DICABS

12 TH ANNUAL REPORT

2003-2004

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Power Cables & Conductors

DIAMOND CABLES LTD.

DIAMOND CABLES LTD.

12TH ANNUAL REPORT 2003-04 (18 MONTHS)

12TH ANNUAL GENERAL MEETING

13TH JANUARY, 2005
at DCL Compound
Village: Vadadala, Tal. Savli,
Dist. Vadodara

BOARD OF DIRECTORS

Mr. S. N. Bhatnagar	Chairman & Managing Director
Mr. Amit Suresh	Joint Managing Director
Mr. Sumit Suresh	Jt. Managing Director (O)
Mr. G. N. Verma	Director
Dr. T. N. Bhatnagar	Director
Mr. Prakash Sinha	Director
Mr. Hemant Bhatt	Director

AUDITORS
Vijay N. Tewar & Co.
315-316, Panorama, R. C. Dutt Road, Vadodara

COMPANY SECRETARY
Mr. Manoj A. Kulkarni

BANKERS
State Bank of India
Central Bank of India
Syndicate Bank
State Bank of Saurashtra

INSTITUTIONAL FINANCERS
Industrial Development Bank of India
Central Bank of India

CORPORATE OFFICE
ESSEN HOUSE
5/12, B.I.D.C. Gorwa, Vadodara – 16

REGISTERED OFFICE & FACTORIES
Village: Vadadala, Phase II,
Tal: Savli, Dist. Vadodara
Khardapada, Nani Naroli, Silvassa – DNH
E-mail : shares @ dicabs.com

REGISTRAR & TRANSFER AGENT
Intime Spectrum Registry Limited
201, Sidcup Towers, Racecourse,
Vadodara – 390 007

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 13th January, 2005 at 9.30 a.m. at the Registered Office of the Company at Village – Vadadala, Tal.–Savli, Dist. Baroda to transact the following Ordinary and Special Businesses :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2004 and the Profit & Loss accounts for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Mr. Prakash Sinha, who retires from the office by rotation and being eligible offers himself for Re-appointment.
3. To appoint Director in place of Mr. T. N. Bhatnagar, who retires from the office by rotation and being eligible offers himself for Re-appointment.
4. To appoint Auditors and to fix their remuneration

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION: "RESOLVED THAT Mr. Hemant T. Bhatt, who was appointed as an Additional Director of the Company and who in terms of Section 260 of the Companies Act, 1956, read with article 128 of Articles of Association of the Company, hold such office up to this Annual General Meeting, and in respect of whom a company has received a notice from a member of the Company under Section 257 of the Companies Act,1956 proposing his candidature for the office of a Director along with a deposit of RS. 500/- be and is hereby appointed as Director of the Company."
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION: "RESOLVED THAT pursuant to provisions of Section 224 and any other provisions of the Companies Act, 1956, M/s Vijay N. Tewar & Co. Chartered Accountants, Baroda, be and are hereby appointed as the Statutory Auditors of the company from the conclusion of this General Meeting up to the conclusion of next Annual General Meeting at a remuneration as may be mutually decided by and between the Auditors and Management."

For & on behalf of the Board

Manoj A. Kulkarni
Company Secretary

NOTES:

1) A member entitled to attend and vote is entitled to appoint a proxy to attend and on poll, to vote instead of him. A Proxy need not be a member.
2) Proxies Instrument should be duly stamped, completed signed must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3) Pursuant to section 154 of the Companies Act 1956 Register of Members and Share Transfer Books of the company will remain closed from 06/01/2005 to 13/01/2005 (Both days inclusive).
4) The company had appointed INTIME SPECTRUM REGISTRY LIMITED, 201, SIDCUP TOWER, RACE COURSE CIRCLE, BARODA 390007 as the Registrar and Share Transfer Agent. The Members are requested to kindly make further correspondence for any share Transfer or Demat work to INTIME SPECTRUM REGISTRY LIMITED, 201, SIDCUP TOWER, RACE COURSE CIRCLE, BARODA 390007.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 5

Shri Hemant T. Bhatt was appointed as an Additional Director on the Board of the Company at the meeting of the Board of Directors held on 30.07.2004 for whom Notice has been received by the Company under Section 257 of the Companies Act, 1956.

