
Company Secretary

Registered Office:

Hebbal Industrial Area,
Belavadi Post,
Mysore - 571 186.
Dated : July 1, 1998

RPG Cables Limited

DIRECTORS' REPORT

Yours Directors have pleasure in presenting their Sixteenth Annual Report and Audited Accounts of the Company for the year ended March 31, 1998.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1998	1997
Turnover (inclusive of other income)	41794	47012
Gross Profit	9108	9152
(before depreciation, interest & tax)		
Less : Depreciation	1647	1730
Less : Interest	6437	5387
Profit before Tax	1024	2035
Less : Tax	415	600
Profit after Tax	609	1435
Less : Tax for earlier years	-	200
Balance brought forward from previous year	1936	1761
Transfer from Debenture Redemption Reserve	400	-
Transfer from Investment Allowance Reserve	-	112
Profit available for appropriation	2945	3108
Appropriations :		
Dividend excess provision written back	-	(2)
Capital Redemption Reserve	-	450
Transferred to General Reserve	50	116
Preference Dividend		
- Paid	101	97
- Payable	94	90
Proposed Equity Dividend	255	383
Tax on Preference Dividend	20	-
Tax on Equity Dividend	25	38
Balance carried to Balance Sheet	2400	1936
	2945	3108

DIVIDEND

Your Directors are pleased to recommend payment of dividend

- @19% on 5,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each (inclusive of interim dividend @ 9.5%)
- @20% on 5,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each (inclusive of interim dividend @10%)
- @ 12% on the Equity Share Capital of the Company

Payment on account of dividend will absorb Rs. 495 lacs including dividend tax. The dividend, if approved, will be paid out of current year's surplus.

CHANGE OF NAME

As resolved at the last Annual General Meeting held on 31st December 1997, the name of the Company was changed from RPG Telecom Ltd. to RPG Cables Ltd. & fresh Certificate of Incorporation was issued to the Company on 12th January, 1998. This name change reflects the nature of activities of the Company.

OPERATIONS :

During the year under review your Company recorded a marginally lower turnover at Rs. 417.94 crores as against Rs. 470.12 crores in the previous year. However, your Company's Reserves stood at a healthy Rs. 245.09 crores on a paid-up Equity Share Capital of Rs. 21.24 crores.

The year under review was characterised by political uncertainties and a distinct slow down of economic growth consequent to high interest rates. The general state of recession in the country affected the Power Sector too. Low demand off-take by DOT and Power Sector customers combined with overcapacity in the industry and intense competition among cable manufacturers resulted in underutilization of capacity and consequently lesser margin of profits.

Power Cables

Although production during the year was higher, benefits of lower raw material prices were passed on to customers due to severe competitive pressure. The Company successfully supplied 60 Kms. of 66 KV/110 KV/132 KV to utilities attaining leadership position in EHV Cables, besides strengthening its market position in XLPE Cables.

Telecom Cables

During the year, the total supply of PIJF telephonic cables to DOT/MTNL was 33.28 LCKM representing highest output & sales for the Company thus far. The Company maintained market share albeit at lower prices induced by intense competition.

For Optical Fibre Cables, the Company concentrated in Railways and Private Sector business and kept away from DOT business because of highly unremunerative prices.

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FUTURE PROSPECTS :

Power Cables and Telecom Cables

The Company launched major initiatives to expand reach among customers and has intensified sales promotion efforts to increase market share and tap the export markets. The Company has introduced new products like Light Duty range of Cables and Instrumentation Cables. With renewed emphasis for private power generation by the Government, demand for Power Cables is expected to accelerate during the next couple of years. The Company has also taken steps to bid aggressively in the Optic Fibre Cables business for DOT tenders and for Private Basic/Cellular Service Operators. Your Company also started rendering contracting services for installation/splicing of cables. The demand scenario for Jelly Filled Cables and Optic Fibre Cables looks promising and your Company expects to get a reasonable share of the business. However excess capacity in the industry is a cause for concern.

