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DIAMOND POWER INFRASTRUCTURE LIMITED
(FORMERLY KNOWN AS DIAMOND CABLES LIMITED)

16TH ANNUAL REPORT : 2007 2008

16TH ANNUAL GENERAL MEETING

September 29, 2008

At 10:00 a.m.

Diamond Power Infrastructure Limited

H.T. Cables Plants

Vil. Vadadala, Ta. Savli,

Dist. Vadodara - 391 520.

BOARD OF DIRECTORS

Mr. S. N. Bhatnagar

Mr. Amit Bhatnagar

Mr. Sumit Bhatnagar

Mr. G. N. Verma

Dr. T. N. Bhatnagar

Mr. Prakash Sinha

Mr. T.N.C. Rajagopalan

Mr. Amit Gupta

Ms. Jayshree Krishna

Chairman & Managing Director

Joint Managing Director

Joint Managing Director (O)

Director

Director

Director

Additional Director (up to Sept. 29, 2008)

Nominee Director (CCP-Cyprus)

Nominee Director (CCP-India)

AUDITORS

Vijay N. Tewar & Co.

315-316, Panorama, R. C. Dutt Road

Baroda 390 007.

COMPANY SECRETARY

Mr. Deepak K. Joshi

BANKERS

Bank of Baroda

Centurion Bank of Punjab Ltd. / HDFC Bank Ltd.

Axis Bank Ltd.

ICICI Bank Ltd.

Bank of India

CORPORATE OFFICE

ESSEN HOUSE

5/12, B.I.D.C., Gorwa

Baroda 390 016.

REGISTERED OFFICE & PLANTS

Village: Vadadala, Phase II,

Tal: Savli, Dist. Baroda 391 520.

24-B, Nanji Industrial Estate, Vil. Kharadpada

Silvassa UT. of Daman & NH.

e-mail : shares@dicabs.com

deepak@dicabs.com

REGISTRAR & TRANSFER AGENTS

Intime Spectrum Registry Limited

308, Jaldhara Complex

Near Manisha Society

Baroda 390 007.

Phone No. 0265 2250 241

Fax No. 0265 2250 246

Email : vadodara@intimespectrum.com



NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held on Monday, September 29, 2008 at 10:00 a.m. at Diamond Power Infrastructure Ltd., H. T. Cables Plant, Vil. Vadadala, Ta. Savli, Dist. Vadodara - 391 520 to transact the following Business :-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended on March 31, 2008 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Prakash Sinha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. G. N. Verma, who retires 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 modification, following as an Ordinary Resolution :

“RESOLVED THAT Mr. T.N.C. Rajagopalan, 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 the Articles of Association of the Company, hold such office up to this Annual General Meeting, and in respect of whom The 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 a Director of the Company, liable to retire by rotation.”

By Order of the Board,

Date :- August 28, 2008
Place :- Vadodara

Deepak K Joshi
Company Secretary

NOTES

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself / herself. Such Proxy need not be a member of the Company.
- 2) Proxy Instrument should be duly completed, stamped, signed and 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, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 25, 2008 to Monday, September 29, 2008 (both days inclusive).
- 4) M/s. INTIME SPECTRUM REGISTRY LIMITED, 308, Jaldhara Complex, Nr. Manisha Society, Vadodara - 390 007 are the Registrar and Share Transfer Agent of the Company. The Members are requested to kindly make further correspondence with them for any matter relating to Transfer or dematerialization of Shares.
- 5) As a measure of economy, the Company does not distribute the copies of Annual Report at the meeting. Hence, the members are requested to bring their copies with them.
- 6) No person shall be entitled to attend or vote at the meeting as a duly authorized representative of a Company or any body corporate which is a member of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Registered office of the Company not less than four days before the date of the Annual General Meeting i.e. on or before the closing hours of Wednesday, September 24, 2008.
- 7) Members seeking any information on the Accounts of the Company are requested to write to the Company, which should reach to the



Company at least one week before the date of Annual General Meeting, so as to enable the management to keep the information ready. Replies will be provided only at the Annual General Meeting.