Details required as per Clause 49 of the Listing Agreement:

Mr. Hemant Bhatt, 37, by qualification is Science Graduate and has obtained Diplomas in Computer Applications as well as Materials Management. He is in the field of consultancy for Industrial and Risk & Insurance management since last 10 years. He is actively involved in various Social activities. He is not holding Directorship or membership of any committee of any other Body Corporate. It is in the interest of the Company to appoint him on the Board of the Company. Hence the Directors of the Company recommend this resolution for your approval.

None of the Directors of the Company except Mr. Hemant Bhatt, is in any way concerned or interested in the said resolution.

ITEM No. 6:

Company had received a Resignation from M/s S. S. Iyenger & Co. Chartered Accountants, Baroda, Statutory Auditors of the Company and as a result casual vacancy had arisen in the office of Statutory Auditor of the Company. The casual vacancy can be filled in by Members of the Company in their General Meeting. Your Directors had approved the appointment of M/s Vijay N Tewar & Co. at their meeting held on 08.10.2004 seeking approval of Members.

The Directors commend the resolution for the approval of the Members. None of the Directors of the Company, in any way, are interested in this resolution.

DIRECTORS REPORT TO SHAREHOLDERS

The Board of Directors has pleasure in presenting the Twelfth Annual Report along with the Audited Accounts for the year ended 30th September 2004. The year 2003-04 witnessed a continued Global & National turmoil with industry trying to come out of crisis as a result the global and national trade activities did out of crisis as a result the global and national trade activities did not grow and so did the economy at the pace it should have grown.

During the period, the Transmission and distribution policy of Indian power sectors continued to be driven by foreign investment, mainly aided and funded by the World Bank and Asian Development Bank. The government has further more state electricity boards like GEB, RSEB, UPSEB, Jharkhand, APSEB, etc. under pressure and requirements from multilateral funding agencies have agreed to split and privatize themselves basically to facilitate the changes and implementations required to improve upon the financial conditions of each of the state electricity boards. This acceptance by state power utilities has benefited your company as it 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. Etc. Along with electricity boards like TNEB, MSEB, and GEB where in the receivables are either guaranteed by a letter of credit or guaranteed by payment facility from Power Finance Corporation.

FINANCIAL RESULTS

We are pleased to place on record that the fact that the companies turnover last three years has been RS. 4559.55 Lacs (2001-02, for 9 months), RS. 8386.58 Lacs (2002-03) and RS. 5144.40 Lacs (2003-2004, for 18 Months).

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

[RS. in Lacs]

Sr.	Particulars	2003–2004 (18 months)	2002–2003 (12 months)	2001-02(9 months)
1.	Income	5144.40	8386.58	4559.55
2.	Expenditure	4949.48	7374.39	3885.23
3.	Profit BDIT	194.92	1008.64	699.22
4.	Interest	1875.08	1201.35	813.92
5.	Depreciation	394.08	261.09	194.80
6.	Net Profit	(2074)	(450.25)	(331.41)
7.	Share Capital	1352.02	1352.02	1352.02
8.	Reserve	486.86	713.33	1163.58
9.	EPS	(15.34)	(3.33)	(2.47)

Note: Due to Re-grouping there are changes in some of the previous year figures.

The important performance ratios are as under:

Sr.	Particulars	2003–2004 (18 months)	2002-03(12 months)	2001-02 (9 months)
1	Gross Profit Margin (%)	8.51	12.03	15.33
2.	Asset Turnover (times)	2.53	3.11	1.76
3.	Interest Coverage (times)	.1	0.84	0.83
4.	Earning Per Share (RS.)	(15.34)	(3.33)	(2.47)

THE POWER INDUSTRY

The Indian Power Sector is a core component of the Indian infrastructure and its expansion is essential for the success of economic liberalization of India. India, which inherited a little more than 1,300 MW at the time of its independence in 1947, today has an installed generating capacity of more than 110,000 MW. Despite this achievement, ever increasing power demand of the country's vibrant economy has led to a widening gap between the supply and demand. The Indian Government has therefore, rightly put emphasis on this sector and plans to add 1, 00,000 MW of new installed generating capacity in the next decade, i.e., up to 2012. In other words, it means, addition of 10,000MW every year on an average.

The performance of electrical and industrial electronics industry is closely linked to power programme, which continues to languish due to fund constraint. Further, this slowdown has subsequent impact on the other industries that depend on electricity. The progress on reform front for State Electricity Boards has also been rather slow. Thefts of power, free / subsidized electricity and heavy T & D losses are the major issues responsible for weak financial condition of SEBs and need immediate attention.

