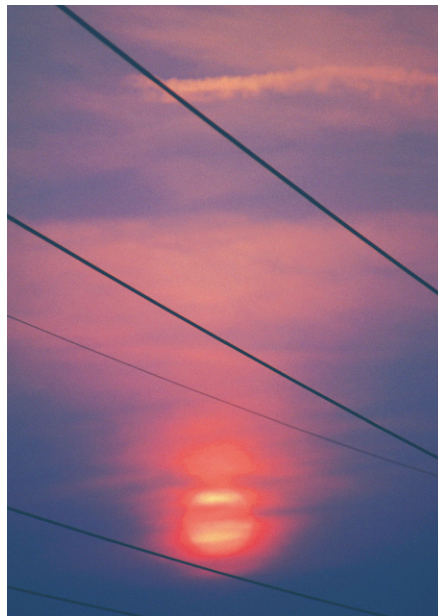




DIAMOND CABLES LTD.

Leadership

comes with POWER



We help transmit it for leaders across the globe

15th Annual Report 2006-2007

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DIAMOND CABLES LIMITED**15TH ANNUAL REPORT : 2006 2007 (6 MONTHS)****15TH ANNUAL GENERAL MEETING**

September 29, 2007
At Auditorium
Vanijya Bhavan, Race Course
Baroda 390 007.

BOARD OF DIRECTORS

Mr. S. N. Bhatnagar	Chairman & Managing Director
Mr. Amit Bhatnagar	Joint Managing Director
Mr. Sumit Bhatnagar	Joint Managing Director (O)
Mr. G. N. Verma	Director
Dr. T. N. Bhatnagar	Director
Mr. Prakash Sinha	Director
Mr. Amit Gupta	Nominee Director (CCP-Cyprus)
Ms. Jayshree Krishna	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.

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.

Khardapada, Nani Naroli
Silvassa D & 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 3249 857, 2250 241
Fax No. 0265 2250 246
Email : vadodara@intimespectrum.com



NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of the Company will be held on Saturday, September 29, 2007 at 10.30 a.m. at the Auditorium, Vanijya Bhavan, Race Course, Baroda 390 007 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 (six months) ended on March 31, 2007 together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. T.N. Bhatnagar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification, following as a Special Resolution :

“RESOLVED THAT subject to the approval of the Central Government pursuant to Section 21 of the Companies Act, 1956 (including any statutory modifications(s) or re-enactment thereof for the time being in force) and any other applicable provisions of the Companies Act, 1956, the name of the Company be changed from 'Diamond Cables Limited' to 'Diamond Power Infrastructure Limited'.

“RESOLVED FURTHER THAT Mr. Deepak K Joshi, Company Secretary be and is hereby authorized to sign and execute the necessary documents and to do all such acts, deeds and things as may be required to obtain the necessary consent from the Registrar of Companies, Gujarat and / or any other authority and be and is hereby authorized to do all such things, deeds, matters and acts as may be required to give effect to this resolution and all things incidental thereto.”

By Order of the Board,

Date :- September 5, 2007

Place :- Baroda

**Deepak K Joshi
Company Secretary**

NOTES :

- 1) A member entitled to attend and vote at the meeting can appoint one or more proxies to attend and to vote instead of himself / herself. Such proxy need not be a member of the Company.
- 2) The proxy form duly completed should reach the Registered Office of the Company at least 48 hours before time appointed for 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 Monday, September 24, 2007 to Saturday, September 29, 2007 (both days inclusive).
- 4) The Company has appointed M/s. INTIME SPECTRUM REGISTRY LIMITED, 308, Jaldhara Complex, Nr. Manisha Society, Baroda 390 007 as the Registrar and Share Transfer Agent. 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 Monday, September 24, 2007.
- 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 our 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 the Company's Shares. The request for dematerialization of Shares may be sent through respective Depository Participants.

All these activities in a single shop with other companies will facilitate the end user sizably without looking around for different products from different suppliers. Some of the new activities like manufacturing Transformers of large size of 220 MVA with installed capacity of 12500 MVA will put the Company on the third largest manufacturer across the country.

The existing name of the Company indicates only the limited activities of the Company as a manufacturer of cables and conductors and does not suit to the proposed activities on a larger scale.

Having various activities on a Company's card will also sizably and positively effect the Company's overall operations, both top line and bottom line.

The Company has initiated process for the new name for registration under Section 20 of the Companies Act, 1956 and subject to the resolution being passed; an application will be made to the Central Government for approval to the change of name under Section 21 of the Act.

Consequent to change of name of the Company, Share Certificates issued will not be called back. The Company will issue necessary Stickers bearing new name of the Company to all the shareholders immediately after receiving approval from Registrar of Companies, Gujarat. In the meantime, the existing certificates will continue to be accepted for all purposes.

None of the Directors of the Company is in any way concerned or interested in the resolution. The Board recommends the resolution set forth above for approval of the Members.

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

Item No. 4

The mission of the Company is to become a leading player in Power Equipments having manufacturing of Conductors, LT & HT Cables, manufacturing of Transformers of various sizes, highest being 220 MVA, carrying out Turnkey Projects (EPC Project) in the service sectors like giving power connections to BPL as identified by the Government, under BOT (Build Operate & Transfer) basis.

By Order of the Board,

Date :- September 5, 2007
Place :- Baroda

Deepak K Joshi
Company Secretary



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting this Fifteenth Annual Report along with the Audited Accounts for the year ended March 31, 2007(6 months). The Company in the year passed by has demonstrated tremendous growth and capitalized on its strength and strategy of turning around and put the Company on a never ending growth path in a short span of one year. We are pleased to inform you that Diamond Cables Ltd. presently has highest market capitalization amongst all Cables companies in the country. Our strategic investments in Power Infrastructure and Transformers will not only capitulate Diamond Cables Ltd. in the league of large power equipment suppliers but will change the face of Indian Power Equipment Industry. We are the second largest conductors manufacturer and are set to be the Third largest Transformers

manufacturing group and with our expansions in HT and LT power cables going on stream, we shall be Second largest in that segment too.

FINANCIAL RESULTS

We are pleased to place on record the fact that the Company's turnover has grown from Rs. 24124.04 lacs (18 months) to Rs. 14200.13 lacs (6 Months) a growth of over 56%, which the profit has leapfrogged from Rs. 1008.00 lacs (annualized) to Rs. 1881.09 lacs (6 months operation period being annualised) over the same period, which indicates an increase of 86.62 % and sincere efforts of the management of your Company to maintain the margins in the testing time. Following table speaks voluminous about the performance :

[Rs. in Lacs]

Sr. No.	Particulars	2006 2007 (6 months)	2005 2006 (18 months)	2004 2005 (6 months)	2003 2004 (18 months)
1.	Income	14200.13	24124.04	3109.62	5237.70
2.	Expenditure	12211.30	21061.12	2334.31	5042.78
3.	Profit B I D T	1988.83	3062. 92	775.50	194.92
4.	Interest	476.58	1153.16	584.90	1875.08
5.	Depreciation	133.63	391.76	130.29	394.08
6.	Net Profit/(Loss)	1376.38	1512.71	60.31	(2074)
7.	Share Capital	1552.02	1427.02	1352.02	1352.02
8.	Reserves	3831.93	2769.43	408.12	486.86
9.	E P S (Rs.)	8.86	10.60	0.45	(15.34)

The important performance ratios are as under :

Sr. No.	Particulars	2006 2007 (6 months)	2005 2006 (18 months)	2004 2005 (6 months)	2003 2004 (18 months)
1	Gross Profit Margin (%)	14.02	12.70	24.94	3.72
2.	Asset Turnover (times)	0.72	1.62	0.23	0.44
3.	Interest Coverage (times)	4.17	2.66	1.33	0.10
4.	Earning Per Share (Diluted) (Rs.)	8.86	(13.65)	0.45	(15.34)

DIVIDEND :

Your directors do not recommend any dividend.



GROWTH PLANS IN EXISTING BUSINESS:**HT CABLES-132 KV PROJECT:**

The Company is setting up a Green Field Project to manufacture HT Power Cables in 11KV to 132KV range, 2000 Kms at an estimated cost of Rs. 30 Crores. The project has been designed on CCV line Technology which is being procured from Scholz, Germany and the Testing lines from China. The project is located on a 16 acre premises near existing plant. The plant is expected to be in operations before March 31, 2008.

LT CABLES-15000 KMS EXPANSION PROJECT

The Company's existing LT Power Cables facility can manufacture upto 5500 kms per annum. With the grown demand of Specialty Cables such as Aerial Bunch Cables and Fire Retardant Cables, the Company is proposing to invest Rs. 38 Crores in setting up a very large LT cables facility at the existing site. The proposed expansion will go on stream in three phases by June 2008.

STRATEGIC INVESTMENTS :**EPC CONTRACTS-TURNKEY PROJECTS**

The Company started a Turnkey Project - EPC Contracts business in August 2006. On completion of one year the division has grown to about 500 persons team with three large ongoing projects from Electrifications under RGGY Scheme in Baroda, Anand and Bhavnagar Districts of Gujarat, with another 9 projects lined up, the EPC Business of the Company is expected to grow substantially. The Company has committed Rs. 250 million for this division.

TRANSFORMER BUSINESS

The Company has made rapid strides in Power Infrastructure Business and has leadership position in Cables and Conductors segment along with the turnkey business. Its long term vision of being an integrated power infrastructure meant an investment in Transformers business. The Company acquired Western Transformers in March 2007 and Apex Electricals Ltd. in June 2007. The combined capacity of Apex and Western along with the group companies of Apex comes to 12,500 MVA making capacities in the top 5 Transformer manufacturers in the country.

INVESTMENT BY CLEARWATER CAPITAL PARTNERS:

We feel pleased to mention here that the existing strategic investor of the Company, Clearwater Capital Partners have invested further Rs. 15.1 Crores in the Company and extended an In-principle concurrence to participate in Acquisition of Apex Electricals Ltd. in the form of an Investment aggregating Rs. 63 Crores.

MANAGEMENT DISCUSSION, ANALYSIS & CORPORATE GOVERNANCE

As per the requirement of Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd., a detailed Report on Corporate Governance is set out as Annexure B to this report.

The Statutory Auditors of the Company have examined the Company's Compliance in this regard and have certified the same. As required under the SEBI Guidelines; such certificate is reproduced as Annexure - C to this Report. A separate Management Discussion and Analysis Report on the Company's performance is given as Annexure-D to this Report.

The declaration given by the Jt. Managing Director (O) with regard to compliance of Company's Code of Conduct by the Board Members and Senior Management is furnished as Annexure E to this report.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- a) In the preparation of Annual Accounts, the Company has followed the applicable Accounting Standards issued by The Institute of Chartered Accountants of India along with proper explanation relating to material departures.
- b) 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 (6 months) ended March 31, 2007 and of the Profit / Loss for the year (6 months) ended on the date.



- c) 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.
- d) The Annual Accounts have been prepared on a going concern basis.

DIRECTORS

In accordance with the provisions of the Company's Articles of Association, Dr. T.N. Bhatnagar 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 Sub-Section (1B) of Section 224 of the Companies Act, 1956.

COST AUDITORS

The Central Government has directed the audit of the Cost Accounts maintained by the Company in respect of its products. The Company has appointed M/s. S.S. Puranik & Associates, Cost Accountants for conducting Cost Audit of the records of the Company for the financial year ending on March 31, 2008. The Company is under process of obtaining necessary approvals from the Central Government for the above appointment.

FIXED DEPOSIT

The Company has not accepted any deposits from public during the year under review to which provisions of Section 58A of the Companies (Acceptance of Deposit) Rules, 1975 as amended is applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure A. It may be noted that there was no expenditure on account of technology absorption during the year 2006 2007 (6 months).

PERSONNEL

Any Member interested in obtaining a copy of the Statement of Particulars of employees referred to in section 217(2A) of the Companies act, 1956, may write to the Company Secretary at the Registered Office of the Company.

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 and extend the gratitude to the new investor who have reposed all the confidence in the Company and pushed the Company further in the direction of growth and development.

For and on behalf of the Board,

S.N. Bhatnagar
Chairman & Managing Director

Date :- September 5, 2007

Place :- Baroda



ANNEXURE A TO THE DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report :

The Company as per the new guidelines by government has undergone a Complete Energy Audit of the manufacturing plant, which is 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.

The R & D Department is concentrating on developing and improving the existing product line along with a detailed analysis of the manufacturing processes to enable the Company to reduce cost.

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

Sr. No.	Particulars	Current Year (6 months)	Previous Year (18 months)
1.	Power & Fuel Consumption Electricity		
	1. Purchased Unit (kwh) Lacs	12.24	30.00
	2. Rate / Unit (Rs.)	5.65	5.67
	3. Total Amount (Rs. Lacs)	69.11	164.48
	Own Generation		
	1. Through Diesel Generator Units	4620.00	16400.00
	2. Rate / Unit (Rs.)	10.61	24.82
	3. Total Amount (Rs. Lacs)	0.49	4.07
	4. Through Steam Turbine / Unit	N.A.	N.A.
2.	Coal (Specify Quality & where used)	N.A.	N.A.
3.	Furnace Oil		
	1. Quantity (K. Liters)	382.544	759.255
	2. Total Amount (Rs. Lacs)	65.00	145.03
4.	Others / Internal Generation	N.A.	N.A.

FORM B

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

- Specific areas in which R & D carried out :- The Company has finalized designs and drawings of H. T. cables.
- Benefits derived as a result of above R & D :- The Company's expansion project for manufacturing of H.T. Cables is under process and expected to be over by the next financial year.
- Future plan of action :- Implementation of H.T. Project.
- Expenditure on R & D :- N.A.

