



RPG CABLES LIMITED

23rd Annual Report 2004 - 2005

Report  Junction.com



ANNUAL REPORT 2004-05**BOARD OF DIRECTORS**

Mr. R.A. Naik
 Mr. H. C. Dalal
 Mr. M. K. Kumar
 Mr. K. Kalyanasundaram, Nominee of IFCI
 Mr. Nikhil Gupta, Managing Director

AUDIT COMMITTEE

Mr. R. A. Naik
 Mr. H. C. Dalal
 Mr. K. Kalyanasundaram

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Mr. H. C. Dalal
 Mr. M. K. Kumar
 Mr. Nikhil Gupta

COMPANY SECRETARY

Mr. Jitin Parekh

REGISTRARS AND SHARE TRANSFER AGENTS

Alpha Systems Private Limited
 30, Ramanna Residency,
 4th Cross, Sampige Road,
 Malleswaram, Bangalore 560 003.
 Phone: 080 - 23460815 / 816 / 817 / 818
 Fax: 080 - 23460819
 Email: alfint@bgl.vsnl.net.in

MANAGEMENT TEAM

Mr. Nikhil Gupta
 Mr. Ashok Kumar K. M.
 Mr. Rajendra Mishra
 Mr. C. N. Banerjee
 Mr. S. Raguraman

REGISTERED OFFICE

Hebbal Industrial Area,
 Hootagalli, Belavadi Post,
 Mysore-571 186.
 Phone: 0821 - 2402401 / 409
 Fax: 0821 - 2402499

CORPORATE OFFICE

Ceat Mahal,
 463, Dr. Annie Besant Road,
 Worli, Mumbai 400 030.
 Ph: 022-56670300 / 24937244 / 24938330
 Fax: 022 - 24930206
 Website: www.rpgcables.com

BANKERS

State Bank of India
 Canara Bank
 Bank of India
 Oriental Bank of Commerce Limited

SOLICITORS & ADVOCATES

Khaitan & Co.

AUDITORS

N. M. Raiji & Co.
 Chartered Accountants

CONTENTS

	Page Nos.
Notice	4
Directors' Report	8
Management Discussion and Analysis Report	10
Report on Corporate Governance	11
Auditors' Certificate on Corporate Governance	16
Auditors' Report on Accounts	17
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Schedules	23
Balance Sheet Abstract and General Business Profile	35
CONSOLIDATED FINANCIAL STATEMENTS	
Auditors' Report	36
Profit and Loss Account	37
Schedules	38
Attendance Slip and Proxy Form	45

RPG CABLES LIMITED

NOTICE

Notice is hereby given that the twenty-third Annual General Meeting of the Members of RPG Cables Limited will be held on Tuesday, the 20th day of September, 2005 at Hebbal Industrial Area, Hootagalli, Belavadi Post, Mysore 571 186 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at March 31, 2005 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. H. C. Dalal, who was appointed as the Director of the Company with effect from 30th October 2004 in casual vacancy caused by resignation of Mr. Haigreve Khaitan as a Director of the Company and who holds office upto the date of this Annual General Meeting pursuant to provisions of Section 262 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director of the Company.
- 3) 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 & Co., 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:

- 4) To appoint a Director in place of Mr. M. K. Kumar, who was appointed as an Additional Director of the Company with effect from January 28, 2005 by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
- 5) To appoint a Director in place of Mr. Nikhil Gupta, who was appointed as an Additional Director of the Company with effect from January 28, 2005 by the Board of Directors and who holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.
- 6) To consider, and if thought fit, to pass, with or without modification(s) the following Resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), and subject to the approval of the Central Government, the Company in general meeting hereby approves the appointment of Mr. Nikhil Gupta as Managing Director of the Company for a period of five years with effect from February 1, 2005 upon the terms and conditions including the terms as to remuneration approved by the remuneration committee and set out in the

Agreement dated February 8, 2005 (the "Agreement"), which Agreement be and is hereby specifically approved with liberty to the Board of Directors of the Company (the "Board") to alter, vary and modify the terms and conditions of the said appointment and the Agreement in such manner as may be agreed to between the Board and Mr. Nikhil Gupta."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during Mr. Nikhil Gupta's term of office as Managing Director, he will be paid the remuneration including all other benefits and perquisites set out in the said Agreement as the minimum remuneration."