During the 9th Five Year Plan (1997-2002), the Indian Government has fixed the target of 40245.2MW for capacity addition, comprising 29545.5MW thermal, 9819.7MW for hydro and 880MW for nuclear. Unfortunately, due to various constraints, the Government itself could add only about 19,000MW as compared to planned addition. A capacity addition of 41110 MW has been targeted for the 10th five-year plan. The details are given in table below:

Capacity Addition Programme for 10th Five-Year Plan

Hydro	Thermal	Nuclear	Cumulative	Capacity
Central Sector	8742	12790	1300	22832
State Sector	4481	6676	0	11157
Private Sector	1170	5941	0	7121
Overall	14393	25407	1300	41110

Source: Annual Report 2002-03, Ministry Of power

In order to mobilize additional resources for the electricity sector, to help bridge the gap in demand and supply, Government formulated a policy in 1991 to encourage greater investment by private enterprises in the power generation sector. Inspite of encouraging response to this energy policy from domestic and foreign developers, the contribution from the IPPs has just been about 3,500MW. *Capacity addition achieved during last 6 years

Growth of Installed Generating Capacity

By Year Ending Installed Generating Capacity (MW)

	Centre	Nuclear	Thermal
March-1950	559	-	1,152
March-1960	1,530	-	2,343
March-1970	6,134	420	7,592
March-1975	7,529	640	10,153
March-1980	11,384	640	16,857
March-1985	14,460	1,095	27,030
March-1990	18,308	1,565	43,764
March-1995	20,833	2,005	58,113
March-1998	21,891	2,225	64,150.78
March-2000	23,627	1,840	69,474.76
March-2001	25,141.78	2,860	73,628.30

Earlier plans of reforms are primarily skidded because of more emphasis on the power generation and keeping the transmission and distribution completely in the background.

Recently passed Electricity Act 2003 attempts to encompass all the areas of the power sector viz, generation, transmission and distribution. It has opened up competition in power sector, kept the consumer as focal point and provided avenues for investment. Further, generation has been de-licensed, captive power policy has been liberalized and open access is provided for transmitting power. Apart from this, stringent provisions are made to minimize theft and misuse. The Act has also given consideration for promoting access to electricity in rural areas and for economically weaker persons

Accelerated Power Reform Development Programme (APRDP)

In February 2001, Government has introduced the programme for solving the problem of power sector with the vision of supplying reliable, affordable and quality power for all users by 2012. More emphasis is on up-gradation of sub-transmission and distribution through 100% metering, reducing T&D losses, energy audits, power factor correction measures etc. A qualitative improvement in power supply at the consumer end is expected so as to raise the level of satisfaction besides improving revenue realization for the utilities. The programme is being implemented in a structured way in the areas of distribution reforms, which will result in improving financial health of State Electricity Boards undertaking reforms. Out of total sanctioned amount of Rs.15, 000 crores, Rs.2, 000 crores has been released by Govt. till now under this programme.

APDRP (AS from Power ministry Website)

Power is a critical infrastructure for the growth of Indian economy. Acceleration in the economic growth will depend upon a financial and commercially viable power sector that is able to attract fresh investments. However, the financial health of State Electricity Boards (SEBs) has become a matter of grave concern considering that their losses reached an alarming level of Rs.33, 000 Crore in 2001-02, which is equivalent to about 1.5% of GDP. Consequently they are unable to make their payments to the CPSUs for purchase of power. The accumulation of outstanding to the CPSUs grew over Rs.40, 000 Crore, seriously hampering their capacity addition programme.

The core of the problem is poor state of sub-transmission and distribution system of SEBs and other electricity utilities. Out of the total generated power, about 55% is billed and only about 41% is realized. The gap between the average revenue realization and average cost of supply has been constantly increasing. At present SEBs loose nearly 110 paise for every unit of electricity sold. This is despite charging a very high tariff to the industrial consumers whose capability to meet the challenges in the globalized environment is seriously affected. Distribution reforms at the State level, therefore, became absolutely essential.

