



RPG CABLES LIMITED



21ST ANNUAL REPORT 2002-2003



BOARD OF DIRECTORS

Mr. H. V. Goenka, *Chairman*
 Mr. R. A. Naik
 Mr. Haigreve Khaitan
 Mr. J. M. Mukhi
 Mr. B. L. Paranjape (*expired on 19.3.03*)
 Mr. V. N. Nadkarni
 Mr. D. G. Piramal
 Mr. Manoj K. Maheshwari
 Mr. P. K. Mohapatra
 Mr. A. K. Gupta (*IFCI Nominee*)
 Mr. A. S. Jatkar, *Managing Director*

MANAGEMENT TEAM

Mr. A. S. Jatkar, *Managing Director*
 Mr. Vijay R. Phatarphekar, *CE & SBU Head Power*
 Mr. A. K. Sharma, *Vice President & SBU Head Telenet Solutions*
 Mr. Nikhil Gupta, *Vice President - Finance & IT*

COMPANY SECRETARY

Mr. Bharat Thakkar

REGISTERED OFFICE

Hebbal Industrial Area,
 Hootagalli, Belavadi Post,
 Mysore - 570 018.
 Phone: 0821 - 2402401/404
 Fax: 0821 - 2402499

AUDIT COMMITTEE

Mr. R. A. Naik
 Mr. Manoj K. Maheshwari
 Mr. P. K. Mohapatra

CORPORATE OFFICE

Ceat Mahal,
 463, Dr. Annie Besant Road,
 Worli, Mumbai - 400 030.
 Tel : 24937244/56670300
 Fax : 24930206
 Website : www.rpgcables.com

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Mr. R. A. Naik
 Mr. P. K. Mohapatra
 Mr. A. S. Jatkar

BANKERS

State Bank of India
 Canara Bank
 Bank of India
 Global Trust Bank

REGISTRARS & TRANSFER AGENTS

Alpha Systems Pvt. Limited,
 30 Ramanna Residency, Ground Floor,
 4th Cross, Sampige Road
 Malleswaram, Bangalore 560 003.
 Phone: 080 - 3460815-818
 Fax: 080 - 3460819
 Email: alfint@vsnl.com

SOLICITORS & ADVOCATES

Khaitan & Co.

AUDITORS

N. M. Raiji & Co.
 Chartered Accountants

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF RPG CABLES LIMITED WILL BE HELD ON WEDNESDAY, THE 24TH DECEMBER, 2003 AT 11.00 A.M. 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, 2003 and the Profit and Loss Account for year ended on that date together with the reports of the Directors and Auditors.
- 2) To appoint a Director in place of Mr. Dilip.G.Piramal, who retires by rotation, and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. R A Naik, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Manoj K Maheswari, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5) 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, and other applicable provisions, if any, of the Companies Act, 1956, M/s N.M.Raiji & Company, Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company to hold office from 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

- 6) To consider, and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT in suppression of the earlier special resolution passed at the annual general meeting held on 27th September, 2002 and subject to such approvals as may be necessary, the approval of the Company be and is accorded for delisting of the equity shares of the Company, in terms of Securities And Exchange Board Of India (Delisting of Securities) Guidelines-2003 from all the Stock Exchanges, other than at the National Stock Exchange of India Ltd, Mumbai and the Bangalore Stock Exchange, Bangalore where the equity shares of the Company are presently listed."

"RESOLVED FURTHER THAT the Board of Directors (the Board) of the Company be and is hereby authorised to delist the equity shares of the Company from Bombay

Stock Exchange, Calcutta Stock Exchange, Delhi Stock Exchange, Jaipur Stock Exchange, Ahmedabad Stock Exchange, Saurashtra Kutch Stock Exchange and Vadodara Stock Exchange at such time as the Board may in its absolute discretion, consider appropriate and upon such terms and conditions as may be in the interest of the Company, after taking into account various factors such as but not limited to the incidence, impact or burden of the cost of listing fee payable to the Stock Exchanges located as aforesaid and the volume of the trading on the relevant Stock Exchanges."