"RESOLVED FURTHER THAT the aforesaid remuneration shall be payable to Mr. Nikhil Gupta initially for a period of three years from the date of appointment."

"RESOLVED FURTHER THAT in the event of any statutory amendment or relaxation by the Central Government to Schedule XIII of the Act the Board be and is hereby authorised to vary or increase the remuneration including the perquisites within prescribed limits or ceiling and the Agreement between the Company and Mr. Nikhil Gupta be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, matters, deeds and things and to take such steps as expedient or desirable to give effect to this Resolution".

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. 4 to 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 Tuesday, 13th September, 2005 to Tuesday, 20th September (Both days inclusive).
- 4 Members are requested to:
 - a) notify change, if any in address with Pin Code numbers immediately to the Company's Registrars & Share Transfer Agents M/s. Alpha Systems Private 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.

By Order of the Board

Jitin Parekh

Company Secretary

Mumbai, Dated: 29th June, 2005

Registered Office:

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

ANNUAL REPORT 2004-05**ANNEXURE TO THE NOTICE****Explanatory Statement as required under Section 173(2) of the Companies Act, 1956****Item No. 4**

The Board of Directors at their meeting held on January 28, 2005 appointed Mr. M. K. Kumar as an Additional Director of the Company. By virtue of Section 260 of the Companies Act, 1956, Mr. M. K. Kumar will hold office upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 alongwith requisite deposit from a member of the Company proposing his candidature for the office of Director.

The Board commends your approval to the said appointment as proposed at item no. 4 of the accompanying notice.

None of the Directors of the Company except Mr. M. K. Kumar is concerned or interested in the resolution as it relates to his own appointment.

Item Nos. 5 & 6:

The Board of Directors at their meeting held on 28th January 2005 appointed Mr. Nikhil Gupta as an Additional Director of the Company. By virtue of Section 260 of the Companies Act, 1956, Mr. Nikhil Gupta will hold office upto the date of this Annual General Meeting and is eligible for appointment. A notice has been received under Section 257 of the Companies Act, 1956 alongwith the requisite deposit from a member of the Company, proposing his candidature for the office of Director.

The Board commends your approval to the said appointment as proposed at item no. 5 of the accompanying notice.

The Board of Directors of the Company (the "Board") by a resolution dated 28th January, 2005 appointed Mr. Nikhil Gupta as Managing Director of the Company for a period of five years with effect from 1st February, 2005. The appointment of Mr. Nikhil Gupta and the remuneration payable to him on his appointment is subject to the approval of the Members of the Company and of the Central Government. The terms of the Agreement dated 8th February 2005 referred to in the Resolution at Item No. 6 of the accompanying Notice inter-alia are as follows: -

1. The appointment is for a period of 5 years from 1st February, 2005.
2. The Managing Director shall exercise his powers subject to overall superintendence, control and directions of the Board of Directors.
3. Mr. Gupta shall be entitled to exercise such powers on behalf of the Company as have been and may be lawfully entrusted to and conferred upon him by the Board either alone or jointly with any other person or persons as the Board shall determine from time to time.
4. Mr. Gupta shall not become interested or otherwise concerned directly or through his wife and / or minor children in any selling agency of the products of the Company.
5. Mr. Gupta shall not, without the prior consent of the Board of Directors, either, during or after termination of the appointment hereunder, divulge or communicate to any person or persons (except to such of the employees of the Company or any other duly authorised persons to whom the same should be divulged or communicated for the efficient conduct of the Company's business) or himself make use of any of the Company's secret or any other information which he may receive or obtain in relation to the Company's affairs or to the working of any process or invention which is carried on or used by the Company or any other matter which comes to his knowledge in the course of or by reason of his appointment with the Company.
6. Mr. Gupta shall be entitled to retain for his own use and benefit all his individual earnings, fees and commissions which may be received by him from any other Company/firm or from any source, or as a trustee of any fund or any association or a trustee for the holders of debentures or debenture-stock issued by any other Company.