Technology absorption, adaptation and innovation:

- Efforts in brief made towards technology, absorption, adaptation and innovation

The Company has planned out the expenditure on the Technology adaptation with the approved budgets by the new investor and funds are allocated to the R&D activities for the technology absorption, and impact of which will be seen in the year to come.

- Benefits derived as a result of above efforts, e.g. product improvement, cost reduction, production development, imports substitution etc. Due to usage of the granted funds for the purpose noted in point no. 1, the benefits are expected to be derived in the following years.

FROM C

Foreign Earnings and Outgo:

(Rs. in Lacs)

	2006-2007 (6 months)	2005-2006 (18 Months)
Earnings (Deemed Exports)	NIL	1464.63
Outgo	NIL	355.14



ANNEXURE B TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

(As required by Clause 49 of the Listing Agreement entered into with the Stock Exchange)

CORPORATE GOVERNANCE

1. Company's Philosophy :

It is the utmost and sincere endeavour of the Board of Directors to ensure the adherence to the laid down policies and to attain the transparency in each and all the dealings of the Company on micro and macro level thereby . The Company do not only believe in ensuring the compliance but going beyond this and looks to the procedure, systems that it is followed in right spirit. The Corporate Governance not only ensures for the adherence but invokes the moral spirit of the employees, suppliers , customers and all those who have dealings with the Company which ultimately adds to the Company's value.

Shifting from the existing accounting system Tally to the sophisticated, modern and advanced accounting system of ERP of Microsoft e-Navision lead the Company to understand the contribution of each small segment of the Company, costing, savings, profitability on the micro level and establishing the accountability of each department, which is the need of this competitive era. .

2. Board of Directors

The Board of Directors of the Company includes eminent individuals since inception, who have excellent track record in their respective areas of experience and specialization and posses 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.

The Diamond Cables Limited's 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 & materials management. The rest of the Non-Executive Directors bring a wide range of skills and experience to the Board. Mr. Amit Gupta and Ms. Jayshree Krishna are the Nominee Directors of M/s. Clearwater Capital Partners (Cyprus) Limited and Clearwater Capital Partners (India) Private Limited respectively.

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 Directors.

Attendance of the Directors at the Board Meeting, last AGM and details of membership in other Board / Committees are as under :

Name	Category	Board Meetings (2006-2007) 6 Months	AGM February 21, 2007	Other Directorships	
				Chairman	Director
Mr. S. N. Bhatnagar	Chairman and Managing Director	4	Yes	04	04
Mr. Amit Bhatnagar	Jt. Managing Director	4	Yes	-	04
Mr. Sumit Bhatnagar	Jt. Managing Director (O)	4	Yes	-	04
Mr. Prakash Sinha	Non-Executive	2	Yes	-	1
Mr. G.N. Verma	Non-Executive	2	Yes	-	1
Dr. T.N. Bhatnagar	Non-Executive	2	No	-	1
Mr. Amit Gupta	Non-Executive	Nil	No	-	3
Ms. Jayshree Krishna	Non-Executive	3	No	-	3
Mr. B. K. Ghoda *	Non-Executive	1	No	-	-

* Mr. B. K. Ghoda has ceased to be the director w.e.f. 17/01/2007.

Four Board Meetings were held during the year (six months) under review on 16/10/2006, 22/01/2007, 08/02/2007 and 20/03/2007. The gap between two meetings did not exceed four months.

The information as required under Annexure-I to Clause 49 is being made available to the Board.



3. Audit Committee:

The Audit Committee of the Company functions under the Terms of Reference as stipulated by Clause 49 of the Listing Agreement and the Companies Act, apart from overseeing the process of checks and balances in the working of the Company.

The composition of the Audit Committee and the details of meetings attended by the Members are given below:

Sr. No.	Names of Members	Category	Meetings
1	Mr. G. N. Verma (Chairman)	Independent-Non-executive	2
2	Mr. Prakash Sinha	Independent-Non-executive	2
3	Dr. T. N. Bhatnagar	Independent-Non-executive	2

The Committee appoints one of its members as Chairman for the meeting. The following are the terms of reference for the Audit Committee:

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommend to the Board appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other service.
3. Discuss with auditors once every year the nature and scope of audit.
4. Review the Quarterly and annual financial statements before submission to the Board, primarily focusing on the following points and also ensure compliance of internal control systems:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualification in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards
 - Compliance with stock exchange and legal requirement concerning financial statements.
5. Review with management, external and internal auditors, the adequacy of internal control systems, significant findings and follow up thereon.
6. Review the company's financial and risk management policies.
7. Look into the reason for substantial defaults, if any, in payment to the depositors, debenture holders and creditors, if any.
8. The Audit Committee may
 - Investigate any activity within its terms of reference.
 - Seek information from any employee.
 - Obtain outside legal or other professional advice.
 - Secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Remuneration Committee:

The Remuneration Committee comprises of the following Directors.

Mr. G. N. Verma	Chairman & Independent Non Executive Director
Mr. Prakash Sinha	Member Independent Non - Executive Director
Mr. T. N. Bhatnagar	Member Independent Non- Executive Director

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, and retain talent in the organization and record merit.

The Details of remuneration to the Directors for the year (6 months) ended March 31, 2007.

Executive Directors

Name	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Others (Rs.)
Mr. S. N. Bhatnagar	912000	NIL	656640	NIL
Mr. Amit Bhatnagar	798000	NIL	476088	NIL
Mr. Sumit Bhatnagar	798000	NIL	465348	NIL



Non-executive Directors

Name of Director	Sitting Fees paid (Rs.)	Commission paid (Rs.)
Mr. Prakash Sinha	6000.00	Nil
Mr. G.N. Verma	6000.00	Nil
Dr. T.N. Bhatnagar	6000.00	Nil
Mr. B. K. Ghoda *	3000.00	Nil
Ms. Jayshree Krishna	4500.00	Nil
TOTAL	25,500.00	Nil

* Mr. B.K. Ghoda has ceased to be the director w.e.f. 17/01/2007.

5. Investors' Grievances Committee :

The reference mandated by your Board in line with the statutory and regulatory requirements are:

- Redressing of shareholders and investors complaints;
- To ensure expeditious share transfers;

- To review status of legal cases involving the investors where the Company has been made a party.

The composition, names of the members, chairperson, and particulars of the meetings and attendance of the members during the year are as follows:

Sr. No.	Names of Members	Category	Meetings (2006-2007)
1	Mr. Prakash Sinha (Chairman)	Independent-Non-executive	4
2	Mr. G.N.Verma	Independent-Non-executive	4
3	Dr. T. N. Bhatnagar	Independent-Non-executive	4

Name, designation & address of the Compliance Officer :

Mr. Deepak Kumudray Joshi
 Company Secretary,
 Diamond Cables Limited,
 "ESSEN HOUSE"
 5 / 12, BIDC, GORWA,
 BARODA-390016.
 Phone : 91-265-2284 328, 2283 969
 Fax : 91-265-2280 528
 E-mail : shares@dicabs.com; deepak@dicabs.com

Details of investors complaints received during October 2006 to March 2007 are as follows :

Sr. No.	Nature of Complaint	Recd.	Disposed	Pending	Remarks
1	Non- receipt of dividend warrant	N. A.	N. A.	N. A.	
2	Non- receipt of share certificates after /TR /Cons/ Trans.	16	12	4	
3	Non-receipt of Interest Warrants	N. A.	N. A.	N. A.	
4	Non-receipt of Annual Reports	18	18	N. A.	

The Complaints / correspondence are usually dealt with within 15 days of receipt and are completely resolved except in case where litigation is involved.

6. General Body Meetings :

Particular about the last Three Annual General Meetings of the Company are :

Sr. No.	AGM Particulars & Date	Venue	Time
1	Extra-ordinary General Meeting held on 09/03/2007	Registered Office	10.00 a.m.
2	14th Annual General Meeting (2005 2006) [18 Months] held on 21/02/2007	Registered Office	10.30 a.m.
3	Extra-ordinary General Meeting held on 14/07/2006	Registered Office	10.00 a.m.
4	13th Annual General Meeting (2004 2005) [6 months] held on 30/11/2005	Registered Office	9.30 a.m.



7. Material Disclosures:

No transaction of material nature has been entered into by the Company with Directors or Management and their relatives etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions in which directors are interested is placed before the Board of Directors regularly.

There has been no instance of Non-compliance or non-adherence by the Company on any matter related to SEBI and BSE. Hence, the question of penalties or strictness being imposed by SEBI or the Stock Exchanges does not arise.

8. Means of Communication:

Your Company uses several modes of communication with its external stakeholders such as announcements, press releases in newspapers and other reports to the members. Your Company's Quarterly Results are always published in one English Daily newspaper and one Vernacular Daily newspaper and also forwarded to concerned Stock Exchange. The Quarterly disclosures made to Stock Exchange are also uploaded on SEBI Web site www.sebiedifar.gov.in

9. General Shareholder Information :

1. Address of Corporate Head Quarter :
Diamond Cable Limited
"ESSEN HOUSE", 5/12 BIDC,
Gorwa, Baroda - 390016.
2. Contact Person :
Mr. Deepak Kumudray Joshi
Company Secretary
3. Annual General Meeting :
September 29, 2007
The Auditorium, Vanijya Bhavan,
Race course, Baroda - 390 007.

4. Date of Book Closure :
Monday, 24/09/2007 to
Saturday, 29/09/2007 (both days inclusive)

5. Listed on :
The Bombay Stock Exchange Ltd., Mumbai.
Scrip Code : 522163

The Listing Fees to Bombay Stock Exchange Ltd. has already been paid for the year 2007- 2008. During the year under review, the Company had applied for listing of additional equity shares and the same has been principally approved by BSE. The Company has also issued and allotted Equity Warrants to FII and persons acting in concert against funding for its H.T. Cables project.

6. Demat Status :

The Company's shares were admitted for compulsory trading in electronic form. NSDL has allotted following ISIN for different Securities of the Company and they are detailed below:-

For Equity Shares	- INE989C01012
For Equity Warrants	- INE989C13017
For Fully Convertible Debentures	- INE989C08017
For Non-Convertible Debentures	- INE989C07019
For New Equity Warrants	- INE989C13025

All the Warrants and Debentures were issued in electronic form and credited electronically to the respective investor's account.

The Shareholders are requested to follow exact ISIN for the purpose of dealing in respected securities. Presently the Equity Shares of the Company are held in electronic and physical mode. The status of Equity Shares of the Company as of March 31, 2007 is as follows :

	Number of Shares	% of total Equity Share
Physical	3359153	21.64
Electronic	12161097	78.36
Total	15520250	100.00



7. Distribution of Shareholding and Shareholding Pattern

CATEGORY	ELECTRONIC FORM		PHYSICAL		TOTAL		
	SHARES	HOLDERS	SHARES	HOLDERS	SHARES	VALUE	PERCENT
Promoters	2377106	4	146500	6	2523606	25236060	16.26
Bodies Corporate (Promoter Co.)	4136194	3	603500	4	4739694	47396940	30.54
Other Bodies Corporate	577370	203	11500	9	588870	5888700	3.79
Clearing Members	9201	17	0	0	9201	92010	0.06
Foreign Ins. Investors	1307751	3	1250000	1	2557751	25577510	16.48
Nationalised Banks	0	0	500	1	500	5000	0.00
Non Resident Indians	420964	127	124200	193	545164	5451640	3.51
Public	3332511	4940	1222953	6096	4555464	45554640	29.35
Total	12161097	5297	3359153	6310	15520250	155202500	100.00

STOCK MARKET DATA

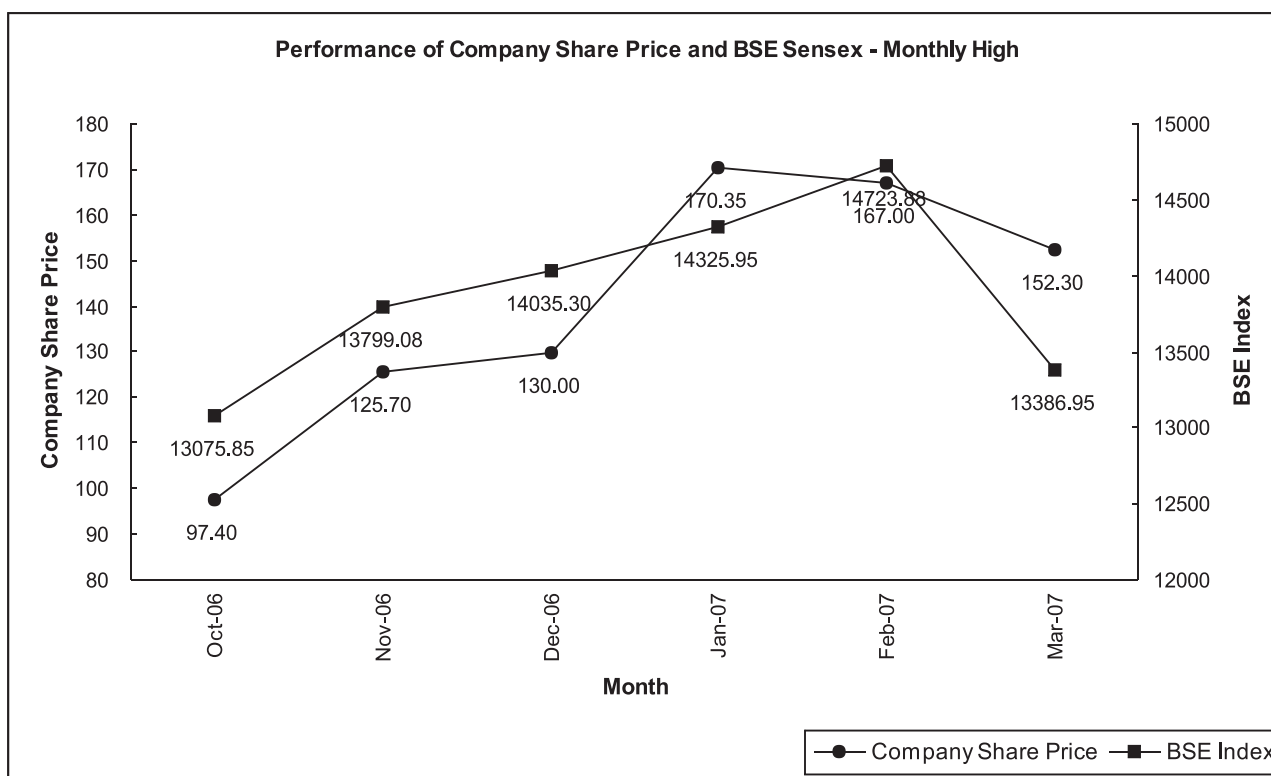
The Market price data (Monthly High / Low) of the Company's Equity shares traded on the Bombay Stock Exchange Ltd. during the period from 01/10/2006 to 31/03/2007 is given below.

