

17th ANNUAL REPORT 1998 - 99

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RPG CABLES LIMITED



Financial Highlights of Merged Company

	Rs. (lacs)		
	1996-97	1997-98	1998-99
Sales	42,578	36,339	34,294
PBDIT	7,085	5,603	4,765
PBDIT (% to Sales)	16.64	15.42	13.89
PBIT	5,354	3,956	3,546
Capital Employed	57,455	59,326	54,914
ROCE (%)	9.32	6.67	6.46
Earning Per Share (Rs.)	5.81	2.87	3.31
Dividend Per Share (Rs.)	1.80	1.20	1.40
Share Price (Rs.) (At Year end)	21.25	16.00	17.55



RPG Cables offer cables for telecommunication, power and household use. A cable is shown in graphic form to depict a 'C' for cables. A yellow colour is shown as a light in our lives. The red and blue colour follows the corporate identity of the group.

RPG Cables Limited

BOARD OF DIRECTORS

DIRECTORS

Mr. H. V. Goenka, Chairman

Mr. S. N. Bagla

Mr. Haigreve Khaitan

Mr. J. M. Mukhi

Mr. V. N. Nadkarni

Mr. R. A. Naik

Mr. B. L. Paranjape

Mr. Ravi Sunderarajan

PRESIDENT

Mr. A. S. Jatkar

COMPANY SECRETARY

Mr. M. J. Mendonza

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

BANKERS

State Bank of India

Canara Bank

Punjab National Bank

Bank of India

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

SOLICITORS & ADVOCATES

Kanga & Co.

AUDITORS

N. M. Raiji & Co.
Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENTS

Alpha Systems Private Limited
30 Ramanna Residency, Ground Floor,
IVth Cross, Sampige Road,
Malleswaram,
Bangalore-560 003
Phone: 080- 3460815 / 816 / 817 / 818
Fax No. 080-3460819

RPG Cables Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG CABLES LIMITED WILL BE HELD ON THURSDAY THE 12TH AUGUST, 1999 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, 1999 and the Profit and 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, 1999.
3. To appoint a Director in place of Mr. H. V. Goenka who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. A. Naik who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. B. L. Paranjape who retires by rotation and, being eligible, offers himself for re-appointment.
6. To consider, and if thought fit, to pass with or without modification(s) 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. Rajji & 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, 2000, in consultation with the Auditors of the Company".

SPECIAL BUSINESS :

7. To consider, and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution.
- "RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions, and

sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered as follows:

- A. Article 1 of the Articles of Association shall include the following definitions at appropriate places:
 "Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;
 "Depositories Act, 1996" shall include any statutory modification on re-enactment thereof, and
 "Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- B. In Article 1 of the Articles of Association, the definition of "Member" shall be inserted as follows:
 "Member" means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996"
- C. Article 3 of the Articles of Association shall include the following sub-clause (d) at the end:
 3(i)(d) "The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares in a dematerialised form pursuant to the Depositories Act, 1996 and Rules, if any, framed thereunder".
- D. Article 3 of the Articles of Association shall include the following at the end:
 "The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law, including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in that State or Country."
 "The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished."

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- F. Article 7 of the Articles of Association shall include the following sub-clause (f):

"In the case of transfer or transmission of shares where the Company has not issued any certificates and where such shares are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply."

- G. Following sub-clause (g) shall be inserted in Article 7 of the Articles of Association and shall read as follows:

(g) "The Company shall keep a 'Register of Transfers' and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form."

8. To consider, and if thought fit, to pass, with or without modification(s), 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 mortgaging and/or charging on such terms and conditions as it may deem fit, all or part of the immovable properties of the Company wheresoever situate, present and future, of every nature and kind whatsoever and floating charge on the whole or part of the movable properties of the Company to or in favour of the Industrial Credit and Investment Corporation of India Limited (ICICI) for its Term Loan of Rs. 25 Crores and Industrial Finance Corporation of India (IFCI) for its Term Loan of Rs. 15 Crores and interest and other monies payable by the Company in respect of the said facilities. So, however, that the mortgage and/or charge created/to be created shall rank *pari passu* with the mortgage and/or charge created/to be created in favour of ICICI, Industrial Development Bank of India (IDBI), Bank of India as Trustees for privately placed Non-convertible Secured Redeemable Debentures (V & VI series), IFCI and State Bank of India subject to mortgage and/or charge created/to be created on in favour of the Company's bankers for the working capital facilities and other banking facilities provided by them to the Company".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise and execute with ICICI, IDBI, IFCI, Bank of India as Trustees and Canara Bank, the documents for creating the necessary mortgage and/or charge and to do all such acts, deeds, matters and things as may be deemed necessary or expedient for giving effect to the aforesaid resolution, and also to 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 modification(s), 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 second charge in favour of State Bank of India, Canara Bank, Punjab National Bank and Bank of India and/or any other Bank to secure moneys lent or advanced by way of cash credit overdraft and/or any other facility or for any moneys due to such Bankers for providing any other facility together with interest and other moneys payable by the Company in respect of the said facilities on the whole or part of any or all immoveable properties present or future, on some or all of which the Company has already created or may create a First Charge in favour of Industrial Development Bank of India (IDBI), Industrial Credit and Investment Corporation of India Limited (ICICI), Industrial Finance Corporation of India (IFCI), State Bank of India (SBI) and Bank of India as Trustees for Debentureholders and/or any other Financial Institutions.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise and execute with State Bank of India, Canara Bank, Punjab National Bank and Bank of India and/or any other Bank, the documents for creating the necessary mortgage and/or charge and to do all such acts, deeds, matters and things as may be deemed necessary or expedient for giving effect to the aforesaid resolution, and also to agree to make any amendments thereto from time to time as it may think fit"