Though the Government of India took a number of steps to usher in reforms, the initiatives were confined to setting up of Regulatory Commissions at the Centre and State level, tariff rationalization, unbundling of SEBs, private participation in generation system and distribution enforced through Memorandum of Understanding (MOUs) with the State Governments. These initiatives were made a precondition for release of Central Government funds. However, these steps that are predominantly fiscal, financial and policy oriented alone could not bring about commercial viability of SEBs. These initiatives on tariff rationalization and removal of subsidies resulted in tariff increases without any improvement in quality, reliability and availability of power supply. This led to increased consumer resistance apart from lack of sustained investments in the sector. The commercial viability of SEBs is thus dependant on efficient performance of the distribution sector. It was, therefore, necessary to integrate the various reform measures to ensure a focused approach for improving the financial viability of the SEBs/Utilities. As investments in this sector are predicated on the success of distribution reforms.

STRATEGY

In order to achieve the commercial viability of SEBs, Ministry of Power formulated a six level intervention strategy that encompasses initiatives at national level, state level, SEB/Utility level, distribution circle level, the feeder level and the consumer level. The focus is on reduction of Aggregate Technical and Commercial (AT&C) loss, improvement in quality & reliability of power and better consumer satisfaction.

IMPLEMENTATION

The Govt. approved the proposal of Ministry of Power for the six level intervention strategy for distribution reforms. The approval envisages an expenditure of Rs. 40,000 Crore during Tenth five-year plan under APDRP scheme. This includes investment and incentive components. An outlay of Rs. 20,000 Crore has been provided as central plan assistance under APDRP to State Governments for implementing the up gradation and modernization of sub transmission and distribution schemes under investment component. An additional outlay of Rs. 20,000 Crore has been provided to incentives the states utilities to reduce the cash loss reduction.

INVESTMENT COMPONENT

Under investment component, Government of India provides financial assistance to the states for strengthening and up gradation of sub-transmission and distribution network. 50% of the project cost is met by GOI and the balance has to be arranged by the states as counterpart funding from financial institutions. However, for states under special category, GOI provides 100% of the project cost as financial assistance. States of north-eastern region, J&K, Himachal Pradesh, Uttaranchal and Sikkim are covered under special category.

INCENTIVE COMPONENT

Under incentive component, funds would be provided by Ministry of Power to SEBs/utilities for actual cash loss reduction by way of one for two matching grants. This component has been introduced to motivate the SEBs/Utilities to reduce their financial losses. The cash losses are calculated net of subsidy and receivables and expenditure on accrual basis. During Financial Year 2001-02 three states viz. Maharashtra, Gujarat and Haryana have shown cash loss reduction. Further, states like Andhra Pradesh, Assam, Gujarat, Maharastra, Madhya Pradesh, Uttar Pradesh and West Bengal have indicated reduction in cash loss during 2002-03.

Transmission and Distribution

Evacuation of power from Generating Stations to the load centers is as important as power generation. Several inter-state and inter-regional transmission lines exist to facilitate the integrated operation of the state system with the region.

The Regional Power Grids in the Northern, Western, Southern, Eastern and North-Eastern Regions of the country were established for optimum utilization of the unevenly distributed power resources in the country by facilitating intra-regional and inter-regional power exchanges to the extent feasible depending upon day to day power availability and load conditions. Transfer of surplus power to the other power deficit regions is given the first priority.

Future outlook of transmission & distribution Industry

Year	Hydro	Thermal	Nuclear	Cumulative
Central Sector	8742	12790	1300	22832
State Sector	4481	6676	0	11157
Private Sector	1170	5941	0	7121
Overall	14393	25407	1300	41110

Source: Annual Report 2002-03 Ministry of power

The Indian power sector is core Based on the data available on IEEMA Website we can base the future outlook of the transmission industry as very strong and promising, some of the important statements are given below:

The capacity addition in the last six years has been as under:

Year	Centre	State	Total
1997-98(act)	333.00	2893.50	3226.50
1998-99(act)	991.00	3250.40	4242.00
1999-00(act)	1615.40	2892.10	4507.50
2000-01(act)	659.00	3116.66	3775.46
2001-02(act)	905.00	2210.25	3115.25
2002-03(up to Feb. 2003)	1210.00	1440.30	2650.30

Source: Annual Report – Ministry of Power, Govt of India (2002-03)

A Power Trading Company (PTC) has been established with majority equity participation by Power Grid Corporation of India Ltd. (PFCIL), along with NTPC, Power Finance Corporation (PFC) and other financial institutions. Concerned State Governments/State Electricity Boards (SEBs) would also be co-opted, if found feasible. The PTC would purchase power from the identified private projects and sell it to the identified State Electricity Boards. As power would be sold to the States, the concurrence of the concerned State Governments would be taken. Security to the PTC would be provided by means of a Letter of Credit and recourse to the State's share of Central Plan Allocations and other devolutions. However, PTC may also, if feasible supply power directly to a 'cluster', like licensees and industrial establishments. The setting up of PTC would enable mega-projects to negotiate with one buyer only and would eliminate mega-projects risk regarding payments. Such security would substantially bring down the tariff from such projects.