"RESOLVED FURTHER THAT the Board be and is hereby further authorised and granted powers to remove difficulties and do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to this resolution."

By Order of the Board

Bharat Thakkar
Company Secretary

Registered Office:
Hebbal Industrial Area,
Hootagalli
Belavadi Post
Mysore - 570 018

Dated : 14th November, 2003

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 no. 6 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 Friday, 19th December, 2003 to Wednesday 24th December, 2003 (Both days inclusive).
- 4 Members are requested to:
 - a) Notify any change in address with Pin Code numbers immediately to the Company's Registrars & Share Transfer Agents M/s. Alpha Systems Pvt. Limited, 30, Ramanna 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 in all their correspondence.

RPG CABLES LIMITED**ANNEXURE TO THE NOTICE**

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

Item No. 6

The Company's Equity Shares are listed on nine Stock Exchanges viz. Bangalore Stock Exchange Ltd., Vadodra Stock Exchange Ltd., The Delhi Stock Association Ltd., National Stock Exchange of India Ltd., The Stock Exchange, Ahmedabad, The Saurashtra Kutch Stock Exchange Ltd., The Calcutta Stock Exchange Association Ltd., Jaipur Stock Exchange Ltd. and The Stock Exchange, Mumbai.

The trading volumes on the Stock Exchanges other than at the Stock Exchange, Mumbai and the National Stock Exchange have been very thin and no particular benefit is available to the shareholders of the Company by continuing the listing of the shares on these exchanges. Moreover, with online trading available and accessible throughout the country on the National Stock Exchange, the need for listing on all such Stock Exchanges is no longer necessary. The Company is therefore desirous of delisting of its shares from all the Stock Exchanges other than from the National Stock Exchange and the Bangalore Stock Exchange in the state of Karnataka where the Registered office of the Company is situated.

It is accordingly proposed to give authority to the Board of Directors of the Company to delist the Equity shares from any or all of the said Stock Exchanges, other than at National Stock Exchange and Bangalore after taking into consideration the interest of the shareholders in general.

The above resolution is therefore, recommended for your approval. The shareholders have already approved delisting of shares from six stock exchanges at the Twentieth Annual General Meeting of the Company held on 27th September, 2002. The present resolution authorizes delisting from seven exchanges. In respect of delisting at six exchanges which was approved earlier, the present resolution is proposed to be adopted by way of an abundant caution since the Securities Exchange Board of India (Delisting of Securities) Guidelines-2003 were issued in February 2003, i.e. after the resolution was adopted on 27th September, 2002.

Except to the extent of the individual shareholding, none of the Directors of the Company is concerned and/or interested in this resolution.

By Order of the Board

Bharat Thakkar
Company Secretary

Registered Office:

Hebbal Industrial Area,
Hootagalli
Belavadi Post
Mysore - 570 018

Dated : 14th November, 2003

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their Twenty-First Annual Report and Audited Accounts of the Company for the year ended March 31, 2003.

FINANCIAL RESULTS

| | (Rs. In Crores) | |
|--|-----------------|----------------|
| | *2002-03 | 2001-02 |
| Turnover (Inclusive of other income) | 187.68 | 345.87 |
| Gross Profit (before depreciation, interest & tax) | 2.11 | 21.02 |
| Less: Depreciation | 8.59 | 11.24 |
| Less: Interest (Net) | (1.24) | 5.78 |
| Profit before Tax | (5.24) | 4.00 |
| Less: Tax | - | 0.01 |
| Add: Deferred tax Adjustments | (5.52) | (0.67) |
| Less: Provision for tax for earlier years | (2.25) | 0.25 |
| Profit after Tax | 2.53 | 4.41 |
| Balance brought forward from Previous year | 44.49 | 41.78 |
| Profit available for appropriation | 47.02 | 46.19 |
| Appropriations: | | |
| Equity Dividend | - | 1.70 |
| Balance carried to Balance Sheet | 47.02 | 44.49 |
| | 47.02 | 46.19 |

* These include the result of Operations of Concepta Cables Ltd for a part of the year.