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.

SUBSIDIARIES

During the year RPG Communications Holding Ltd., ceased to be a subsidiary of the Company. Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts as of 31st March, 1998 together with the Reports of the Directors and Auditors of the subsidiaries viz., KTL Industrial Finance Co. Ltd., Blue Niles Holdings Ltd. and Concepta Industrial Finance Co. Ltd. are attached.

DEPOSITS

Your Company has been accepting deposits from the public and shareholders. Total amount of such fixed deposits as on date is Rs. 5.31 crores. Deposits amounting to Rs. 5,97,000/- from 100 depositors remained unclaimed as at the end of the year despite reminders. Subsequently, deposits of Rs. 2,03,000/- have been repaid/renewed.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

The particulars as prescribed under the Rules appear in the Annexure forming part of the Directors' Report.

HUMAN RESOURCES

Your Directors are happy to record the continued progress in Total Quality Management movement at all levels in the Company.

Information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) (Amendment Rules) 1990 forms part of this Report and is provided in an Annexure to this Report.

DIRECTORS

Mr. Haigreve Khaitan, Mr. J.M. Mukhi and Mr. R. Sunderarajan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

With regard to paragraph 5 of the Auditors' Report, the observations of the Auditors read in conjunction with the Notes to Accounts appearing in Schedule M II 6(a), 6(b), 8 and 9 annexed to the Balance Sheet and Profit and Loss Account, are self-explanatory.

AUDITORS

M/s. N.M. Raiji & Co., Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

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

ACKNOWLEDGEMENT

Your Directors express their gratitude to the Company's Customers, Shareholders, Business Partners viz. distributors and suppliers and the Technical Collaborators for their understanding and support.

Your Directors also record their appreciation and gratitude to Financial Institutions and Bankers for their continued and timely assistance in meeting the Company's resource requirements. Finally, your Directors acknowledge the dedicated services rendered by all employees of the Company.

For and on behalf of the Board of Directors

H.V. Goenka
Chairman

Mumbai. Dated : July 1, 1998

RPG Cables Limited

ANNEXURE - I TO THE DIRECTORS' REPORT

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as per Section 217(1) of the Companies Act, 1956 and the rules made therein and forming part of the Directors' Report for the year ended 31st March, 1998.

A. CONSERVATION OF ENERGY :

Energy Generation Measures Taken

Employment of modern technology has given the Company benefits of low energy consumption. All critical equipments have built-in controls for optimum utilisation of energy. In order to have reliable energy supply the critical equipment at all manufacturing units have been connected with standby Diesel Generators. The performance of these generators is being optimised by efficient loading. Energy audits are also being carried out and recommendations made for conservation of energy are being implemented.

B. TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D) :

1. Specific areas in which R&D is carried out by the Company : Improvement in designs of Cables and parameters resulting in better quality and productivity. Development of alternative material for reduction in cost of materials for both Power and Telecom Cables. Modification of existing Rubber, PVC & Sioplas processing to increase productivity and to reduce waste.
2. Benefits derived as a result of the above R&D : Product quality improvement, increase in productivity and cost reduction through reduction in waste and rework.
3. Future plan of action : Product Development for International Markets and improvements in design of cables, exploring business potentials for housewiring cables, rubber cables for locomotives with radiation cross-linking technology, instrumentation and data cables.
4. (i) Expenditure on R&D (For Telecom Cables)
 - a. Capital : Nil
 - b. Recurring : Nil
 - c. Total : Nil
 - d. Total R&D Expenditure as percentage of total turnover : Nil
- (ii) Expenditure on R&D (For Power Cables)
 - a. Capital : Nil
 - b. Recurring : Rs. 19.42 lacs
 - c. Total : Rs. 19.42 lacs
 - d. Total R&D Expenditure as percentage of total turnover : 0.05 %