



RPG CABLES LIMITED

Report  junction.com

19th
Annual Report
2000-2001





VISION

*WE SHALL BE A LEADING INDIAN GROUP WITH A
FOCUS ON MARKET CAPITALISATION THROUGH :*

- *LEADERSHIP IN PROFITABILITY AND REVENUE GROWTH
IN OUR CHOSEN BUSINESSES*
- *BEING A CUSTOMERCENTRIC ORGANISATION, AND*
- *BEING THE MOST EXCITING WORK PLACE.*

A large, semi-transparent watermark for 'Report Junction.com' is centered over the page. It features a yellow diamond icon with a circular arrow inside, and the text 'Report Junction.com' in a light green font. Below the watermark, the word 'VALUES' is written in a bold, black, sans-serif font.

VALUES

- *CUSTOMER SOVEREIGNTY*
- *PEOPLE ORIENTATION*
- *INNOVATION AND ENTREPRENEURSHIP*
- *TRANSPARENCY AND INTEGRITY*
- *ANTICIPATION SPEED & FLEXIBILITY*
- *PASSION FOR SUPERIOR PERFORMANCE*

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. M. J. Mendonza

BANKERS

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

SOLICITORS & ADVOCATES

Kanga & Co.

AUDITORS

N. M. Raiji & Co.
 Chartered Accountants

REGISTERED OFFICE

Hebbal Industrial Area, Hootagalli
 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

AUDIT COMMITTEE

Mr. B. L. Paranjape, *Chairman*
 Dr. K. K. Sharma
 Mr. Manoj K. Maheshwari

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Mr. B. L. Paranjape, *Chairman*
 Dr. K. K. Sharma
 Mr. A. S. Jatkar

MANAGEMENT TEAM

Mr. A. S. Jatkar, *Managing Director*
 Mr. V. K. Bajaj, *Vice President - Marketing*
 Mr. H. K. Nigam, *Vice President - Manufacturing*
 Mr. N. Gupta, *Vice President - Finance*
 Mr. R. D. Matkar, *Vice President - Materials*

CONTENTS INDEX

	Page No.
RPG CABLES LIMITED	
Notice	2-4
Directors' Report	5-7
Management Discussion & Analysis Report	8-9
Report on Corporate Governance	12-17
Auditors' Report	18-19
Balance Sheet	20
Profit & Loss Account	21
Schedules	22-37
Statement Pursuant to Section 212 (3) & 212 (5) of the Companies Act, 1956	38
Cash Flow Statement	39
CONCEPTA CABLES LIMITED	
Directors' Report	40-42
Auditors' Report	43-44
Balance Sheet	45
Profit & Loss Account	46
Schedules	47-55
BLUE NILES HOLDINGS LIMITED	
Directors' Report	56-57
Auditors' Report	58
Balance Sheet	59
Profit & Loss Account	60
Schedules	61-66
KTL INDUSTRIAL FINANCE COMPANY LIMITED	
Directors' Report	67
Auditors' Report	68-69
Balance Sheet	70
Profit & Loss Account	71
Schedules	72-76

RPG CABLES LIMITED**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG CABLES LIMITED WILL BE HELD ON TUESDAY, THE 14TH AUGUST, 2001 AT 11.00 AM 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 March 31, 2001 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, 2001.
3. To appoint a Director in place of Mr. J. M. Mukhi, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. H. V. Goenka, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. R. A. Naik, 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".

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. Manoj K. Maheshwari, 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 Dr. K. K. Sharma, 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 a Special Resolution:

"RESOLVED THAT the regulations contained in the printed document submitted to the meeting and for purpose of identification signed by the Chairman thereof be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing articles thereof".

By Order of the Board

M. J. Mendonza
Company Secretary

Registered Office:

Hebbal Industrial Area,
Hootagalli,
Belavadi Post,
Mysore-571 186

Dated: May 2, 2001.

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 9 of the Notice as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.

