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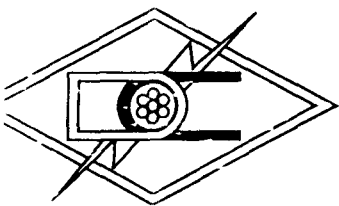
**13<sup>TH</sup> ANNUAL REPORT**

**2004-2005**

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**DICABS<sup>®</sup>**

**Power Cables & Conductors**



**DIAMOND CABLES LTD.**



## 13<sup>TH</sup> ANNUAL REPORT 2004-05 (6 MONTHS)

### 13<sup>TH</sup> ANNUAL GENERAL MEETING

### BOARD OF DIRECTORS

30<sup>TH</sup> NOVEMBER, 2005

at DCL Compound

Village: Vadadala, Tal. Savli,

Dist. Vadodara

Mr. S. N. Bhatnagar

Mr. Amit Suresh

Mr. Sumit Suresh

Mr. G. N. Verma

Dr. T. N. Bhatnagar

Mr. Prakash Sinha

Mr. Ashish Kumar Shah

Chairman & Managing Director

Joint Managing Director

Jt. Managing Director (O)

Director

Director

Director

Nominee Director (I.D.B.I.)

### 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

# DIAMOND CABLES LTD.

## NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 30th November, 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 Businesses :-

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2005 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. G. N. Verma, who retires from the office by rotation and being eligible offers himself for Re-appointment.
3. To appoint Auditors and to fix their remuneration

Date :- 20.10.2005

For and on behalf of the Board

Place: BARODA

MANOJ A. KULKARNI  
Asst. Company Secretary

### NOTES :

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of himself on poll. 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 23/11/2005 to 30/11/2005 (Both days inclusive).
- 4) The company has 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.

## DIRECTORS REPORT TO SHAREHOLDERS

The Board of Directors has pleasure in presenting the Thirteenth Annual Report along with the Audited Accounts for the year ended 31st March 2005. The year 2004-05 witnessed a continued Global & National turmoil with industry trying to come 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 the fact that the company's turnover last three years has been RS. RS. 8386.58 Lacs (2002-03) and RS. 5144.40 Lacs (2003-2004, for 18 Months) and RS. 3109.82 for 2004-05 (6 Months)

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

[RS. in Lacs]

| Sr. | Particulars   | 2004 - 2005 (6 months) | 2003 - 2004 (18 months) | 2002-03(12 months) |
|-----|---------------|------------------------|-------------------------|--------------------|
| 1.  | Income        | 3053.61                | 5144.40                 | 8386.58            |
| 2.  | Expenditure   | 2334.31                | 4949.48                 | 7374.39            |
| 3.  | Profit BDIT   | 775.50                 | 194.92                  | 1008.64            |
| 4.  | Interest      | 584.90                 | 1875.08                 | 1201.35            |
| 5.  | Depreciation  | 130.29                 | 394.08                  | 261.09             |
| 6.  | Net Profit    | 60.31                  | (2074)                  | (450.25)           |
| 7.  | Share Capital | 1352.02                | 1352.02                 | 1352.02            |
| 8.  | Reserve       | 408.12                 | 486.86                  | 713.33             |
| 9.  | EPS           | 0.45                   | (15.34)                 | (3.33)             |

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



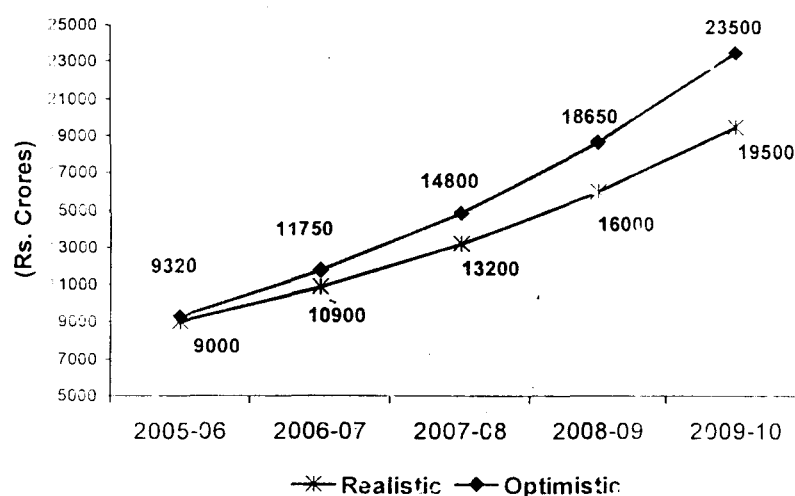
The important performance ratios are as under:

| Sr. | Particulars               | 2004-2005 | (6 months)2003-2004 | (18 months)2002-03 | (12 months) |
|-----|---------------------------|-----------|---------------------|--------------------|-------------|
| 1   | Gross Profit Margin (%)   |           | 28.58               | 8.09               | 12.03       |
| 2   | Asset Turnover (times)    |           | 0.26                | 0.46               | 3.11        |
| 3   | Interest Coverage (times) |           | 1.10                | (0.11)             | 0.84        |
| 4   | Earning Per Share (RS.)   |           | 0.45                | (15.34)            | (3.33)      |