MERGER OF CONCEPTA CABLES LTD

You will recall that at an Extraordinary General Meeting of the Company held on 11th April, 2003 the shareholders had approved the Merger of a subsidiary of your Company, Concepta Cables Ltd., with the Company.

We are pleased to confirm that all approvals have been received for this merger and the results for the year 2002-03 reflect the merged position.

DIVIDEND

Your Directors regret their inability to recommend payment of dividend for the year under review in view of insufficient profits.

OPERATIONS**Telecom Cables**

In the Jelly Filled Telecom Cables segment of the business, there has been a further price erosion by approx. 20% as a result of which your company was unable to accept any orders, resulting in a steep reduction in sales and profits. The Company has taken several initiatives to substantially reduce costs & minimize losses. The Rae Bareilly Plant of the Company was closed down. In the Optical Fibre Cable segment, the Company increased the volume from 100834 FKM to 229694 FKM out of the new plant at Mysore. Your company has also tied up with Corning, USA for providing structured cabling solutions in India.

Power Cables

It was a mixed year for the Power Cables industry. The demand was low in the first two quarters but increased significantly in the last two quarters both in the Low Tension and High Tension segments. The operating expenses were monitored closely and the rationalizing of the manpower base and other operating costs continued unabated. Emphasis was laid on achieving positive cash flows.

Housewiring Cables

The turnover of this business continued to grow significantly. 'RPG Cables' brand is now present across the country and has received wide recognition for quality among end users as well as Architects, Builders & Contractors. To promote the brand, your Company organized various meets and campaigns in different parts of the Country to get closer to the customers.

Telenet Solutions

This is a new business commenced last year by your company for undertaking contracts for installation of Telecom Cables & Towers. This business was able to establish a foothold in the competitive market and has already earned a name for itself.

FUTURE PROSPECTS**Telecom Cables**

Most of the Basic Service Providers have completed their long distance Optical Fibre Cable (OFC) networks. The demand for OFC in the next one year will therefore come from organizations having 'right of way' and for development of the 'access' network. The demand for OFC is expected to remain static during 2003-04 with some stability in pricing.

The Jelly Filled Telephone Cable business is likely to remain stagnant on account of increased usage of Optic Fibre based systems and wireless systems.

Power Cables

In continuation of the ambitious plan unveiled by the Government for the power industry last year, a legislation was introduced in January 2003 to open up the sector for

RPG CABLES LIMITED

private participation in both generation and distribution. This is expected to provide fillip to the power industry and increase/improve the quality of transmission & distribution networks substantially, thereby resulting in improved levels of demand for cables in 2003-04. Growth is particularly fuelled by the continuing improvement in Oil, Petrochemicals, Infrastructure, Steel and Power distribution sectors. The Accelerated Power Development and Restructuring Programme (APDRP) would create a huge demand for High Tension cables.

In the ensuing years due to efficiencies of production being achieved by Indian industry as a result of increase in the size of operations, the export sector would also open up resulting in added demand.

Housewiring Cables

Having established its presence across the Country, the company envisages a rapid increase in its business due to the large scale infrastructural development being undertaken in the country. At the same time various new products are being introduced in the market to cater to the needs of discerning customers.

Telenet Solutions

The company has received a large order from a prestigious organization and is in an advanced stage of negotiating several other orders. Our entry into this line of business has been timely as it has thrown open a large untapped potential in the market place.

SUBSIDIARIES

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts as of March 31, 2003 together with the Reports of the Directors and Auditors of the subsidiary Blue Nile Holdings Ltd., is attached.

During the year, one of the subsidiaries, KTL Industrial Finance Co. Ltd., was sold due to its continued poor performance.

DEPOSITS

The Company has been accepting deposits from the public and shareholders. Total amount of such fixed deposits as at March 31, 2003 was Rs. 3468.67 lacs. Deposits amounting to Rs. 39.86 lacs from depositors remained unclaimed as at the end of the year. Subsequently, out of the said unclaimed deposits, deposits for Rs. 31.07 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.