- 8) Pursuant to the directives given by the SEBI, trading of your Company's shares in Dematerialized form has been made compulsory for all investors with effect from February 26, 2001. The Company has entered into an agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as an issuer Company for the dematerialization of Company's Shares. Request for dematerialization of Shares may be sent through respective Depository Participants.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5

Mr. T.N.C. Rajagopalan was co-opted as an Additional Director of the Company with effect from October 18, 2007 pursuant to Section 260 of the Companies Act, 1956, read with Article 128 of the Articles of Association of the Company. Mr. T.N.C. Rajagopalan holds office of Director up to the date of the ensuing Annual General Meeting.

None of the Directors of the Company other than Mr. T.N.C. Rajagopalan is interested or concerned in the resolution.

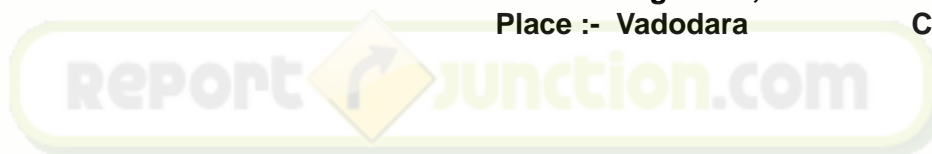
The Board recommends the resolution set forth above for approval of the Members.

By Order of the Board,

Date :- August 28, 2008

Place :- Vadodara

**Deepak K Joshi
Company Secretary**



DIRECTORS' REPORT

Dear Members,

Your directors have pleasure in presenting the Sixteenth Annual Report along with the Audited Accounts for the year ended March 31, 2008.

It gives me a great feeling to make a mention here that your Company has delivered as promised during the year under review. The Company has during the year, commenced and done a remarkable growth in all the Areas i.e. Conductors, Cables, Turnkey Projects and Transformers business, the growth has not only been financial but also in terms of larger customers base, more productivity and strengthening of systems in the Company which has resulted in this exponential growth

and will ensure that a solid platform has been built for the future.

FINANCIAL RESULTS

We are pleased to present the Company's financial performance to you. The Company achieved the sales of Rs. 50433.64 lacs compared to Rs. 14200.13 lacs (6 months), giving a rise of growth in sales of 126.75 % (annualized).

Following Statement indicates the overall financial strengths of the Company :

[Rs. in Lacs]

Sr. No.	Particulars	2007- 08 (12 months)	2006 - 07 (6 months)
1.	Income	50433.64	14200.13
2.	Expenditure	44370.11	12211.30
3.	Profit B I D T	6063.53	1988.83
4.	Interest	1429.75	476.58
5.	Depreciation	286.44	133.63
6.	Net Profit/(loss)	4347.34	1378.82
7.	Share Capital	1752.02	1552.02
8.	Reserves	10807.85	3831.93
9.	EPS (Rs.)	24.84	8.86

Important performance parameters :

Sr. No.	Particulars	2007-08 (12 months)	2006-07 (6 months)
1	Gross Profit Margin (%)	12.02	14.02
2.	Asset Turnover (times)	1.74	0.72
3.	Interest Coverage (times)	4.24	4.17
4.	Earning Per Share (Diluted) (Rs.)	24.74	8.86

MARKET & FUTURE OUTLOOK**The Indian Power Industry :**

The Govt. of India has an ambitious mission of POWER FOR ALL BY 2012. To achieve this mission and also

increase the per capita consumption to 1000 Kwh, our installed generation capacity is needed to increase to 2,00,000 MW by 2012 from the present capacity of 1,14,000 MW. Accordingly, the 11th Five Year Plan (2007 to 2012) has targeted the following capacity additions:



	Thermal	Hydro	Nuclear	Total
Central	26800	9685	3380	39865
State	24347	3605		27905
Private Sector	7497	3263		10760
Total	58644	16553		78577
Captive Power				12000
Non Conventional				14000
Decentralised Dist.				5000
TOTAL				109577

Source :CEA

Of the above estimated capacities, 1935 MW has already been commissioned and projects for creation for additional capacity of 50,910 MW is already under construction. This amounts to close to 50% of the total additional capacity planned. For the balance capacities, actions/plans are underway.

Recognizing the fact that large projects can accrue economies of scale leading to cheaper cost of electricity, the Ministry of power and Central Electricity Authority along with Power Finance Corporation are working on 5 Ultra Mega Power projects (UMPP) of

5000 MW each, with scope of further expansion in future as well. This are being set up based on competitive bidding under private sector.

Total Investment of around Rs. 1100000 Crores is estimated to be made in the power sector in India during the period 2007 to 2012 to achieve the proposed capacity addition of around 100000 MW and creating the corresponding Transmission and Distribution Infrastructure. Broadly the break-up of Investment is as under :

Rs. In crores				
Details	State	Central	Private	Total
Generation, including Nuclear	147000	235200	88200	470400
Transmission	67200	79800		147000
Distribution, including Rural	306600			306600
Total	520800	315000	88200	924000
NCES, Captive Plants	25200		96600	121800
Merchant Plants			42000	42000
TOTAL				1087800

Source :CEA

Considering the scale of investment and the volume of expansion needed, attracting large private investment in transmission is essential. The Govt. of India amended Indian Electricity Act and Electricity Supply Act 1998, to enable private sector participation in transmission sector. The Guidelines issued by Ministry of Power in January, 2000 envisage two routes for inviting private sector participation. One route through Joint Venture of Power grid and the private investor and the other route called IPTC (Independent Power Transmission Corporation) through 100% FDI.

The Central Government has also taken number of initiatives in bringing about reforms in the power distribution sector through the mechanism of policy initiatives and controlling flow under the Accelerated Power Development and Reforms Program.

Infrastructure Additions - Transmission :

In transmission, the focus of the Eleventh Plan is formation of the National Grid. Hitherto certain pockets in the power system could not operate even under normal conditions for various reasons. This led to



breaking down of generation and operating at lower load generation. Therefore power transmission planning has moved from earlier generation evacuation system to integrated system planning. A strong all India Grid would enable exploitation of unevenly distributed generation resources in the country to their potential. Such a reliable transmission system with open access would facilitate increased real time trading of electricity, leading to market determined generation dispatches thereby resulting in supply at reduced prices to the distribution utilities and ultimately to the Consumers.

Certain provisions in the Electricity Act, 2003, such as open access to the transmission and distribution network, recognition of power trading as distinct activity, the liberal definition of a captive generating plant & provision for supply in rural areas are expected to introduce and encourage competition in the electric sector. It is expected that all the above measures on the

generation, transmission and distribution front would result in formation for robust electricity grid in the country.

Over the years, the investment and growth of transmission and distribution system has not matched the increase in Generating Capacity, which has created constraints of power evacuation from generating stations. Investments in strengthening the transmission and distribution system demands thrust and it is need of the immediate future to improve availability of power. The formation of National Power Grid will fulfill the following objectives:

- Enable transfer of power from power surplus region to deficient regions
- Enable optimal development and utilization of coal and hydro resources Improve economy, reliability and quality of power supply.

Proposed Capacity - Transmission

Transmission Lines	Unit	Actual - 2007	Planned -2012
756 KV	Ckm	1704	7132
HVDC +/- 500 KV	Ckm	5872	11078
HVDC 200 KV Monopole	Ckm	162	162
400 KV	Ckm	75722	125000
230/220 KV	Ckm	114629	150000
Total Transmission Lines	Ckm	198089	293372
Sub Stations		X Plan	XI Plan
HVDC BTB	MW	3000	3000
HVDC Bi Pole + monopoly	MW	5200	11200
Total HVDC Terminal Capacity	MW	8200	14200
765 KVA	MVA	2000	53000
400 KVA	MVA	92492	145000
230/220 KVA	MVA	156497	230000
Total AC Substation Capacity	MVA	251439	428000

Distribution Sector :

The distribution sector has suffered the most in terms of high Transmission & Distribution (T & D) Losses in India. Electricity distribution section is challenging task due to its interface with public at large with different needs and expectations and varying degrees of capacity to pay. To improve this sector and reduce the huge aggregate technical and commercial losses, control the theft and pilferage and rationalize the tariff

structures, major schemes like APRDP for urban areas and the Rajiv Gandhi Grameen Vidutikaran Yojana have been initiated. These have brought in investment in Urban Areas and created an Electricity Infrastructure in Rural Areas.