Month & Year	Share Price Rs.		BSE Sensex	
	High	Low	High	Low
October 2006	97.40	75.05	13,075.85	12,178.83
November 2006	125.70	87.25	13,799.08	12,937.30
December 2006	130.00	105.90	14,035.30	12,801.65
January 2007	170.35	127.00	14,325.92	13,303.22
February 2007	167.00	140.00	14,723.88	12,800.91
March 2007	152.30	124.40	13,386.95	12,316.10

8. Registrar and Share Transfer Agents :
Intime Spectrum Registry Limited

9. Share Transfer System:

Transfer of shares is done through depositories by the Share transfer Agents without the involvement of the Company. The transfer of Shares in the physical form is done every 15 days from the date of receipt of the completed share transfer forms.



10. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

1. The Company is not maintaining a separate office for the Chairman.
2. The Companies Amendment Act, 2000 has introduced the concept of postal ballot in respect of certain items. The company will comply with these requirements as and when necessary.
3. The announcement of Quarterly results carries information on important developments for the benefit of shareholders.

For and on behalf of the Board,

**S.N. Bhatnagar
Chairman & Managing Director**

Date :- September 5, 2007

Place :- Baroda

ANNEXURE C TO DIRECTORS' REPORT

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

The Members
DIAMOND CABLES LIMITED

We have examined the compliance of conditions of Corporate Governance by Diamond Cables Limited, Vadodara for the year (6 months) ended March 31, 2007, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and management;

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no Investors' grievances are pending for a period exceeding for a period of one month against Company as per records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Vijay N. Tewar & Co.
(Chartered Accountants)

Sd/-
(Vijay N. Tewar)

Place :- Baroda

Date :- September 5, 2007

Proprietor
Membership No. 40676

ANNEXURE D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Introduction:

The objective of this report is to present the Management's perception of various developments in the business environment, challenges and opportunities before the Company as well as to provide an analysis of the Company's performance. This report also summarizes the Company's internal control measures and significant initiatives taken by the Company to respond to such opportunities and challenges. It should be read in conjunction with the Directors' Report to the members, Financial Statements and Notes forming part thereof.

B. Macro Economic Scenario:

Indian economy continued to perform well with real GDP growth of 8% in 2005-06 and remained one of the fastest growing economies in the world. Many of the economic parameters remain strong and positive. Industrial growth has been sustained at 9%. Total exports from the country have crossed the US\$100 billion mark. However inflation, primarily due to the impact of soaring oil prices, has also been keeping pace despite efforts put in by the Government to contain the same.

There is also tremendous interest in India the world over, as a destination of "choice" for Investment and trade. The strong economic fundamentals, the growing purchasing power are the two factors which are contributing towards this attractiveness. However there is one uniform concern expressed at every forum,



namely the lack of adequate and sustained investment in improving the crumbling infrastructure including ports, power, roads, civic amenities etc. The political compulsions did impose restraints on the government and contributed in a major way to the failure of decisive action. Unfortunately, the situation does not seem to be any different in the years to come. It is very obvious that only time-bound substantial investment by the central and State Governments along with active Public private Partnerships will help to correct this situation and provide the underlay to sustain the economic and social growth.

C. Investment Argument

Investments to drive demand growth

US\$ 100 bn investment coming in power generation, transmission, distribution, rural electrification, upgrading of existing distribution networks, industrial capacity expansion, housing, and construction would drive demand growth for power cables in India. Further any increase in investments incurred in distribution would increase cables demand significantly. We believe that the industry is poised for demand growth on the back of improved investment scenario in the country.

All capacities operating at near optimal operating rates

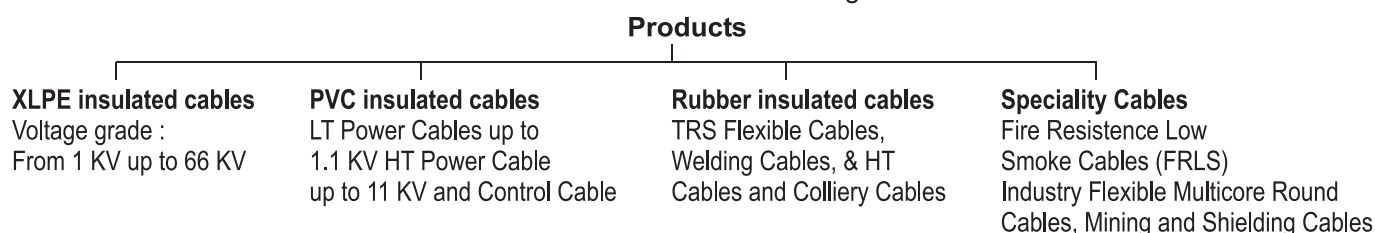
While cables are sold in kilometers, its production is limited to the metal drawing capacity of the plant. We understand that most of the plants in the country are operating at nearly optimal capacity utilization levels (80-85%), which limits the players' ability to cater to huge demand growth.

Industry Background

Capital formation is driving demand for various products one of them being cables. Cables are required in almost every new construction be it a house, factory, power plant, IT park, etc. Beyond this, demand from power sector for laying new and upgrading existing power distribution network across the country would drive demand growth for cables.

Types of Cables

Cables are of two types conductors and cables. Conductors are bare open non-insulated cables, which are used to wheel high-tension power. Then come power cables, which are further segregated into high-tension, medium-tension, and low-tension cables. Broad categories of cables are:



Demand Drivers

Rising demand due to strong growth in consumer sectors

Across the board increase in investment to drive demand for cables

Demand for cables comes from the following sectors:

- Industrial capex (on construction of new plants and factories)
- Power generation, transmission, and distribution
- APDRP and upgradation of existing networks
- Housing
- Construction of IT / ITES complexes, malls, multiplexes, etc

We deal with each of the major consuming sectors in detail.

Increasing capacity utilization levels and aggressive capex plans by all major companies shall drive demand for cables

Industrial investment

Industrial investment coming in form of factories and buildings and other electrical equipments and machinery would require power cables be it high-tension or medium-tension or low-tension. This would drive demand for power cables in industrial sector, going forward.

Industrial capex is picking up on the back of increasing industrial production with revival in economy.



We have seen various companies operating on optimal capacity utilization.

Rising industrial production coupled with positive outlook for manufacturing sector going forward and companies operating at optimal capacity utilization levels, would drive capex plans in industrial sector. Various companies have already announced ambitious expansion plans and many would follow suit.

Rising investment plans of corporates would drive demand for power cables from industrial sector.

High power generation targets in 11th plan

Planning commission and Kohli Committee have pegged aggressive investment targets in power generation in 10th and 11th plans.

From the table above, total investment in power generation in 11th plan is pegged at around Rs 2,488 bn.

... to result in higher demand for power cables

In power generation high-tension cables and control and instrumentation cables are required. Cables account for nearly 3-3 ½ percent of total project cost. This means, for every mega watt of generation capacity added, demand for power cables would be around Rs 1.2 to 1.4 mn.

We have assumed that 2% of the project cost is cables, which translates into cable demand of Rs 27.4 bn

Therefore, if India has to add nearly 62,000 MW of power generation capacity in 11th plan, then cables demand would be Rs 74.7 bn. We have assumed demand of cables to be 1% which is a demand of Rs 27.4 bn.

Investment in transmission to increase at a faster pace

Investment in transmission is pegged at Rs 695 bn in 11th plan

Investment in transmission is required for evacuating power from the power plant to the grid and also for augmenting inter regional grid network in the country. Beyond this, regional and state level grid network are also being built.

Table: Investment in transmission in India

	10th Plan	11th Plan	Total
Centre	241	283	496
State	260	300	560
Private	97	112	209
Total	571	695	1,265

Source: Kohli Committee Report



... boosting demand growth of cables

Demand for cables from transmission sector is expected to be around Rs 25.3 bn

In transmission, major chunk of demand is for transmission towers and conductors. Cables requirement is pegged at around 3-3 ½ percent,. Kohli Committee Report has pegged investment in transmission at around Rs 700 bn. We understand that this investment plans are again quite conservative, because the thumb rule for investment in transmission is Rs 2 crore for every mega watt of capacity added. So, if 62,000 MW of power generation capacity is added, then investment in transmission could be around Rs 1,244 bn. Accordingly, demand for cables would increase commensurately. We have assumed demand of cables at 2% of investment, which is Rs 25.3 bn.

Distribution to attract highest investment

Distribution and rural electrification would generate investment of Rs 1,100 bn, and further demand coming from APDRP is a major demand driver

Distribution is the backbone of all power sector reforms in the country. This has been a neglected area and here again the investment is pegged at around Rs 500 bn in 11th plan.

We expect this investment to pickup rapidly with proper implementation of The Electricity Act, which would result in setting up of new networks and replacement of existing networks.

To result in demand for cables

Distribution is the largest consumer of power cables, as distribution is the only place where huge quantum of cables is consumed. The share of power cables in total outlay is around 30-40%. We have assumed cables demand to be Rs 12.5% of distribution spending, which is equal to Rs 137.5 bn.

Ambitious capex plans make railways a major spender

Railways plans to invest Rs 1,170 bn in modernization, safety, and new lines, which includes investment in signaling, which would result in demand for cables

Indian Railways have embarked on aggressive plans to expand and modernize its network. Indian railway plans to lay railway line costing around Rs 780 bn. Also a sum of Rs 220 bn has been allocated for freight corridor. Further an amount of Rs 170 bn has been allocated to Special Railway Safety Fund (SRSF) for upgrading rolling stock, signaling and fault locating cables, etc.

30-40% of signaling capex is spend on cables. Also nearly 10-15% of SRSF would be allocated for signaling. Also in normal projects nearly 10% of the project cost would be signaling. This translates into demand for cables of around Rs 117 bn.

Real estate boom makes cables sector bloom

US\$ 10 bn real estate and housing sector is growing at a around 20-25%. Going forward, we expect real estate sector to continue its growth on the back of rising demand for residential property from increasing number of nuclear families and easy availability of housing loans.

IT and ITES sectors are growing, which is resulting in development of IT parks and development centers. This is giving further boost to



capital formation in service sector infrastructure.

Real estate projects require medium tension and electrical cables, and with construction activity on an upturn, demand for cables would rise.

In real estate, low-tension cables called housing wires are used extensively. Consumption of housing wires is around 2 -2.5% of total cost of the project. With housing sector growing, we expect demand for housing wires to grow. Thereafter, the demand for cabling and LAN cables would grow in commercial buildings and TV cables in case of housing complexes. These all factors would drive demand for cables. We have assumed that the demand from this segment would be 1% of investments, which is Rs 2.3 bn.

We expect steady demand growth

Based on aforesaid demand determinants, we expect cables sector to continue to post steady growth. We have assumed 55% target achievement in 11th plan and worked out investment in consumer sectors. Based on aforesaid investment estimates, we expect cables consumption to be around Rs 190 bn in 11th plan. Demand from industrial and real estate sector would be over and above this demand.

Cable Demand (Rs Bn)

Segment	Outlay	Share of cables (%)	Demand for Cables
Generation	1,368.4	2.0	27.4
Transmission	1,265.0	2.0	25.3
Distribution	1,100.0	12.5	137.5
Railways	1,170.0	10.0	117.0
Real Estate	225.0	1.0	2.3
Industry	8,750.0	1.0	87.5
Total	4,903.4	8.1%	396.9

Source: HDFC Sec Research

D. Transformer

A transformer is a Voltage changer used to either step down or step up power depending on its installation base. There are largely two categories of transformer based on function i.e. power and distribution transformer. Other special transformer that are

differentiated on usage include welding, traction, furnace, etc. Many player have the capacity to manufacture upto 400 kv however with the ultra mega power plants coming up need for higher rating transformer is felt, which has opened doors for 756 kv rating transformers.



