RPG
Cables
Limited

Management Discussion & Analysis

Quarter ended 30th September 2008

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Quarter ended 30th September 08 at a glance

Summary of performance

Particulars	Q2 FY 09	Q2 FY 08	% Increase	H1 FY 09	HI FY 08	% Increase
	Rs. Lacs	Rs. Lacs	%	Rs. Lacs	Rs. Lacs	%
Gross Revenue	11,244	7,210	56%	20,527	13,686	50%
Net Revenue	10,301	6,221	66%	18,683	11,847	58%
Operating PBDIT	522	212	146%	816	402	103%
Operating PBDIT %	5.07%	3.41%		4.37%	3.40%	
Exceptional Item	-	-		-	154	
PBT	(357)	(619)		(855)	(941)	
PAT	(361)	(620)		(862)	(945)	

Operational highlights Q2

- Turnover has grown by 56% to **Rs. 112 crores** during the second quarter and by 50% to **Rs. 205 crores** for the half year FY 09 over the corresponding previous period.
- Operating margin of the Company has improved to 5.07% in Q2 as compared to 3.41% of the corresponding Quarter last year and 4.37% for the half year FY 09 compared to 3.40% of last year. This is mainly due to execution of higher margin orders.

Strategic Initiatives

- The company has installed the required balancing equipments and has commenced manufacturing power cables from its Mysore facility.
- The company is consistently focusing on increasing revenue from its Extra High Voltage (EHV) cables business to improve margins.
- BIFR has heard the objections/suggestions on the DRS and order is expected shortly.

- Company has converted Rs. 28.25 crs of FCCB issued to Deutsche Bank AG into equity and promoters have subscribed to the shares aggregating to Rs. 9.53 crs resulting in a positive net worth of the Company.

Future Outlook

- Company has executed export order worth $13.64 million for supply of cables to Ministry of Energy & Water, Afghanistan in the half year FY09. Balance $11.36 million order is expected to be executed in the Q3 FY09.
- The Company has an order book position of approximately Rs. 75 crs currently.
- In view of the rapid GDP growth in the country and the Government's commitment to improve power availability opportunity for the growth of business remains aggressive.
- The high volatility in commodity prices like Aluminium, Copper & Oil are of concern for stability in the maintaining the margins of the company.
- Tight liquidity condition prevailing in the Financial Market is of concern as it will result in higher interest along with delay in disbursement of working capital needs of the Company.

Cautionary statement

Statement in this " Management Discussion and Analysis" describing the company's objectives, projections, estimates, expectations or predictions may be " forward looking statements" within the meaning of applicable securities law and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include demand supply conditions, finished goods prices, availability and prices of raw materials, changes in the government regulations, tax regimes, economic development within India and the countries within which the company conducts business and other factors such as litigations and labour negotiations.