- A pre-condition would be that the beneficiary States should have constituted their Regulatory Commissions with full powers to fix tariffs as envisaged in the Central Act. They would also have to privatise distribution in the cities having a population of more than one million. Similar comforts would be given to public sector projects; however, they would deal directly with the SEBs and not through the PTC.
- The import of capital equipment would be free of customs duty for these projects.

- In order to ensure that domestic bidders are not adversely affected, price preference of 15% would be given for the projects under public sector, while deemed export benefits as per the EXIM policy would be given to domestic bidders for projects both under public and private sector.
- The domestic bidders would be allowed to quote in US Dollars or any other foreign currency of their choice.
- In addition, the income-tax holiday regime would be continued with the provision that a promoter can claim the tax holiday period of 10 years in any block of 10 years, within the first 15 years.
- The State Governments have been requested to exempt supplies made to mega power plants from sales tax and local levies.

It is visualized that the country would be adding 15,000-20,000 MW of capacity through this policy at the most competitive tariffs payable by State Electricity Boards and consequently by consumers.

TRANSMISSION

- Transmission projects continue to be accorded a high priority in the context of the need to evacuate power from the generating stations to the load centers.
- During the coming years, the peak demand of the country is expected to increase rapidly and as per an estimate the demand is expected to reach about 1,76,000 MW in next fifteen years for which capacity addition of 1,53,000 MW has been envisaged.
- A fifteen year investment Plan up to year 2012 drawn up, envisages commensurate investment of about Rs.5, 00,000 crores in Transmission and Distribution sector. During 9th Plan, envisaged investment is of about Rs.60, 000 crores in T&D out of which Rs.11, 000 crores will be invested by POWERGRID itself to construct about 20,000 ckt. Kms of 400 KV/765 KV line, HVDC bipole and back-to-back stations. A national approach has been adopted for development of future power system to achieve optimum utilization of available energy resources to meet varied load conditions during various times of the day.
- The national level approach of the transmission planning gives emphasis to:

UPGRADATION OF TRANSMISSION TECHNOLOGIES

Adoption of new technology and up-gradation of existing technologies be the mainstay of meeting planning demands of the country. Major objectives for induction of technologies will be conserving right-of-way, increasing power transfer capabilities of existing lines and cost effectiveness in evacuation of power of the future generation projects of which one is as below:

All Aluminum Alloy Conductor (AAAC):

Use of All Aluminum Alloy Conductor (AAAC) over conventionally used ACSR (Aluminum Conductor Steel reinforced) conductor for higher temperature endurance and more conductor life. This has been deployed on a feq lines of 220 KV and below. Polymer Insulators, which are light weight, low cost and pollution free, have been deployed on Ramagundam-Hyderabad 400 KV lines.