Kinds of Transformer

	Power Transformer	Distribution Transformer	Dry Type Transformer	Special Transformer	Locomotive Transformer
Application	Used to transform power voltage from the generation point to the transmission point	Used to transform power voltage from the transmission point to the distribution to the end user	Used where chances of fire are high or there is shortage of space. This because fire resistant insulation is used. It is used for many indoor commercial and small industrial activities	Special transformer like furnace, welding, traction, etc	These are installed in the engine to enable steeping down of voltage from overheads lines

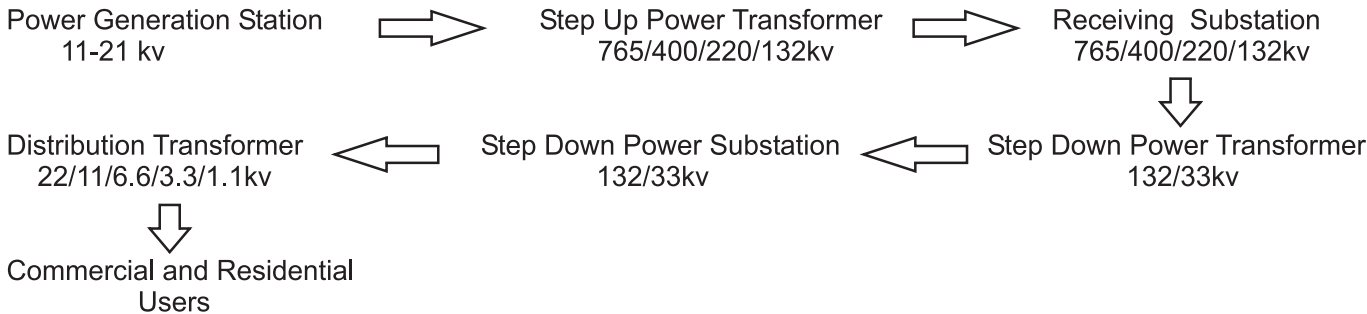
A power Transformer is installed at the generation site right up to the last sub station just before distribution activities commence. This transformer is used to either step up or step down power to match the voltage requirement. They are oil filled transformer with the range spanning from 11 kv -756 kv. Power transformer would account for about 65-68% of the total value of the transformer industry.

A distribution transformer is used to transfer power from a sub station to the final point of consumption . The basic purpose of the distribution transformer is to provide end user with the lower voltage power. A distribution transformer could be either be oil filled or

dry type nature, with a range spanning from 1.1 kv - 11 kv. Distribution transformer would account for the remaining 32-35 % of the total value of the transformer industry

A dry type transformer is used where there is space constraint and higher changes occurrences of fire. These are mostly used by the industrial and corporate clients at the software parks, hotels, hospitals, high rise building, etc. These transformer are categorized as distribution transformer due to their nature of operation, i.e. at the end user locations.

Transformer at various Junctions



In India many players belong to the unorganized segment of the industry and cater to the smaller rating distribution transformer demand. This is due to lack of infrastructure, testing facilities and technical skill sets available with them. However, over a period of time many of these smaller players moved up the value

chain and graduated to the higher rating transformers. Despite this the number of players qualified for the larger variants of transformers is still small to serve upcoming demand expected over the forthcoming years.



Transmission Network

Voltage Class (KV)	Application	Type of Transformer Period
765/400/220	Interstate Transmission	Step Down
220/132/66/33	Sub Transmission	Step up and step down transformer
33/22/11	Primary transmission	Step up and step down transformer

In Indian Transmission sector consists of the three levels: Interstate transmission, Sub Transmission and primary transmission. These three segments are classified based on the voltage class; interstate

transmission level ranges from 220-765 kv, sub transmission level ranges from 33-220 kv and below 33 kv represents primary transmission

Historical Production Statistics

(MVA)	FY 97	FY 98	FY99	FY 00	FY 01	FY02	FY03	FY04	FY05	FY06
REC Dist . Transformer	4620	3962	3447	4661	5258	3779	4010	4386	8252	7561
Non REC Dist Transformer	10010	10950	11759	11982	11437	10756	12487	15476	17943	20753
Power Transformer	30983	35170	33505	26132	28574	35675	41439	50276	55014	61760
Total	45613	50082	48711	42775	45269	50210	57936	70138	81209	90074
(% of Total)	FY 97	FY 98	FY99	FY 00	FY 01	FY02	FY03	FY04	FY05	FY06
REC Dist . Transformer	10.1	7.9	7.1	10.9	11.6	7.5	6.9	6.3	10.2	8.4
Non REC Dist Transformer	21.9	21.9	24.1	28.0	25.3	21.4	21.6	22.1	22.1	23.0
Power Transformer	67.9	70.2	68.8	61.1	63.1	71.1	71.5	71.7	67.7	68.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : - Indian Electrical and Electronics Manufacturers' Association
REC : Rural Electrification Corporation

SEB acts as Nodal points for Execution of government projects as they are authorised to float tenders and allot contracts depending on the bidders compliances with the various parameters. SEB in the past accounted for the 75-80% of to total Transformer demand, followed by Industrial (15%) and export demand (5-10%). Private segment demand has been from various power consuming industries Viz steel, aluminum, cement, oil and Gas, automobiles, engineering, mining and minerals, paper pulp, chemicals and petrochemicals, etc.

Most of the transformer manufacturers cater to demand from SEBs which forms about 70 -75% of their revenues and balance is contributed from the industrial side. Orders from SEB are all tenders based and the

lowest bidder(s) (L1 only or L1, L2,L3 Bidders) bags it. Many SEBs had price preference clause for companies present in the region. However, now with the scenario becoming more competitive and many players entering the industry, SEBs are forced to be more price sensitive. Hence they are subscribing to competitive bedding route. Most of the projects are funded either by WB or ADB. These tenders have an inbuilt Price Variation clause (PVC), which projects the bidders margins from vagaries in raw materials costs. Bidders price their products as per the IEMMA Price Index, which is widely accepted by the industry. Order execution would depend on type of the order placed, i.e Power or Distribution Transformer. Usually the delivery period of the distribution transformer is 1.5 -2 months, medium size transformer is 2-3 months and the Power Transformer would be 6-8 months.



Industry SWOT

Strength

- Cost Competitiveness
- Skilled Work force
- Technical Tie Up with the global Players
- Process Capabilities to manufacture higher rating Transformer
- Easy access to Copper, which is about 20-25 % of Net Sales
- Domestic players prequalified with SEBs

Weakness

- Dependent on Imports of CRGO which is about 25-30% of Net Sales
- High dependence on government programs to fuel growth

- Highly working capital intensive
- High debtor days in government projects

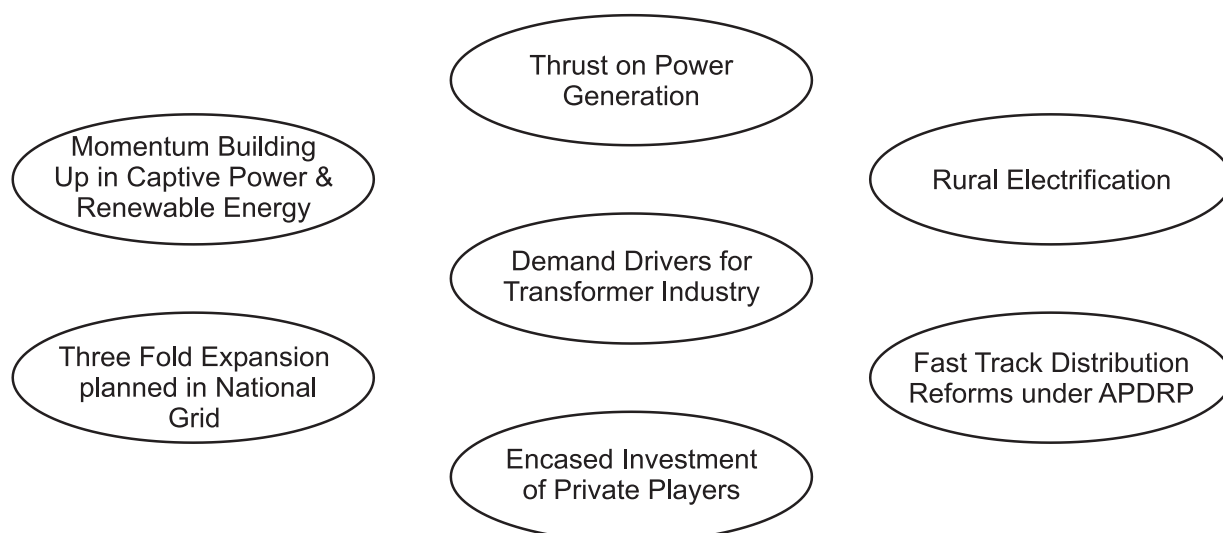
Opportunities

- Large and growing domestic demand
- Various government programs being undertaken for additional generation capacities
- Huge Capex announced by Various Industries
- Replacement market to Supplement demand from fresh installation
- 800kv transformer new product to the portfolio

Threats

- Imports of Cheaper Variants from China
- Rising raw materials prices CRGO and Copper
- Slowdown in Government programs and industrial capex

Demand Drivers for Transformer



Trust on Power Generation

The government has set adding 100000MW of power generation capacity by 2012. The capacity addition plan on 11th plan is pegged at 67000 MW up 67 % compared to 40000 MW targeted during the 10th Plan .

Fast Track Distribution Reforms under APDRP

The financial health of the state Electricity Board (SEB's) has become a matter of the grave concern that their losses have reached an alarming level of Rs 23924 Crores during 2005-06 which was led due to huge AT & C Losses of about 32%. Rs 40000 Crores Accelerated Power Development Reforms Programmed (APDRP) had been undertaken from the commercial viability of the distribution sector of the total outlay Rs 20000 Crores is Investment component &

Rs 20000 Crores is incentive component during 2002-03 to 2005-06. Rs 7668 Crores has been released as Budget Outlays. 29 States have signed MOU for taking up the reforms in Power Sector. 8 states have begun getting incentives under the scheme.

Projects totaling Rs 19180 Crores have been sanctioned & are under implementation. Schemes undertaken under APDRP are for renovation and modernization of substations, transmission lines & distribution Transformer, augmentations of feeders & consumer meters, high voltage distribution lines (HVDS), Consumer Indexing, SCADA, Computerized Billing Etc. This visible benefits that accrue instantly under the schemes have prompted more SEB's to take improvement of Distribution system in a big Way. Power Finance Corporation, Rural Electrification Corporation are also providing funds for such projects .



Even Internationally funding agencies like World Bank, Japan Bank, ADB are investing in such projects of Electricity Boards. This will Trigger fast track implementation of Projects & Higher demand for transformers.

Rural Electrification

Launched in April 2005, the scheme has target of electrifying 125000 un electrified villages and giving access to 7.8 Crores uncovered rural households in next 5 years at total outlay of Rs 16000 Crores. The programme aims at setting up electricity distribution infrastructure: Rural Electricity Distribution Backbone (REDB) with at least a 33/11 KV SUB STATION, Village Electrification Infrastructure (VEI) with at least a Distribution Transformer in Village or hamlet, and standalone grids with generation where grid supply is not feasible. 90 % Subsidy will be provided through REC which is a nodal agency for implementation of the scheme. Electrification of Un electrified Below Poverty Lines (BPL) households will be financed with 100% capital subsidy @ Rs 1500/- per connection. Total estimated cost of the Scheme is Rs 16000 Crores. The Central Government has already approved Rs 5000 Crores for the Scheme in the 10th Five Years Plan.

Three Fold Expansion Planned in National Grid

To support the anticipated increase in generation capacity as also to bridge regional demand supply gap, PGCIL has envisaged to built National Grid by 2012 to evacuate 37150 MW of power compared to 6450 MW. An investment of about Rs 71000 Crores is envisaged in transmission under the Central Sector, out of which PGCIL has planned top invest about Rs 50000 Crores on its own and the remaining Rs 21000 Crores is expected to be brought in by private investor. The three fold increase in National Power Grid will bolster demand for high voltage transformer of 400/765 KV Class.

Ultra Mega Power Projects of 28000 MW

To augment generation capacity on track basis, the government announced setting up of 7 Ultra Power Projects of 4000 MW was to be commissioned during the 11th Plan (2008-2012). Setting up of Ultra Mega Power Projects will be necessitate power evacuation over longer distance through High Voltage Distribution Systems.

Momentum Building Up in Captive Power & Renewable Energy

The captive power generation industry grew at a timid pace of 5% CAGR during FY 2000 through FY 2004 mainly due to low demand led by slow industrial growth. As the manufacturing sector witnessing strong growth, many companies have laid plans to set up captive power plants through diverse routes such as Napta / Diesel, hydro, steam recovery, wind power, etc. Surplus cash generated from robust earning, availability of cheap finance, carbon credit, tax incentives act as catalysts for the growing demand for captive power plants. Besides, these being fast track projects can be completed within 6 to 12 months. The growth of captive power & renewable power plants will propel growth of transformer.

Enhanced Investment of Private Players

Private sector constitutes only 12% of the total power generation capacity in India & had no exposure to power distribution. With the passing of the Electricity Act, 2003 & Government's enabling policies to attract private investment, the private sector is set to play major role in power sector across generation, transmission & distribution segment. Thus investment in power projects will see quantum jump. Besides, the execution period will be also get shortened both in terms of demand off take as also business environment

PGCIL's Inter Regional Power Transfer Capacity Addition Plans

Figures in MW	2002	2005	2007	2010	2012
765kv	0	0	1100	2200	9200
400kv	1000	2400	7800	11400	16400
HVDC bi pole	0	2000	2500	2500	6500
HVDC b-t-b	2000	3000	3000	3000	3000
HVDC monopole	200	200	200	200	200
220kv	1850	1850	1850	1850	1850
Total	5050	9450	16450	21150	37150



E. Management's Perception of Risks

Like most industries, the Company is also exposed to business and financial risks.

a. Business risks include cyclical nature of demand for the Company's products depending on new projects, adequate allocation of Government funds for the power sector, especially T & D segment and the financial health of the various State Electricity Utilities in the country, etc. Your Company has evolved a strategy of imitating this business risks by controlled exposure to the State Utilities, broad basing the geographical customer segment and focusing on select customers within those segments. The Company has also concentrated on a continuous process of product purgation and moving up the value-chain.

b. Financial Risks:

The Company's operations are capital intensive with due concentration required to be given to debtors management and control of the working capital in the business. To mitigate the consequent risks, debtors are managed through a mix of LC and open exposure, while stock levels are controlled, while providing for appropriate buffers as required from past experience.

c. Contractual Risks:

The Company enters into certain large value supply contracts with government agencies private parties which incorporate tight conditions with regard to supply, performance warranty. All contracts are assessed before acceptance to ensure compliance and capability to perform.

F. Internal Control Systems and their adequacy:

The Company view this as one of the most important functions to ensure optimal use of resources, safeguarding the Company's assets, exercising control and minimizing system deficiencies and weakness. Internal Audit is carried out to review all aspects of the internal control system and adherence to policies and procedures. The Audit Committee of the Board of Directors reviews the internal audit reports and

the implementation of corrective actions and also addresses all aspects of the Company's functioning as required under various Company policies, applicable laws, accounting standards, regulations, guidelines and agreements.

G. Financial Performance

Your Company's financial performance has improved remarkably in the year under review. The financial summary for the last four years and its analysis is given in Directors' Report.

Your Company delivered a strong performance in cash generation during the year driven by the business performance, enhances capability of the supply chain and efficient collection system.

H. Opportunities & Strengths

During the year under review, your Company continued to achieve its targets. Your Company is a market leader in conductors industry and enjoys the well-established Brand name DICABS since several years. The Company's products command premium over competitors. DICABS is strong brand and being preferred by consumers due to its quality and assured services. Your Directors are extremely optimistic of the future business growth. With several strengths including Company's infrastructure, technology and vast experience spread over the years, your company is poised to take its rightful place in the industry, as an acknowledged leader in the field.

The Company is well equipped with professionally qualified efficient team of marketing personnel at all India level and has extensive coverage of dealers.

Your Company will strive to take full advantage of the new opportunities arising out of the growing economy and new developments in the industry.

I. Outlook

The 11th Plan envisages investment in a wide range of sectors in which power has been identified as one of the core areas. The Power Sector alone is reported to envisage as additional investment of Rs. 8000 billion to add 100,000 MW of generation capacity for powering the nation and erecting the associated transmission and distribution network by the financial year



2012. These projected investments essentially translate to a healthy medium term opportunity for your Company.

The major areas of concern for the Company during the current fiscal year are the cost and availability of copper and aluminum.

Therefore, as in the previous year, management of costs and availability of critical inputs will be the primary challenge facing the company during the current year.

J. Cautionary Statement

Statements in the Management's discussion and analysis report describing the Company's projections, estimates, expectations or predictions may be "forward-looking statement" within the meaning of applicable Security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, raw material and fuel and energy prices, changes in Government

regulations, tax regimes, and economic developments within the country and other markets where the company operates.

ANNEXURE E TO DIRECTORS' REPORT

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT.

This is to confirm that the Company has adopted a code of conduct for the members of its Board and Senior Management Personnel. I confirm that the Company has, in respect of the Financial year ended March 31, 2007, received from the members of the Board and senior management personnel of the Company, a declaration of compliance with the code of conduct as applicable to them.

Baroda
September 5, 2007

Sd/-
Sumit Bhatnagar
Jt. Managing Director(O)



AUDITOR'S REPORT

To,
**The Members of
 Diamond Cables Ltd.
 Baroda, Gujarat**

We have audited the attached Balance Sheet of **Diamond Cables Ltd.** (herein after referred to as the "Company") at 31st March, 2007 and also the annexed profit and loss Account (in which are incorporated the accounts of branch at B-24, Nanji Industrial Estate, Kharadpada, Silvassa) and the cash flow statement for the financial year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principal used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of Companies Act, 1956 and on the basis of such check of the books and records of the Company produced before us and as considered appropriate by us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to in paragraph (1) above, we report that :

- 1) We have obtained all the information and explanation, which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- 2) In our opinion, the Company has kept proper books of account as required by law so far as it appears from our examination of the books and proper returns adequate for the purpose of our audit.

- 3) The Balance Sheet and Profit and loss Account dealt with by this Report are in agreement with the aforesaid books of accounts.
- 4) In our opinion, the Balance sheet and Profit and Loss Accounts of the company dealt with by this report, generally comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, subject to note 2(k) regarding non compliance with Accounting Standard 22 (Accounting for Tax on Income).
- 5) On the basis of written representations received from the Directors, as on 31st March, 2007 and taken on record the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and notes thereon, give the information required by the Companies Act, 1956, in the manner so required the give a true and fair view in conformity with the accounting principles generally accepted in India :
 - I) In the case of balance sheet of the State of affairs of the Company as at 31st March 2007 and
 - II) In the case of Profit & Loss Account, of the Loss for the year ended on that date.
 - III) In the case of Cash Flow Statement, of the Cash Flow as on that date.

For Vijay N. Tewar & Co.
 (Chartered Accountants)

Sd/-
 (Vijay N. Tewar)
 Proprietor
 Membership No. 40676

Place :- Baroda
 Date :- September 5, 2007



ANNEXURE TO THE AUDITOR'S REPORT

- 1 (a) The Company has maintained proper records showing all particulars including quantitative details and situation of Fixed Assets.

(b) As explained to us, the physical verification of its fixed assets located at the plant have been conducted by the management at reasonable intervals. In our opinion, the frequency of the verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed between the book records and the physical inventory in respect of the assets.

(c) During the period under audit, the Company has not sold/discharged off substantial part of its Fixed Assets except reclassification of assets grouping in land, building, plant and machineries and capital work in progress.
- 2 (a) The inventory of finished goods, stores, spares parts and raw materials have been physically verified by the management, during the period. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of the business.

(c) The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the company and the same have been properly dealt with in the books of accounts.
- 3 The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us by the management, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5 (a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register maintained under that section.

(b) In our opinion and according to the explanations given to us by the management, the transactions made in pursuance of contracts or arrangements entered in register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from public; the unsecured loans accepted do not fall within the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under to the extent applicable.
7. The company has an internal audit system which, in our opinion, needs to be strengthened as regards its coverage to make it commensurate with its size and nature of business.
8. We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, for the Company's products to which the said rules are made applicable and are of the opinion on the basis of explanations given by the management that, prima facie, the prescribed accounts and records for the period under consideration are being updated and being verified by the Cost Auditor approved by the Central Government up to 2003-04 report were under preparation stage. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.



9. (a) According to the records of the Company, Provident Fund, Employee State Insurance, Investors Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities save few instances, though the delays in deposits have not been serious.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Investors Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues outstanding as on the last day of the financial year concerned, for a period more than six months from the day they became payable. However, according to the information and explanation given to us, the following are the details of Sales Tax which have not been deposited on account of dispute --
- | Amount Rs.
(in Lacs) | Forum where dispute
Is pending |
|-------------------------|-----------------------------------|
| 7.59 | Appellate Tribunal |
| 169.95 | Commissioner Appeals |
- (c) According to the information and explanations given to us, there are Rs 31.23 lacs of sale tax due payable as on date of balance sheet, and no dues payable for Income Tax, Wealth Tax, Custom Duty, Excise duty, Service Tax and Cess.
10. The Company has not incurred cash losses during the financial year as well as during the previous financial year. Hence net worth of the Company has not eroded by more than fifty percent.
11. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
12. The Company does not fall within the category of Chit Fund/Nidhi/Mutual Benefit Fund/Society and hence the clauses 13(a), (b), (c) and (d) of the Companies (Auditor Report) (Amendment) Order, 2003 are not applicable to the Company.
13. The Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements are not applicable.
14. The Company has not given any guarantees against loans taken by others from banks and financial institutions.
15. The Company has raised Debenture amounting Rs. 68.50 Crs. for the repayment of term loan in one time settlement entered with the financial institutions during the F.Y. 2006-07. The Company is regular in payment of interest due on debenture. The tenure of non convertible debenture is 5 years bearing interest at the rate of 10% p.a and company has created English mortgage on a piece land located at village Gardia, Ta. Savli, Dist Vadodara.
16. According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment and no long term funds have been used to finance short term assets except permanent working capital.
17. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 amounting to Rs. 712.50 lacs during the F.Y. 2006-07.
18. The Company has raised funds by issue of debenture to Clearwater Capital Partner 25,00,000 debenture which are zero interest fully convertible have been issue at Rs 95 each, which have since been converted into one Normal share of the Company issued at a Nominal value of Rs 10 with a premium of Rs 85 per share, and the Company has raised Short Term Working Capital Loan Aggregating Rs 60 cr at 10% interest, out of which Rs 40 cr were received in the year 2006-2007, Rs 20 cr have been received pursuant to 31st March 2007, this loan has been secured against First Charge on Current assets of the Company. Further there are no terms in the debenture agreement which is prejudicial to the interest of neither company nor the public.



19. The Company has not raised any money by public issue during the F.Y. 2006-07. But the Company has issue share warrants (35,00,000 nos to the promoter group and the strategic investors @ Rs 151 per warrant (Rs10 face value and Rs141 premium) the Company has received 10% money on warrants (i.e. Rs 15.10 per warrant) remaining 90% from Clearwater Capital Partners has been received in full after the F.Y. 2006-07.
20. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Vijay N. Tewar & Co.
(Chartered Accountants)

Place :- Baroda
Date :- September 5, 2007

Sd/-
(Vijay N. Tewar)
Proprietor
Membership No. 40676



DIAMOND CABLES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2007

SOURCE OF FUNDS	SCHEDULE NO.	2006-2007 (6months) 31.03.2007	2005-2006 (18months) 30.09.2006
SHARE HOLDER'S FUNDS			
SHARE CAPITAL	1	162,802,500	150,302,500
RESERVES & SURPLUS	2	383,193,105	276,943,105
TOTAL FOR SHARE HOLDER'S FUNDS		545,995,605	427,245,605
LOAN FUNDS			
SECURED LOANS	3	1,085,676,408	685,858,416
UNSECURED LOANS	4	211,790,910	339,073,799
TOTAL FOR LOAN FUNDS		1,297,467,318	1,024,932,215
DEFERRED TAX LIABILITY		-----	-----
TOTAL OF SOURCE OF FUNDS		1,843,462,923	1,452,177,820
APPLICATION OF FUNDS			
FIXED ASSETS	5		
GROSS BLOCK		395,692,965	385,423,079
LESS : DEPRECIATION		220,996,720	208,391,225
NET BLOCK		174,696,245	177,031,854
ADD : CAPITAL WORK IN PROGRESS		54,322,748	-----
TOTAL FIXED ASSETS		229,018,993	177,031,854
INVESTMENTS	6	14,649,943	46,001
CURRENT ASSETS, LOANS & ADVANCES	7		
INVENTORIES		571,592,642	470,840,096
SUNDRY DEBTORS		426,811,086	339,827,770
CASH & BANK BALANCES		325,245,225	187,130,235
LOANS & ADVANCES		116,741,145	66,075,446
OTHER CURRENT ASSETS		113,068,206	15,777,339
TOTAL CURRENT ASSETS		1,553,458,304	1,079,650,886
LESS : CURRENT LIABILITIES & PROVISIONS	8		
CURRENT LIABILITIES		54,064,151	55,980,872
PROVISIONS		12,361,335	5,051,116
TOTAL CURRENT LIABILITIES		66,425,486	61,031,988
NET CURRENT ASSETS		1,487,032,818	1,018,618,897
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	9	112,761,170	256,481,067
TOTAL APPLICATION OF FUNDS		1,843,462,923	1,452,177,820
SIGNIFICANT ACCOUNTING POLICIES & NOTES	17		

SIGNATURE TO SCHEDULE 1 TO 17 FORMING PART OF THE ACCOUNTS

"As per our Report of even date"

For **Vijay N. Tewar & Co.**
(Chartered Accountants)

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Sd/- Vijay N.Tewar Proprietor	Sd/- Deepak K. Joshi Company Secretary	Sd/- S. N. Bhatnagar Chairman & Managing Director	Sd/- Amit Bhatnagar Jt.M.D.	Sd/- Sumit Bhatnagar Jt.M.D (O)
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Date :- September 5, 2007

Place :- Baroda



DIAMOND CABLES LIMITED

PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2007

PARTICULARS	Schedule No.	2006-2007 (6 Months)	2005-2006 (18 Months)
INCOME			
GROSS SALES		1,385,072,792	2,452,602,570
LESS : EXCISE DUTY ON SALES		66,237,237	89,111,291
NET SALES		1,318,835,555	2,363,491,278
INCREASE IN STOCKS	10	96,313,984	27,820,770
OTHER INCOME	11	4,864,421	21,091,954
TOTAL INCOME		1,420,013,961	2,412,404,003
EXPENDITURE			
RAW MATERIAL CONSUMED	12	1,137,016,139	1,935,286,689
EMPLOYEES' EMOLUMENTS	13	13,223,678	27,756,657
POWER AND FUEL		12,192,021	30,953,540
MANUFACTURING EXPENSES	14	31,960,961	38,959,141
ADMINISTRATIVE EXPENSES	15	20,991,086	34,866,748
SELLING AND DISTRIBUTION EXPENSES	16	5,746,725	38,289,611
TOTAL EXPENDITURE		1,221,130,609	2,106,112,385
PROFIT BEFORE INTEREST AND DEP.		198,883,352	306,291,617
LESS: FINANCE CHARGES		47,657,875	115,316,505
LESS: DEPRECIATION		13,363,535	39,176,132
INTEREST AND DEP.-TOTAL		61,021,410	154,492,637
PROFIT / (LOSS) BEFORE TAX		137,861,941	151,798,980
INCOME TAX		----	----
FRINGE BENEFIT TAX		223,101	527,058
PROFIT AFTER TAX		137,638,840	151,271,922
ADD: PRIOR PERIOD ADJUSTMENTS		----	50,274
ADD: EXTRA ORDINARY ITEMS		----	1,706,955,597
TOTAL ADJUSTMENTS			170,745,871
NET PROFIT / (LOSS)		137,638,840	-19,473,949
BALANCE BROUGHT FORWARD		-198,291,625	-178,817,676
SURPLUS TRANSFERED TO BALANCE SHEET		-60,652,785	-198,291,625
SIGNIFICANT ACCOUNTING POLICIES & NOTES	17		