Some Important Aspects of the Conductors Business as bought about by AC Nielsen Report on Conductors Industry.

- ❖ Estimated demand for Aluminium Conductors during the year 2004-05 is about 10.85 lakh km, which is equivalent to 5.08 Lakh Tons, valued at Rs.7,400 Crores.
- ❖ Export demand is hardly 4% of total demand and is valued at Rs. 280 Crores
- ❖ In terms of length, transmission conductors accounts 19% and balance 81% is for distribution conductors. By weight, transmission and distribution conductors each have share of 50%.
- ❖ For transmission conductors, ACSR conductors accounts 92% and balance 8% is AAAC conductors.
- ❖ For distribution conductors, AAAC conductors accounts 55%, ACSR 32%, ABC 7% and AAC 6%.
- ❖ Utilities have started using ABC conductors recently and usage is gradually increasing.
- ❖ Demand for Aluminium Conductors is expected to grow at a CAGR of 22%. In 2009-10, it will reach up to 29.40 Lakh km (11.9 Lakh Tons.), valued at Rs. 19,500 Crores
- ❖ In India, there are around 360 Aluminium Conductors manufacturing units with estimated capacity of about 6.0 lakh tons.
- ❖ 70-80% sales of conductor is tender based
- ❖ SEBs, Private utilities are major consumers of distribution system Aluminium Conductors
- ❖ Power Grid Corporation and SEBs are major buyers of transmission system Aluminium Conductors
- ❖ POWERGRID is central transmission utility of India, which has one of the largest transmission network in the world.
- ❖ The current Power Generation capacity is about 1.16 lakh MW and another 1 lakh MW generation capacity addition planned up to 2012.
- ❖ It is estimated that about Rs. 9,00,000 Crores investment is needed up to 2012. Transmission and Distribution network during 10th and 11th plan period would need average annual investment of Rs. 27,000 Cr

#### DEMAND PROJECTIONS IN RUPEE VALUE.



## DIAMOND CABLES LTD.

### Capacity Addition

Based on the demand projections made in the 16th Electric Power Survey, over 1,00,000 MW additional generation capacity needs to be added by 2012 to bridge the gap between demand and supply of power

### Capacity addition plan up to 10th Five Year Plan

A capacity addition of 41,110 MW has been targeted for the 10th Five Year Plan. Sector-wise details are as under

| Source  | Central | State | Private | Total |
|---------|---------|-------|---------|-------|
| Hydro   | 8742    | 4481  | 1170    | 14393 |
| Thermal | 12790   | 6676  | 5951    | 25417 |
| Nuclear | 1300    | --    | --      | 1300  |
| Total   | 22832   | 11157 | 7121    | 41110 |

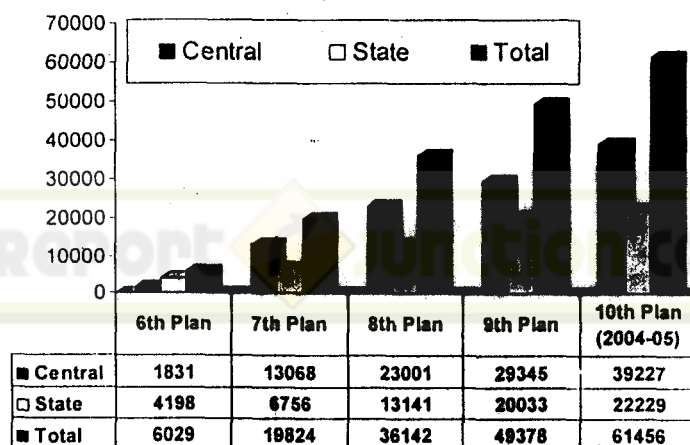
### Capacity addition plan up to 11th Five Year Plan

About 61,000 MW capacity addition has plan during 11th Five Year plan. Sector-wise details as under

|                  |             |
|------------------|-------------|
| - Central Sector | : 36,785 MW |
| - State Sector   | : 10,600 MW |
| - Private Sector | : 13,500 MW |
| Total            | : 60,885 MW |