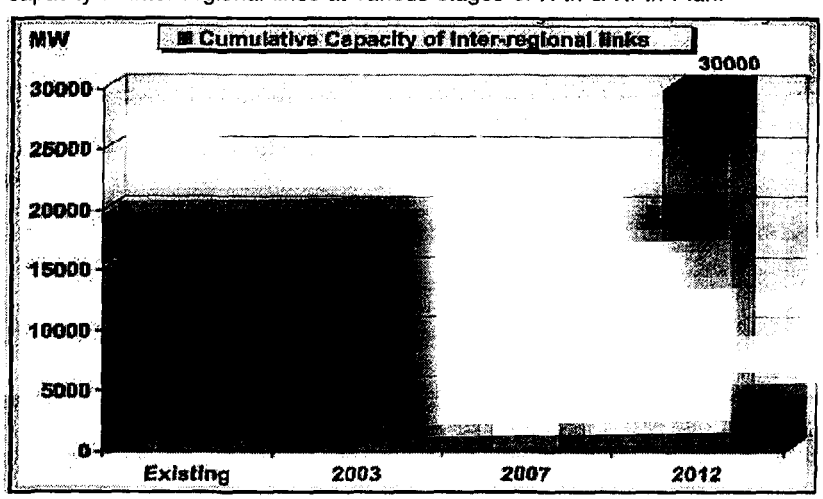
GROWTH OF TRANSMISSION SECTOR UP TO DEC.' 2002

Transmission Lines (Ckm.) Sectoral Share

	Central Sector	State Sector	Total
800 kV	762	-	-
400 kV	32,012	409	1171
220 kV	8755	90940	99695
+/- 500 kV HVDC Lines (Ckm)	3003	1504	4507

Source: www.cea.nic.in

Keeping in view the envisaged generation addition programme, a perspective transmission plan has been drawn up indicating the major inter-regional transmission highways to be developed by 2012 and this will lead to the formation of a strong National Grid. The capacity of inter-regional lines by the end of XI th plan would be about 30,000 MW. Investment of about Rs.2, 00,000 crores has been estimated for the associated transmission system including creation of a National Grid. The figure 1 indicates the planning of cumulative capacity of inter-regional lines at various stages of X th & XI th Plan.



Past few years were quite tough for the electrical industry owing to various reasons such as insufficient allocation of funds for the power programme by the Government, health of the utilities, liquidity crunch, high interest rates and uncertainty. The well conceived APDRP programme and passing of Electricity Act 2003 have provided a ray of hope to the industry.

It is expected that by the year 2005, all reforms would be in place with single rate of excise duties for industrial products and rationalized custom duty structure.

The general buoyancy in the Indian Economy would then create a demand for electrical products through growth of general industrial and economic development. From the experiences of the past few years, it can be confidently said that the Indian industry has faced the critical challenges well and survived in the most difficult times. In current favorable market scenario today, the electrical industry can certainly look forward for growth.

Long and satisfactory performance of product in varying environments and climate is a pre-requisite for entering and further strengthening your position in the international market. A variety of specifications made it difficult for Indian manufacturers to offer a product since many times, test facilities to prove compliance with the specifications were not available. Some times, re-testing by foreign laboratories is a condition imposed by international client, adding financial burden to manufacturers. Indian manufacturers expect to get advantage by testing the equipments in NABL Accredited Laboratories so that re-testing may not be needed in the other countries covered under mutual recognition agreement for testing. It is noteworthy that the improvement in production levels of electrical equipment is largely attributed to robust export performance in addition to strengthening demand in local market.

Railway Electrification

Indian Railways integrate the country since the major transportation of freight and persons over long distance is by railways. This is especially true for bulk transportation of low value materials. The increasing economic activities have created necessity of transportation of freight and persons at higher speed over long distances.

Electrification of railways was found to be the only solution and the Government embarked on an ambitious programme of railway electrification. The "Quadrangle" consisting of major metropolitan cities viz; Mumbai, Delhi, Calcutta and Chennai, together with their diagonal tie lines are now fully electrified. Electrification is also being extended to the major industrial centers of rapid transportation and higher economic yield from a given investment in wagon and railway tracks. In addition, the suburban railway network is strengthened in existing metropolitan areas and suburban system will be extended to the next level of metropolitan areas. The major achievement of the Indian industry was the execution of metro railway system in Calcutta entirely using Indian expertise. Efficient use of resources and fast transportation requires a back up by equally, if not more efficient, signaling, communication and SCADA systems. In both these fields Indian Railways have developed considerable expertise. A further expertise is being acquired by establishment of coastal Konkan railways, which runs in such hilly regions as to have the distinction of the largest number of bridges and tunnels per kilometer compared to any other railway network in the world.

PROGRESS OF RAILWAY NETWORK

By Year Ending	Total Route KM	Total Route KM Electrified
March 1971	59,790	3,706
March 1981	61,240	5,345
March 1991	62,367	9,968
March 1995	62,660	11,772
March 1996	62,915	12,306
March 1997	62,725	13,490
March 1998	62,809	13,765
March 1999	62,809	13,765
March 2000	62,809	14,300
March 2001	63,000	14,900

CABLES

A whole range and variety of cables manufactured today in India includes PVC / FRLS cables, XLPE cables, submarine cables, aerial bunched conductor cable, telecommunication cable such as jelly filled cables, optical fiber cables etc. The cable industry may be mainly divided into four segments viz; house wiring (up to 440V), LT (1.1 to 3.3kV), HT (11 to 66kV), EHV (66kV).