ANNUAL REPORT 2000-2001

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 1st August, 2001 to Tuesday, 14th August, 2001 (both days inclusive).
4. Dividend, if declared, at the Meeting will be paid on 28th August, 2001 to those members whose names appear on the Register of Members of the Company on 14th August, 2001.
5. 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. Manoj K. Maheshwari and Dr. K. K. Sharma were appointed as Additional Directors at the Board Meeting held on 24th October, 2000 and 29th January, 2001 respectively. Pursuant to the provisions of Section 260 of the Companies Act, 1956, they hold office of Director only upto the date of the ensuing Annual General Meeting. Notices have been received from some members under Section 257 of the Companies Act, 1956 proposing their candidature for the office of Director together with requisite deposits. Mr. Manoj K. Maheshwari is a well known Businessman with interests in consumer, pharmaceutical and chemical industries and is the Chairman/Director of a number of Companies. Dr. K. K. Sharma is a Chemical Engineer from IIT(K) and holds a doctorate in Welfare Economics. He has over 30 years experience in various industries. He is a Director on the Board of several well known Companies. 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. Manoj K. Maheshwari and Dr. K. K. Sharma is in anyway, concerned or interested in these resolutions.

Item No. 9

The Company's Articles of Association were adopted in the year 1982, when it was incorporated as a joint venture company along with Karnataka State Industrial Investment & Development Corporation Limited (KSIIDC). Subsequently KSIIDC has exited from the joint venture and the Company is now a public company whose shares are held by banks, financial institutions, foreign financial institutions, non-resident individuals, bodies corporate, mutual funds and general public. Since 1982 a number of changes have taken place in the economic environment following liberalisation as well as in the economic and other legislations. Though amendments were made to the Articles of Association from time to time, in view of the changes in the business

environment and current legislations affecting public companies viz., Companies Act, Depositories Act, SEBI and Stock Exchange Regulations etc., it is proposed to amend the Articles of Association of the Company to reflect the same.

Hence, amendments have been suggested to the Articles to bring the same in conformity with the Companies Act as also to exclude the reference to KSIIDC. The proposed changes are explained below:

(1) Article 1

- (a) The definitions of KSIIDC and Asian Cables are deleted from the Article 1 in view of the termination of the joint venture between KSIIDC and Asian Cables as mentioned above.
- (b) In view of a provision for Employees' Stock Option being made in the Article 3(ii)(d) to facilitate stock option to employees, the definition of Employee's Stock Option has been inserted.
- (c) In Article 3(ii)(b) a provision is made for issue of shares with differential rights and hence it has been felt necessary to define this term. Accordingly, clause (i) has been inserted in Article 1.
- (d) In Article 3(ii) a provision is made for issue of sweat equity shares and hence it has been felt necessary to define this term. Accordingly, clause (j) has been inserted in Article 1.

(2) Article 2

Existing Article 2 provides for the adoption of the Memorandum of Understanding (MOU) entered into between the erstwhile promoters namely KSIIDC and Asian Cables. As stated above, KSIIDC has withdrawn from the joint venture and hence reference to the MOU in Articles of Association is now redundant. The Article has been accordingly amended. The amendment for bringing in the reference to regulations contained in Table "A" of Schedule I to the Companies Act, 1956 is only clarificatory.

RPG CABLES LIMITED

(3) Article 3 (i)

- (a) Existing Article 3 inter alia provides for the increase in capital and issue of new shares by the Company. To simplify, all clauses in Article 3 are renumbered.
- (b) By the Companies Amendment Act, 2000, Section 2(46A) has been inserted and Section 86 amended, thereby allowing issue of shares with differential rights if the Articles so authorise. Accordingly, the first paragraph of existing Article 3(ii) has been deleted and clause (b) is inserted in new Article 3 (ii) for authorising the Company to issue the shares with differential rights.
- (c) Clause (d) is also proposed to be inserted in Article 3(ii) to authorise the Company to issue sweat equity shares and grant stock-options to its directors, employees and officers in view of the recent amendment to the Companies Act.
- (d) As per the second paragraph of existing Article 3(ii) the Company was authorised to purchase its own fully paid up shares out of the capital of the Company. The Companies Amendment Act, 1999 has inserted new Sections 77A, 77AA, 77B providing for guidelines for companies to buy-back their own securities. In view of this amendment the second paragraph of existing Article 3(ii) has been deleted and new clause (iv) has been inserted.

(4) Proposed New Article - 6

By the proposed Article the Company has been authorised to pay commission in consideration of any person subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions for shares and debentures of the Company. In view of provisions of Section 76, this amendment is proposed to facilitate such payment if the need arises.