SIGNATURE TO SCHEDULE 1 TO 17 FORMING PART OF THE ACCOUNTS

"As per our Report of even date"

For **Vijay N. Tewar & Co.**
(Chartered Accountants)

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Sd/- Vijay N.Tewar Proprietor	Sd/- Deepak K. Joshi Company Secretary	Sd/- S. N. Bhatnagar Chairman & Managing Director	Sd/- Amit Bhatnagar Jt.M.D.	Sd/- Sumit Bhatnagar Jt.M.D (O)
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Date :- September 5, 2007

Place :- Baroda



SCHEDULES TO BALANCE SHEET FOR THE 6 MONTHS' PERIOD ENDED 31.03.2007
SCHEDULE : 1 SHARE-CAPITAL

PARTICULARS	2006-2007 (6 Months)	2005-2006 (18 Months)
AUTHORISED SHARE-CAPITAL 20000000 EQUITY SHARES OF RS. 10 EACH	200,000,000	200,000,000
ISSUED & SUBSCRIBED SHARE-CAPITAL 16200000 EQUITY SHARES OF RS. 10 EACH	162,000,000	149,500,000
PAID - UP SHARE-CAPITAL 15520250 EQ.SHARES OF RS.10 EACH FULLY PAID - UP - IN RESPECT OF THE ABOVE, * 46,40,800 EQ.SH. WERE ALLOTTED ON PREFERENTIAL BASIS DURING 1999-2000 * 7,50,000 EQ.SH. WERE ALLOTTED ON PREFERENTIAL BASIS DURING 2005-2006 * 1250000 EQ. SHARES WERE ALLOTTED ON CONVERSION OF FULLY CONVERTIBLE DEBENTURES ON PREFERENTIAL BASIS DURING THE YEAR 2006 - 2007 (THE COMPANY HAD FORFEITED 679750 EQUITY SHARES ON 29.4.2000 OUT OF ISSUED CAPITAL OF 16200000 EQ.SH.)	155,202,500	142,702,500
SHARE WARRANT MONEY 800000 SHARE WARRENTS OF RS. 10 EACH RS. 9.50 PAID	7,600,000	7,600,000
TOTAL	162,802,500	150,302,500

SCHEDULE - 2 : RESERVES & SURPLUS

PARTICULARS	2006-2007 (6 Months) ended 31.03.07	2005-2006 (18 Months) ended 30.09.06
(A) CAPITAL RESERVE		
RESERVE ON DEBT RESTRUCTURING	172,380,955	172,380,955
RESERVE ON FORFIETED SHARES	3,612,750	3,612,750
TOTAL	175,993,705	175,993,705
(A-1) SECURITIES PREMIUM		
SHARES PREMIUM	203,199,400	96,949,400
SECURITIES PERMIUM -- TOTAL	203,199,400	96,949,400
(A-2) STATE GOVT SUBSIDY		
STATE GOVERNMENT SUBSIDY	2,500,000	2,500,000
STATE GOVERNMENT SUBSIDY -- TOTAL	2,500,000	2,500,000
(B) GENERAL RESERVE		
GENERAL RESERVE	1,500,000	1,500,000
GENERAL RESERVE -- TOTAL	1,500,000	1,500,000
RESERVES & SURPLUS -- TOTAL	383,193,105	276,943,105



SCHEDULE - 3 : SECURED LOANS

PARTICULARS	2006-2007 (6 Months)	2005-2006 (18 Months)
SECURED LOANS		
CLEARWATER CAPITAL PARTNERS LOAN	400,676,408	-----
OTHER LOANS	-----	858,416
WORKING CAPITAL LOANS -- TOTAL	400,676,408	858,416
NON CONVERTIBLE DEBENTURES		
NON - CONVERTIBLE DEBENTURES	685,000,000	685,000,000
NON - CONVERTIBLE DEBENTURES -- TOTAL	685,000,000	685,000,000
SECURED LOANS -- TOTAL	1,085,676,408	685,858,416

SCHEDULE - 4 : UNSECURED LOANS

PARTICULARS	2006-2007 (6 Months)	2005-2006 (18 Months)
FROM RELATIVES & ASSOCIATES	-32,889	-----
SALES TAX DEFFERMENT LOAN	93,073,799	101,573,799
FULLY CONVERTIABLE DEBENTURES	118,750,000	237,500,000
UNSECURED LOAN -- TOTAL	211,790,910	339,073,799

SCHEDULE - 5 : FIXED ASSETS

PARTICULARS	OPENING ASSET BLOCK	INCR. DURING THE YEAR	DECR. DURING THE YEAR	CLOSING ASSET BLOCK
GROSS BLOCK				
LAND & SITE DEVELOPMENT	7,226,117	50,000	-451,918	6,824,199
BUILDING	63,007,285	3,347,303	-----	66,354,588
PLANT & MACHINERY	282,741,713	4,655,322	-5,463,603	281,933,432
ELECTRICAL INSTALLATION	14,009,740	391,537	-366,577	14,034,700
FURNITURE & FIXTURE / EQUIPMENTS	10,581,507	8,395,571	-818,865	18,158,214
VEHICLES	7,732,329	531,115	-----	8,263,444
OTHER ASSETS	124,388	-----	-----	124,388
GROSS BLOCK	385,423,079	17,370,848	-7,100,963	395,692,965
DEPRECIATION BLOCK	OPENING DEP. BLOCK	DEP. ON DELETION	DEP. FOR THE YEAR.	CLOSING DEP. BLOCK
LAND & SITE DEVELOPMENT				
BUILDING	-17,792,959	-----	-1,076,846	-18,869,805
PLANT & MACHINERY	-169,965,697	708,585	-10,442,008	-179,699,120
ELECTRICAL INSTALLATION	-7,496,718	-----	-519,053	-8,015,771
FURNITURE & FIXTURE / EQUIPMENTS	-9,007,385	49,455	-941,401	-9,899,330
VEHICLES	-4,004,078	-----	-384,228	-4,388,306
OTHER ASSETS	-124,388	-----	-----	-124,388
DEPRECIATION BLOCK	-208,391,225	758,040	-13,363,535	-220,996,720
NET BLOCK AT CLOSING	177,031,854	18,128,888	-20,464,498	174,696,245
CAPITAL WORK IN PROGRESS		54,376,028	-53,280	54,322,748

SCHEDULE - 6 : INVESTMENTS

PARTICULARS	2006-2007 (6 Months)	2005-2006 (18 Months)
Misc Investments	46,001	46,001
WESTERN TRANSFORMERS	14,603,942	-----
Investments -- Total	14,649,943	46,001



SCHEDULE - 7 : CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS	2006-2007 (6 Months)	2005-2006 (18 Months)
(A) CURRENT ASSETS		
(A-1) INVENTORIES AT COST (AS CERTIFIED BY MANAGEMENT)		
RAW MATERIALS	119,473,487	57,152,169
WORK IN PROGRESS	242,515,800	315,110,590
FINISHED GOODS	200,830,627	94,251,347
PACKAGING MATERIAL	1,852,764	
CONSUMABLE STORES	6,919,964	4,325,990
FUEL & GASES		
INVENTORIES AT COST --- TOTAL	571,592,642	470,840,096
(A-2) SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD)		
DEALER NETWORK	8,105,012	3,381,564
UTILITY -- SEB'S	201,884,995	60,154,774
ENGINEERING PROCURMENT CONSTRUCTION	216,821,079	33,782,733
SUNDRY DEBTORS -- TOTAL	426,811,086	339,827,770
(A-3) CASH & BANK BALANCE		
CASH IN HAND	3,984,283	689,162
BANK BALANCE	218,630,588	146,757,828
MARGIN MONEY	77,150,771	37,346,385
FIXED DEPOSIT	25,479,583	2,336,859
CASH & BANK BALANCE -- TOTAL	325,245,225	187,130,235
CURRENT ASSETS -- TOTAL	1,323,648,953	997,798,101
(B) LOANS & ADVANCES (UNSECURED CONSIDERED GOOD)		
(B-1) LOANS		
STAFF		794,411
LOANS -- TOTAL		794,411
(B-2) GOVERNMENT ADVANCES		
PLA	613,966	604,410
CENVAT	53,729,044	41,327,377
SERVICE TAX	-3,587	-44,428
TAX DEDUCTED AT SOURCE	1,212,231	387,604
ELECTRICITY DUTY REFUND	230,416	230,416
SALES TAX ADVANCE		
GOVERNMENT ADVANCES -- TOTAL	55,782,070	42,505,379
(B-3) CORPORATE ADVANCES		
ENTERPRISE INTELLIGENT SYSTEMS LIMITED	2,109,532	968,627
CORPORATE ADVANCES -- TOTAL	2,109,532	968,627
(B-4) BUSINESS ADVANCES		
ADVANCE TO VENDOR FOR EXPENSES	1,436,121	582,442
ADVANCE TO VENDORS FOR GOODS	57,360,957	22,018,997
BUSINESS ADVANCES -- TOTAL	58,797,078	22,601,439
(B-5) OTHER ADVANCES		
OTHER ADVANCES	52,465	
OTHER ADVANCES -- TOTAL	52,465	
LOANS & ADVANCES -- TOTAL	116,741,145	66,075,446
(C-1) SUNDRY DEPOSITS		
GOVERNMENT DEPOSITS	54,300	33,500
SECURITY DEPOSIT	1,458,255	6,497,093
EARNEST MONEY DEPOSIT	13,792,564	2,724,335
LEASE RENT	6,062,500	5,728,000
OTHER DEPOSITS	91,700,587	794,411
SUNDRY DEPOSITS -- TOTAL	113,068,206	15,777,339
CURRENT ASSETS, LOANS & ADVANCES -- TOTAL	1,553,458,304	1,079,650,885



SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS

PARTICULARS	2006-2007 (6 Months)	2005-2006 (18 Months)
(A) CURRENT LIABILITIES		
(A-1) SUNDRY CREDITORS		
CREDITORS FOR GOODS	11,141,503	31,542,785
CREDITORS FOR EXPENSES	12,765,106	11,906,948
SUNDRY CREDITORS -- TOTAL	23,906,609	43,449,734
(A-2) CREDITORS FOR OTHERS		
DUTIES & TAXES PAYABLE	11,811,766	5,044,096
STATUTORY LIABILITY PAYABLE	7,546,745	7,328,547
EMPLOYEE DUES PAYABLE	332,848	889,429
CREDITORS FOR OTHERS -- TOTAL	19,691,360	13,262,072
(A-3) OTHER LIABILITIES PAYABLE		
OTHER LIABILITIES PAYABLE	10,466,182	730,933
OTHER LIABILITIES PAYABLE -- TOTAL	10,466,182	730,933
CURRENT LIABILITIES -- TOTAL	54,064,151	55,980,872
(B) PROVISIONS		
PROVISION FOR TAXATION	10,523,934	3,380,072
PROVISION FOR EXPENSES	1,837,401	1,671,044
PROVISIONS -- TOTAL	12,361,335	5,051,116
CURRENT LIABILITIES & PROVISIONS -- TOTAL	66,425,486	61,031,988

SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE

PARTICULARS	2006-2007 (6 Months)	2005-2006 (18 Months)
(A) MISCELLANEOUS EXPENDITURE		
(A-1) PRELIMINARY EXPENSES		
PRELIMINARY EXPENSES	40,339,430	42,609,540
PRELIMINARY EXPENSES -- TOTAL	40,339,430	42,609,540
(A-2) PRE-OPERATIVE EXPENSES		
PRE-OPERATIVE EXPENSES	9,500	----
PRE-OPERATIVE EXPENSES -- TOTAL	9,500	----
(A-3) PRE-PROJECT EXPENSES		
PRE PROJECT EXPENSES ABC CABLE	11,759,455	13,719,362
PRE PROJECT EXPENSES FRLS CABLE		1,860,540
PRE- PROJECT EXPENSES -- TOTAL	11,759,455	15,579,902
MISCELLANEOUS EXPENDITURE -- TOTAL	52,108,385	58,189,442
(B) PROFIT & LOSS DEBIT BALANCE		
PROFIT & LOSS ACCOUNT - BALANCE BROUGHT FORWARD	198,291,625	198,291,625
LOSS DURING THE YEAR		
PROFIT DURING THE YEAR -- MISC EXPENDITURE	137,638,840	----
PROFIT & LOSS DEBIT BALANCE -- TOTAL	60,652,785	198,291,625
MISCELLANEOUS EXPENDITURE -- TOTAL	112,761,170	256,481,067



PROFIT & LOSS FOR THE 6 MONTHS PERIOD ENDED 31.03.2007
SCHEDULE - 10 : INCREASE / DECREASE IN STOCK

PARTICULARS	2006-2007 (6 Months) Ended 31.03.2007	2005-2006 (18 Months) Ended 30.09.2006
(A) OPENING STOCK		
WORK IN PROGRESS	315,110,590	255,027,593
FINISHED GOODS	4,035,900	36,298,126
OPENING STOCK -- TOTAL	319,146,490	291,325,720
(B) CLOSING STOCK		
WORK IN PROGRESS	242,515,800	315,110,590
FINISHED GOODS	172,944,674	4,035,900
CLOSING STOCK -- TOTAL	415,460,474	319,146,490
INCREASE / DECREASE IN STOCK	96,313,984	27,820,770

SCHEDULE - 11 : OTHER INCOME

PARTICULARS	2006-2007 (6 Months) Ended 31.03.2007	2005-2006 (18 Months) Ended 30.09.2006
PROVISIONS / BAD DEBTS WRITTEN BACK/ EXCESS DISCOUNTS / KASAR RECEIVED	22,816	50,460
DIVIDEND RECEIVED	----	770
INCOME FROM RENT	----	14,880
INTEREST RECEIVED	4,379,352	1,993,681
NOTICE PAY RECOVERED	9,707	111,682
CLAIM RECEIVED	9,865	3,853,106
OTHER INCOME	442,681	15,067,375
OTHER INCOME -- TOTAL	4,864,421	21,091,954