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

"RESOLVED THAT subject to the provisions of Sections 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 re-appointment of Mr. A. S. Jatar, as Manager (designated as President) of the Company for a period of two years with effect from December 1, 1999 on 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. Jatar".

"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".

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"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 as may be 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 modification(s) the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 372 A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be required, the Company hereby approves the making of investments/giving of loans/giving of guarantees or providing of securities to other bodies corporate of a sum not exceeding Rs.300 Crores, notwithstanding that such investment/loan/guarantee or security together with the Company's existing investments/loans/guarantees or securities in all other bodies corporate shall be in excess of any or all the percentages prescribed by the Central Government under sub section (1) of Section 372 A of the Act and the provisos thereto".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all steps as may be necessary, expedient or desirable to give effect to this resolution and to agree to any modification(s) or conditions that may be suggested or prescribed by the Financial Institutions at the time of granting the approval".

12. To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

"RESOLVED THAT subject to such approvals as may be necessary, consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors (hereinafter referred to as "the Board") to sell, lease, and/or otherwise dispose of from time to time and on such terms and conditions as the Board may deem fit, substantially the whole or part of the movable and/or immovable properties of the Company, both present and future, to any other Body Corporate(s) as the Board may consider beneficial, convenient and in the best interest of the Company and its shareholders."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to negotiate and finalise with such other Body Corporate(s), the documents for effecting the aforesaid sale, lease and/or disposal and to do all such acts, deeds, matters and things as may be necessary, usual or expedient

for giving effect to the aforesaid resolution and also to agree to any amendments thereto from time to time as it may deem fit."

By Order of the Board

M. J. Mendonza
Company Secretary

Registered Office:

Hebbal Industrial Area,
Belavadi Post, Mysore-571 186

Dated: July 15, 1999

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 12 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 Thursday, July 29, 1999 to Thursday, August 12, 1999 (both days inclusive).
4. Dividend, if declared at the Meeting, will be paid on August 20, 1999 to those members whose names appear on the Register of Members of the Company on August 12, 1999.
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 September 30, 1994 and for erstwhile Asian Cables & Industries Ltd., upto the financial year ended March 31, 1995 and for erstwhile Upcom Cables Ltd., upto the financial year ended March 31, 1995 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 Registrar 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 Pvt. Ltd, 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003.
 - b) bring their copy of the Annual Report and Attendance Slip at the Annual General Meeting.
 - c) quote ledger folio number in all their correspondence.
7. Depository :
The Company has entered into an arrangement with the National Securities Depository Limited for custody and dematerialisation of securities in accordance with provisions of Depositories Act, 1996. It is possible for members to avail of the facilities contemplated under the Depositories Act, by approaching any one of the Depository participants.

Annual Report 1998-99**ANNEXURE TO NOTICE****Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956****Item No. 7**

Pursuant to the passing of the Depositories Act, 1996 and the introduction of the Depository system, some of the provisions of the Companies Act, 1956 relating to the issue, holding, transfer/transmission and dealing in shares as also certificates thereof have been amended so as to facilitate the Depository system. A few Articles in the Articles of Association of the Company pertaining to the aforesaid issues which were in line with the erstwhile provisions of the Companies Act, 1956 may be in conflict with the provisions of the Depositories Act, 1996 and therefore, the relevant Articles are being amended.

A copy of the Articles of Association of the Company and the proposed amended Articles of Association of the Company is open for inspection of the members at the Registered Office of the Company during working hours on all days other than Sundays and Public Holidays.

The Board of Directors accordingly recommend the resolution for the approval of the Members.