(5) Proposed New Article - 7

In view of the provisions of Section 92 of the Act by this Article, the Directors are being authorised to receive from members in advance any unpaid amounts on shares though not called and pay interest on such advance money received.

- (6) Existing Articles 7 onwards have been renumbered in view of insertion of new Articles 6 and 7.

(7) Existing Article 8(1) i.e. New Article - 10(1)

The Article has been renumbered in view of insertion of new Articles 6 and 7. The proposed amendment is only clarificatory in view of the consequence provided in existing Article 8 (1) i.e. New Article 10(2).

(8) Existing Article - 10 i.e. New Article - 12

The Article has been renumbered and provision for declaration of interim dividend is made in view of the insertion of Section 205(1A) to (1C) of the Act.

(9) Existing Article - 16 (a)

Existing Article dealing with appointment of Nominee Directors by KSIIDC and Asian Cables is proposed to be deleted in view of termination of the joint venture between KSIIDC and Asian Cables. The provisions in clause (b) of existing Article 16 have been renumbered as Article 18 (a) to (e) for clarification.

(10) Existing Articles - 17(a) & (b), 22

In view of the termination of the joint venture and MOU between KSIIDC and Asian Cables, Articles 17 and 22 are redundant and hence deleted.

(11) Existing Article - 24

A provision for requirement of including the Responsibility Statement to the Board's Report is made in consonance with amendment to Section 217 of the Act by insertion of new sub-section (2AA).

(12) Existing Article - 25

This amendment is proposed in view of new Section 292A inserted in the Act requiring constitution of an Audit Committee.

(13) Existing Article - 32

In view of the withdrawal of the KSIIDC from the joint venture this provision is redundant and hence the Article is proposed to be deleted.

Your Directors recommend the same for your approval.

None of the Directors of the Company are interested or concerned in the resolution.

The existing Articles of Association as also a copy of the proposed amendments to the Articles are available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day.

By Order of the Board

M. J. Mendonza

Company Secretary

Registered Office:

Hebbal Industrial Area,
Hootagalli,
Belavadi Post,
Mysore-571 186
Dated: May 2, 2001

ANNUAL REPORT 2000-2001**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their Nineteenth Annual Report and Audited Accounts of the Company for the year ended March 31, 2001.

FINANCIAL RESULTS

	(Rs. in Crores)	
	2001	2000
Turnover (inclusive of other income)	396.66	443.46
Gross Profit (before depreciation, financial expenses & tax)	62.48	63.62
Less: Depreciation	12.13	12.28
Less: Financial expenses	31.07	32.91
Profit before Tax	19.28	18.43
Less: Tax	6.70	8.00
Less: Provision for tax for earlier years	1.60	-
Profit after Tax	10.98	10.43
Balance brought forward from previous year	36.15	35.18
Profit available for appropriation	47.13	45.61
Appropriations:		
Transferred to General Reserve	1.10	1.00
Transferred to Capital Redemption Reserve	-	5.00
Transfer from Debenture Redemption Reserve	-	(0.90)
Transfer from Investment Allowance Reserve	-	(1.59)
Dividend excess provision written back	-	(0.01)
Preference Dividend - Paid	-	1.26
- Proposed	0.04	0.50
Interim Equity Dividend - Proposed	-	3.61
Final Equity Dividend - Proposed	3.82	-
Tax on Dividend	0.39	0.59
Balance carried to Balance Sheet	41.78	36.15
	47.13	45.61

DIVIDEND

Your Directors are pleased to recommend payment of Dividend @ 18% on the paid up Equity Share Capital of the Company and @ 20% on 5,00,000 20% Redeemable Cumulative Preference Shares of Rs.100/- each payable pro-rata up to the date of redemption.

The dividend, if approved, will be paid out of current year's surplus. Your Directors have stepped up the rate of equity dividend from 17% paid last year to 18% this year. Payment on account of preference and equity dividend will absorb Rs. 4.25 Crs. including dividend tax.

OPERATIONS**Power Cables**

Your Company strengthened its business focus in higher margin XLPE range of cables and improved its market share. The Company also took advantage of PVC cable production

at its new cost competitive factory at Silvassa to improve market share. As a result, the Company has been able to position itself as one of the leaders in Power Cable business in the premium segment. The Company also increased its presence in Housewiring cable business segment.

