

RPG CABLES LIMITED



Your Vital Link



25th Annual Report
2006-2007

RPG CABLES LIMITED

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. R. A. Naik
Mr. H. C. Dalal
Mr. M.K. Kumar

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. Rajendra Mishra
Mr. C. N. Banerjee
Mr. S. Raguraman
Mr. Amit Sudhakar
Mr. Ratish Jha

REGISTERED OFFICE

Hebbal Industrial Area,
Hootagalli, Belavadi Post,
Mysore-571 186.
Phone: 0821 - 655 3375/655 3376
Fax: 0821 - 2402499

CORPORATE OFFICE

Ceat Mahal,
463, Dr. Annie Besant Road,
Worli, Mumbai 400 030.
Ph: 022-66670300 / 24937244 / 24938330
Fax: 022 - 24930206
Website: www.rpgcables.com

BANKERS

Deutsche Bank AG
HDFC Bank Ltd.

SOLICITORS & ADVOCATES

Khaitan & Co.

AUDITORS

N. M. Raiji & Co., Chartered Accountants

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The Annual Report can be viewed at www.rpgcables.com

ANNUAL REPORT 2006-07**NOTICE**

Notice is hereby given that the twenty-fifth Annual General Meeting of the Members of RPG Cables Limited will be held on Friday, the 27th day of July, 2007 at Hebbal Industrial Area, Hootagalli, Belavadi Post, Mysore 571 186 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 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 retires by rotation as the Director of the Company and being eligible offers himself for re-appointment.
- 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. Rajji & 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 consider, and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions if any, of the Companies Act, 1956 the regulations contained in the new set of Articles of Association of the Company as placed before the meeting be and are hereby adopted as Articles of Association of the Company in place of the existing Articles of Association of the Company."

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

"RESOLVED THAT In accordance with the provisions of Sections 81, 81(1A) and other applicable provisions of the Companies Act, 1956 (including any amendment to or re-enactment thereof for the time being in force), the relevant guidelines of the Securities and Exchange Board of India (SEBI), as may be applicable in respect of Preferential Issue of Securities and the Listing Agreement entered into by the Company with the concerned Stock Exchanges and enabling provisions in the Memorandum and Articles of Association of the Company and subject to the approval of such authorities as may be required and subject to such conditions which may be agreed to by the Board of Directors of the Company [hereinafter referred to as the "Board" which term shall deemed to include any Committee which Board may have constituted or hereinafter constitute to exercise its

powers including the powers conferred by this resolution], consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot from time to time in one or more tranches, 7,64,583 equity shares to be issued to Stressed Asset Stabilisation Fund under preferential issue offer, in such manner and on such terms and conditions as may be determined by the Board in its absolute discretion, provided that the price of the equity shares so issued shall not be less than Rs. 47.99 (including premium of Rs. 37.99), per equity share of Rs. 10/- each being the price on the Relevant Date i.e. June 27, 2007, as prescribed by the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, and the aggregate amount of the Securities so issued shall not exceed Rs. 367 lacs."

"RESOLVED FURTHER THAT the equity shares, if any allotted in terms of this resolution shall rank pari-passu in all respects with the then existing equity shares of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue of the Securities and shall also be entitled to vary, modify or alter any terms and conditions, as it may deem fit, subject however to the compliance with the applicable guidelines, notifications, rules and regulations."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of the aforesaid Securities and listing thereof with the concerned stock exchanges as may be appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of aforesaid Securities, and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Director(s)/ Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

By Order of the Board of Directors

Mumbai
Dated: June 27, 2007

Jitin Parekh
Manager-Legal &
Company Secretary

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

RPG CABLES LIMITED

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO 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 material facts relating to the special business mentioned under item nos. 4 & 5 of the Notice as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
- 3 Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

- 4 The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 20, 2007 to Friday, July 27, 2007 (Both days inclusive).
- 5 Members are requested to:
 - a) bring their copy of the Annual Report and Attendance Slip with them at the Annual General Meeting.
 - b) quote ledger folio/DP ID and Client ID in all their correspondence.

