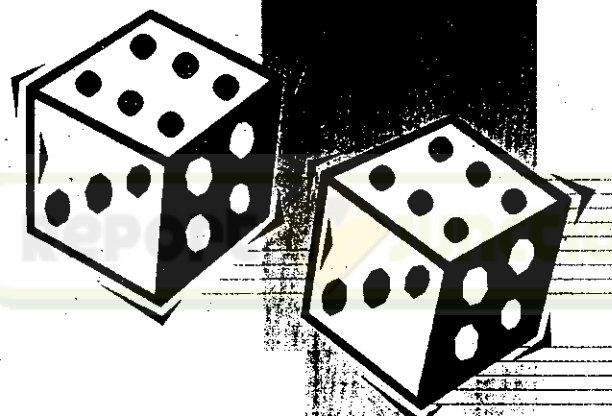


7th Annual Report 1998 - 99

WE DO NOT
BELIEVE IN
FLUKE

ISO
9002

ALUMINIUM RODS / CONDUCTORS / PVC / XLPE / FRLS CABLES



We do not bask under the glory of our past performances.

If we had done so we would not have attained record performance year after year. Or awarded ISO 9002 for our continued Excellence.

And having received it we have set our sights on higher milestones.



International Standards
Certifications
Lic. No. QAC/R91/107

DIAMOND CABLES LTD.

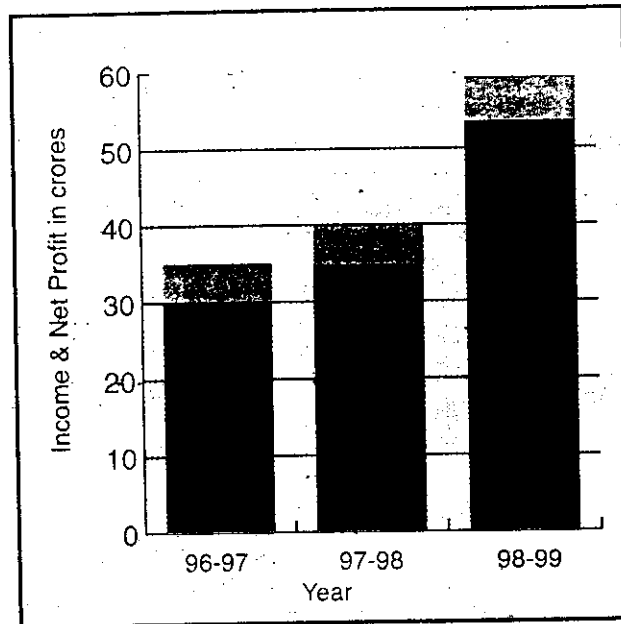
Corp. Office : P. O. Box No. 3008, Essen House, 5/12, BDC, Gorva, Vadodara - 390 016.

Ph. : 384328, 382702 Fax : 0265-380528, Gram : DICABS E-mail : dicabs.brd@smc.sprintpg.ems.vsnl.net.in

Factories : • Village Vadadala, Ta. Savli, Dist. Vadodara. • 24/B Nanji Industrial Estate, Naroli, Silvassa Dadra Nagar Haveli.

Ahmedabad : 5624725, Bhubneshwar, Mumbai : Ph.: 2000179, 2059654, Lucknow : Ph.: 308790, Hyderabad : Ph.: 3730561, Bangalore, Madras

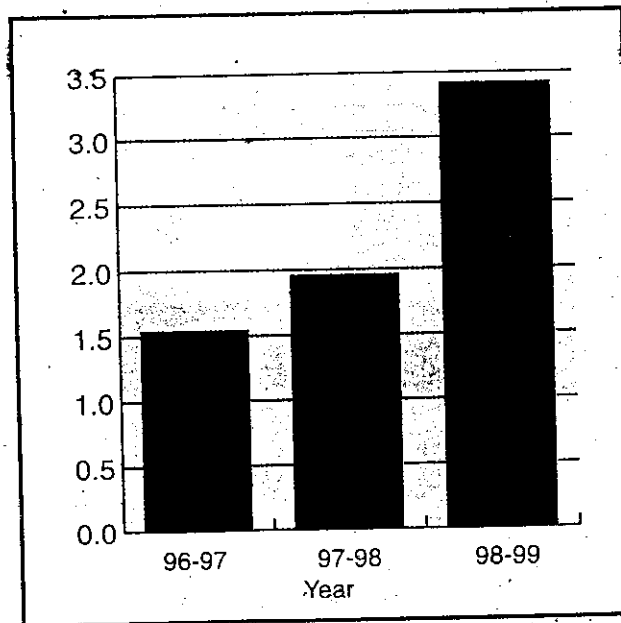
Performance



Net Profit Income

Report Junction.com

Earning Per Share in RS.



EPS



DIAMOND CABLES LTD

7TH ANNUAL REPORT 1998 - 99

7TH ANNUAL GENERAL MEETING

30th December, 1999

at DCL Compound,
Village Vadadala, Tal. Savli, Dist. Baroda.

BOARD OF DIRECTORS

| | |
|---------------------|---|
| Mr. S. N. Bhatnagar | <i>Chairman & Managing Director</i> |
| Mr. Amit Suresh | <i>Joint Managing Director</i> |
| Mr. Sumit Suresh | <i>Joint Managing Director (Operations)</i> |
| Mr. G. N. Verma | |
| Mr. Satish Singhal | |
| Dr. T. N. Bhatnagar | |
| Mr. Prakash Sinha | |

AUDITORS

S. S. Iyengar & Associates
95/96 Gayatri Chambers, R.C. Dutt Road, Alkapuri, Baroda.

ATTORNEYS

Mrs. Rashmi S. Desai
10 Daxa Society, Nizampura, Baroda.

BANKERS

- State Bank of India
- Central Bank of India.
- Syndicate Bank.

Report

INSTITUTIONAL FINANCIERS

Industrial Development Bank of India

CORPORATE OFFICE

ESSEN HOUSE
5/12, BIDC Gorwa, Baroda.

REGD. OFFICE & FACTORIES

- Village Vadadala, Tal. Savli, Dist. Baroda.
- 24 B Nangi Industrial Estate, Village Kharadpara
Nani Naroli Silvassa - DNH

E. MAIL

DICABS.BRD@smc.sprintpg.ems.vsnl.net.in

GRAM

DICABS

SHARE TRANSFER & INVESTOR SERVICE CENTRE

- DIAMOND CABLES LIMITED
- Essen House, 5/12 BIDC Gorwa, Baroda-390 016
- Ph.: 0265 - 382702, 384328 • Fax : 0265 - 380528

**NOTICE :**

NOTICE IS HEREBY GIVEN THAT Seventh Annual General Meeting of the Shareholders of Diamond Cables Limited will be held on Thursday, the 30th December, 1999 at 11.00 AM at the Registered office of the Company at Village : Vadadala, Tal. Savli, Dist. Baroda to transact the following Ordinary and Special Business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 1999 and the Profit and Loss Accounts for the year ended on that date together with the Report of the Directors and the Auditors thereon.
2. To appoint Director in place of Mr. Satish Singhal, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Mr. G. N. Verma, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Sumit Suresh, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

RESOLVED THAT the Authorised Share Capital of the company be increased from Rs. 10,00,00,000/- (Rs. Ten Crores) divided into 1,00,00,000 Equity Shares of Rs. 10/- each to Rs. 20,00,00,000/- (Rs. Twenty Crores) divided into 2,00,00,000 Equity Shares of Rs. 10/- each ranking parri - passu with the existing Equity Shares in the company.

FURTHER RESOLVED THAT paragraph V of the Memorandum of Association of the Company be altered accordingly

7. The company has received special notice in writing pursuant to provision of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- from a member signifying his intention to propose Dr. T.N. Bhatnagar as candidate for the office of Director. In view of this to consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

RESOLVED THAT pursuant to the provisions of Sections 257 of the Companies Act, 1956, Dr. T.N. Bhatnagar be and is hereby appointed as Director of the Company liable to retire by rotation.

8. The company has received special notice in writing pursuant to provision of Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- from a member signifying his intention to propose Mr. Prakash Sinha as candidate for the office of Director. In view of this to consider and if thought fit, to pass with or without

modification(s) the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to the provisions of Sections 257 of the Companies Act, 1956, Mr. Prakash Sinha be and is hereby appointed as Director of the Company liable to retire by rotation.

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any of the Companies Act, 1956, (including any statutory modification or re-enactment thereon) and subject to approval of Central Government and such sanction as may be necessary, the company hereby accord its approval and consent to the increase in remuneration as set out in the explanatory statement which is annexed to the notice convening this Annual General Meeting is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the remuneration, the terms and conditions of the said appointment and/or agreement so as not to exceed the limits sanctioned by the Central Government without any further reference to the company in General Meeting and as may be agreed to between the Board and Mr. S.N. Bhatnagar.

Further Resolved that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

For and on behalf of the Board

S. N. Bhatnagar

Chairman & Managing Director

Place : Baroda

Date : 25.11.1999

Regd. Office : Vill. Vadadala, Tal. Savli, Dist. Baroda

Note :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. An instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
2. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business is enclosed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23.12.99 to 31.12.99. (both days inclusive)
4. Members desiring any information as regards accounts are requested to write to the Company atleast 7 days before the date of the meeting to enable the management to keep the information ready.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No 6**

As members are aware that the existing Authorised share



capital of the company is Rs. 10,00,00,000 (Rupees Ten Crores Only). In order to give effect to the Company's future activities, it is considered advisable to increase the Authorised Capital of the company for broadening the equity base of the Company, as stipulated by the consortium Bankers.

Consequent upon increase in Authorised capital the paragraph V of the Memorandum of Association of the company will also be altered accordingly.

The Directors recommend this resolution for approval.

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

Item No 7

The company has received a notice in writing from a member under section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- signifying his intention to propose the appointment of Dr. T. N. Bhatnagar as Director of the company. His appointment will be subject to retirement by rotation.

Dr. T.N. Bhatnagar has wide experience. His knowledge and experience will be of immense benefit to the Company.

Accordingly, the Board recommends the resolution for your approval.

None of the Directors of the company, except Mr. S. N. Bhatnagar is any way concerned or interested in the resolution.

Item No 8

The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- signifying his intention to propose the appointment of Mr. Prakash Sinha as Director of the company. His appointment will be subject to retirement by rotation.

Mr. Prakash Sinha has wide experience. His knowledge and experience will be immense benefit to the company.

Accordingly, the Board recommend the resolution for your approval.

None of the Directors of the company, is in any way concerned or interested in the resolution.

Item No 9

Mr. S. N. Bhatnagar was appointed as Chairman & Managing Director of the Company for a period of 5 years with effect from 1-2-98 to 31-1-2003 by the shareholders of the Company at its meeting held on 31-12-98. for a remuneration of Rs. 50,000/- (Rupees Fifty Thousands only) per month plus other perquisites and benefits as mentioned in the explanatory statement of the said meeting.

Remuneration payable to Mr. S.N. Bhatnagar requires to be increased from Rs. 50,000/- to Rs. 70,000 per month. The other terms and conditions are provided herein below.

Perquisites : Perquisites shall be allowed in addition to salary as under.

The Managing Director shall be entitled to House rent allowance subject to 50% of the aforesaid salary.

I. The expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall however, be subject to a ceiling of 5% of the salary of the Managing Director.

II. Medical Reimbursement : Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year.

III. Leave Travel Concession : For the Managing Director and his family once in a year incurred in accordance with the rules specified by the Company but in no case more than Rs. 60,000/- per annum will be availed.

IV. Club Fee : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees."

V. Personal Accident Insurance : Premium not to exceed Rs. 5,000/- per month.

Other terms and conditions :

i) The Managing Director will be entitled to one month leave with full pay and allowances for every eleven months of services. Such leave may be accumulated in accordance with the Company's rules & practice in force from time to time. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

ii) The remuneration, terms and conditions of the said appointment of the Managing Director may be varied from time to time subject to the limits sanctioned by the Central Government and as may be agreed to between the Board and Mr. S.N. Bhatnagar.

The agreement entered into between the company and Mr. S.N. Bhatnagar, resolution making an appointment of MR. S.N. Bhatnagar and explanatory statement annexed thereto and draft agreement to be entered into between the company and Mr. S.N. Bhatnagar for increase in remuneration is available for inspection by the members at the Registered Office of the company on any working day during business hours up to the date of Annual General Meeting.

The Board recommend the resolution for your approval.

The above may be treated as an abstract of the terms of contract/appointment between the Company and Mr. S. N. Bhatnagar pursuant to Section 302 of the Companies Act, 1956 when executed.

Except Mr. Amit Suresh, Mr. Sumit Suresh and Dr. T.N. Bhatnagar none of the directors of the Company is in any way concerned / interested in the resolution.

For and on behalf of the Board

S. N. Bhatnagar

Chairman & Managing Director

Place : Baroda

Date : 25.11.1999

Regd. Office : Vill. Vadadala, Tal. Savli, Dist. Baroda



DIRECTORS' REPORT TO THE SHARE HOLDERS:

The Board of Directors has pleasure in presenting the Seventh Annual report along with the audited accounts for the years ended 30th June 1999.

The Year 1998-99 witnessed a continued global turmoil with South East Asian countries trying to come out of the crisis and the Asian fever further spreading to other countries like Russia, Japan, Brazil and other Latin American Countries, as a result the world trade activities did not grow and so did the Indian Economy at the pace it should have grown.

However, the financial year 1998-99, was a watershed year in the 30 years history of the company, the company set up a backward integration cum expansion project at village Vadadala Ta Savli Dist. Baroda to manufacture **ALUMINUM AND ALLOY WIRE RODS**, and it expanded its conductor manufacturing facility to make it **ASIA'S BIGGEST ALLOY CONDUCTOR MANUFACTURER**.