The Accelerated Power Distribution & Reform Program (ARDRP) was aimed to bring improvement in the Urban Distribution Sector by funding investment in the distribution sector network and through incentives to



States which performed well in reducing losses. Establishment of base line data would enable reduction of AT & C Losses in major towns through strengthening, up-gradation of sub transmission and distribution network and adoption of information Technology in the areas of energy accounting and auditing and improvement in consumer service. The investment is being funded by APRDP program with budgeted allocation.

RGVY (Rajiv Gandhi Grameen Vidyutkaran Yojana) aims to achieve power for all by 2009 and accelerate rural development. RGVY also aims at bringing the urban rural gap and provide reliable quality power supplies to rural areas in two phases. In phase I 300000 un-electrified villages with population of over 300 are covered, by the year 2009. The second phase would start from 2009 onwards and would provide electricity to the balance of un-electrified hamlets and complete the task of providing access to all rural households by 2012. The total investment in the two phases estimated at 45000 Crores.

Subsidy towards capital expenditure to the tune of 90% is provided through Rural Electrification Corporation Limited (REC), which is a nodal agency for implementation of the Scheme. Electrification of un-electrified Below Poverty Line (BPL) households will be financed with 100% capital subsidy @ Rs. 1500 per connection in all rural habitants.

Cable Industry In India :

Capital formation in India is driving demand for various products and one of them is cables. Cables are needed for almost every new construction. Demand from power sector for laying new lines and upgrading the existing power distribution network across the country is clearly driving up the demand for cables.

Power Cables are used for transmission and distribution of power. In India total production of power cables in 2007 was 152000 kms (Source IMEEA) and has witnessed a CAGR of 37.4% during the period FY 2002-2007. Production of Power cables in India is just 105 of the Production in China, which shows a huge potential for the power cables industry. The main demand drives for cables are as under :

- **Industrial Capex** : As is witnessed, India has been on an accelerated growth trajectory for the past few years and as per the NCAER's recent studies, India is expected to achieve high end growth for the next few years. The Indian industry would require power cables in large quantities, be it High Tension, medium tension or low tension. Cables account for 2% of the project cost, which puts cables demand at 10000 Crores.
- **Power** : The planning commission and Kohli Committee have pledged aggressive investment targets in power generation during 11th five year plan. The estimated investments in these sectors would lead to demand for cables to roughly Rs. 18000 Crores, since these will be utilized in three stages, namely Generation (Instrumentation and Control Cables), Transmission (HT Cables) and distribution (LT Cables).
- **Indian Railway** : Indian railways have decided to aggressively expand as well as modernize its network. For expansion, the railways are planning to lay new railway lines costing Rs. 85000 Crores. In addition, the Government has plans to set up a special freight corridor which will require Rs. 25000 Crores. Another Rs. 20000 Crores have been allocated for the Special Railway Safety Fund (SRSF) for upgradation of rolling stock, signaling and fault locating cables, amongst others.
- **Housing (Real Estate)** : The Indian Real Estate Sector has witnessed a growth of 20-25% in the past few years. Going forward, it is expected that real sector will continue to grow on account of increasing urbanization, rising disposal incomes and changing demographic profile of the population. Additionally, IT and ITES sectors are witnessing growth in tier I and tier II cities, which gives rise to IT parks and development centers. In real estate low tension cables (Housing wires) are used exclusively. The demand for cables and LAN cables is expected to grow in commercial buildings, driving demand for cables.