TOTAL QUALITY MANAGEMENT

Your Directors are happy to record the continued progress in Total Quality Management movement at all levels in the Company. The Mysore Plant and Thane Plant are certified to ISO 14001 certification besides already having ISO 9001. The Silvassa plant is certified to ISO 9001 standards. The Thane Plant received the prestigious RPG Quality Award 2002 Certificate of Merit in the Manufacturing Category.

VOLUNTARY DELISTING OF THE COMPANY'S SECURITIES

Last year, your Company had taken the approval of the shareholders for voluntary delisting of its shares from various stock exchanges. Due to changes in certain regulations, the Company has been called to once again seek your approval to this voluntary delisting for which a proposal appears in the Notice convening the Annual General Meeting.

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.

DIRECTORS

Your directors regret to report the untimely demise of Mr. B L Paranjape who was a Director of the company since November 1997. Your Directors wish to place on record their sincere appreciation for the contribution made by Mr. Paranjape in the progress of the Company.

Mr. Manoj Kumar Maheshwari; Mr R A Naik and Mr Dilip G Piramal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. A K Gupta of Industrial Finance Corporation of India Ltd joined the Board on 29th July 2003 as the Nominee Director from the said financial institution.

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, 2003 and the profit of the Company for the year ended 31st March, 2003.
- (iii) Proper and sufficient care has been taken for 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

The Corporate Governance and the Management Discussion & Analysis Reports form an integral part of this report and are set out as separate Annexures to this report. The Certificate of the Auditors of the Company certifying compliance of the conditions of the Corporate Governance as stipulated in clause

49 of the Listing Agreement with Stock Exchanges is also annexed with the report on Corporate Governance.

AUDITORS'

M/s. N. M. Raiji & 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, distributors and suppliers for their understanding and support.

Your Directors also record their appreciation and gratitude to Financial Institutions and Banks 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: 14th November, 2003.

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, 2003

A. CONSERVATION OF ENERGY

Energy Conservation Measures Taken

The Company has laid greater emphasis on use of alternate fuel for diesel generator. Consequent to efficient loading and synchronization the Company has been able to effectively optimize the performance of diesel generators. Only critical equipments have been connected with diesel generators. In addition, for efficient consumption of energy, apparatus like HT breaker (in MSEB incoming line to overcome failure of motors due to single phasing), and MDI controller for controlling maximum demand etc. have been installed. Secondly, measures for reuse of old/waste oil in Boilers, installation of lighting energy savers, machine specific lighting have been initiated.

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

1. Specific areas in which R & D is carried out by the company.

New product development like special light weight filler and tough rubber sheath, which is cost effective having comparatively longer life, have been developed for customers. Trials are underway to develop cables for cellular communication system. Developmental activities are carried on a continuous basis for improvements in product quality. R&D is focused also on import substitution and reducing lead time in manufacturing and deliveries.

2. Benefits derived as a result of the above R & D.

Above efforts have helped the company to be a leading manufacturer of cables which are produced to international standards and specifications, enabling the Company to improve margins establishing presence in emerging technology sectors, stay competitive and achieve greater customer satisfaction.

3. Future plan of action.

New product development like crosslinked PVC compound with excellent mechanical properties, dry cured Silicone

based Polyethylene compound, Import substitution of XLPE compound, Zero Halogen Low Smoke compound and cost effective speciality compound formulation are in line for commercial application.

4. Expenditure on R & D :

(a) Capital : Nil

(b) Recurring: Rs.19.19 lacs

(c) Total : Rs.19.19 lacs

(d) Total R & D expenditure as a percentage of total turnover is less than 1%.

Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

Efforts are on from this year to innovate products in the active components segment of telecom business. Trials are also being conducted to develop cables for cellular communication systems.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

The above efforts would result in development of new cost effective products.

3. In case of imported technology:

(a) Technology imported : Manufacture of Optical Fibre Cables

(b) Year of import : 2001

(c) Has technology been fully absorbed: Yes

(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action : Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange earned was Rs.639.86 lacs and outflow was Rs.2103.65 lacs.