By Order of the Board of Directors

Mumbai
Dated: June 27, 2007

Jitin Parekh
Manager-Legal &
Company Secretary

Registered Office:

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

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 and SEBI (Disclosure & Investor Protection) Guidelines, 2000

Item No. 4

Pursuant to the resolution passed at the extra-ordinary general meeting of the members of the Company held on February 27, 2007 the Company and the promoters of the Company has entered into Debenture Subscription Agreement with Deutsche Bank, Hong Kong Branch for subscription of 500 convertible debentures of Rs. 5,65,000/- each aggregating to Rs. 28.25 crores. Upon the conversion of the fully convertible debentures, Deutsche Bank, Hong Kong Branch will hold 14.9% of the post conversion capital of the Company. As required under the Debenture Subscription Agreement Company is required to alter its Articles of Association to incorporate the necessary provisions of the Shareholders' Agreement as contained in the Debenture Subscription Agreement.

The present Articles of Association were adopted at the time of incorporation of the Company. Since then various changes have taken place and therefore it is advisable to adopt fresh set of Articles.

As required under Section 31 of the Companies Act, 1956 any alteration in Articles of Association requires to be approved by Special Resolution to be passed by the Shareholders at the General meeting of the Company.

The consent of the Shareholders in terms of the Special resolution at item no. 4 of the accompanying notice is required under Section 31 of the Companies Act, 1956.

Draft new set of Articles of Association referred to in the Resolution at Item no. 4 of the accompanying notice are 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.

None of the Directors of the Company is interested or concerned in the proposed resolution.

Item No. 5

The details of the issue and other particulars as required in terms of the SEBI guidelines for Preferential Issues is given as under:

Objects of the issue

Industrial Development Bank of India has assigned the dues from the Company to Stressed Assets Stabilisation Fund.(SASF) The Company has entered into One Time Settlement (OTS) with SASF. As per the OTS the Company was required to make payment of Rs. 365 Lakhs in cash and the balance amount of Rs. 367 lakhs to be settled by issue of equity shares under the Preferential Issue Guidelines. The Company has paid Rs. 365 lacs to SASF on March 30, 2007. With the issue of shares the entire dues to SASF will be settled.

Price:

Issue Price has been arrived at with respect to the 'Relevant Date' i.e. June 27, 2007 as prescribed under the SEBI Preferential Issue Guidelines is Rs. 47.99 per Share. As per the said guidelines preferential issue of securities shall not be made at a price lesser than the price so arrived.

The equity shares shall be allotted at a price of Rs. 48 per equity share(including premium of Rs. 38 per equity share).

Lock-in: The equity shares issued under the above preferential issue to the SASF shall be subject to lock-in as per the provisions of Clause 13.3 of the Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

Intention of promoters etc. to subscribe to the offer:

The Promoters/Directors/Key management persons do not intend to subscribe to the offer.

ANNUAL REPORT 2006-07**Shareholding pattern before and after the issue of equity shares:**

Sr. No.	Name	Pre issue* shareholding		Post issue shareholding	
		Shares	%	Shares	%
(i)	Promoters	10524304	33.67	10524304	32.86
	TOTAL (A)	10524304	33.67	10524304	32.86
(ii)	Non-Promoters				
	Mutual Funds and UTI	2799	0.01	2799	0.01
	Banks, Financial Institutions, Insurance Companies,	1494599	4.78	1494599	4.67
	FIs	1039203	3.32	1039203	3.24
	Private Corporate Bodies	2561741	8.19	2561741	8.00
	NRIs/OCBs	493761	1.58	493761	1.54
	Indian Public	15145354	48.45	15145354	47.29
	SASF	0	0.00	764583	2.39
	TOTAL (B)	20737457	66.33	21502040	67.14
	Total (A) + (B)	31261761	100.00	32026344	100.00

*As on 22.06.2007

Proposed time within which allotment shall be made:

The allotment of the equity shares is expected to be completed within 15 days of the date of passing the Special Resolution as proposed in Item no. 5.

Provided where the allotment is pending on account of pendency of any Regulatory or Central Government approval, the allotment shall be completed within 15 days from the date of such approval.