7. In consideration of Mr. Gupta serving as Managing Director of the Company, he shall be entitled to receive the following remuneration and benefits subject to the provisions of the Companies Act, 1956, including the approval of the shareholders and of the Central Government, wherever required: -

- a) **Salary:** Rs. 72,500/- per month.
- b) **Perquisites:** In addition to the salary the Managing Director shall be entitled to the following perquisites:
 - i) Company Car: Rs. 1000/- per month
 - ii) Telephone at Residence: Rs. 1500/- per month

The above perquisites shall be evaluated as per the Income tax rules wherever applicable. In the absence of such rules, perquisites will be evaluated at actual costs.

Where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above Salary and perquisites as minimum remuneration subject to the ceiling limit prescribed in Schedule XIII of the Companies Act, 1956, and subject to the approval of Central Government.

The Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration specified herein above:

- i) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund. This shall not be included in the computation of the ceiling on the perquisites to the extent these singly or put together are not taxable under the provisions of the Income tax Act, 1961.
- ii) Gratuity: Half a month's salary for each completed year of service in accordance with the rules of the Company.
- iii) Encashment of Leave at the end of the tenure as per the rules of the Company.

8. (i) This Agreement may be terminated by the Company:

- a) by not less than three months' notice in writing given at any time to Mr. Gupta or by payment to him of three months' salary in lieu of notice.
- b) by summary notice in writing if Mr. Gupta shall have committed any breach or any continuing breach of his obligations hereunder or shall have been guilty of conduct tending to bring the Company or his Office hereunder into disrepute or shall have committed any act of insolvency or compounded with his creditors generally.

- (ii) This Agreement may be terminated by Mr. Gupta by giving to the Board of Directors not less than three months' notice in writing in that behalf.

9. If any dispute or difference shall arise between the parties hereto or between the Company and the legal representative or heirs of Mr. Gupta as to the interpretation of this Agreement or as to the duties or liabilities of either party hereunder or as to any matter or thing arising out of or under this Agreement, such dispute or difference shall be referred to one arbitrator if the parties agree upon one and in default of such agreement, to two arbitrators (one each to be appointed by each party) and/or their umpire pursuant to and in accordance with the provisions of The Arbitration & Conciliation Act, 1996 or any statutory modification or re-enactment thereof. The arbitration proceedings shall be held in the City of Mumbai and the Court in Mumbai shall have jurisdiction over such arbitration proceedings.

Necessary application has been made to the Central Government for its approval to the appointment of and payment of remuneration to Mr. Nikhil Gupta.

RPG CABLES LIMITED

Additional Information required to be given alongwith a Notice calling General Meeting as per proviso in sub para (C) of para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 is given hereunder:

I. General Information :							
(1) Nature of industry	Manufacturing and sale of all types of electrical cables, Telecom cables, Optical and Housewiring Cables.						
(2) Date or expected date of commencement of commercial production	The Company has been in the business for many years						
(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable						
		Rs. in Crores					
(4) Financial performance based on given indicators	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	
Turnover (including Excise Duty)	427.15	356.63	321.93	159.14	98.22	79.40	
Net profit (as computed under section 198)	20.42	14.59	(28.32)	(16.25)	(95.63)	(150.40)	
Net profit/ (Loss) as per profit and loss account	10.43	10.98	4.41	2.53	(130.90)	(42.45)	
Amount of Dividend paid (Equity)	3.61	3.82	1.70	—	—	—	
Rate of Dividend declared (Equity)	17%	18%	8%	—	—	—	
Amount of Dividend paid (Preference)	1.76	0.04	NA	NA	NA	NA	
Rate of Dividend declared (Preference)	198.20%	20%	NA	NA	NA	NA	
Earning before interest, depreciation & taxes	63.62	46.65	21.02	2.11	(65.63)	(12.86)	
% of EBITD to turnover	14.89%	13.08%	6.53%	1.33%	(66.82)%	(16.12)%	
(5) Export performance and net foreign exchange collaborations	(27.39)	(19.94)	(24.99)	(14.64)	(9.76)	(0.0042)	
(6) Foreign investments or collaborators, if any.	NIL						
II. Information about the appointee:							
(1) Background details	Name: Mr. Nikhil Gupta Designation: Managing Director Father's name: Mr. Anand Swaroop Gupta Nationality: Indian Date of Birth: 06-10-1957 Qualifications: Bachelor of Arts (Hons), Chartered Accountant Experience: Over 20 years.						
(2) Past remuneration	The gross remuneration to Mr. Nikhil Gupta in the year 2003-04 was Rs. 2,00,696/- per month.						
(3) Recognition or awards	Rank holder in the Institute of Chartered Accountants of India.						
(4) Job profile and his suitability	He has experience of approximately 20 years in the Electrical/Telecom industry. He has been associated with the Company in various capacities and will be incharge of day to day affairs of the Company.						
(5) Remuneration proposed	Basic Salary Rs. 72,500/- per month Other perquisites the monetary value of which shall not exceed Rs. 2,500/- per month (calculated as per the Income tax Act and the Rules made thereunder.)						
(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Compared to the remuneration with respect to the industry, present financial situation and size of the Company, etc. the remuneration to be paid to Mr. Nikhil Gupta is reasonable.						
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. Nikhil Gupta has no other pecuniary relationship with the Company or with the managerial personnel except the remuneration to be paid to him as Managing Director of the Company.						
III. Other information :							
(1) Reasons of loss or inadequate profits	The performance of the Company was severely impacted due to depressed market conditions in the Telecom industry and the tight cash flow position of the Company.						

ANNUAL REPORT 2004-05

(2) Steps taken or proposed to be taken for improvement	<ul style="list-style-type: none"> The total staffing strength reduced by 29.34 % from 668 nos. March 2004 to 472 nos. as on May, 2005 across manufacturing (Mysore, Rae Bareli, Thane), head office and marketing divisions of the Company. Substantial savings have been achieved in this regard.
	<ul style="list-style-type: none"> The Company has taken stringent steps for recovery of a number of debtor claims, statutory dues etc resulting in recovery of substantial sums.
	<ul style="list-style-type: none"> The Company has also approached the lenders with a Corporate Debt Restructuring proposal that includes restructuring of the loan portfolio by seeking moratorium for repayment of loans and for lowering the rate of interest on loans.
	<ul style="list-style-type: none"> The Company has implemented cost cutting measures relating to administration and other overheads aggregating to over Rs. 9.00 Crores per annum.
(3) Expected increase in productivity and profits in measurable terms.	With the steps taken to improve the performance of the Company and the reforms initiated by the Government of India in the Power Sector, the Company expects revival in the next three to five years

IV. Disclosures

The details of the remuneration package of managerial personnel, such as salary, benefits, bonuses, stock options, pensions, fixed component and performance linked incentives, service contracts, notice period, severance fees, stock option details etc. are given in the Corporate Governance report attached to the Directors report.

The Board commends the approval by the members of the appointment of Managing Director and payment of remuneration to him.

Mr. Nikhil Gupta is concerned or interested in the said Resolutions at item nos. 5 and 6 of the accompanying notice as they relate to his own appointment.