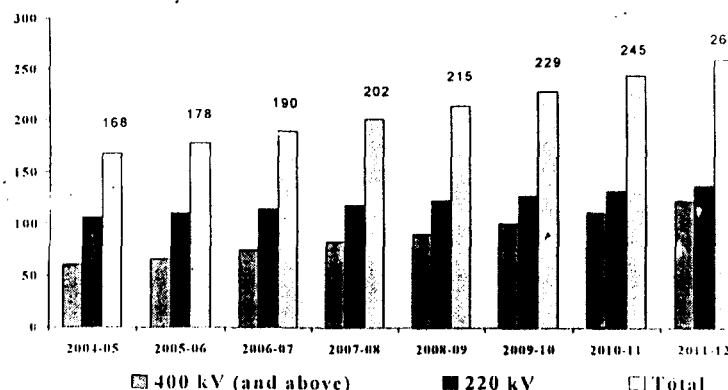
### Growth of Electricity Sector

❖ Installed capacity which was 1713 MW during the year 1950 rose to 116321 MW at the year 2005



- ❖ Total no. of villages electrified grown up to 4,98,311 in 2005 from 3061 (1950), Which accounts 84.9% of the total villages in India.
- ❖ The length of transmission and distribution lines which was 29,271 Ckt.Kms. in 1950 increased to 63,44,858 Ckt. Kms during the year 2003-04

Per capita electricity consumption which was 15.6 kWh during 1950 increased to 592 kWh during the year 2003-04. By 2012 planning to increase up to 1000 kWh



### Growth of 400 kv Transmission Line since 6th Plan

Higher growth of 400 kv transmission line - CAGR 10.6% since 6th plan.

Future Estimated Growth in Transmission Lines (in Th. Ckt. Km)



#### Investment to be Required In Power Sector

- ❖ Despite having 1,16,000 MW, the power sector is plagued by energy and peak shortage of 7% and 11% respectively indicating that existing infrastructure is not sufficient to meet countries current demand
- ❖ Additional 1,00,000 MW capacity addition is planned during 10th and 11th plan and Government's drive to electrify all villages by 2009 and all households by 2012.
- ❖ It is estimated that about Rs. 9,00,000 Crores investment to be needed up to 2012, which means average Rs. 90,000 Crores annually

Transmission systems and distribution network during 10th and 11th plan period would need average annual investment of RS. 27,000 Crores

#### Private Sector Participation & FDI in Transmission

- ❖ About Rs. 2,70,000 Crore would be required for the associated transmission system including National Grid
- ❖ Out of this, an investment of Rs. 94,500 Crore would be required in Central transmission sector during X and XI plan.
- ❖ POWERGRID has to invest to the tune of Rs. 50,000 Crore, while the balance amount envisaged to be mobilized through private participation
- ❖ In January 2000 the Ministry of Power has issued detailed guidelines for private sector participation - The guidelines envisage two routes for initiating private sector participation. One route through Joint Venture with POWERGRID and private sector
- ❖ The other route called ITPC (Independent Power Transmission Corporation) shall facilitate private sector including investor coming through FDI invest 100% by themselves

(source: AC Neilson Report on Conductor Industry)

Your Directors are confident that with the Demand of Product and Impetus on the Power Sector the Conductors Industry is set for a very bright future.

#### 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 9001 - 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.

#### FIXED DEPOSIT

The company has not accepted any deposit from public during the year under review to which provisions of section 58 A of the companies (Acceptance of Deposit) Rules, 1975 as amended is applicable.





# DIAMOND CABLE LTD.

## DIRECTORS

In accordance with the provisions of the company's Articles of Association, Mr. G. N. Verma retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

## AUDITORS

M/s. Vijay N. Tewar & Co., Chartered Accountants have expressed their willingness to continue in office if re-appointed. A certificate has been obtained from them to the effect that the appointment, if made will be in accordance with the limits specified in subsection (1B) of section 224 of the Companies Act, 1956.

## LISTING OF SHARES

As you are aware that Special Resolution was passed at the Extra Ordinary General Meeting held on 9th February, 2004, Company has got approval for De-listing of shares from Ahmedabad Stock Exchange Limited. However Vadodara and Delhi Stock Exchange has not yet approved De-listing of the shares from their Exchanges. Presently your company's shares are listed on the Stock Exchange, Mumbai only. The listing fee to the Stock Exchange, Mumbai, has been paid upto 31st March 2006.