Identity of the proposed allottees and the percentage of the Equity Capital to be allotted on preferential basis:

The equity shares shall be issued to Stressed Assets Stabilisation Fund. Upon allotment of the equity shares Stressed Assets

Stabilisation Fund will hold 7,64,583 equity shares of Rs. 10/- each representing 2.39% of the post issue paid-up equity capital of the Company.

Consequential changes, if any in the Board of Directors:

Upon the allotment of equity shares, there will be no change in the Board of Directors.

Whether there will be a change in control over the company

Upon the allotment of equity shares, there will be no change in the control of the Company. The present Promoters/their associates or affiliates/Companies promoted by them, who already have control over the Company, will continue to have control over the Company.

A certificate of M/s. N. M. Raiji & Co., Chartered Accountants the Statutory Auditors of the Company certifying that the proposed preferential issue of equity shares is being made in accordance with the Preferential Issue Guidelines shall be laid before the shareholders at the Annual General Meeting.

The Preferential issue of shares will be within the terms of the SEBI Preferential Issue Guidelines.

The consent of the Shareholders in terms of the Special resolution at item no. 5 of the accompanying notice is required under Section 81(1A) of the Companies Act, 1956.

None of the Directors of the Company is interested or concerned in the proposed resolution.

By Order of the Board of Directors

Mumbai
Dated: June 27, 2007

Jitin Parekh
Manager-Legal &
Company Secretary

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

RPG CABLES LIMITED

DIRECTORS' REPORT

Your Directors hereby present the twenty-fifth Annual Report together with Statement of Audited Accounts of the Company for the year ended March 31, 2007.

FINANCIAL RESULTS

(Rs. in Cr)

	2006-07	2005-2006
Turnover (Inclusive of other income)	239.95	151.36
Gross Profit/(Loss) (before depreciation, interest & tax)	22.30	(5.14)
Less: Depreciation	3.96	3.86
Interest	16.47	31.98
Profit/(Loss) before Tax	1.87	(40.98)
Add/(Less) : Provision for Taxation written (off)/back (net of fringe benefit tax)	(0.10)	1.44
Profit/(Loss) after Tax	1.77	(39.54)
Balance brought forward from previous year	(147.02)	(107.48)
Balance Carried to Balance Sheet	(145.25)	(147.02)

REVIEW OF OPERATIONS:

Despite non-availability of working capital throughout the year under report, the Company has achieved a marked improvement in performance. The turnover increased by 58.52% and the Gross Profit has been positive after several years. In view of substantial write back, on account of Financial Restructuring, the Company has reported a Net Profit of Rs. 1.77 crores as against a loss of Rs. 39.54 crores for the previous year.

FINANCIAL RESTRUCTURING:

The Company has entered into a One-time Settlement (OTS) with majority of its lenders. Deutsche Bank, Mumbai have granted financial credit facility to the tune of Rs. 103.47 crores to finance the OTS payment to the lenders. Deutsche Bank, Hong Kong has subscribed to 500 fully convertible debentures of Rs. 5,65,000/- each aggregating to Rs. 28.25 crores. The debentures will be converted into 61,01,511 equity shares of Rs. 10/- each at a price of Rs. 46.30 per share. In addition, the promoters of the Company have subscribed to 10,00,000 equity shares at a price of Rs. 46.30 per share and also 33,33,500 optionally convertible warrants of Rs. 46.30 each giving option to the allottees to apply for 33,33,500 equity shares of Rs. 10/- each at a price of Rs. 46.30 per share.

The funds have been utilized to make payment to the lenders as well as for the working capital requirements, which will enable the Company to grow the business.

With the financial restructuring, the debt burden of the Company has come down to about Rs. 200 crores resulting in substantial savings on interest cost to the Company.

CHANGE IN EQUITY SHARE CAPITAL:

During the year 2006-07, the Company has allotted 90,23,375 equity shares of Rs. 10/- each at a price of Rs. 37/- per share to

the erstwhile fixed deposit holders of the Company pursuant to the Scheme of Arrangement under Section 391 of the Companies Act, 1956 sanctioned by the High Court of Karnataka.

In addition to the above, 10,00,000 equity shares of Rs. 10/- have been issued to Promoters as a part of restructuring exercise. Accordingly the equity share capital of the company has increased from Rs. 21.26 crores to Rs. 31.26 crores as at March 31, 2007.

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 to 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 would retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Nomination of Mr. K Kalayanasundaram as a Nominee Director of IFCI Limited was withdrawn consequent to settlement of all outstanding dues to IFCI. Accordingly, Mr. Kalayanasundaram ceased to be a Director of the Company with effect from April 09, 2007.

Your Directors wish to place on record their sincere appreciation of the valuable contribution made by Mr. K. Kalyanasundaram as a Director on the Board of the Company.

DEPOSITS:

The Directors of the Company are pleased to inform you that on June 09, 2006 the High Court of Karnataka, sanctioned the Scheme of Arrangement under Section 391 of the Companies Act, 1956 for conversion of Fixed Deposits of the Company into Equity shares of the Company. Accordingly the Outstanding Fixed Deposits of the Company as on July 03, 2007 alongwith interest have been converted into equity shares of the Company.

Equity shares have been allotted to the depositors on August 07, 2006. With the successful implementation of the Scheme all the orders passed against the Company by Hon'ble Company Law Board, Southern Region Bench have been vacated and various Consumer cases have also been settled or withdrawn.

REFERENCE TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR):

At the hearing held on September 18, 2006, the Board for Industrial and Financial Reconstruction(BIFR) has declared the Company as a Sick Industrial Company and State Bank of India has been appointed as the Operating Agency for the Company. A Draft Rehabilitation Scheme has already been submitted to the BIFR.

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;

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- b. 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 March 31, 2007 and the profit of the Company for the year ended on 31st March 31, 2007;
- c. 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;
- d. 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 forms part of this Annual Report.

AUDITORS' REPORT

The Observations made by Auditors in their report are self explanatory. The management of the Company is taking steps

to resolve the matter 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, suppliers Financial Institutions and Banks for their understanding and support. Finally, your Directors acknowledge the dedicated services rendered by all employees of the company.

For and on behalf of the Board

Mumbai

Dated: May 31, 2007

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 form part of the directors' report for the year ended 31st March, 2007.

A. Conservation of Energy (HT & LT)

Energy Conservation Measures Taken

Major steps taken in power cable plant to conserve energy. Specific measures taken in H.T plant are more usage of EB power in place of DG power, relocation of utilities to minimize line losses, star/ delta switches for compressors. In L.T plant major initiatives include improvement in plant load and power factor, usage of FRP based fan less cooling tower and turbine ventilation fans.

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.

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

Commercialized new cable products such as Arial Bunched Cables and signaling 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, communication cables for indoor applications, wires for special applications and power cables for voltages

upto 220 KV. 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. 7.50 lacs
- c) Total : Rs. 7.50 lacs
- d) Total R & D expenditure as a percentage of total turnover is negligible.

Technology, Absorption, Adaptation and Innovation

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

Active efforts were made to optimize material consumption in cable manufacturing and usage of state of art drum wrapping material.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

The above initiatives have resulted in minimizing material consumption and less usage of wood for drum packaging.
3. In case of Imported technology:

No new technology imported.

C. Foreign Exchange Earning and Outgo

Foreign Exchange Earnings: Rs. 28.25 crores towards subscription money received from Deutsche Bank AG, Hong Kong Branch for allotment of Convertible Debentures

Foreign Exchange Outgo: Nil

For and on behalf of the Board

Mumbai

Dated: May 31, 2007

Nikhil Gupta

Managing Director

R. A. Naik

Director

RPG CABLES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE

The Company today operates in two segments viz., Power Cables and Telecommunication Cables. The respective industry scenario are as under:

Power Cables

The demand for Power Cables still continues to be strong. The Company could only partially capitalize on this demand due to working capital constraints. With the completion of financial restructuring and consequently more funds being available to the Company for its working capital requirements, the Company expects to further improve its performance in the current year.

