



RPG CABLES LIMITED



18th Annual Report
1999-2000

FINANCIAL HIGHLIGHTS

Rs. in Lacs

PARTICULARS	96-97	97-98	98-99	99-2000
GROSS SALES	42,578	36,339	34,294	42,715
PBDIT	9,153	9,108	6,588	7,281
PBDIT (% to Net Sales)	26.58	29.52	22.42	19.56
PBIT	7,422	7,461	5,369	6,053
CAPITAL EMPLOYED (Excluding Revaluation Reserve)	57,455	59,326	54,914	52,751
RETURN ON CAPITAL EMPLOYED (%)	12.92	12.58	9.78	11.47
EARNING PER SHARE(Rs.)	5.81	2.87	3.31	4.91
DIVIDEND PER SHARE(Rs.)	1.80	1.20	1.40	1.70
SHARE PRICE(Rs.) (At Year end)	21.25	16.00	17.55	43.25
MARKET CAPITALISATION	4,513	3,398	3,727	9,186
NETWORTH (Excluding Revaluation Reserve)	23,806	23,919	24,075	24,523
RETURN ON NETWORTH (%)	6.03	2.54	2.92	4.25
NET SALES/CAPITAL EMPLOYED	0.60	0.52	0.54	0.71
PBT MARGIN (% TO NET SALES)	5.91	3.32	3.75	4.95
NET PROFIT MARGIN (% TO NET SALES)	4.17	1.97	2.39	2.80
CASH PROFIT MARGIN (% TO NET SALES)	9.19	7.31	6.54	6.10
DEBT/EQUITY	1.41	1.48	1.28	1.15
INTEREST COVERAGE RATIO	1.38	1.16	1.26	1.44
CURRENT RATIO	4.21	4.85	4.87	4.15
RECEIVABLE IN DAYS	251	285	254	182
PAYABLE IN DAYS	147	114	95	81

BOARD OF DIRECTORS

Mr. H. V. Goenka, *Chairman*
 Mr. S. N. Bagla
 Mr. Haigreave Khaitan
 Mr. J. M. Mukhi
 Mr. V. N. Nadkarni
 Mr. R. A. Naik
 Mr. B. L. Paranjape
 Mr. Dilip G. Piramal
 Mr. A. S. Jatkar, *Managing Director*

COMPANY SECRETARY

Mr. M. J. Mendonza

BANKERS

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

SOLICITORS & ADVOCATES

Kanga & Co.

AUDITORS

N. M. Raiji & Co.
Chartered Accountants

REGISTERED OFFICE

Hebbal Industrial Area
 Belavadi Post
 MYSORE-571 186
 Phone: 402401 / 404 / 373 / 409
 Fax: 0821-402499
 E-Mail: rpgcables@vsnl.com
 Website: www.rpgcables.com

CORPORATE OFFICE

Ceat Mahal
 463, Dr. Annie Besant Road, Worli
 MUMBAI-400 025
 Phone: 4937244 / 806 / 4938330 / 4930189
 Fax: 022-4930206
 E-mail (Secretarial Dept): cosecy@rpgcables.com

MANAGEMENT TEAM

Mr. A. S. Jatkar, *Managing Director*
 Mr. V. K. Bajaj, *Vice-President — Marketing*
 Mr. A. V. Dubhashi, *Vice President — Finance*
 Mr. H. K. Nigam, *Vice President — Manufacturing*
 Mr. R. D. Matkar, *General Manager — Materials*
 Mr. S. A. Muthal, *General Manager — HRD*

CONTENTS INDEX

	Page
RPG CABLES LIMITED	
Notice	2-5
Directors' Report	6-8
Auditors' Report	10-11
Balance Sheet	12
Profit & Loss Account	13
Schedules	14-29
Statement Pursuant to Section 212 (3) & 212 (5) of the Companies Act, 1956	30
Cash Flow Statement	31
CONCEPTA CABLES LIMITED	
Directors' Report	32-33
Auditors' Report	34
Balance Sheet	35
Profit & Loss Account	36
Schedules	37-43
BLUE NILES HOLDINGS LIMITED	
Directors' Report	45
Auditors' Report	46
Balance Sheet	47
Profit & Loss Account	48
Schedules	49-53
KTL INDUSTRIAL FINANCE COMPANY LIMITED	
Directors' Report	55
Auditors' Report	56
Balance Sheet	57
Profit & Loss Account	58
Schedules	59-62
SHAREOWNER'S INFORMATION	65-78

NOTICE

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG CABLES LIMITED WILL BE HELD ON THURSDAY THE 27th JULY, 2000 AT 11.00 AM AT HOTEL SOUTHERN STAR, VINOBA ROAD, MYSORE-570 001 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2000 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 March 31, 2000.
3. To appoint a Director in place of Mr. S. N. Bagla who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. N. Nadkarni who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Haigreve Khaitan 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 an Ordinary 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 2001, 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 an Ordinary Resolution:

"RESOLVED THAT Mr. Dilip G. Piramal who was appointed an Additional Director of the Company by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956,

('the Act') but who is eligible for re-appointment and in respect of whom the Company has received notices in writing pursuant to the provisions of Section 257 of the Act from some members of the Company proposing his appointment as Director of the Company and who has consented, if appointed, to act as Director 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 modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. A. S. Jatkar who was appointed an Additional Director of the Company by the Board of Directors of the Company and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956, ('the Act') but who is eligible for re-appointment and in respect of whom the Company has received notices in writing pursuant to the provisions of Section 257 of the Act from some members of the Company proposing his appointment as Director of the Company and who has consented, if appointed, to act as Director 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 modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in addition to all the previous resolutions passed in this behalf, 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 for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and/or movable properties of the Company, wheresoever situate both present and future and/or whole or substantially the whole of the undertaking(s) of the Company to or in favour of any public or private financial institutions, banks, mutual funds, bodies corporate or any other person whomsoever participating in extending financial assistance, to secure any term loans, working capital facilities, debentures or any other type of financial assistance, not exceeding Rs.300 crores (Rupees Three Hundred Crores) lent and advanced/agreed to be lent and advanced by them, together with interest, compound interest, additional interest, liquidated damages, premia on pre-payment or on redemption, costs, charges, expenses or monies payable by the Company to them under loan agreements/letters of sanction/debenture trust deed etc".

"RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank pari passu with the mortgages and/or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board of Directors and as may be agreed to between the Company and the concerned parties".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise and execute any and all agreements and documents, necessary for creating mortgages and/or charges as aforesaid and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing this resolution and to resolve any question or doubt relating thereto, or otherwise considered by the Board of Directors to be in the best interests of the Company".

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 Section 198, 269 and 309 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. Jatkar, as Managing Director of the Company for a period of three years with effect from December 16, 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. Jatkar".

"RESOLVED FURTHER THAT subject to the limits contained in Sections 198 and 309 read with Schedule XIII to the Companies Act, 1956, the remuneration payable to the Managing Director 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 Managing Director 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 Part II, Section II of 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 Section 372 A and other applicable provisions, if any, of the Companies Act, 1956,

the Board of Directors of the Company ("the Board") be and is hereby authorised to invest a sum or sums not exceeding Rs.5 crs. by way of subscription, purchase or otherwise in the equity share capital and/or preference share capital of Paramount Cyberspace Technologies Limited (PCTL) at par value of the share. Notwithstanding the fact that such investment(s) may exceed 60% of the aggregate of the paid up share capital and free reserves of the Company or 100% of its free reserves whichever is more".

"RESOLVED FURTHER THAT the Board be and is hereby authorised to determine the actual sum or sums to be invested in the equity share capital and preference share capital out of the above limit and to determine the time and nature of such investments and to decide on all or any matter arising out of any incident of the said investment and to do all such acts, deeds, matters and things for giving effect to this resolution including any change(s), amendment(s) or modification(s) 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: April 29, 2000.

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 11 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 Saturday, 27th May, 2000 to Monday, 29th May, 2000 (both days inclusive).
4. Members are requested to:
 - a) Notify any change in address with Pin Code numbers 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 with them at the Annual General Meeting.
 - c) Quote ledger folio number in all their correspondence.



ANNEXURE TO NOTICE

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

Item Nos. 7 & 8

Mr. Dilip G. Piramal and Mr. A. S. Jatkar were appointed as Additional Directors at the Board Meeting held on 27th October, 1999 and 16th December, 1999 respectively. Pursuant to the provisions of Section 260 of the Companies Act, 1956, they hold office only upto the ensuing Annual General Meeting. Notices have been received from some members under Section 257 of the Companies Act, 1956 proposing their candidatures for the office of Director together with requisite deposits. Mr. Dilip G. Piramal is a renowned Industrialist and is the Chairman/Director of a large number of Companies. Mr. A. S. Jatkar was the President of the Company prior to his appointment. He has wide experience in business and industry and was the guiding force behind the growth of the Company. Your Directors are of the opinion that their appointments would be beneficial to the Company and hence recommend the resolutions at Item Nos. 7 & 8 for your approval.

None of the Directors of the Company except Mr. Dilip G. Piramal & Mr. A. S. Jatkar is in anyway, concerned or interested in these resolutions.

Item No. 9

The Company has obtained from ICICI Ltd. Term Loans of Rs.15 crs. and Rs. 9 crs., from State Bank of India, Deferred Credit facility of Rs.50 crs. and from Canara Bank, Deferred Credit facilities of Rs.70 crs. 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 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 and Banks for the Loan facilities granted/ to be granted by the Financial Institutions/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 Members 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 Financial Institutions/Banks, etc. 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 No.9 requires 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 the Company at its meeting held on 16th December, 1999 have appointed Mr. A. S. Jatkar as Managing Director 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. 10 of the accompanying notice, abstract of which is indicated below:

1. Mr. A. S. Jatkar to act as Managing Director of the Company for a period of three years commencing from December 16, 1999.
2. i) a) **Salary:** In the scale of Rs.95,000/- to Rs.2,00,000/- 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 Managing Director 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 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 Managing Director.
- ii) The remuneration, as determined aforesaid from time to time, be paid and the perquisites provided to Mr. Jatkar, as minimum remuneration in the event of loss or inadequacy of profit in any year, be subject to such limits, as may be prescribed in Section II of the said Part II of the said Schedule XIII to the Companies Act, 1956 from time to time.

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

The Agreement referred to in the Resolution at Item No.10 will be open for inspection by the members of the Company at the Registered Office of the Company between 10 a.m. and 12 noon on all working days of the Company till 27th July, 2000. This may be treated as an abstract of the terms of Agreement between the Company and the Managing Director pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. A. S. Jatkar is concerned or interested in the Resolution.

Item No. 11

Pursuant to Section 372 A of the Companies Act, 1956 no Company shall directly or indirectly

- a) make any loan to any other body corporate;
- b) give any guarantee or provide security, in connection with a loan made by any other person to, or to any other person by, any body corporate; and
- c) acquire, by way of subscription, purchase or otherwise the securities of any other body corporate exceeding 60% of its paid up share capital and free reserves or 100% of its free reserves whichever is more.

In case where the aforesaid limit of 60% or 100% as the case may be is to exceed, such investment or loan can be made or guarantee can be given or securities can be approved only with the previous authorisation of the shareholders by special resolution

in the general meeting.

Considering the existing guarantees given, loans approved and investments / securities made by the Company to other bodies corporate, further investments/loans/guarantees etc. may result in the said limit being exceeded.

Accordingly, the authorisation of the shareholders has been sought with a view to enable the Board of Directors to make investments in Paramount Cyberspace Technologies Ltd. (PCTL) as stated more particularly in the resolution.

PCTL has been promoted by RPG Enterprises Ltd. and/or its associates of which the Company is also a co-promoter. PCTL is involved in setting up internet related businesses including setting up Portals. The Portal business will include a combination of category based and domain based Portals targeting specific consumers. The business will have a very strong E-Commerce revenue model for all the vertical portals. A.T. Kearney, the world renowned business consulting firm has been retained to develop the business plans for the portal along with a high quality management team, which will focus on Technology, E-Commerce, Sales and Marketing, content and other support functions. It is considered that this investment would be in the interest of the Company. The investments that may be made from time to time would be subject to the approval, if any, of financial institutions.

The investments would be financed through internal accrual of the Company and/or temporary borrowing by the Company.

No Director of the Company is concerned or interested in the Resolution.