The Agreement dated 8th February 2005 referred to in the Resolution at Item no. 6 of the accompanying Notice is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company except Saturday and Sunday.

By Order of the Board

Jitin Parekh

Company Secretary

Mumbai, Dated: 29th June, 2005

Registered Office:

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

RPG CABLES LIMITED

DIRECTORS' REPORT

Your Directors hereby present the twenty-third Annual Report together with Statement of Audited Accounts of the Company for the year ended March 31, 2005.

FINANCIAL RESULTS

(Rs. in '000)

	2004-2005	2003-2004
Turnover (Inclusive of other income)	1,095,436	1,210,765
Gross Profit/(Loss) (before depreciation, interest & tax)	(128,631)	(656,332)
Less: Depreciation	42,855	90,165
Impairment of Assets	—	261,832
Interest	253,024	326,754
Profit/(Loss) before Tax	(424,510)	(1,335,083)
Less: Taxation	—	26,040
Profit/(Loss) after Tax	(424,510)	(1,309,043)
Balance brought forward from previous year	(650,283)	470,210
	(1,074,793)	(838,833)
Appropriations:		
Transferred from General Reserve	—	(188,550)
Balance carried to Balance Sheet	(1,074,793)	(650,283)
	(1,074,793)	(838,833)

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

The information relating to energy conservation, technology absorption, foreign Exchange earnings and outgo as required to be disclosed under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure forming a part of this Report.

PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be given pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS

Mr. H. C. Dalal was appointed as a Director at the Board meeting held on 30th October, 2004 in the casual vacancy caused by resignation of Mr. Haigreve Khaitan. Mr. Haigreve Khaitan would have been liable to retire by rotation at the ensuing Annual General Meeting. Accordingly, pursuant to Section 262 of the Companies Act, 1956, Mr. H. C. Dalal shall retire by rotation and being eligible offers himself for re-appointment.

Mr. K. Kalyanasundaram was appointed as the Nominee Director of IFCI Limited with effect from 14.12.2004. Mr. M. K. Kumar and Mr. Nikhil Gupta were appointed as Additional Directors with effect from 28th January 2005. By virtue of Section 260 of the Companies Act, 1956, they would hold office upto the date of the ensuing Annual General Meeting and are eligible for appointment.

Mr. Haigreve Khaitan, Mr. H. V. Goenka, Mr. J. M. Mukhi, Mr. V. N. Nadkarni, Mr. P. K. Mohapatra, Mr. Manoj Maheshwari, Mr. D. G. Piramal, Mr. A. K. Gupta have resigned as Directors with effect from 21.09.2004, 03.09.2004, 15.12.2004, 20.09.2004, 18.11.2004, 29.07.2004, 30.06.2004 and 30.06.2004 respectively. Your Directors wish to place on record its appreciation of the valuable advice and guidance given by them during the tenure of their Directorship with the Company.

DEPOSITS

The default in payment to depositors both principal and interest thereon has been continuing. The Hon'ble Company Law Board, Southern Region, Chennai has passed orders in respect of small Depositors directing the Company for making repayments in installments for matured deposits. The Company has filed a review petition with the Hon'ble Company Law Board to grant extension of time to make repayment to depositors and the same is pending.

As on March 31, 2005 the total unpaid matured deposits was Rs. 12.60 crores and interest in arrears was Rs. 2.84 crores.

SUBSIDIARY COMPANY

During the year the Company has dis-invested its entire stake held in Blue Niles Holdings Limited and accordingly, Blue Niles Holdings Ltd. ceased to be a Subsidiary of the Company.

REFERENCE TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION

As per the audited accounts for the year ending 31st March 2004 the company had incurred losses resulting in negative net worth as on that date. The Company became a sick industrial undertaking within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985. Accordingly, a reference has been made to the Board of Industrial and Financial Reconstruction (BIFR) for revival and rehabilitation scheme for the Company. The said reference has been registered with them.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that –

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 2005 and the loss of the Company for the year ended on 31st March 2005;
- 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;
- The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the reports on Corporate Governance along with the certificate from Auditors and the Management Discussion & Analysis are annexed to this report.