SCHEDULE - 12 : NET RAW MATERIAL CONSUMED

PARTICULARS	2006-2007 (6 Month) Ended 31.03.2007	2005-2006 (18 Months) Ended 30.09.2006
NET RAW MATERIALS CONSUMED	1,137,016,139	1,935,286,689



SCHEDULE - 13 : EMPLOYEES EMOLUMENTS

PARTICULARS	2006-2007 (6 Months) Ended 31.03.2007	2005-2006 (18 Months) Ended 30.09.2006
BONUS	152,030	378,397
DIRECTORS' REMUNERATION (NET)	4,147,916	10,711,895
HOUSE RENT ALLOWANCE	719,394	1,392,247
LEAVE WAGES / SALARY	200,000	600,852
MEDICAL EXPENSES	-----	1,938
MEDICAL ALLOWANCES	504,710	1,076,733
PROVIDENT FUND EXPENSES (P.F. & F.P.F)	538,254	1,438,603
SALARY & WAGES	5,703,348	10,477,536
STAFF & LABOUR WELFARE	630,227	293,757
STIPEND	624,798	1,366,700
TELEPHONE ALLOWANCE	3,000	18,000
EMPLOYEES EMOLUMENTS -- TOTAL	13,223,678	27,756,657

SCHEDULE - 14 : MANUFACTURING EXPENSES

PARTICULARS	2006-2007 (6 Months) Ended 31.03.2007	2005-2006 (18 Months) Ended 30.09.2006
CARTAGE & TRANSPORT	503,449	221,757
EXCISE DUTY PAID	7,330,162	6,813
CALIBRATION EXPENSES	22,401	34,234
SERVICE CHARGES	8,568,186	11,851,035
CONSUMABLE STORES	5,284,177	8,012,215
REPAIR & MAINTENANCE (PLANT & MACHINERY)	643,919	1,336,662
FACTORY EXPENSES	777,768	845,547
ELECTRICAL SPARES	90,102	228,367
INSURANCE EXPENSES	770,263	3,520,648
PACKING MATERIAL	7,303,393	12,376,525
DETENTION & DEMMURAGE CHARGES	2,956	418
DIESEL FOR GENERATOR	664,185	524,921
MANUFACTURING EXPENSES -- TOTAL	31,960,961	38,959,141



SCHEDULE - 15 : ADMINISTRATIVE EXPENSES

PARTICULARS	2006-2007 (6 Months) Ended 31.03.2007	2005-2006 (18 Months) Ended 30.09.2006
INCOME TAX ASSESSMENT DUES	336,514	4,779,921
AUDIT FEES	128,540	320,400
CONSULTANCY CHARGES	449,276	3,984,714
CONVEYANCE EXPENSES	155,826	135,841
DONATION	90,500	97,001
ELECTRICITY EXPENSES	88,951	270,191
EXCHANGE FLUCTUATION	48,000	163,358
LEGAL & PROFESSIONAL CHARGES	982,976	1,817,876
POST, TELE. & COURIER CHARGES	809,917	1,804,598
RENT, RATES & TAXES	1,155,679	1,474,675
APPLICATION FEES	40,067	6,000
REPAIRS & MAINTENENCE OTHERS	380,204	993,623
PRINTING & STATIONARY EXPENSES	414,305	665,493
SUNDRY EXPENSES	200,162	205,629
TRAVELLING EXPENSES	981,815	2,876,549
VEHICLES EXPENSES	1,235,149	2,551,414
AMORTISATION EXPENSES	12,843,186	11,870,827
OFFICE EXPENSES	221,180	194,560
SOFTWARE EXPENSES	-----	28,355
SUB-TOTAL	20,562,246	34,241,027
SERVICE TAX EXPENSES	66,935	127,532
DOCUMENTATION CHARGES	1,500	12,900
PENALTY	17,600	1,650
ISO9002 EXPENSES	21,685	84,627
LOSS ON SALE OF FIXED ASSETS	321,121	399,012
ADMINISTRATIVE EXPENSES -- TOTAL	20,991,086	34,866,748

SCHEDULE - 16 : SELLING & DISTRIBUTION EXPENSES

PARTICULARS	2006-2007 (6 Months) Ended 31.03.2007	2005-2006 (18 Months) Ended 30.09.2006
ADVERTISING EXPENSES	2,470,889	320,514
SALES PROMOTION EXPENSES	473,382	922,984
COMMISSION ON SALES	15,300	2,719,998
MARKETING EXPENSES	2,787,154	8,539,215
SALES TAX		25,786,900
SELLING & DISTRIBUTION EXPENSES -- TOTAL	5,746,725	38,289,611



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS

17. SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

A Statement of significant accounting policies :

1. Method of Accounting : The Financial Statements are prepared as a going-concern under historical cost convention on an accrual basis except those with significant uncertainty and in accordance with the Companies Act, 1956. Accounting Policies not stated explicitly otherwise are consistent with generally accepted accounting principles.
2. Revenue Recognition : Sales includes inter-divisional transfers, sale of scrap, Sales Outsource Products, excise duty, sales tax and Invoices for price escalation as per Contracts with the relevant customers on accrual basis.
3. Fixed Assets: Fixed Assets are stated at cost (net of cenvat) less accumulated depreciation up to the year. Expenditure incurred on improvement or replacement, which in the opinion of the management is likely to substantially increase the life of the assets and future benefits from it, is capitalized. Capital expenditure includes advances for assets under erection/installation are being grouped under capital work in progress.
4. Depreciation: Depreciation is charged on Straight Line basis at rates specified in Schedule xiv of the Companies Act, 1956. Depreciation on addition/deletion or discarded Fixed Assets during the year is charged on monthly pro rata basis.
5. Expenditure during construction period: All pre-operative project expenditure (net of income accrued), including interest on borrowings incurred up to the date of installation is capitalized and added pro-rata to the cost of fixed assets. Foundation costs are allocated as certified by management.
6. Investment: Long-term investments are valued at cost.
7. Inventories: Inventories of finished goods are valued at lower of costs or net realizable value inclusive of excise duty. Work in process (including finished stock pending QC inspection) is valued at cost representing material, labour and apportioned overheads as certified by the management. Other inventories are valued at cost. Materials related to Projects under implementation are valued at standard cost.
8. Import Entitlements: No Benefits for Import entitlement have been claimed during the period and the Company has no accrued import entitlement as on date.
9. Retirement Benefits: Contribution to Provident Fund is accounted on actual liability basis. Provision for Gratuity and Leave Encashment is made based on actuarial valuation.
10. Excise Duty: Excise Duty payable on finished goods held as stock in the works is included in the expenditure and in such stocks as per the provisions of section 145 of the Income tax Act, 1961.
11. Miscellaneous Expenditure: Expenditure on Fire Resistant Low Smoke Project (FRLS) & High Sensitivity & High Conductivity Conductors (HSHC) have been amortized over a period of five years. One - fifth portion of the expenses deferred on Ariel Bunch Cable Project (ABC Project) have been charged to the revenue for the financial period.
12. Foreign Currency Conversion: There was no foreign Currency Transactions during the period.
13. Borrowing Costs: Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.
14. Income Tax: Provision for Income Tax is made after considering Company's claims under the Income Tax Act, 1961.
15. Impairment of Assets: The Company has examined carrying cost of its identified Cash Generating Units (CGU) by comparing present value of estimated future cash flows from such CGUs, in terms of Accounting Standard-28 on impairment of Assets and in absence of any indication of being potential impairment of Assets, no provision for impairment is required as assets of none of CGUs are impaired during the financial year under consideration.



B Contingent Liabilities and Notes :

1. Contingent Liabilities :

- a. Letter of Credit opened in favor of suppliers pending execution as of 31st March, 2007 is Rs. Nil Lacs (previous year Rs nil Lacs).
- b. Outstanding Bank Guarantees as of 31st March 2007 is Rs 771.50 lacs, as all the bank guarantees are against 100% margin no liability is expected to accrue.
- c. Income tax demands being in appeal not provided for Rs. NIL Lacs (previous year Rs Nil Lacs).
- d. Sales Tax Deferment Loan : As on the date of balance sheet, the Company has a sales tax deferment loan of Rs. 9.31 crores, out of which Rs. 8.09 crores relates to period up to 2006, and Rs. 1.22 crores being dues payable in 2006-2007. The Company participated in Sales Tax Samadhan Scheme 2007 of Govt. of Gujarat and made a one time payment of Rs. 9.31 crores, clearing all Sales Tax payable till 31-3-2007, under The Scheme all dues and disputed matters also stand settled and there are no contingent liabilities on Sales Tax for period ended 2007.
- e. Claims against the Company not acknowledged as debts Rs. 182.40 Lacs (Previous year Rs 192.48 Lacs)

balance portion conversion the entire FCD issued to them is fully converted into Equity Shares.

- Corporate Body namely Brescon Corporate Advisors Ltd. were issued 1,50,000 number of Equity Warrants at a face value of Rs. 10/- per warrant with a premium of Rs. 85/- with a maturity of 18 months, were converted into Equity Shares.

(b) Reserves & Surplus

- (1) Capital Reserve includes the amount of Rs. 25,00,000 added to it being the State Govt. Subsidy.
- (2) Due to Conversion of FCD in to Shares of CCP, the Share Premium reserves goes up by Rs. 1063.00 Lacs.

(c) Loans

Secured Loans:

- (1) Non Convertible Debentures (NCD) of Rs. 68.50 crores extended by the Clearwater Capital Partners (India) Pvt. Ltd. are secured by way of English Mortgage of Company's property located at village Haripura, Vadodara and Equitable Mortgage of Company's properties located at village Vadadala and Village Kharadparat . The NCDs have been raised @ 10% p.a. for a period of 5 years and subsequently variable with GOI Sec rate with a fixed rate of 10%.

The average borrowing rate for GOI Sec rate during the year for T 364 days was @ 7.5244% p.a.

2. Notes to Accounts:

(a) Share Capital

During the current financial year, the share capital of the Company went through changes to finance the One Time Settlement with Banks.

- Strategic Investor Clearwater Capital Partners (Cyprus) Ltd. were allotted 25,00,000 Compulsorily Convertible FCD at a Face Value of Rs. 10/- with a premium of Rs. 85/- per convertible debenture . Out of the said FCD, they have converted 50% amount into 12,50,000 Equity Shares @ Rs. 10/- per shares.

- (2) During the year, the Company has raised Rs 40 Crores from Clearwater Capital Partners (India) Pvt. Ltd. as Short Term Working Capital at a rate of 10 % per annum.

* Subsequently after 31st March, 2007, the Company further received Rs. 20 crores as Short Term Loan as balance portion from the Clearwater Capital Partners (India) Pvt. Ltd.

Unsecured Loans:

- **Event occurred after the Balance sheet Date:** Clearwater Capital Partners (Cyprus) Ltd. exercised their option of conversion of balance FCD of 12,50,000 into Equity Shares. With the

Sales Tax Deferment loan as on 31-3-2007 stands at Rs 9.31 crores. However taking advantage of the Sales Tax Samadhan Scheme 2007, the Company has paid off the liability @



Rs. 8.09 crores squaring up the entire sales tax liability.

- (d) Balance confirmation letters were sent out to various debtors and creditors, Confirmation of some debtors/creditors is still to be received.
- (e) The method of valuation of inventories adopted by the Company is in accordance with the requirements of Accounting Standard 2 (Valuation of Inventories and as revised from time to time) issued by the Institute of Chartered Accountants of India.
- (f) No provision has been made for certain old outstanding debtors considered to be fully recoverable in the opinion of the management for which legal cases amounting to Rs.139.05 Lacs has been filed (previous year Rs. 139.05 Lacs).
- (g) In the opinion of the Management all the current assets, loans and advances and deposits are realisable at value stated in the ordinary course of the business which are at least equal to the amount at which they are stated in the books unless otherwise explicit.
- (h) In view of the continued losses, the creation of deferred tax assets based on future profitability, in the opinion of the management at present not

feasible and neither does virtual certainty exist regarding the same. Hence, accordingly no provision for deferred tax asset is created as required under the Accounting Standard 22 issued by the Institute of Chartered Accountants of India on accounting for taxes on income and hence for the year under report the same has not been complied with. However, provision for Income tax for the period has been made on the basis of the estimated total income after setting off allowable under the Income tax Act, 1961.

(i) **Segmental Reporting :**

The Company is primarily engaged in the manufacture of conductors, cables and selling out sourced products. As the Company's manufacturing facilities are inter woven/ inter mix due to the nature of its business, it is not possible to directly attribute or allocate on a reasonable basis the expenses, assets & liabilities and to Segregate the sales in Segments.

(j) **Investment in Partnership Firm :**

M/s Diamond Cable Limited have become partner in the Western Transformers having share of 90% with effect from 9th day of March 2007.

