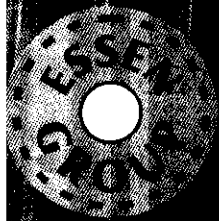


8th Annual Report 1999-2000

**Power is power for national growth
We contribute...**

104+



**8TH ANNUAL GENERAL MEETING**

30th December, 2000

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.
- State Bank of Saurashtra

INSTITUTIONAL FINANCIERS

Industrial Development Bank of India
Central Bank of India

CORPORATE OFFICE

ESSEN HOUSE
5/12, BDC Gorwa, Baroda.

REGD. OFFICE & FACTORIES

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

E-MAIL

DICABS.BRO@mc-tril.in

SHARE TRANSFER & INVESTOR SERVICE CENTRE

~~DIAMOND CABLES LIMITED~~

Essen House, 5/12 BDC Gorwa, Baroda-390 016

Ph.: 0265 - 380973, 383969, 384328 • Fax : 0265 - 380528



NOTICE

NOTICE IS HEREBY GIVEN THAT Eighth Annual General Meeting of the Shareholders of Diamond Cables Limited will be held on Saturday, the 30th December, 2000 at 11.00 AM at the Registered office of the Company at Village : Vadadala, Tal. Savli, Dist. Baroda to transact the following Ordinary Business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 2000 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. Prakash Sinha, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Dr. T. N. Bhatnagar, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

For and on behalf of the Board

S. N. Bhatnagar

Chairman & Managing Director

Place : Baroda

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

Date : 28.10.2000

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/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. The Register of Members and Share Transfer Books of the Company will remain closed from 23.12.2000 to 29.12.2000 (both days inclusive)
3. 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.



DIRECTORS REPORT TO SHARE HOLDERS:

The Board of directors has pleasure in presenting the Eighth Annual Report along with the audited accounts for the year ended 30th June 2000.

The year 1999-00 witnessed a continued National turmoil with industry trying to come out of crisis as a result the national trade activities did not grow and so did the economy at the pace it should have grown.

However the financial year 1999-2000 was and will be a historic year the company commenced commercial production of its backward integration cum expansion unit at Village Vadadala, Taluka savli, Distt Baroda., to manufacture Aluminium and Alloy Wire rods, and the expansion of conductor manufacturing facility to make it **ASIA'S BIGGEST ALLOY CONDUCTOR MANUFACTURER.**

The company has started production at its Silvassa plant which has enabled the company to avail benefit of Zero Tax Zone.

During the period 1999-2000 Transmission and Distribution policy of Indian power sectors driven by Foreign investment has further taken step for privatization with the Orrissa State dividing its power utility into four divisions each a profit center in itself. Other states are also following the footsteps of Orrissa state, and your company takes lead in being the biggest vendor in this sector by further consolidating by bagging huge contracts from large players in privatization process like BSES Ltd, L&T Ltd, Tata Projects Ltd, e.t.c.

FINANCIAL RESULTS

We are pleased to place on record that the fact that the companies turnover has increased from Rs. 3466.46 lacs in 1997-98, 4733.65 Lacs in 1998-99 to 9500 lacs in 1999-2000, registering a continuaul growth for last 3 years from 36.55 % in last year to 100.69% in the year 1999-2000. the Net profit of the company jumped by 42.70% from Rs 315.33 lacs to Rs.450.00 lacs.

The salient performance of the company in the current and last financial years is as under:

Rs. In lacs

Sr.	Particulars	1999-00	1998-99	1997-98
01	Income	10956.55	5386.34	3466.61
02	Expenditure	9911.40	4724.43	3072.66
03	Profit BDIT	1045.14	661.90	393.95
04	Interest	592.15	246.40	144.80
05	Depreciation	209.90	82.17	65.68
06	Net Profit	225.58	308.83	177.81
07	Share Capital	1352.02	901.92	901.92
08	Reserve	1354.03	911.24	594.80
09	EPS	1.67	3.42	1.96

The important performance ratios are as under

Sr.	Particulars	1999-00	1998-99	1997-98
01	Net Profit Margin(%)	2.059	5.730	5.130
02	Asset turnover(times)	2.64	1.079	0.987
03	Interest Coverage(times)	0.74	1.610	1.680
04	Earning Per Share(Rs.)	1.670	3.420	1.960

FUTURE FINANCIAL OUTLOOK

The company has successfully commenced production of its backward integration and Expansion Project along with its new manufacturing facility at Silvassa. These expanded operations have given the company substantial benefits of the company. The capacity utilization of the expansion will practically be put to use from 2000-01. The financial projections for the company for the next three year's(estimated by the company).

Rs. In crores

Sr.	Particulars	2000-01	2001-02	2002-03
01	Sales	144.37	166.60	182.63
02	Gross Profit	15.58	17.17	19.76
03	Interest	8.47	8.27	8.37
04	Net Profit	7.11	8.90	11.39
05	Net Cash Accruals	10.51	12.30	14.79
06	Net Worth	35.49	43.73	50.33
07	Debt / Equity ratio	1.71	1.30	1.14
08	Current Ratio	3.82	3.58	3.62
09	GP/Sales %	10.79%	10.34%	10.82%
10	OP / Sales %	7.28%	7.41%	8.10%

MARKET AND FUTURE PROSPECTS OF THE COMPANY

The Power sector, at any cost cannot be ignored by Government or policy makers as this can theoretically be defined as second to defence but third to none, but the fact remains that particularly the power sector is the most priority sector even above the defence as the defence can also not sustain with-out the power along with industrial, agriculture and domestic sector.

India is a power-starved country, where demand for power has always outstripped supply. The Government of India has initiated a series of measures during the past few years to attract private sector participation in 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, even if 70% of this materializes, the requirement of transmission and distribution products would have a fantastic rise to 736000 Kms a year or at minimum 70% of planned it will be 515200 line Kms a year on the basis of the thumb rule that one eight Kms of conductors are required for



one MW of power. Even in worst circumstances 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 approximately 176647MW & energy requirement of 1058440GWH. 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 Rs 68000 Crores would be required annually for power generation programme to make India self sufficient in power. After generation of power, the transmission and distribution takes place through conductors, which account for approximately 70% of the total network for transmission and distribution (this data do not include the demand requirement of conductor for replacement of old lines).

Availability of the adequate infrastructure facilities is vital for not only to accelerate the economic development but also agriculture sector, more over it is a proven fact that power is a life line for any country as it is not even second to defence, now as the entire nations all sector wholly and solely depend on "Electrical power generation and transmission" any further ignorance to this sector can't be afforded by any policy maker. Even the government of the countries having surplus power like Nepal, Bangladesh e.t.c. though they may not need to buy power but their transmission and distribution has to be managed by India only. The Indian Government has therefore accorded high priority for development of this sector. Electrical Power being one of the important aspects of India's infrastructure sector development, continues to receive the special attention of the government.

The Government decision to privatize the Power Sector has also now started showing results and the first few privately owned generating stations are now in the final stages of completion.

The Company is pleased to place on record that the Company's Customer profile has changed drastically over the last 3 years. With every year passing, the Company's dependence directly on State Electricity Boards has reduced substantially.

DEMAND OUTLOOK - Cables and Conductors are the two key products used in the transmission and Distribution of power. The cost of cables accounts for around 20% of the investment in the power sector. The power cables industry accounts for a turnover of around Rs 1800 Crores. Around 65% is accounted for by the organized sector and these players have not been significantly affected by the presence of large unorganized sector. While the unorganized sector mainly focused on low voltage cables used in the domestic

segment, the organized sector with industry majors like Finolex Cables Ltd are entering the power cable sector as the demand for medium and high voltage cables is on the rise. The main consumers are State Electricity Boards, Transmission utilities and the industrial sector.

Due to slow growth in demand and troubles in collecting funds for supplies in the late 1980s and early 1990s, most companies with a presence in the power and telecom cables stated to down play their power cable business resulting in capacity creation not running too much ahead of demand. But the position since has reversed with many companies deciding to stress the Power cable business more. The prospects for the sector appear better with Demand-supply position looking up as indicated by the trends in power cable

Demand as under:

(In KM)

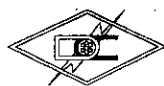
Year	PVC Cables	XLPE Cables	PILC Cables
1991-92	11776	3594	2877
1992-93	14274	3442	797
1993-94	24100	4750	638
1994-95	27192	9427	563
1995-96	30160	12377	655
Growth Rate	27	36	(34)

Source: Business Line dated June 29, 1997

SUPPLY OUTLOOK - All the eight big manufacturers including Asian cables, Universal cables, FortGloster, Cable Corporation of India, Torrent cables, Industrial cables and NICCO are fast increasing their capacities through joint ventures and expansions.

A special committee set up the department of mines to examine various measures to promote export potential for Aluminum Alloy Conductors, has recommended the continued step-up in the use of AAAC within the country and has suggested that State Electricity Boards should procure at least 20% of their requirements in the form of AAAC to start with and this should be stepped-up by 20% each year. The present manufacturing capacities of all the Indigenous producers is 10000-12000 TPA, as estimated by the expert committee of BALCO.

➤ **MARKET POTENTIAL** - India is a power-starved country, where demand for the power has always outstripped supply. The Government of India has initiated a series of measures during the past few years to attract private sector participation in the power sector. The Eighth Five-Year Plan of Govt. Of India had envisaged additional power generation capacity of 36000 MW.



As per the revised target an additional 46000 MW of power generation capacity has been proposed in the Ninth Five Year Plan. This translates into an annual addition of 9200MW, if it materializes, the requirement of Power Cables would have a fantastic rise to 736000 Kms a year on the basis of the thumb rule that on 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 Cable Sector.

Looking to the future requirements it is estimated that peak load demand at the end of 11th five-year plan would be approx. 176647MW and energy requirement of 1058440GWH. This addition to the generation would require Huge investments by respective authorities for transmission and Distribution network. As per conservative estimates, by the year 2005-06, around Rs 68000 Crores would be required annually for power generation programme to make India self sufficient in power. After generation of power, the transmission and distribution takes place mainly through conductors, which account for approx. 70% of the total network for Transmission and Distribution of power. The use of AAAC will increase very fast with the increasing deployment of aerial bunch conductors on Transmission lines. The increasing use of AAAC Conductors world over vies-a-vies the ACSR conductors are due to the following superior properties of AAAC.

- Tensile strength of AAAC is double that of ACSR.
- Absence of galvanic corrosion.
- Higher resistance to abrasion.
- Better conductivity due to less interference with radio and telecommunication signals and waves.
- Lower weights enhance the workability, handling, transportation etc.
- Better creep resistance due to stabilized metallic structure.
- Less power losses due to homogeneous core.

List of Pending Bids with Customer Name & Value(in Lacs)

Name of Customer	BID (Appr Val)
L & T Ltd	2,900.48
BSES Limited	3,889.63
G E B	7,938.24
MSEB	1,628.02
Apex Electricals	0.89
Tesla T/R Ltd	0.89
KPTCL	824.77
Jay Exports	3,016.85
A E C	800.51
GunKul Engg	264.25

Name of Customer	BID (Appr Val)
Indian Electricals	7.45
B.B. Overseas (P) Ltd	6.64
PCE Bombay	38.48
G S M Ltd, Bombay	8.17
Easare Engg Company	125.72
T P L, Hyderabad	2,960.86
Transrail Engg Co Ltd	143.92
Sumitomo Corp	6.30
M P E B	2,251.77
N T P C, A P	1.87
Neyveli Lignite Corp Ltd	0.38
KEC Ltd, Chennai	23.00
Best and Crompton, Chennai	18.76
SPIC- SMO	1.47
HG Power Trans Limited	2.90
TN EB, Chennai	2,799.06
Kalptaru Power T Ltd	801.72
Total Pending Bids Value	30,462.99

EXPORTS AND DEEMED EXPORTS

The companies product were purchased world wide against export enquiries from ISRAEL, FRANCE, JORDAN, SOUTH EAST ASIAN COUNTRIES and GULF countries.

The company is yet again amongst the leading suppliers of conductors to various contracts under the DEEMED EXPORT categories financed to various state electricity boards by multilateral funding organizations like IBRD, ADB, OECF & World Bank. The company has executed orders worth Rs. 24 crores under the said category and has pending orders worth Rs 20 Crores under this category.

CONSERVATION OF ENERGY

The company took quite a lot of steps to wards the energy conservation some of them are as follows:

Power factor was maintained to 0.95 to 0.98 resulting in optimum use of power.

The company has installed the latest available energy saving based products for the starting and operation phases of the machines, these installations have led to saving in power, however overall there is a increase in consumption as the installed capacity and power connection has been increased from 475KVA to 1350 KVA.

QUALITY

The company is pleased to inform that the additional