DELISTING

Pursuant to the resolution passed by the Company at Annual General Meeting held on 24th December 2003, necessary applications for delisting has been made to Delhi Stock Exchange,

ANNUAL REPORT 2004-05

Jaipur Stock Exchange, Ahmedabad Stock Exchange, Saurashtra Kutch Stock Exchange and Vadodra Stock Exchange. The said applications are pending with the respective stock exchanges for disposal.

The Company has paid listing fees to the Stock Exchange, Mumbai and The National Stock Exchange of India Limited.

AUDITORS' REPORT

The observations made by Auditors in their report are self-explanatory. The management of the Company is taking various steps to resolve the matters at the earliest.

AUDITORS

M/s. N. M. Raiji & Co. Chartered Accountants, Auditors of the Company, would retire at the conclusion of the ensuing Annual

General Meeting and being eligible, offer themselves for re-appointment.

Members are requested to appoint the Auditors.

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 during a very difficult financial year. Finally, your Directors acknowledge the dedicated services rendered by all employees of the company.

For and on behalf of the Board

Mumbai

Dated: 29th June 2005

Nikhil Gupta

Managing Director

R. A. Naik

Director

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, 2005.

A. Conservation of Energy**Energy Conservation Measures Taken**

The Company continuously evaluates the cost of energy and uses the cheapest alternative from the grid / Wind Power and DG Set. In respect of the DG set, the generation cost has been optimised by the use of the alternative low cost fuel and effective loading. Utilities of PUJ and OFC plants at Mysore have been made common to save on energy costs. Measures are also taken to conserve energy by automation of water pumps, installation of light energy savers and modification of heating systems. Excess Contract Demand has been surrendered to optimise on power bill.

B. Technology Absorption, Research & Development (R & D)

1. Specific areas in which R & D is carried out by the company.
 - Development of cables for different applications.
 - Improve manufacturing processes for better product quality and reduction of wastes. 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.

Developed new communication cable products such as micro duct cables, structured cables, signaling cables, quad cables and composite cables.

Above efforts have helped the company to diversify its product portfolio and establishing presence in emerging technology sectors, stay competitive and achieve greater customer satisfaction.

3. Future plan of action

To take up development of structured cables, CATV cables communication cables for indoor applications, winding wires and wires for special applications. Plans are afoot also to develop cost effective and improved speciality compound and new types of cables for diverse applications.

4. Expenditure on R & D :

- | | | |
|--|---|----------------|
| a) Capital | : | Nil |
| b) Recurring | : | Rs.228.79 lacs |
| c) Total | : | Rs.228.79 lacs |
| d) Total R & D expenditure as a percentage of total turnover is 2.88%. | | |

Technology, Absorption, Adaptation and Innovation

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

Efforts continue to innovate products in the active components segment of telecom business. Trials are also being conducted to develop cables for cellular communication system.

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 Cable |
| 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 therefore and future plans of action. | : | Not applicable |

C. Foreign Exchange Earning and Outgo.

Total foreign exchange earned was Rs.0.55 Lacs and outflow was Rs.0.97 Lacs.

For and on behalf of the Board

Mumbai

Dated: 29th June 2005

Nikhil Gupta

Managing Director

R. A. Naik

Director

RPG CABLES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE

The Company mainly operates in the Power Cables, Telecom Cables, Housewiring cables and Telenet Solutions. The respective Industry scenario is as under :

Power Cables

The growth in power generation, transmission and Distribution is likely to get momentum by the passing of Electricity Act, 2003 and also the reorganization of State Electricity Board of different states in the country. The demand for power cables will also be increasing in view of rehauling of networks by the private distribution Companies and growth of infrastructure.