TELECOM CABLES

Your Company was successful in retaining its market share (together with its subsidiary Concepta Cables Limited) despite increased competition and increased Industry capacity. This improvement was a result of high quality and on time delivery performance.

The Company has bagged good orders from BSNL (DOT)/MTNL as well as basic telephone operators from the Private Sector. The Company has also initiated the business of cable installation for Private Operators to improve its market position.

OPTICAL FIBRE CABLES

Despite world wide shortage of Optic Fibre, the Company sustained sales at 60,000 FKM and the division has turned around and become profitable. Our focus continued on private operators, CATV and internet segment.

FUTURE PROSPECTS

The prospects for the year 2001-02 looks reasonably good on account of increased demand for Jelly Filled Telephone Cables due to expected increased buying by BSNL/MTNL and other Private Operators. Although the excess capacity in the industry is a cause for concern, the business scenario for Power Cables is expected to show improvement on account of restructuring of Electric Utilities.

In Optic Fibre Cable segment, demand scenario is showing considerable growth with gradual easing of fibre supply position. The Company is poised to take advantage of the same, as expansion of capacity has been planned during the current year from 130,000 FKM to 440,000 FKM.

SUBSIDIARIES

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts as of March 31, 2001 together with the Reports of the Directors and Auditors of the subsidiaries viz. Concepta Cables Ltd., Blue Niles Holdings 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 at March 31, 2001 is Rs. 27.11 Crs. Deposits amounting to Rs.20.22 lacs from 213 depositors remained unclaimed as at the end of the year. Subsequently, deposits of Rs.6.01 lacs 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.

RPG CABLES LIMITED

TOTAL QUALITY MANAGEMENT

Your Directors are happy to record the continued progress in Total Quality Management movement at all levels in the Company. The new Silvassa factory obtained ISO 9001 certification. The Mysore Plant and Thane Plant received ISO 14001 certification besides already having ISO 9001. Other plants have planned it during the year. Mysore Plant received RPG Quality Award Certificate of Merit in the manufacturing Company category.

HUMAN RESOURCES

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

Mr. S. N. Bagla ceased to be a Director w.e.f. 24th October, 2000. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by Mr. S. N. Bagla during his tenure on the Board.

Mr. Manoj K. Maheshwari and Dr. K. K. Sharma were appointed as Additional Directors of the Company on 24th October, 2000 and 29th January, 2001 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. Manoj K. Maheshwari and Dr. K. K. Sharma as Directors on the Board of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

The Directors confirm that-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001 and of the profits of the Company for the year ended 31st March, 2001;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Section 292A of the Companies Act, 1956 read together with Clause-49 of the Listing Agreement regarding Corporate Governance, the Company has taken the following steps at its Board Meeting held on 29th January, 2001.

- (a) Appointment of Audit Committee

The Board of Directors has appointed an Audit Committee, as required under the amended provisions of the Companies Act, 1956, with Mr. B. L. Paranjape, as Chairman. The other members are Mr. Manoj K. Maheshwari and Dr. K. K. Sharma. These nominees are as per the guidelines related to appointment of audit committee.

- (b) Appointment of Shareholders/Investors Grievance Committee

The Board of Directors has appointed a Shareholders/Investors Grievance Committee to look into the complaints of shareholders and for specific redressal of their complaints. The Committee consists of Mr. B. L. Paranjape, as Chairman, Dr. K. K. Sharma and Mr. A. S. Jatkar. These nominees are as per the guidelines related to appointment of Shareholders/Investors Grievance Committee.

AUDITORS' REPORT

With regard to paragraph 7 of the Auditors' Report, the observation of the Auditors read in conjunction with the Notes on Accounts appearing in Schedule P II 5 annexed to the Balance Sheet and Profit and Loss Account, are self explanatory.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors express their gratitude to the Company's customers, shareholders, business partners viz. distributors and suppliers 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: May 2, 2001.

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, 2001.

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 has been optimised to save on energy bill. The contract demand in all the manufacturing units have been brought down and the power factor is being further improved.