Telecom Cables

There is a steady improvement in the off-take of both Jelly Filled and Optical Fibre Telecom Cables, due to the expansion in the networks of the State owned Telecom companies, as well as the private operators.

The above trends are likely to continue in the near future, resulting in substantive growth, particularly for Power Cables.

SEGMENT WISE & PRODUCT WISE PERFORMANCE

Financial Highlights

Income Statement

Rs. in '000

Particulars	31.03.2007	31.03.2006
Profit/(Loss) before Depreciation, Interest and Tax	223,042	(51,413)
Financial Expenses	164,685	319,765
Depreciation	39,627	38,606
Profit/(Loss) before tax	18,730	(409,784)
Tax (Net)	(1,055)	14,449
Profit/(Loss) after Tax	17,675	(395,335)

Segment wise performance:

Rs. in '000

Net sales

	31.03.2007	31.03.2006
Telecom Cables	1,98,230	1,95,802
Power Cables	18,99,014	11,21,715
Others	9,229	1,16,707
Total	21,06,473	14,34,224

RISKS, CONCERNS AND THREATS

A draft scheme of rehabilitation and revival has been submitted to the Board for Industrial and Financial Reconstruction (BIFR).

State Bank of India has been appointed as the Operating Agency by BIFR. The final sanction of the rehabilitation is still awaited. This might have a significant impact on the cash flows of the Company.

The steep and unbridled increase in commodity prices, such as aluminum and copper, still continue to have an adverse effect on the operations and profitability 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 Audit Committee. 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.

The Company believes that Human resource is the greatest asset that an organisation possesses and the Company recognizes the importance of development of its human resources. With this belief and objective in mind, an Accelerated Development program was conducted for the high performers of the Company to equip them with the latest trend in management and the skills.

An Employee Engagement Survey was conducted in order to attain the views of the employees and their suggestions for the Company to become the 'Preferred Employer'. Regular Induction Programs are being carried out by the Company to enable every new employee to understand the organization culture.

Industrial Relations continue to be cordial. Employees are 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 31.03.2007 was 401.

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.

ANNUAL REPORT 2006-07**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

In order to be successful, the Company must maintain global standards of corporate governance towards all its stakeholders. Corporate Governance must balance individual interests with corporate goals and operate within the well-accepted parameters of ethics, justice and equity. Corporate Governance at RPG Cables Limited is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations towards stakeholders. The company has adopted best practices of Corporate Governance for ensuring protection of its stakeholders since the Company believes in transparency and thus gaining stakeholders confidence.

2. BOARD OF DIRECTORS**a. Composition:**

The Board at present has strength of 4(four) members comprising of One Executive Director and Three Non-Executive Independent Directors.

b. Attendance of each Director at Board Meeting and previous Annual General Meeting:

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)		No. of shares held as on March 31, 2007
					Member	Chairman	
Mr. R. A. Naik	I & N.E.D.*	5	Yes	1	Nil	Nil	Nil
Mr. Nikhil Gupta	Managing Director	5	Yes	Nil	N.A.	N.A.	9223
Mr. H. C. Dalal	I & N.E.D.*	5	Yes	Nil	N.A.	N.A.	Nil
Mr. M. K. Kumar	I & N.E.D.*	1	No	Nil	N.A.	N.A.	15
Mr. K. Kalyanasundaram (upto 09.04.2007)	Nominee Director**	4	No	4	2	Nil	Nil

*Independent & Non-Executive Director

** Nominee of IFCI Limited as a lender of the Company. Nomination of Mr. K Kalayanasundaram as a Nominee Director of IFCI Limited was withdrawn with effect from April 09, 2007.