Telecom Cables :

The Telecom Cables industry comprises of Jelly Filled Cables and Optic Fiber Cables. The demand for Jelly Filled Cables is largely from Bharat Sanchar Nigam Limited. However, the new network rollout is being undertaken largely using CDMA based WLL technology and increased usage of Optical Fiber Technology which is cheaper in cost and has inherent technical advantage which has resulted in virtually no market for Jelly Filled Cables.

Housewiring Cables :

Housewiring cables find their application in electrical wiring for residential, industrial and commercial use. Housewiring cables in India are mainly produced by the unorganized sector. With more and more big players venturing into the market, the share of organized sector is expected to grow upto 50% in the near future.

Telenet Solutions :

This business involves installation of telecommunication towers and cables on turnkey basis. The demand for this segment of business is likely to increase as the teledensity is expected to grow rapidly and the thrust on improving infrastructure in the country.

OPPORTUNITIES AND OUTLOOK

With the economy growing at a rapid pace, passing of Electricity Act, 2003, thrust on infrastructure development, reorganization of State Electricity Boards, segregation of power generation, transmission and distribution, growth in industries like Steel, Petroleum, Automobiles and Construction the demand for all the segments of the products of the Company is expected to remain buoyant.

SEGMENT WISE & PRODUCT WISE PERFORMANCE

Financial Highlights

A. Income Statement

Rs. in '000

Particulars	31.03.2005	31.03.2004
a) PBDIT	(128,631)	(656,332)
b) Financial Expenses	253,024	326,754
c) Depreciation	42,855	90,165
d) Impairment of assets	-	261,832
e) PBT	(424,510)	(1,335,083)
f) Tax (Net)	-	26,040
g) PAT	(424,510)	(1,309,043)

Segment wise performance:

Rs. in '000

Net sales

	31.03.2005	31.03.2004
Telecom Cables	118,853	154,520
Power Cables	593,465	699,956
Housewiring	77,528	125,638
Turnkey Projects	197,457	161,819
Others	4,314	3,056
Total	991,617	1,144,989

RISKS, CONCERNS AND THREATS

Despite the best efforts made by the management to revive the Company, the operations may suffer due to non-availability of funds for working capital, non-fund based facilities like Letter of Credit and Bank Guarantees, pending rehabilitation scheme from Board for Industrial and Financial Reconstruction and other legal and statutory liabilities that may arise in view of non-payment of dues to fixed depositors. These are the major area of risks and concerns.

- However continuous efforts are being made to expand business activities and getting the Corporate Debt Restructuring proposal approved by the term lenders and bankers of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective system of internal audit to ensure that there exists a proper control over all the transactions across all the units of the Company, safeguarding the assets/resources, protecting them from loss or unauthorized use. Transactions are authorized, recorded and reported in compliance with various laws and Accounting Standards.

The internal audit programme comprises well documented policies, guidelines, authorities and approval procedures. 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 of the Directors.

TOTAL QUALITY MANAGEMENT & HUMAN RESOURCES / INDUSTRIAL RELATIONS

Quality Management is given utmost importance. All the plants of the Company have ISO Certification.

Human resource is one of the prime resources and the Company recognizes the importance of development of its human resources. Necessary training programmes are arranged to bridge the gap between existing skills and desired skills of the employees. Industrial Relations continue to be cordial. 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. The total number of employees as at 31.03.2005 was 472.

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.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a Report on Corporate Governance is given below.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to shareholders. The company has adopted a codified Corporate Governance Charter, inter alia, to fulfill its corporate responsibilities and achieve its financial objectives.