There is a definite upward technological movement along with the growth rate in cables and wire industry in India. But consumption has fallen by more than the rate of growth. Slow down in power generation sector has direct effect on cable industry and its power segment, in particular, resulting into reduced demand as State Electricity Boards (SEBs) are the principal customers of this segment. The LT cable segment and house-wiring segment show moderate increase because of infrastructure and construction boom.

Though demand for Jelly filled telecommunication cables shows decline in comparison with its demand in mid' 90s, optical fiber cables continue to grow steadily due to governments' assured moves on the telecom industry and laying of countrywide optical fiber backbone network, increased use of internet respectively. Nowadays optical fiber cables are also replacing jelly filled cables. But with technology advancing rapidly, wireless technologies would dominate this segment in the future.

. A major worry of the cable manufacturers is exorbitant cost of raw material namely aluminum, copper, XLPE and PVC compounds accounting for close to 60% of the production cost. Due to this, Indian cable makers are left behind in global competitiveness.

However, the industry hopes that with increase in government spending on the infrastructure and restructuring of SEBs, the fortunes of the industry will improve.

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.

All India Power Requirement Forecast for 9th, 10th, 11th Plan

Year	Energy RequirementGWh	Peak LoadMW
1997-98	436,258	73,458
1998-99	469,057	78,936
1999-00	502,254	84,466
2000-01	535,903	90,093
2001-02	569,650	95,757
2006-07	781,863	130,944
2011-12	1,058,440	176,647

Source: 15th Electric Power Survey of India

According to estimates the total energy requirement at the end of 11th five-year plan would be 1058440GWH out of which the peak power load demand is estimated to be approximately 176647MW. To meet this requirement, huge investments would be required in building up the generation capacity in the country. Accordingly, investments would also be required in the transmission and distribution (T&D) networks. As per conservative estimates, by the year 2005-06, around Rs 680 bn would be required annually for power generation programmes, 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.

Estimated Fund Requirements for GENERATION AND T & D

(Rs.Billion)

Year	CapacityAddition (MW)	Generation	T & D	Total
1997-98	600	210	216	336
1998-99	6500	227	137	364
1999-2000	7000	245	147	392
2000-01	7750	271	163	434
2001-02	8500	297	179	476
2002-03	9250	324	194	518
2003-04	10000	350	210	560
2004-05	11000	385	231	616
2005-06	12125	424	255	679
TOTAL	78125	2733	1642	4375

Source: The India Infrastructure Report

DISINVESTMENT

The divestment programme in the Power Sector, particularly in the PSUs like NTPC, NHPC and PGCIL by way of sale of government equity holdings can occur by way of a variable blend of Private Placements and fresh placements etc to the Private Parties (Domestic / Foreign) It would bring in better technologies, Foreign Direct Investments, help in retiring debts and structural adjustments in the management etc. The Government of India has already initiated desired steps like constitution of Divestment Commission and appointment of various intermediaries like Investment Bankers / Consultants etc for undertaking the whole exercise of restructuring and fund raising through Privatization of the PSUs etc. It is now to be seen how fast the actual implementation of the aforesaid programme takes place.

CONSERVATION OF ENERGY

The company as per the new guideline by government has undergone a Complete Energy Audit of the manufacturing plant done by Electrical Research and Development Association (ERDA), Baroda and the results and finding of the same were implemented in the benefit of company with motto of conservation of energy.

QUALITY

The company is pleased to inform that the company has successfully converted / graduated from ISO 9002- 1994 certification to the new standards ISO 9002 – 2000, in short we reassure the fact that we are continuously updating and upgrading company, which is very much quality and process conscious.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Presently, the R & D department is concentrating on developing and improving upon the existing product line along with a detailed analysis of the manufacturing processes to enable the company to save cost.

The other major innovations made by the company due its strong R & D efforts are as follows:

Replacing the dual spooler system in place of single spooler developed modern technology for wire drawing machines and the analog counter meters used to measure the length of wire have been replaced by the digital counter meters to record the lengths at both wire drawing and stranding this has led to reduction in scrap percentage to the company. It has helped the company to achieve higher efficiency and productivity.