None of the Directors is a member of more than 10 Board Committees or a Chairman of more than five such Committees as required under Clause 49 of the Listing Agreement.

c. Number of Board Meetings held and dates of the Board Meetings:

During the financial year 2006-07, Five Board Meetings were held.*The dates on which meetings held, total strength and number of Directors present are as under:

Sr. No	Date of Board Meeting	Total Board Strength	No. of Directors Present
1	26.05.2006	5	5
2	31.07.2006	5	4
3	30.10.2006	5	4
4	31.01.2007	5	3
5	29.03.2007	5	4

d. Appointment / Re-appointment of Directors:

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

Mr. H. C. Dalal retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

A brief resume of Mr. H. C. Dalal is given below:

Mr. Dalal aged 60 years, is a B.Com (Hons.) graduate from MS University. He has over 38 years of experience in the field of Management Accounting, Taxation, Auditing, Banking, Project Management etc.

e. Code of Conduct:

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company, which is posted on the website of the Company.

All Board Members and Senior Management Personnel have affirmed Compliance with the Code on an Annual basis. A declaration to this effect signed by the Managing Director is annexed as Annexure 'A' to this report.

3. AUDIT COMMITTEE**a. Terms of reference:**

A qualified and an independent Audit Committee of Directors has been set up consisting of 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. Amongst others, the major terms of reference include:-

- Overseeing the Company's financial reporting process and the disclosure of its financial information

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to ensure that the financial statements are correct, sufficient and credible;

- Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other service;
- Reviewing with management the annual financial statements before submission to the Board.

b. Composition, category and attendance of the Members is as follows:

Name of Director	Category	No. of Meetings Attended
Mr. R. A. Naik	Chairman	4
Mr. H. C. Dalal	Member	4
Mr. K. Kalyansundaram (upto 09-04-2007)	Member	3
Mr. M. K. Kumar (w.e.f. 04-05-2007)	Member	Not applicable

c. Number of Committee Meetings held and dates of the Meetings:

During the financial year 2006-07, Four Meetings were held. The dates on which meetings held, total strength and number of Directors present are as under:

Sr. No	Date of Meeting	Total Committee Strength	No. of Directors Present
1	26.05.2006	3	3
2	31.07.2006	3	3
3	30.10.2006	3	3
4	31.01.2007	3	2

4. REMUNERATION COMMITTEE / REMUNERATION PAID TO DIRECTORS:

a. Terms of reference:

Remuneration policy of the Company aims at attracting and retaining the best available personnel in the industry. The Remuneration Committee consists of Independent and non-executive Directors who recommend/review the remuneration package of the Managing Director.

b. Composition, category and attendance of Members is as follows:

Name of Director	Category
Mr. R. A. Naik	Chairman
Mr. H. C. Dalal	Member
Mr. M. K. Kumar	Member

c. Number of Committee Meetings held and dates of the Meetings:

No meetings of the Committee were held during the financial year 2006-07.

d. Details of remuneration paid to Managerial Personnel during the year 2006-2007 is as under:

Name	Salary p.a. (Rs.)	Perquisites p.a. (Rs.)	Contribution to PF and other funds
Mr. Nikhil Gupta, Managing Director	8,70,000	16,006	2,34,900

The appointment of Managing Director is for a period of five years. The contract can be terminated either by the Company or the Managing Director by giving three months' notice.

Non-executive Directors are paid sitting fees of Rs. 5,000/- for attending each meeting of the Board of Directors and Audit Committee. The details of payment made to Non-executive Directors during the financial year 2006-2007 are as under:

Name of Director	Fees paid (Rs.)
Mr. R. A. Naik	45,000/-
Mr. H. C. Dalal	45,000/-
Mr. M. K. Kumar	5,000/-
Mr. K. Kalyansundaram	35,000/-

The Company does not have a scheme for grant of stock options.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Composition and category of Members is as follows:

Name of Director	Category
Mr. H. C. Dalal	Chairman
Mr. Nikhil Gupta	Member
Mr. M. K. Kumar	Member

The Committee reviews the complaints received from the shareholders, the queries of the shareholders and responses given, allotment of shares etc. It also overviews the work of the Registrars & Share Transfer Agents.

During the financial year 2006-07, Five Meetings were held. The dates on which meetings held, total strength & number of Directors present are as under:

Sr. No	Date of Meeting	Total Committee Strength	No. of Directors Present
1	26.05.2006	3	3
2	07.2006	3	2
3	08.2006	3	2
4	10.2006	3	2
5	01.2007	3	2