By Order of the Board

M. J. Mendonza
Company Secretary

Registered Office:
Hebbal Industrial Area,
Belavadi Post,
Mysore-571 186

Dated: April 29, 2000.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Eighteenth Annual Report and Audited Accounts of the Company for the year ended March 31, 2000.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	2000	1999
Turnover (inclusive of other income)	44351	36235
Gross Profit (before depreciation, interest & tax)	6362	5407
Less: Depreciation	1228	1219
Less: Interest	3291	3086
Profit before Tax	1843	1102
Less: Tax	800	400
Profit after Tax	1043	702
Balance brought forward from previous year	3518	2400
Profit available for appropriation	4561	3102
Appropriations:		
Transferred to General Reserve	100	60
Transferred to Capital Redemption Reserve	500	—
Transfer from Debenture Redemption Reserve	(90)	(158)
Transfer from Investment Allowance Reserve	(159)	(865)
Preference Dividend — Paid	125	8
— Proposed	50	188
Interim Equity Dividend — Proposed	361	—
Final Equity Dividend — Proposed	—	297
Tax on Dividend	59	54
Balance carried to Balance Sheet	3615	3518
	4561	3102

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, inclusive of Interim Dividend, payable pro-rata upto the date of redemption.
- @ 20% on 5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each inclusive of Interim Dividend.
- @ 17% on the paid up Equity Share Capital of the Company inclusive of Interim Dividend.

The dividend, if approved, will be paid out of current year's surplus. Your Directors have stepped up the rate of dividend from 14% paid last year to 17% this year. Payment on account of preference and equity dividend will absorb Rs.596.16 lakhs including dividend tax.

OPERATIONS

While the year 1999-2000 saw an increase in orders of Jelly Filled Telephone Cables and Optic Fibre Cables segment, the Power Cables segment showed some signs of recovery in the latter part of the year. This, coupled with aggressive cost reduction and implementation of BPR initiatives, helped the Company better its performance. Turnover increased by nearly 25% to

Rs.443.51 crs. and Profit before tax improved by nearly 67% to Rs. 18.43 crs.

The Company also saw its market share improve in the current year.

Power Cables

Your Company changed its business focus to higher margin XLPE range of cables and moved its PVC cables production to its new factory at Silvassa, to have cost advantage. The Company also entered the house wiring segment of cables in January 2000 and commenced manufacture of flame retardant cables, which was well accepted. During the next financial year, this business should expand further.

Telecom Cables

Your Company was successful in increasing its market share in this competitive segment. During the year, the Company supplied 41.9 LCKM of cable against 31.8 LCKM during last year. This improvement was a result of superior quality, on-time delivery performance and aggressive marketing. With these factors the Company bagged increased orders for supply of cables from DOT / MTNL as well as prestigious corporate customers in the private sector.

Optic Fibre Cables

The Company implemented expansion of Optic Fibre Cables capacity from 60,000 FKM to 130,000 FKM. During the year sales increased three fold from 24000 FKM to 70000 FKM due to large orders received from customers like DoT, GAIL as well as private sector clients.

FUTURE PROSPECTS

Prospects for the year 2000-01 looks good for orders in Jelly Filled Telephone Cables segment due to expected increase in buying by DOT/MTNL and other Private sector clients. The business scenario for Power Cables is showing signs of improvement, with Electricity Boards of various states getting restructured. As private power generation projects are also coming up, the business scenario for power cables is likely to improve.

In Optic Fibre Cables segment, the demand scenario is showing considerable growth both from government sector and from private sector. The Optic Fibre Cables segment is also showing increased demand from CATV & Internet segment. The Company is poised to take advantage of the same.

SUBSIDIARIES

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts as of March 31, 2000 together with the Reports of the Directors and Auditors of the subsidiaries viz. Blue Niles Holdings Ltd., Concepta Cables Ltd. and KTL Industrial Finance Company Ltd. are attached.

The name of Concepta Industrial Finance Co. Ltd. was changed to Concepta Cables Ltd. with effect from 5th January, 2000 consequent upon change in its objects clause for manufacture of cables.

The Company entered into lease agreement with Concepta Cables Limited for leasing its Rae Bareilly Unit. This is pursuant to approval obtained from the members of the Company at its Annual General Meeting held on 12th August, 1999.

DEPOSITS

Your Company has been accepting deposits from the public and shareholders. Total amount of such fixed deposits as on date is Rs.12.73 crores. Deposits amounting to Rs.10.76 lacs from 144 depositors remained unclaimed as at the end of the year. Subsequently, deposits of Rs.2.05 lacs have been repaid/renewed.