Our company has now become multilocal with the setting up of wires, conductors and cable manufacturing integrated unit in the Union territory of Silvassa wherein the company has availed the benefit of not paying Income tax for a period of 5 years and paying Nil sales tax for a period of 15 years.

During the Period 1998-99 Transmission and Distribution Policy of the India power sectors, has changed considerably and Process of Privatising the transmission and distribution system in the Country has begun. Your company takes lead in being the biggest vendor in this sector by bagging huge contracts from large players in the privatization process like BSES Ltd. Larsen and Toubro Ltd. Nagarjuna Constructions Ltd. etc.

FINANCIAL RESULTS

We are pleased to place on record that the fact that the company's turnover has increased from Rs. 3466.46 lacs to Rs. 4733.65 only, registering a growth of 6.55% in terms of turnover, the Net profit of the company jumped 77% from Rs. 177 lacs to Rs. 315.33 lacs.

The Salient Performance of the company in the current and the last Financial years is as under

in lacs

| Sr. | Particulars | 1998-99 | 1997-98 | 1996-97 |
|-----|---|---------|---------|---------|
| 1. | Income | 5386.34 | 3466.61 | 2988.96 |
| 2. | Less Expenditure | 4724.43 | 3072.66 | 2639.07 |
| 3. | Profit for the year before depreciation, Interest & tax | 661.90 | 393.95 | 349.89 |
| 4. | Interest | 246.40 | 144.80 | 140.25 |
| 5. | Depreciation | 82.17 | 65.58 | 50.75 |
| 6. | Net Profit (after tax) | 308.83 | 177.81 | 148.13 |
| 7. | Share Capital | 901.92 | 901.92 | 901.92 |
| 8. | Reserve | 911.24 | 594.80 | 412.86 |
| 9. | EPS | 3.42 | 1.96 | 1.55 |

Important Performance Ratios are as under :

| Sr. | Particulars | 1998-99 | 1997-98 | 1996-97 |
|-----|------------------------------|---------|---------|---------|
| 1. | Net Profit Margin (%) | 5.73 | 5.13 | 4.96 |
| 2. | Total Asset Turnover (Times) | 1.079 | 0.987 | 1.12 |
| 3. | Interest Coverage (times) | 1.61 | 1.68 | 1.42 |
| 4. | Earning per share (Rs.) | 3.42 | 1.96 | 1.54 |

FUTURE FINANCIAL OUTLOOK

The Company has successfully implemented its Backward Integration and Expansion Project along with its new manufacturing facility at Silvassa. These expanded operations are expected to give substantial financial benefits to the company. The Companies Term Lending Institutions IDBI, had appraised the Expansion Project, and Term Loans were granted by them along with Central Bank of India, the following are financial projections for the company for the next three years. (Company Estimates)

Rs. in Crores

| Sr. | Particulars | 1999-2000 | 2000-2001 | 2001-2002 |
|-----|-------------------|-----------|-----------|-----------|
| 01 | Sales | 120.44 | 133.05 | 145.67 |
| 02 | Gross Profit | 21.68 | 23.95 | 26.22 |
| 03 | Interest | 8.00 | 7.50 | 7.00 |
| 04 | Net Profit | 9.68 | 12.45 | 15.22 |
| 05 | Net Cash Accruals | 14.68 | 17.45 | 20.22 |
| 06 | Net Worth | 29.25 | 35.60 | 45.00 |
| 07 | Debt/Equity ratio | 0.72 | 0.44 | 0.23 |
| 08 | Current ratio | 1.45 | 1.54 | 1.62 |
| 09 | GP/Sales % | 18.00 | 18.00 | 18.00 |
| 10 | OP/Sales % | 7.21 | 8.61 | 9.76 |

MARKET AND FUTURE PROSPECTS OF THE COMPANY.

India is a power starved country, where demand for power has always outstripped supply the govt. of India has initiated a series of measures during the past few years to attract private sector participation in the power generation of about 36000 MW, as per the revised target an additional 46000 MW of power generation has been proposed in the ninth five year plan, this translates into an annual addition of 9200 MW, it materialises, the requirement of transmission and distribution products would have a fantastic rise of 736,000 kms a year on basis of the thumb rule that one Eight Kms of cables are required for one MW of power. Even if 50% of the target could be achieved, that would lead to an unprecedented boom in the power Transmission and Distribution sector.

Looking to the future requirements it is estimated that peak load demand at the end of 11th five year plan would be approx. 176647 MW and energy requirement of 1058440 GWH this addition to the generation would require huge investment by respective authorities for transmission and distribution network as per conservative estimates by the year 2005-06 around 68000 crores would be required annually for power generation programme to make India self sufficient in power. After generation of power the transmission and