(k) **Related Party Disclosures :** (Rs. in Lacs)

Particulars	Associate	Key Management Personnel	Relative of key Management Personnel	Ent.Under significant Influence of key Mgt.Personnel & their relatives	Total
Purchase/ (sales) of Goods	-----	-----	-----	-----	-----
Receipts/Rendering of services	-----	-----	-----	-----	-----
Rent (Paid)/Recd.	-----	(0.50)	(6.00)	-----	(6.50)
Advances Recd/(Given)	-----	-----	-----	-----	-----
Directors Remuneration	-----	38.80	-----	-----	38.80
Outstanding Receivable as on 31.03.2007	-----	-----	-----	-----	-----

Name of the Related Parties:

1. Associate: Diamond Projects Ltd.
Enterprise Intelligence Systems Ltd.

2. Key Management Personnel:
Mr.S. N. Bhatnagar
(Chairman & Managing Director)
Mr. Amit Bhatnagar (Joint Managing Director)
Mr. Sumit Bhatnagar
(Joint Managing Director-Operations)



3. Relatives of Key Management personnel:
 Smt. Madhurilata Bhatnagar
 Smt. Mona Bhatnagar
 Smt. Richa Bhatnagar
4. Enterprise under significant influence of key management personnel:
 None
- (l) Earning per Share (EPS) :-
- | | 2006-07 | 2005-06 |
|--|----------|----------|
| Amount used as Numerator | | |
| Profit or loss after taxation | 1376.38 | 1512.71 |
| Weighted Average - No. Equity Shares used as denominator | 15520250 | 14270250 |
| Nominal Value of Shares (Rs. in Lacs) | 1552.03 | 1427.03 |
| Basic & Diluted Earnings Per share Rs. | 8.87 | 10.60 |
- (m) Details of the Small Scale Industries (SSI) units which has supplied the materials to the Company during the year whose outstanding are more than Rs. 100000/=
- | NO. | NAME OF SSI UNIT |
|-----|--------------------|
| 1 | Anudeep Alucast |
| 2 | Deluxe Flush Doors |
| 3 | Umiya Industries |
| 4 | Shree durga Timber |
| 5 | Amrish Sales Corp. |
- 6 Indian Packaging
 7 Polylink Polimers
- (n) Sales / Purchase include an amount of Rs 954.67 Lacs (Net of Duty) of inter-unit Transfer (Previous year Rs 1598.65 Lacs).
- (o) Aggregate director's remuneration Rs 38.80 Lacs (previous year Rs. 113.25 Lacs). The remuneration of reappointed directors are as per the approval accorded by remuneration Committee, shareholders and central Government as per the provisions of section 311 read with Schedule XIII of the Companies Act, 1956. This also includes payments made for other perquisites like gas, electricity etc and medical reimbursements.
- (p) Aggregate auditors remuneration is fixed at Rs. 1.68 Lacs per annum (previous year Rs. 3.00 Lacs) which includes Rs. 1.5 lacs as Audit Fees (Previous Year Rs. 2.25 lacs) Rs. 0.18 lacs as Tax Audit fees (Previous Year Rs. 0.60 lacs) and Rs. 0.00 lacs towards Out of Pocket Expenses (Previous year Rs. 0.15 lacs).
- (q) As per Accounting Policy (10) on excise duty, the excise duty payable on finished goods in stocks at works amounting to Rs. 73.30 Lacs (previous year Rs. 6.59Lacs) has been included in the expenditure and in such stocks. However, the same has no impact on the profit for the year.
- (r) Details of Licensed, Installed Capacities and Production:

Goods Manufactured	Licensed Capacity	Installed Capacity Current Year	Production Current Year (6 Months)	Production Previous Year (18 Months)
All Aluminum Alloy Conductors & ACSR Conductor	NA	50500 MTPA.	27,200 kms	48094 Kms
LT Electric Power Cables & Control Cables	NA	5550 Kms.	1631 kms	1944.258Kms

Consumption of Assorted Wire/Wire rods is not provided, as they are totally consumed in house for manufacture of conductors. Installed capacity and capacity utilization are as certified by the management and not verified by the auditors being a technical matter.

The quantity in Kms. cannot be comparable as the weight per Kms of each conductor varies on the cross section area and current carrying capacity. Hence the production has been shown in Kms. The values are usually taken as per relevant IS standards.



1. Details of Raw Materials Consumed (including captive consumption)

Description of Item	U.O.M	Quantity For the year 2006-2007 (6 months)	Quantity For the year 2005-2006 (18 Months)
Aluminum	M.Ts.	7200	12500
Copper	M.Ts.	432	29.765

2. Value of Imported and indigenous Raw Material Consumed and Percentage thereof :

Raw Materials	Current year	Previous year	Current year	Previous year
Imported	No	359	No	2%
Indigenous	No	19358.85	No	98%

(s) Particulars of Sales and Stocks (Goods Manufactured) :

Item	U.O.M	Opening Stock	Sales	Closing Stock
Conductors	Kms.	90.928	22309	4800
Power & Control Cables	Kms.	22.758	1487.24	121

(t) Expenditure in Foreign Currency

Particulars	2006.07 Amount (Rs in Lacs)	2005.06 Amount (Rs in Lacs)
Import on CIF basis	Nil	355
Traveling Expense	Nil	0.14
Others	Nil	Nil

(u) Income in Foreign currency

Particulars		
FOB Value of exports		
Deemed exports	Nil	1463
Foreign exchange fluctuation	Nil	1.63

(v) Previous year figures are regrouped /reclassified where ever necessary to make them comparable with the current year.

SIGNATURES TO THE SCHEDULES 1 TO 17

"As per our Report of even date"

For & on behalf of
Vijay N.Tewar & Co.
 (Chartered Accountants)

ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Vijay N.Tewar	Deepak K. Joshi	S. N. Bhatnagar	Amit Bhatnagar	Sumit Bhatnagar
Proprietor	Company Secretary	Chairman & Managing Director	Jt.M.D.	Jt.M.D (O)

Date :- September 5, 2007

Place :- Baroda

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

	AS AT 31.03.2007		AS AT 30.09.2006	
	AMOUNT (Rs.) 6 Months		AMOUNT (Rs.) 18 Months	
CASH FLOW FROM OPERATING ACTIVITIES	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEM		1376.38		1517.99
ADJUSTMENT FOR:				
DEPRECIATION	133.63		391.76	
DEFERRED EXPENSES	-487.76		-307.39	
INTEREST EXPENSES	476.57		1153.16	
LOSS ON SALE OF ASSETS	3.21		3.99	
EXTRA ORDINARY ITEMS	-----		-1706.96	
INTEREST / OTHER INCOME RECEIVED		125.65		-465.44
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
CHANGE IN INVENTORIES	-1007.52		-1645.64	
CHANGE IN RECEIVABLES	-869.83		2487.03	
CHANGES IN LOANS AND ADVANCES	-762.15		1213.18	
CHANGE IN OTHER CURRENT ASSETS	-717.41		-401.45	
CHANGE IN CURRENT LIABILITIES	53.93		-753.86	
NET CHANGE IN WORKING CAPITAL	-3302.98	-3302.98	899.26	899.26
CASH GENERATED FROM OPERATIONS				
DIRECT TAXES PAID	-2.23	-2.23	-5.27	-5.27
CASH FLOW BEFORE EXTRA ORDINARY / PRIOR PERIOD ITEMS				
PRIOR PERIOD ITEMS (RESTRUCTURING)	-----	-----	-0.50	-0.50
NET CASH FLOW FROM OPERATING ACTIVITY				
CASH FLOW FROM INVESTING ACTIVITIES				
INCREASE OF FIXED ASSETS	-173.70		-22.23	
DECREASE IN FIXED ASSETS	71.00		11.98	
INCREASE OF INVESTMENT	-146.04		-0.06	
LOSS ON SALE OF ASSETS	-3.21		-3.99	
NET CASH FLOW USED IN INVESTING ACTIVITIES	-251.95	-251.95	-14.30	-14.30
CASH FLOW FROM FINANCING ACTIVITIES				
PROCEEDS FROM ISSUE OF SHARE CAPITAL(NET)	125.00		82.00	
PROCEEDS FROM DEBT RE-STRUCTURING	-----		1723.81	
PROCEEDS FROM PREMIUM	1062.50		637.50	
DECREASE IN SECURED LOANS	3998.18		-3849.44	
DECREASE IN SUBSIDY	-----		-----	
INTEREST PAID	-476.57		-1153.16	
INCREASE IN LONG TERM & OTHER BORROWING (NET)				
INCREASE IN UNSECURED LOANS	-1272.83		2329.12	
NET CASH FLOW FROM FINANCING ACTIVITIES	3436.28	3436.28	-230.17	-230.17
NET INCREASE IN CASH & CASH EQUIVALENTS		1381.15		1701.57
ADD: CASH & CASH EQUIVALENTS OPENING	1871.30		169.73	
CASH & CASH EQUIVALENTS CLOSING	3252.45	-1381.15	1871.30	-1701.57

“As per our Report of even date”

For **Vijay N. Tewar & Co.**
(Chartered Accountants)

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Vijay N. Tewar	Deepak K. Joshi	S. N. Bhatnagar	Amit Bhatnagar	Sumit Bhatnagar
Proprietor	Company Secretary	Chairman & Managing Director	Jt.M.D.	Jt.M.D (O)

Date :- September 5, 2007

Place :- Baroda



BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE
(Rs. in Thousand)

Sr. No.	PARTICULARS	As at 31.03.2007 (Rs.)	As at 30.09.2006 (Rs.)
1	REGISTRATION DETAILS REGISTRATION NO. STATE CODE NO. BALANCE SHEET DATE	18198 4 31/03/2007	18198 4 30/09/2006
2	CAPITAL RAISED DURING THE YEAR PUBLIC ISSUE (ISSUE THROUGH THE PROSPECTUS) RIGHT ISSUE BONUS ISSUE PRIVATE PLACEMENT	Nil Nil Nil Nil	Nil Nil Nil Nil
3	POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS TOTAL LIABILITIES TOTAL ASSETS SOURCES OF FUNDS PAID UP CAPITAL RESERVE & SURPLUS SECURED LOANS UNSECURED LOANS APPLICATIONS OF FUNDS NET FIXED ASSETS INVESTMENTS NET CURRENT ASSETS MISCELLANEOUS EXPENDITURE ACCUMULATED LOSSES	1843462 1843462 162802 383193 1085676 211790 229019 14650 1487033 52108 60652	1452178 1452178 150302 276943 685858 339075 177032 46 1018619 58189 198292
4	PERFORMANCE OF COMPANY TURNOVER TOTAL EXPENDITURE PROFIT BEFORE EXTRA ORDINARY ITEMS & TAXATION PROFIT / (LOSS) BEFORE TAX PROFIT / (LOSS) AFTER TAX EARNING PER SHARE (RS) DIVIDEND RATE %	1318835 128215 137861 137638 137638 8.86 -	2363491 226061 151798 -18947 -19474 11.16 -
5	GENERIC NAME OF PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY ITEM CODE (ITC CODE) PRODUCT DESCRIPTION ITEM CODE (ITC CODE) PRODUCT DESCRIPTION ITEM CODE PRODUCT DESCRIPTION	AYFY,AYY,YWY,YY FRLS,XLPS Cables AAA,AAAC, ACSR Conductor Ec Alloy Wire Rods	AYFY,AYY,YWY,YY FRLS,XLPS Cables AAA,AAAC, ACSR Conductor Ec Alloy Wire Rods

"As per our Report of even date"

 For **Vijay N. Tewar & Co.**
(Chartered Accountants)
FOR & ON BEHALF OF THE BOARD OF DIRECTORS

 Sd/-
 Vijay N. Tewar
 Proprietor

 Sd/-
 Deepak K. Joshi
 Company Secretary

 Sd/-
 S. N. Bhatnagar
 Chairman & Managing Director

 Sd/-
 Amit Bhatnagar
 Jt.M.D.

 Sd/-
 Sumit Bhatnagar
 Jt.M.D (O)

Date :- September 5, 2007
Place :- Baroda

DIAMOND CABLES LTD.

Diamond Cables Limited
Registered Office: Village Vadadala, Ta. Savli, Dist. Baroda - 391 520, Gujarat, India.

PROXY FORM

DP ID*:
Client ID*:
Folio No.:
No. of Shares:

I/We _____ of _____
 _____ being a member /members of
 above named Company hereby appoint _____ or
 failing him / her _____ of
 _____ as may / our proxy to attend and vote on my / our behalf at the
 Annual General Meeting of the Company to be held on Saturday, September 29, 2007 or at any adjournment
 thereof.

Signed this _____ day of _____ 2007.

* Applicable for investors holding Shares in Electronic Form Only.



Note : This instrument of proxy shall be deposited at the Registered Office of the Company

Diamond Cables Limited
Registered Office: Village Vadadala, Ta. Savli, Dist. Baroda - 391 520, Gujarat, India.

DPID*:
Client ID*:
Folio No.:
No. of Shares:

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDENCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

- Name of the attending Member _____
- Name of the Proxy (In Block Letters) _____
 (To be filled in if the Proxy attends instead of the Member)

No. of Shares held: _____

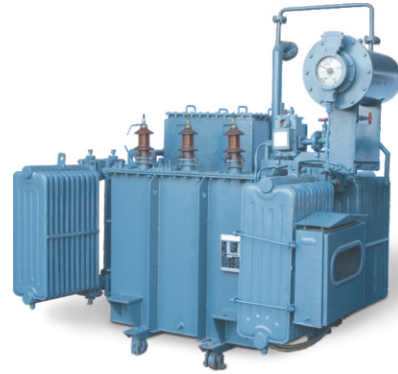
I hereby record my presence at the Annual General Meeting of the Company to be held on Saturday, September 29, 2007 or at any adjournment thereof.

Member's / Proxy Signature _____

* Applicable for investors holding Shares in Electronic Form Only.



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Office: "Essen House", 5/12, B.I.D.C., Gorwa, Vadodara-390016. Ph.: 0265 2284328, 2283969, 2280973 Fax: 0265 2280528

E-mail: dicabs@dicabs.com Website: www.dicabs.com

Works • Phase-II, Village Vadadala, Tal. Savli, Dist. Vadodara. Ph.: 02667 251354, 251516, 251517 Fax: 02667 251202

• 24-B, Nanji Ind. Estate, Village Kharadpada, Silvassa, UT of Daman & NH. Ph.: 0260 3269654