Y2K COMPLIANCE

Your Company has become Y2K compliant and the transition was smooth.

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.

TOTAL QUALITY MANAGEMENT

Your Directors are happy to record the continued progress in Total Quality Management movement at all levels in the Company. Mysore Factory has been recommended for ISO 14000 certification and other plants have planned it during the year.

HUMAN RESOURCES

The industrial relations continued to be cordial. 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. S. N. Bagla, Mr. V. N. Nadkarni and Mr. Haigreave Khaitan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Ravi Sunderarajan ceased to be a Director w.e.f. 29th July, 1999. Your Directors wish to place on record their sincere appreciation of the valuable services rendered by Mr. Ravi Sunderarajan during his tenure on the Board.

Mr. Dilip G. Piramal and Mr. A. S. Jatkar were appointed as Additional Directors of the Company on 27th October, 1999 and 16th December, 1999 respectively. They hold office as Directors upto the date of the ensuing Annual General Meeting. Notices have been received from some Members of the Company pursuant to the provisions of Section 257 of the Companies Act, 1956 signifying their intention to appoint Mr. Dilip G. Piramal and Mr. A. S. Jatkar as Directors on the Board of the Company. Mr. A. S. Jatkar was appointed as Managing Director of the Company for a period of 3 years with effect from 16th December, 1999.

AUDITORS REPORT

With regard to paragraph 6 of the Auditors' Report, the observation of the Auditors read in conjunction with the Notes on Accounts appearing in Schedule NII 6 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: April 29, 2000.

ANNEXURE 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, 2000.

A. CONSERVATION OF ENERGY**Energy Generation Measures Taken**

The Company has access to three sources of power, namely State Electricity Grid, DG sets and Wind Power. In order to have reliable energy supply almost all the critical equipments

at all the manufacturing units have been connected with diesel generators. The performance of diesel generators is being optimised by efficient loading and synchronisation. The ratio of use of power from generators to SEB Grid is being improved. The contract demand in all the manufacturing units have been brought down and the power factor is being further improved. Savings realised due to improved DG performance has been augmented by reduction in specific energy consumption in the manufactured product. The Company Energy Officer is working in close co-ordination with Group Energy Cell to conserve energy and also look at long term measures of stand alone areas of captive power.



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

1. Specific areas in which R&D is carried out by the Company : New product development to enter new areas of business. Improvement in design of PVC, XLPE & Rubber Cables and in compounds to stay competitive in the market, development of alternate vendors, productivity increase through process modification and scrap reduction, for both Power and Telecom Cables.
2. Benefits derived as a result of the above R & D : Increase in productivity and cost reduction through reduction in scrap, rework and improved design of cables.
3. Future plan of action : New product development in submarine/navy areas. Introduction of silane crosslinked elastomeric cables for Railways/Mines, improve design of Optical Fibre Cables and introduction of multistrand flexible housewiring 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. 25.28 lacs
 - c. Total : Rs. 25.28 lacs
 - d. Total R & D expenditure as percentage of total turnover : 0.06 %

Technology Absorption, Adaptation and Innovation

1. Efforts in brief towards technology absorption, adaptation & innovation : The technology for 132 KV XLPE cables with the help of our Technical Collaborators BICC Cables, UK has been fully absorbed. Further inputs on extension of range and process improvements are continuing.
2. Benefits derived as a result of the above efforts. : Above efforts have helped the Company to be a leading manufacturer of EHV cables in the country, as cables are produced to international standards and specifications.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the following information may be furnished
 - a) Technology imported : Manufacture of Optical Fibre Cables
 - b) Year of import : 1995
 - c) Has technology been fully absorbed : Absorbed to a great extent.
 - d) If not fully absorbed, areas where this has not taken place, reason therefor and future plans of action. : The phased programme for absorption of technology with the help of Technical Collaborators BICC Cables, UK covering the period of collaboration is as per schedule.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange earned was Rs.420.57 lacs and outflow was Rs.3159.51 lacs.

For and on behalf of the Board of Directors

H. V. Goenka
Chairman

Mumbai
Date: April 29, 2000

RPG CABLES LIMITED