For and on behalf of the Board of Directors

H V Goenka
Chairman

Mumbai

Dated: 14th November, 2003

RPG CABLES LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS****Business Review**

The Company is engaged in the business of manufacture and sale of Telecom, Power and Housewiring Cables. During the year, a new SBU, Telenet Solutions, was formed to undertake all activity relating to laying of cables, erecting towers and providing turnkey solutions for setting up communication networks involving Optical Fibre, Microwave and Copper. During the year the Company also entered into the business of Structured Cabling.

Overview of Operations**Telecom Cables**

The Company decided not to supply any Polyethylene Insulated Jelly Filled Telephone Cables (PUJF) to BSNL due to difficult market conditions caused by increased competition, over capacity and negative margins. The Company was selective in choosing only remunerative orders and hence there was a substantial decline in overall sales.

The future of the industry for PUJF Cables continues to be quite unpredictable. The demand for the product is declining rapidly due to increase in mobile telephony which is set to replace land lines over a period of time.

Optic Fibre Cables (OFC) are rapidly replacing PUJF Cables of higher pairage. In future, only the connectivity for the last mile from the exchange to the user will be through Copper cables. The market for OFC is now stable. The Company is well positioned to supply these cables to traditional Public Sector companies viz. BSNL, MTNL, Railways as well as Private Sector Companies like Reliance, Tatas, Bharti, and Cable TV operators.

Though the Company was successful in increasing market share, it could not however increase its profitability due to reduction in margins, decline in prices of fibre and entry of new players.

In view of the above, the Company is examining new areas and opportunities for enhancing business in the Telecom market through tie-ups such as the one with Corning for structured Cables.

Power Cables

It was a tough year for the Power Cables Industry in general with falling margins. The Government has already introduced the Electricity Act, 2003 which will encourage private sector participation in Transmission and Distribution, restructure State Electricity Boards (SEBs) reduce subsidies, tariff rationalization and give high priority to the Power Sector.

Growth is also expected in other infrastructure sectors, which will eventually lead to an increase in demand for LT Cables. During the year the capacity of the Company's plant at Silvassa has been increased. The Plant enjoys tax benefits and is yielding good returns. Further the Company has initiated several cost control /reduction measures which will bear fruit in the following year. The Company is targeting exports and cable solutions which will help in improving its position.

Housewiring

As reported last year, this is a highly competitive segment with players from the organised and unorganised sector competing in a large and growing market. The Company has been able to increase its market penetration and build the "RPG" brand which has been well received in the market and made a mark among quality conscious consumers. The Company's products are now marketed throughout the country. The Company is geared to improve its market share with strong brand promotion and contacts with Architects, Builders, Contractors and other direct users.

Financial Highlights

| | | Rs. in Crs | |
|-----------------------|--------|------------|------------|
| A. Income Statement | | 31.03.2003 | 31.03.2002 |
| Particulars | | | |
| a) PBDIT | 2.11 | 21.02 | |
| % of Sales | 1.21% | 6.31% | |
| b) Financial Expenses | (1.24) | 5.78 | |
| c) Depreciation | 8.59 | 11.24 | |
| d) PBT | (5.24) | 4.00 | |
| % of Sales | (3%) | 1.20% | |
| e) Tax (Net) | (7.77) | (0.41) | |
| f) PAT | 2.53 | 4.41 | |

Segmentwise turnover of the Company was as under:

| | Rs. in Crs | |
|----------------|------------|---------|
| | 2002-03 | 2001-02 |
| Telecom Cables | 32.71 | 189.77 |
| Power Cables | 122.40 | 125.71 |
| Others | 19.93 | 17.91 |
| Total | 175.04 | 333.39 |

| | | Rs. in Crs | |
|------------------------|--------|------------|------------|
| B. Balance Sheet | | 31.03.2003 | 31.03.2002 |
| Particulars | | | |
| Liabilities | | | |
| Share Capital | 21.24 | 21.24 | |
| Reserves & Surplus | 111.17 | 225.69 | |
| Loan Funds | 209.49 | 221.62 | |
| Deferred Tax Liability | 2.35 | 20.59 | |
| Total | 344.25 | 489.14 | |
| Assets | | | |
| Net Fixed Assets | 102.22 | 97.20 | |
| Investments | 91.03 | 152.61 | |
| Net Working Capital | 148.98 | 239.33 | |
| Miscellaneous Exp. | 2.02 | - | |
| Total | 344.25 | 489.14 | |

Loan Funds

The Company's Loan funds declined to Rs. 209.49 crs from Rs. 221.62 crs in the previous year on account of repayment of high cost debts.