2. BOARD OF DIRECTORS

Composition and category of Directors is as follows:

Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Companies including Private companies in India.	No. of Committees in which chairman/Member (other than RPG Cables Limited)	
					Member	Chairman
Mr. Nikhil Gupta (w.e.f. 28.01.2005)	Managing Director	1	N.A.	Nil	N.A.	N.A.
Mr. R. A. Naik	*I & N.E.D.	4	No	Nil	N.A.	N.A.
Mr. H. C. Dalal (w.e.f. 30.10.2004)	*I & N.E.D.	2	N.A.	Nil	N.A.	N.A.
Mr. M. K. Kumar (w.e.f. 28.01.2005)	*I & N.E.D.	1	N.A.	3	Nil	Nil
Mr. K. Kalyanasundaram (w.e.f. 14.12.2004)	Nominee Director	1	N.A.	3	N.A.	N.A.

*Independent & Non-Executive Director

Following changes in Directors took place during the year 2004-2005 :

Mr. Haigreve Khaitan, Mr. H. V. Goenka, Mr. J. M. Mukhi, Mr. V. N. Nadkarni, Mr. P. K. Mohapatra, Mr. Manoj Maheshwari, Mr. D. G. Piramal and Mr. A. K. Gupta resigned as Directors with effect from 21.09.2004, 03.09.2004, 15.12.2004, 20.09.2004, 18.11.2004, 29.07.2004, 30.06.2004 and 30.06.2004 respectively.

Mr. A. K. Chakraborty was appointed as a Nominee of Industrial Finance Corporation of India Limited with effect from 30.06.2004 and his nomination was withdrawn with effect from 18.09.2004. Mr. Vinay Agarwal was appointed as Director and Managing Director with effect from 01.04.2004. He resigned with effect from 01.08.2004. Mr. Vijay Phatarphekar was appointed as Director and Managing Director with effect from 01.08.2004. He resigned with effect from 09.11.2004. Mr. R. Goenka was appointed as a Director in the casual vacancy caused by the resignation of Mr. Manoj Maheshwari with effect from 27.08.2004. He resigned with effect from 15.12.2004.

6 (Six) Board Meetings were held during the financial year 2004-2005. The dates on which meetings were held are as under :

30.06.2004, 29.07.2004, 27.08.2004, 24.09.2004, 30.10.2004 and on 28.01.2005

Pursuant to clause 49 of the Listing Agreement the particulars of Directors who are proposed to be appointed/re-appointed at this Annual General Meeting are given below :

Mr. H. C. Dalal

Mr. Dalal aged 59 years, is a B.Com(Hons) graduate from Mumbai University. He has over 38 years of experience in the field of Management Accounting, Taxation, Auditing, Banking, Project Management etc. He has been associated with RPG Group for almost 27 years.

Mr. Nikhil Gupta

Mr. Nikhil Gupta, aged 47 years, is a B.A.(Hons.) graduate from Delhi University and an Associate member of the Institute of Chartered Accountants of India, where he was a Rank holder.

Mr. Gupta has been with the Company for over four years initially as Vice President – Finance & IT and subsequently as Chief Executive. He has 20 years of experience with Price Waterhouse, Sandoz and most recently with Raychem RPG. He has held various positions in Finance, Logistics and Marketing before joining the Company.

Mr. Gupta has travelled extensively around the world and has been a guest speaker at various forums. He is a qualified Assessor for the RPG Development Centre and RPG Quality Awards and also won the first RPG Knowledge Management Award.

Mr. M. K. Kumar

Mr. M. K. Kumar, aged 63 years, is a B-E (Electrical), from Bangalore University. He has an extensive experience in the field of Marketing and Production. He has been associated with RPG Group for almost 35 years with an overall experience of about 38 years. He is a Director on the Board of Risa Automation Limited, Asiatic Computer Data Services Limited and Motion Dynamics Private Limited.

3. AUDIT COMMITTEE

A qualified and an independent Audit Committee of Directors has been set up consisting three non-executive and independent Directors. The terms of reference of this committee are wide enough to cover the matters specified in the Companies Act, 1956 for the Audit Committee and the Clause 49 of the Listing Agreement with the Stock Exchanges. The major terms of reference includes :-

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;