None of the Directors of the Company is in anyway, concerned or interested in this resolution.

Item Nos. 8 & 9

The Company has obtained from Industrial Credit & Investment Corporation of India Ltd. (ICICI) a Term Loan of Rs.25 Crores and Industrial Finance Corporation of India (IFCI) a Term Loan of Rs.15 Crores. The loan facilities will be secured by a first charge on certain immovable properties and second charge by way of hypothecation on certain movable properties of the Company, both present and future, and the whole of the undertaking of the Company as may be decided by the Directors. The said mortgage and/or charge will rank *pari passu* with the Financial Institutions/Banks/Trustees for Debentureholders who have given term loans to the Company, save and except mortgage and/or charge created in favour of the Company's bankers for working capital facilities and other banking facilities.

It is proposed to create in favour of the banks a second charge on the Company's Fixed Assets subject to prior charges in favour of Financial Institutions, Banks and Trustees for debentureholders for the working capital and other banking facilities granted/to be granted by the banks.

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 in General Meeting sell, lease or otherwise dispose of 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 and/or charge, hypothecation to be created on

the assets of the Company in favour of ICICI / IFCI, Banks, to secure the loan facilities may be regarded as a disposal of the whole or substantially the whole of the Company's undertaking, the mortgage/charge, hypothecation of Company's properties, as mentioned in the Resolution at Item Nos.8 and 9 require the approval of the members.

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

Item No. 10

Pursuant to Section 269 of the Companies Act, 1956 the Board of Directors of the Company at its meeting held on May 10, 1999 have re-appointed Mr. A. S. Jatkar as the Manager (designated as President) of the Company subject to the approval of the members in General meeting. The terms and conditions of his re-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. 10 of the accompanying notice, abstract of which is indicated below:

1. Mr. A. S. Jatkar to act as Manager (designated as President) of the Company for a period of two years commencing from December 1, 1999.
2. a) **Salary:**
In the scale of Rs.85000 – Rs.150000 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 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

RPG Cables Limited

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 completed 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 re-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.

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 between 10 a.m. to 12 noon on all working days.

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

Item No. 11

As per Section 372A of the Companies Act, 1956, the Company is allowed to make investments/give loans/give guarantees or provide securities to other bodies corporate within a limit of 60% of its paid up share capital and free reserves or 100% of its free reserves whichever is more. The Company has received request from RPG Cellcom Ltd. for giving guarantees on their behalf in respect of term loans of Rs.107 Crores, for which RPG Cellcom Ltd. is negotiating with Financial Institutions/Banks/Bodies Corporate. Since the giving of such guarantee would exceed the limits prescribed under Section 372A of the Act, the approval of the members in general meeting is required.

RPG Cellcom Ltd. is engaged in the business of telecommunications which is related to the business of the Company and hence would be in the Company's interest.

The Board of Directors therefore recommend the passing of this resolution as set out in Item No.11 of the Notice.

Except Mr. H. V. Goenka none of the other Directors of the Company are interested in this Resolution.

Item No. 12

The Company has manufacturing units at Raebareilly, Thane, & Mysore, which manufacture Jelly Filled Telephone Cables, Optic Fibre Cables and Power Cables with installed capacity of 65.74 LCKM for JFTC, 60000 FKM for OFC and 6816 KM for Power Cables.

In order to provide for better utilisation of the capacities and optimise use of the productivity of the Plants, it is proposed to sell, lease and/or otherwise dispose of substantially the whole or a part thereof to a Body Corporate who will undertake such activity. The Company is at present considering such arrangement with some Bodies Corporate and hopes to finalise the arrangement shortly.

The Directors may be authorised to determine lease rentals and any other compensation payable to the Company having regard to the prevailing market conditions and utilisation of the Undertaking. In the case of sale of the Undertaking the Board will determine the sale price after consulting an expert valuer in this regard.

Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall not without the consent of the Company in General Meeting sell, lease and/or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the Company. Accordingly, the sanction of the shareholders is sought to this resolution.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors of the Company are interested or concerned in this Resolution.