Investments

Investments have declined substantially due to the sale of a subsidiary-KTL Industrial Finance Co. Ltd., and the merger of Concepta Cables Limited with the Company.

| Distribution of Income | | | (Rs. in Crs) | |
|------------------------|---------|--------|--------------|--------|
| Particulars | 2002-03 | % | 2001-02 | % |
| Material Cost | 107.00 | 55.46 | 222.52 | 65.06 |
| Excise Duty | 18.35 | 9.51 | 40.68 | 11.89 |
| Interest | (1.24) | (0.64) | 5.78 | 1.67 |
| Other Expense | 42.97 | 22.27 | 41.78 | 12.22 |
| Personnel Expenses | 17.26 | 8.95 | 20.00 | 5.85 |
| Depreciation | 8.59 | 4.45 | 11.24 | 3.29 |
| Total | 192.93 | 100.00 | 342.00 | 100.00 |

| Return on Capital Employed (ROCE) | | (Rs. in Crs) | |
|-----------------------------------|---------|--------------|--|
| Particulars | 2002-03 | 2001-02 | |
| Shareholders Fund (Net) | 132.41 | 246.93 | |
| Loan Funds | 209.49 | 221.62 | |
| Capital Employed (Net) | 341.90 | 468.55 | |
| PBIT | (6.48) | 9.78 | |
| ROCE (%) | (1.90) | 2.09 | |
| EPS | 1.19 | 2.07 | |
| Book Value per share | 62.34 | 116.26 | |

The Shareholders funds have decreased substantially due to the effect of the merger of Concepta Cables Ltd with the Company, sale of KTL Industrial Finance Co. Ltd, the wholly owned subsidiary and recording of the losses of Blue Niles Holdings Ltd. in terms of the Scheme of Amalgamation approved by the High Courts of Mumbai & Karnataka.

Internal Control Systems

The Company has an effective system of internal audit to ensure that there exists a proper control over all the transactions. The Internal Audit Department periodically conducts audits of the key areas of business and systems and reports to the Managing Director. Significant audit

observations, follow-up actions and audit plans are reported to the Audit Committee which consists of two independent Directors and meets once every quarter.

Total Quality Management and Human Resources / Industrial Relations

Quality Management is given utmost importance and today all the Plants have ISO Certification.

The Company won the RPG Quality Award Certificate of Merit, for its Thane Unit. Rightsizing and re-organisation is continuously taken up to reduce costs to remain competitive.

Industrial Relations continue to be cordial. The Company regularly conducts training programmes for its employees at all levels to improve and sharpen the skills and knowledge of its employees. Employees are actively involved in Small Group Activities (SGA's) which helps in bringing cohesion, togetherness and sense of belonging to the organization which in turn results in greater productivity.

Investors Service

The Company values its investors. A grievance redressal mechanism has been set in place to ensure prompt redressal. The Company facilitates payment of interest / dividend through Electronic Clearing System (ECS) to ensure prompt payments and avoid delays or loss of warrants. The Company communicates with its investors regularly through newsletters and also has a section on its web-site www.rpgcables.com for the benefit and use of investors. The Company's results are regularly updated on the web-site.

Information Technology

The Company believes in the power of Information Technology and has provided a computer to each and every employee. These computers are fully networked to provide information and communication technology to all employees.

During the year, our Website has also been upgraded to provide better content and prompt response.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objective, projections and estimates are forward looking statements within the meaning of applicable security laws and regulations. Actual result may vary from those expressed or implied depending upon economic conditions, government policies and other incidental factors.