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 like development of zero halogen low smoke XLPE cables for 'Metro Railway' and tough sheathed elastomeric cables for mining applications, improvement in design of PVC, XLPE & Rubber Cables 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. Development of compound suitable for nuclear power station, development of radar cable and introduction of fire resistant sheath for XLPE 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 : Rs. 11.28 lacs
 - b. Recurring : Rs. 22.48 lacs
 - c. Total : Rs. 33.76 lacs
 - d. Total R & D Expenditure as percentage of total turnover : 0.09 %

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 from 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 therefore and future plans of action. : The phased programme for absorption of technology with the help of erstwhile 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.437.01 lacs and outflow was Rs. 2431.13 lacs.

For and on behalf of the Board of Directors
H. V. Goenka
Chairman

Mumbai

Date: May 2, 2001.

RPG CABLES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

For RPG Cables Ltd, the year 2000-2001 ended on a very positive note. The Company was successful in retaining its market share (together with its subsidiary, Concepta Cables Ltd.) despite stiff competition and increased industry capacity. The Optic Fibre Cables Division turned around and contributed to the profits for the first time. In spite of world wide shortage of optical fibre pre-form, (an essential raw material), the Company could execute sales of over 60,000 FKM. Being a product of the future, this augurs well for the Company in the coming years. In Power Cables, the Company broke even and increased its market share. The Company's foray into Housewiring Cables has been successful and we expect this to grow in the next few years.

The Company is expanding its capacity for manufacture of Optic Fibre Cables (OFC) from 1,30,000 FKM to 4,40,000 FKM to take advantage of the demand for OFC which is expected to grow at a CAGR of around 40%. Increase in demand for OFC is expected due to increase in consumption of OFC in long distance telecommunication networks by BSNL and other private operators. However, the severe shortage of Optical Fibre which was experienced during 2000-01 is expected to continue for some time. The Company is in the process of tying up arrangements with Optical Fibre suppliers on long term basis.

Financial Highlights

A. Income Statement		(Rs. in Crs.)	
Particulars	31.03.2001	31.03.2000	
a) Gross Profit (before depreciation, financial expenses and tax)	62.48	63.62	
% of Net Sales	20.08%	17.09%	
b) Financial Expenses	31.07	32.91	
c) Depreciation	12.13	12.28	
d) PBT	19.28	18.43	
% of Net Sales	6.19%	4.95%	
e) Tax	8.30	8.00	
f) PAT	10.98	10.43	

Segmentwise turnover (gross sales) of the Company was as under:

	2000-01	(Rs. in Crs.) 1999-2000
Telecom Cables	327.64*	328.15*
Power Cables	91.62	70.04
Others	36.27	7.36

*Includes Rs. 98.90 Crs. (Previous year Rs. 0.56 Crs.) on account of our subsidiary Concepta Cables Ltd.

B. Balance Sheet		(Rs. in Crs.)
Particulars	31.03.2001	31.03.2000
Liabilities		
Share Capital	21.24	26.24
Reserves & Surplus	247.17	243.64
Loan Funds	228.98	277.28
Total	497.39	547.16
Assets		
Net Fixed Assets	110.90	121.18
Investments	154.68	154.94
Net Working Capital	231.81	271.04
Total	497.39	547.16

Share Capital

The Company's Paid-up Share Capital declined to Rs. 21.24 crs. after redemption of Preference Shares of Rs. 5 crs. during the year.

Loan Funds

The Company's loan funds declined to Rs. 228.98 crs. from Rs. 277.28 crs. in the previous year on account of repayment of high cost debts.

Investments

Investments remained about the same level as in the previous year.

Internal Control

The Company has adequate internal control procedures in respect of all its operations.

Distribution of income

		(Rs. in Crs.)			
Particulars	2000-01	%	1999-2000	%	
Material Cost	223.42	56.33	254.66	57.43	
Excise Duty	45.41	11.45	54.97	12.40	
Financial Expenses	31.07	7.83	32.91	7.42	
Other Expenses	44.85	11.30	50.22	11.32	
Personnel Expenses	20.50	5.17	19.99	4.51	
Depreciation	12.13	3.06	12.28	2.77	
Provision for Tax	8.30	2.09	8.00	1.80	
Profit after Tax	10.98	2.77	10.43	2.35	
	396.66	100	443.46	100	