By Order of the Board

M. J. Mendonza
Company Secretary

Registered Office:

Hebbal Industrial Area,
Belavadi Post, Mysore-571 186

Dated: July 15, 1999

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their Seventeenth Annual Report and Audited Accounts of the Company for the year ended March 31, 1999.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	1999	1998
Turnover (inclusive of other income)	36651	37903
Gross Profit (before depreciation, interest & tax)	5407	6108
Less: Depreciation	1219	1647
Less: Interest	3086	3437
Profit before Tax	1102	1024
Less: Tax	400	415
Profit after Tax	702	609
Balance brought forward from previous year	2400	1936
Transfer from Debenture Redemption Reserve	158	400
Transfer from Investment Allowance Reserve	865	—
Profit available for appropriation	4125	2945
Appropriations:		
Transferred to General Reserve	60	50
Preference Dividend		
— Paid	8	101
— Proposed	188	94
Equity Dividend - Proposed	297	255
Tax on Dividend	54	45
Balance carried to Balance Sheet	3518	2400
	4125	2945

DIVIDEND

Your Directors are pleased to recommend payment of Dividend as under :

- @ 19% on 5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each.
- @ 20% on 5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each.
- @ 14% on the paid-up Equity Share Capital of the Company.

The dividend if approved, will be paid out of current year's surplus. Your Directors have stepped up the rate of dividend from 12% paid last year to 14% this year. Payment on account of preference and equity dividend will absorb Rs.547 lakhs including dividend tax.

OPERATIONS

The year 1998-99 was a difficult year for the industry. Recessionary trends continued to affect the Power Sector. There was a fall in excise duty as well as a reduction in prices of telephone cables owing to lower copper prices. Over capacity combined with intense competition had an adverse impact on price realisations. All these factors resulted in your Company's turnover showing a marginal decline from Rs.379.03 crores last year to Rs.366.51 crores during 1998-99.

Volumes, however, grew in the jelly-filled telephone cables and the Optic fibre cables segments. This resulted in improved profits. Another positive strategic initiative saw the Company reduce its interest cost by reducing dependence on high interest short term funds by infusion of low interest long term resources.

Reserves stood at a healthy Rs.242.45 crores on a paid-up equity share capital of Rs.21.24 crores.

Power Cables

Although the production during the year was higher, due to stiff competition, the benefits of lower raw material prices got passed on to customers resulting in a loss in this division. During the year, the Company supplied over Rs.9 crores of PILC & XLPE Cables to export markets. The Company also strengthened its market position in XLPE & PVC Cables.

Telecom Cables

In spite of intense competition, the Company was successful in maintaining its market share. A continuance of high quality, on-time delivery performance ensured that the Company bagged orders for supply of cables from DoT and prestigious corporate customers in the private sector.

In the Optical Fibre Cables segment, the Company strengthened its position by bagging substantial orders from DoT, Railways and the Private sector which led to production in this segment rising to 24,000 FKM compared to 2,000 FKM in the previous year.

During the year, the Company launched a major initiative to maintain its reach amongst customers. The Company's participation in Elecrama '99 exhibition at Mumbai was a success in this regard.

FUTURE PROSPECTS

Given external instabilities, it will be difficult to anticipate a substantial growth in the power cables segment, since private power generation projects are being delayed. Aggressive and innovative strategies will, however, help the Company improve in this segment in the coming few years.

The year 1999-2000 will see a further strengthening of orders in the Jelly-filled telephone cables and Optical fibre cables segments. The demand scenario seems good in the current year and the Company is poised to take advantage of it.

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BUSINESS PROCESS RE-ENGINEERING

During the year your Company commissioned an International Consultant for Business Process Re-engineering. The recommendations of the consultants are under implementation and your Company expects to derive benefits by way of cost reduction and strategic direction.

SUBSIDIARIES

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts as of March 31, 1999 together with the Reports of the Directors and Auditors of the subsidiaries viz. Blue Niles Holdings Ltd., Concepta Industrial Finance Co. Ltd. and KTL Industrial Finance Company 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.8.46 crores. Deposits amounting to Rs.7.78 lacs from 121 depositors remained unclaimed as at the end of the year. Subsequently, deposits of Rs.92000 have been repaid/renewed.

Y2K COMPLIANCE

Your Company has already initiated steps to make all the systems Y2K compliant latest by 31st August, 1999. The cost to address the Company's Y2K issues is estimated at Rs.20 lacs. Your Company is developing contingency plans to minimise the risk of disruption of its operations due to Y2K non-compliance by providers of materials and services. These plans include identifying alternate sources, who have achieved Y2K compliance.

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.

INDUSTRIAL RELATIONS

Operations at the Mysore unit was disrupted for a period of 40 days on account of a sudden strike by the workers. An amicable settlement has, however, been reached and a three year wage agreement has been signed, which will have a positive impact on productivity.

TOTAL QUALITY MANAGEMENT

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

HUMAN RESOURCES

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. As per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS

Mr. H. V. Goenka, Mr. R. A. Naik and Mr. B. L. Paranjape retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

With regard to paragraph 6 of the Auditors' Report, the observations of the Auditors read in conjunction with the Notes to Accounts appearing in Schedule N II 7 and 8 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, 1956 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 15, 1999.