## DIRECTOR'S RESPONSIBILITY STATEMENT:

Under Section 217(2AA) of the Companies Act, 1956 the directors confirm that :

- ❖ In the preparation of annual accounts, the company has followed the applicable accounting standards.
- ❖ Such accounting policies have been selected and consistently applied and judgments and estimates made thus are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the year ended 31st March, 2005 and of the Profit / Loss for the year ended on the date.
- ❖ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- ❖ Annual Accounts have been prepared on a going - concern basis.

## PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names & other particulars of the employees are set out in the Annexures to the Director's Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particular may write to the Company Secretary at the Registered Office of the Company

## COST AUDITORS

The Central Government has directed an audit of the Cost Accounts maintained by the Company in respect of its products. The Central Government has approved the appointment of M/s. S. S. Puranik & Associates, Cost Accountants, for conducting the Cost Audit of the above businesses for the Financial Year ended on 31st March, 2004.

## CORPORATE GOVERNANCE

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

## ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation, received from the Financial Institutions, Banks, various Government Authorities, Customers, vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and workers of the Company.

Place : Baroda  
Date : 20.10.2005

For and on behalf of the Board

S. N. Bhatnagar.  
Chairman & Managing Director

**FORM - A**

Form for disclosure of particulars with respect to conservation of energy.

| Sr. No. | Particulars                            | Current Year | Previous Year |
|---------|--|--------------|---------------|
| 1.      | Power & Fuel Consumption               |              |               |
|         | Electricity                            |              |               |
| 1.      | Purchased Unit (kWh) Lacs              | 8.00         | 12.29         |
| 2.      | Rate/Unit (RS.)                        | 6.85         | 6.85          |
| 3.      | Total Amount (RS. Lacs)                | 54.81        | 84.13         |
|         | Own Generation                         |              |               |
| 1.      | Through Diesel Generator Unit Per Ltr. | 1024.00      | 2032.00       |
|         | Of Diesel Oil Cost/Unit                | 26.33        | 24.27         |
| 2.      | Through Steam Turbine/Unit             | 1.08         | 1.01          |
|         |  | NA           | NA            |
| 2.      | Coal (Specify Quality & where used)    | NA           | NA            |
| 3.      | Furnace Oil                            |              |               |
| 1.      | Quantity (K.Liters)                    | 247.65       | 73.077        |
| 2.      | Total Amount (RS. Lacs)                | 34.52        | 9.95          |
| 4.      | Others / Internal Generation           | NA           | NA            |

**FORM - B**

Form for Disclosure of particulars with respect to Absorption; Research and Development.

- Specific areas in which R & D carried out - NA
- Benefits derived as a result of above R & D - NA
- Future plan of action - NA
- Expenditure on R & D - NA

Technology absorption, adaptation and innovation:

- Efforts in brief made towards technology, absorption, adaptation and innovation - NA
- Benefits derived as a result of above efforts.

e.g. product improvement, cost reduction, production development, imports substitution etc. - NA.

**From C - Foreign Earnings and Outgo:**

(RS. in Lacs)

|          | 2004-05 (6 Months) | 2003-04 (18 Months) |
|----------|--------------------|---------------------|
| Earnings | 481.05             | 149.78              |
| Outgo    | 1007.69            | 2.07                |

**CORPORATE GOVERNANCE****1. BRIEF STATEMENT ON CODE OF GOVERNANCE:**

Your company believes in conducting its affairs with the highest levels of integrity, with proper authorizations, accountability and transparency. The business operations of the company are conducted not for the benefit of specific group but for the benefit of all the shareholders.

**2. BOARD OF DIRECTORS**

The Board of Directors of the Company inception includes eminent individuals who have excellent track record in their respective areas of experience and specialization and possess a good standing. The Board is structured on a broader base keeping in mind the Financial, Technical, Legal, Industry and Corporate requirements of the company. These members of the Board are highly competent and proficient; they provide leadership and strategic business insight to the Board.

Diamond Cables Limited Board comprises of executive and non-executive Directors. The Chairman, Joint Managing Director and Joint Managing Director (operations) hold an executive position in the company; basically there are 3 whole time directors in the company with each having expertise in technical, marketing and Finance & Material areas. The rest of the non-whole-time Directors brings a wide range of skills and experience to the Board. The Industrial Development Bank of India has appointed Mr. Ashish Kumar Shah as Nominee Director on the Board of Company.

None of the Directors of the Board is a member on more than 10 committees and chairman of more than 5 committees (as specified in clause 49 of the listing agreement with stock exchanges), across all the companies in which they are Directors. The necessary disclosure regarding committee positions have been made by the Director.

The names and categories of the Directors on the Board, their attendance at Board meetings during the year and at last Annual General Meeting, and also the number of directorships held by them in other companies are given below:

