

Company Information	_____	01
Notice	_____	02
Directors' Report	_____	04
Auditors' Report	_____	22
Standalone Financial Statement (Diamond Power Infrastructure Ltd.)	_____	26
Notes on Accounts	_____	37
Cash Flow Statement	_____	43
Balance Sheet Abstract	_____	44
Directors' Report (Subsidiary - Diamond Power Transformers Ltd.)	_____	45
Auditors' Report (Subsidiary - Diamond Power Transformers Ltd.)	_____	48
Financial Statement (Subsidiary - Diamond Power Transformers Ltd.)	_____	51
Notes on Accounts (Subsidiary - Diamond Power Transformers Ltd.)	_____	58
Auditors' Report (Consolidated Accounts)	_____	61
Consolidated Financial Statement	_____	62
Notes to Consolidated Accounts	_____	73

S
t
r
u
c
t
u
r
e



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

16TH ANNUAL REPORT : 2007 2008

16TH ANNUAL GENERAL MEETING

September 29, 2008

At 10:00 a.m.

Diamond Power Infrastructure Limited

H.T. Cables Plants

Vil. Vadadala, Ta. Savli,

Dist. Vadodara - 391 520.

BOARD OF DIRECTORS

Mr. S. N. Bhatnagar

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. T.N.C. Rajagopalan

Additional Director (up to Sept. 29, 2008)

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.

Axis Bank Ltd.

ICICI Bank Ltd.

Bank of India

CORPORATE OFFICE

ESSEN HOUSE

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

Baroda 390 016.

REGISTERED OFFICE & PLANTS

Village: Vadadala, Phase II,

Tal: Savli, Dist. Baroda 391 520.

24-B, Nanji Industrial Estate, Vil. Kharadpada

Silvassa UT. of Daman & NH.

e-mail : shares@dicabs.com

deepak@dicabs.com

REGISTRAR & TRANSFER AGENTS

Intime Spectrum Registry Limited

308, Jaldhara Complex

Near Manisha Society

Baroda 390 007.

Phone No. 0265 2250 241

Fax No. 0265 2250 246

Email : vadodara@intimespectrum.com



NOTICE

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

ORDINARY BUSINESS :

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

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, following as an Ordinary Resolution :

“RESOLVED THAT Mr. T.N.C. Rajagopalan, who was appointed as an Additional Director of the Company and who in terms of Section 260 of the Companies Act, 1956, read with Article 128 of the Articles of Association of the Company, hold such office up to this Annual General Meeting, and in respect of whom The Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director along with a deposit of Rs. 500/- be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board,

Date :- August 28, 2008
Place :- Vadodara

Deepak K Joshi
Company Secretary

NOTES

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself / herself. Such Proxy need not be a member of the Company.
- 2) Proxy Instrument should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3) Pursuant to section 154 of the Companies Act 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 25, 2008 to Monday, September 29, 2008 (both days inclusive).
- 4) M/s. INTIME SPECTRUM REGISTRY LIMITED, 308, Jaldhara Complex, Nr. Manisha Society, Vadodara 390 007 are the Registrar and Share Transfer Agent of the Company. The Members are requested to kindly make further correspondence with them for any matter relating to Transfer or dematerialization of Shares.
- 5) As a measure of economy, the Company does not distribute the copies of Annual Report at the meeting. Hence, the members are requested to bring their copies with them.
- 6) No person shall be entitled to attend or vote at the meeting as a duly authorized representative of a Company or any body corporate which is a member of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Registered office of the Company not less than four days before the date of the Annual General Meeting i.e. on or before the closing hours of Wednesday, September 24, 2008.
- 7) Members seeking any information on the Accounts of the Company are requested to write to the Company, which should reach to the



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

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

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Item No. 5**

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

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

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

By Order of the Board,

Date :- August 28, 2008

Place :- Vadodara

**Deepak K Joshi
Company Secretary**



DIRECTORS' REPORT

Dear Members,

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

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

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

FINANCIAL RESULTS

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

Following Statement indicates the overall financial strengths of the Company :

[Rs. in Lacs]

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

Important performance parameters :

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

MARKET & FUTURE OUTLOOK

The Indian Power Industry :

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

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



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

Source :CEA

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

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

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

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

Rs. In crores

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

Source :CEA

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

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

Infrastructure Additions - Transmission :

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



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

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

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

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

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

Proposed Capacity - Transmission

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

Distribution Sector :

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

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

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



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

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

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

Cable Industry In India :

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

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

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



Conductor Industry in India :

Aluminum Conductors are used in transmission and Distribution Systems to carry the general electrical energy from generating station to the end users. The network is known as Transmission and Distribution Systems. The Transmission system delivers bulk power from power station to the load centers and large industrial consumers beyond the economical service range of the regular primary distribution lines, whereas distribution system delivers power from power sector or sub stations to various consumers. This transmission and distribution can employ either overhead systems or underground systems. Aluminum conductors are used for overhead systems. Aluminum conductors are of mainly three types :

- All Aluminum Conductors (AAC)
- All Aluminum Alloy Conductors (AAAC)
- Aluminum Conductors Steel Reinforced (ASCR)
- Ariel Bunch Conductors (ABC)

In terms of length, transmission conductors account for around 19% and the balance 81% is accounted for by distribution conductors. By weight, transmission and distribution conductors each have a share of 50%. For transmission, ASCR accounts for 92% and the balance 8% AAAC. For distribution, AAAC conductors account for 55%, ASCR 32%, ABC 7% and AAC 6% (Source : AC Nielson Report).

Typically around 40% of the transmission projects cost accounts for conductors, 20% for Towers and balance 40% for others. Therefore, out of the planned investment of Rs. 125000 Crores during the 11th five year plan, potential demand for conductors is estimated at whopping Rs. 50000 Crores in the next five years. According to the survey done by AC Nielson during 2005-06, the total demand for aluminum conductor is expected to reach 1.2 mn MT in 2010 from 730000 mt pa, at a CAGR of 18%.

SUBSIDIARY'S PERFORMANCE :

M/s. Diamond Power Transformers Ltd., a wholly owned subsidiary of your Company has exhibited a remarkable performance during the year. The Company has had mostly the exports business during the year generating the foreign exchange to the

exchequer. After the takeover of the unit, the Company carried out expansion activities and erected the new building and received the balancing equipments, new plant & machineries to take up further the new large size orders of distribution transformers.

As per the regulatory framework, Diamond Power Infrastructure Ltd. and Diamond Power Transformers Ltd., maintain an arm's length relationship. However, both the organizations have capitalized on the strong synergies between the two organizations and cross sell products and undertake joint marketing efforts, in order to effectively provide a wide range of products and services to the end customers.

CURRENT ACTIVITIES :

As mentioned in the foregoing discussion, the Company is very aggressive in venturing out in the newer but related activities which provide all the synergies to achieve the Company's goal of making the Diamond Group as the real Power Infrastructure Company.

In this direction, your Company has achieved a remarkable progress by putting the HT Cables Project 11KV to 132 KV range (1st line) in operation in the month of July, 2008. The Company has already commenced commercial production of HT Cables, with all the imported plants from the Germany.

It gives me further pleasure in informing you that after deciding about going further in a strategic acquisition of M/s. Apex Electricals Limited, a registered sick unit with the Board for Industrial and Financial Reconstruction (BIFR) has made a logical investments of more than Rs. 10 crores to give a right push for revival of the unit. The scheme of Debt Rehabilitation is already formulated and put up by the Apex Electricals Limited to the BIFR for circulation.

CREDIT RATING :

Your Company has obtained a very respected and valued BBB+ & P3+ for its total debts, long term & short term , from the reputed credit agency namely, CRISIL Ratings Ltd., which has infused a strong and deep confidence by the bankers in the Company's credit policy.



SUBSIDIARIES

The Accounts of the Company's subsidiary, namely, M/s. Diamond Power Transformers Ltd., together with the reports of the directors and the auditors, as required under Section 212 of the Companies Act, 1956 are attached.

MANAGEMENT DISCUSSION AND REPORT OF THE DIRECTORS ON 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 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 Accounts 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 ended March 31, 2008 and of the Profit /Loss for the year ended on that 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 safeguarding 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 Companies Act, 1956 and the Articles of Association of the Company, Mr. Prakash Sinha and Mr. G. N. Verma retire by rotation at the ensuing annual general meeting. They are eligible for re-appointment.

Mr. T.N.C. Rajagopalan, working as an Additional Director has consented to be a rotational director of the Company.

All the necessary resolutions for appointment, re-appointment of the directors have been included in the notice convening the forthcoming annual general meeting.

AUDITORS

M/s. Vijay N. Tewar & Company, Chartered Accountants, Vadodara, who retire at the forthcoming annual general meeting and are eligible for re-appointment. 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, Vadodara for conducting Cost Audit of the records of the Company for the financial year 2008-09.

FIXED DEPOSITS

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 Deposits) Rules, 1975 as amended are applicable.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures 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 2007-2008.

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 Banks, Financial Institutions, various government authorities, customers, vendors and shareholders during the year. Your Directors also wish to place on records the deep sense of appreciation for the committed services of the executives, staff and workers.

**For and On Behalf of the
Board of Directors**

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

Date :- August 28, 2008

Place :- Vadodara



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.

results and finding of the same were implemented in the benefit of Company with motto of conservation of energy.

The Company as per the new guideline by government has undergone a Complete Energy Audit of the manufacturing plant done by Electrical Research and Development Association (ERDA), Baroda and the

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 save cost.

FORM- A Form for disclosure of particulars with respect to conservation of energy.

Sr. No.	Particulars	Current Year (12 months)	Previous Year (6 months)
1.	Power & Fuel Consumption		
	Electricity		
	1. Purchased Unit (kwh) Lacs	28.16	12.24
	2. Rate / Unit (Rs.)	5.53	5.65
	3. Total Amount (Rs. Lacs)	155.72	69.11
	Own Generation		
	1. Through Diesel Generator Units	8880	4620
	2. Rate / Unit (Rs.)	14.45	10.61
	3. Total Amount (Rs. Lacs)	1.28	0.49
	4. Through Steam Turbine / Unit	NA	NA
2.	Coal (Specify Quality & where used)	NA	NA
3.	Furnace Oil		
	1. Quantity (K. Liters)	941.374	382.544
	2. Total Amount (Rs. Lacs)	141.66	65.000
4.	Others / Internal Generation	NA	NA

FORM B

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

- Specific areas in which R & D carried out - Related Products like H. T. cables.
- Benefits derived as a result of above R & D - New Plant is erected.
- Future plan of action - To float a subsidiary to take care of H. T. Cable Business.
- Expenditure on R & D - N.A.

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.

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

FROM C

Foreign Earnings and Outgo :

(Rs. in Lacs)

	2007-2008 (12 months)	2006-2007 (6 months)
Earnings (Deemed Exports)	530.68	NIL
Outgo	314.20	NIL



**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

Transparency, accountability and integrity form the cornerstone of effective governance. Today, almost every country has institutionalized a set of corporate governance codes, spells out best practices and has sought to impose appropriate board structures. Despite the corporate governance revolution, there exists no universal benchmark, for effective levels of disclosure and transparency. At a juncture when the concept of corporate governance is receiving unprecedented attention, it is ironic, if not disturbing that recent collapses in the corporate arena have been primarily on account of corporate governance failures.

The responsibility of effective corporate governance rests not with a single entity, built, is interplay of various people and organization performing different roles. The board of directors has the primary responsibility of ensuring that the fundamentals of corporate governance as expressed in law and regulations are complied with. Control and supervision of a Company, on behalf of the shareholders is the *raison d'etre* of a board. The other players, external to the Company also, responsible for corporate governance include auditors, analysts, rating agencies, regulators and the government, amongst others.

1. BOARD OF DIRECTORS

Composition

The Board of Directors comprises 9 directors, out of which 6 directors are non-executive directors. The three executive directors include the Chairman & Managing Director; Joint Managing Director and the Joint Managing Director (Operations). Four directors are the Independent Directors, i.e., independent of the management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. The directors bring to the Board a wide range of experience and skills. There are two nominee directors on the Board of Directors.

The composition of the Board is in conformity with the listing agreement.

None of the Board of Directors 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 the Stock Exchange) across all the companies in which they are Directors. Necessary disclosure regarding committee position has been made by the Directors.

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

Name	Category	Board Meetings (2007-08)		AGM Sept 29, 2007	Other Director- ship	No. of Other Board Committees	
		Held	Attended			Member	Chairman
Mr. S. N. Bhatnagar	Chairman & Managing Director	8	8	Yes	3	-	-
Mr. Amit Bhatnagar	Jt. Managing Director	8	8	Yes	4	-	-
Mr. Sumit Bhatnagar	Jt. Managing Director (O)	8	8	Yes	3	-	-
Mr. Prakash Sinha	Non-Executive	8	4	No	1	4	1
Mr. G.N. Verma	Non-Executive	8	5	Yes	1	5	2
Dr. T.N. Bhatnagar	Non-Executive	8	2	No	1	5	-
Mr. T.N.C. Rajagopalan*	Non-Executive	3	2	N. A.	0	-	-
Mr. Amit Gupta	Non-Executive	8	3	No	3	-	-
Ms. Jayshree Krishna	Non-Executive	8	5	No	0	-	-

* Mr. T.N.C. Rajagopalan was appointed as an additional director w. e. f. October 18, 2007.

Eight Board Meetings were held during the year under review on 23/04/2007, 05/06/2007, 17/07/2007, 05/09/2007, 18/10/2007, 06/11/2007, 17/12/2007 and 28/01/2008. 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.



**Information of Directors who are proposed to be appointed / re-appointed
as per clause 49 of the Listing Agreement**

Mr. Prakash Sinha

Brief Resume : Mr. Prakash Sinha is an engineer with wide experience of wire & conductor industries. He has represented Usha Martin Group of Companies as a member of top management team for a period of 40 years. He understands wire & cable industry in depth & play vital guiding role in technical matters of the Company.

He is a director in Enterprise Intelligent Systems Ltd. He is a member in 4 and a chairman in 1 Board Committees. He does not hold any shares in the Company.

Mr. G. N. Verma

Brief Resume : Mr. G. N. Verma is a leading advocate of Rajasthan High Court with an experience of over 50 years. He adds to the legal knowledge of the Board and facilitates finer position on legal matters.

He is a director in Enterprise Intelligent Systems Ltd. He is a member in 5 and a chairman in 2 Board Committees. He does not hold any shares in the Company.

Mr. T. N. C. Rajagopalan

Brief Resume : Mr. T.N.C. Rajagopalan is holding bachelor degrees of science and arts. He is holding membership in professional societies like (1) Member - Confederation of Indian Industries (CII), (2) Ex Member of export sub committee of CII, (3) Member of Baroda and Ahmedabad Management Association, (4) Founder Member and Ex President of EXIM Club, (5) Past Chairman of CII-Gujarat Foreign Trade and Investment Council.

He has an expert knowledge on issues relating to EXIM policies and procedures, EXIM policy and Anti Dumping Duties, Trade Payment, Customs Valuation, Customs Law & Procedure and Conducts Training Programme, He is Columnist (Writer) on EXIM Policy and Author of the book "EXIM Policy - Mastering in 7 Days" Centax Publications - 2003 and "Foreign Trade Policy - Made Easy" Centax Publication - 2003. He is an advisor and consultant to several corporates. He does not hold any shares in the Company.



2. 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, 1956 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 (2007-08)	
			Held	Attended
1	Mr. G. N. Verma (Chairman)	Independent-Non-executive	5	4
2	Mr. Prakash Sinha	Independent-Non-executive	5	3
3	Dr. T. N. Bhatnagar	Independent-Non-executive	5	3

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 the 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
5. Compliance with stock exchange and legal requirement concerning financial statements.
6. Review with management, external and internal auditors, the adequacy of internal control systems, significant findings and follow up thereon.
7. Review the Company's financial and risk management policies.
8. Look into the reason for substantial defaults, if any, in payment to the depositors, debenture holders and creditors, if any.
9. 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.

3. 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 ended March 31, 2008 are given below :

I. Executive Directors

Name	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)
Mr. S. N. Bhatnagar	2868750	NIL	2456981
Mr. Amit Bhatnagar	2550000	NIL	1837040
Mr. Sumit Bhatnagar	2550000	NIL	1837040



II. Non-executive Directors

Name of the Director	Sitting Fees paid (Rs.)	Commission paid (Rs.)
Mr. Prakash Sinha	12000	Nil
Mr. G.N. Verma	15000	Nil
Dr. T.N. Bhatnagar	6000	Nil
Ms. Jayshree Krishna	7500	Nil
Mr. Amit Gupta	4500	Nil
Mr. T.N.C. Rajagopalan *	6000	Nil
TOTAL	51000	Nil

* Mr. T.N.C. Rajagopalan was appointed as an additional director w. e. f. October 18, 2007.

4. Investors' Grievances Committee :

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

- a. Redressing of shareholders and investors' complaints;
- b. To ensure expeditious share transfers ;

- c. 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 (2007-08)	
			Held	Attended
1	Mr. Prakash Sinha (Chairman)	Independent-Non-executive	4	3
2	Mr. G.N.Verma	Independent-Non-executive	4	3
3	Dr. T. N. Bhatnagar	Independent-Non-executive	4	2

Name, designation & address of the Compliance Officer :

Mr. Deepak Kumudray Joshi
 Company Secretary
 Diamond Power Infrastructure 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 April 1, 2007 to March 31, 2008 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 Transfer / Cons / Transposition / endorsement / etc.	76	68	8	-
3	Non-receipt of Interest Warrants	N. A.	N. A.	N. A.	-
4	Non-receipt of Annual Reports	18	18	0	-

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



5. General Body Meetings :

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

Sr. No.	AGM Particulars & Date	Venue	Time
1	15th Annual General Meeting (2007-08) held on 29/09/2007	Auditorium, Vanijya Bhawan, Race Course, Vadodara	10:30 a.m.
2	14th Annual General Meeting (2005-2006) [18 Months] held on 21/02/2007	Registered Office	10:30 a.m.
3	13th Annual General Meeting (2004-2005) [6 months] held on 30/11/2005	Registered Office	9:30 a.m.

* one Extra Ordinary General Meeting was held on January 22, 2008 during the year 2007-2008 for approval on issue of securities in Domestic / International markets.

6. 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 Exchange does not arise.

7. 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 published in one English Daily newspaper and one Vernacular Daily newspaper and also forwarded to BSE. Quarterly disclosures made to Stock Exchange are also uploaded on SEBI Web site www.sebidifar.gov.in.

8. General Shareholder Information :

- Address of Corporate Head Quarter :
Diamond Power Infrastructure Limited
"ESSEN HOUSE", 5/12, BIDC
Gorwa, Baroda - 390016.

- Contact Person :
Mr. Deepak Kumudray Joshi
Company Secretary

3. Annual General Meeting :

September 29, 2008 at 10:00 a.m. at
Diamond Power Infrastructure Limited
H. T. Cables Plant
Vil. Vadadala, Ta. Savli
Dist. Vadodara - 391 520.

4. Date of Book Closure :

Thursday, September 25, 2008 to
Monday, September 29, 2008 (both days
inclusive)

5. Listed on :

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

The Listing Fees to the Bombay Stock Exchange Ltd. has already been paid for the year 2008- 2009. 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 **- INE 989C01012**
For Equity Warrants **- INE 989C13025**

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



The Shareholders are requested to follow exact ISIN for the purpose of dealing in the 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, 2008 is as follows :

	Number of Shares	% of total Capital
Physical	1,792,842	10.20
Electronic	15,777,408	89.80
Total	17,570,250	100.00

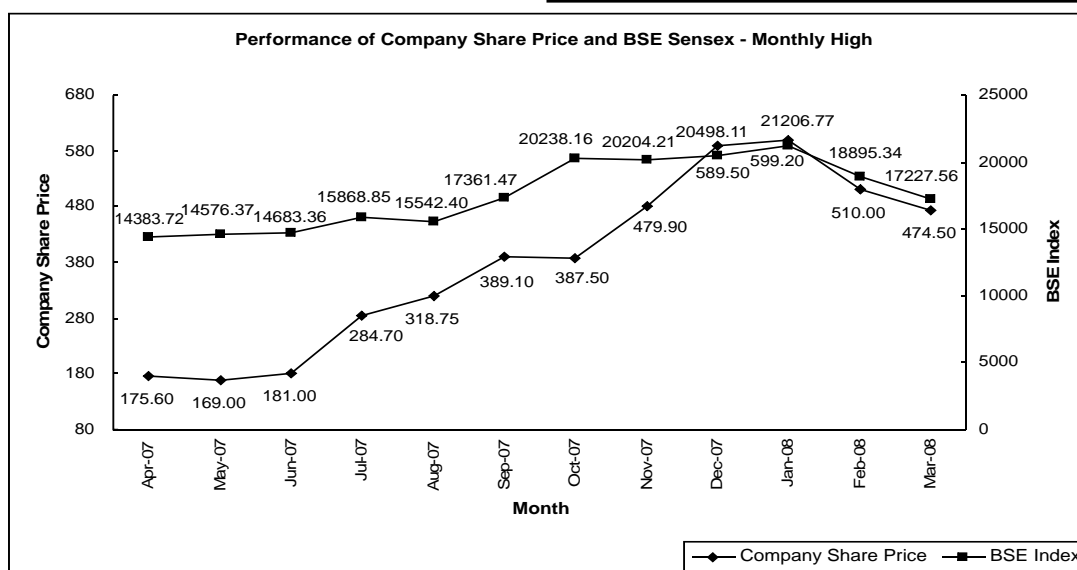
7. Distribution of Shareholding and Shareholding Pattern

CATEGORY	ELECTRONIC FORM		PHYSICAL		TOTAL		
	SHARES	HOLDERS	SHARES	HOLDERS	SHARES	VALUE	PERCENT
Promoters	2540106	11	550000	4	3090106	30901060	17.59
Bodies Corporate (Promoter Co.)	4741694	3	0	0	4741694	47416940	26.99
Other Bodies Corporate	2354952	223	111400	9	2466352	24663520	14.04
Clearing Members	66926	34	0	0	66926	669260	0.38
Foreign Ins. Investors	2967462	7	0	0	2967462	29674620	16.89
Nationalised Banks	0	0	500	1	500	5000	0.00
Non Resident Indians	419769	119	114300	177	534069	5340690	3.04
Public	2686499	5111	1016642	5192	3703141	37031410	21.08
Total	15777408	5508	1792842	5383	17570250	175702500	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 01/04/2007 to 31/03/2008 is given below :

Month & Year	Share Price Rs.		BSE Sensex	
	High	Low	High	Low
April 2007	175.60	125.00	14,383.72	12,425.52
May 2007	169.00	150.00	14,576.37	13,554.34
June 2007	181.00	145.55	14,683.36	13,946.99
July 2007	284.70	172.20	15,868.85	14,638.88
August 2007	318.75	251.00	15,542.40	13,779.88
September 2007	389.10	308.10	17,361.47	15,323.05
October 2007	387.50	289.00	20,238.16	17,144.58
November 2007	479.90	304.00	20,204.21	18,182.83
December 2007	589.50	425.00	20,498.11	18,886.40
January 2008	599.20	405.35	21,206.77	15,332.42
February 2008	510.00	407.00	18,895.34	16,457.74
March 2008	474.50	305.00	17,227.56	14,677.24



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.

9. 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 of Directors**

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

Date :- August 28, 2008

Place :- Vadodara

ANNEXURE C TO DIRECTORS' REPORT

**AUDITORS' CERTIFICATE ON COMPLIANCE OF
CORPORATE GOVERNANCE**

To
The Members
DIAMOND POWER INFRASTRUCTURE LIMITED

We have examined the compliance of conditions of Corporate Governance by Diamond Power Infrastructure Limited, Vadodara for the year ended March 31, 2008 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 one month against Company as per records maintained by the Company.

We further state the 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)
Proprietor
Membership No. 40676**

**Date :- August 28, 2008
Place :- Vadodara**

ANNEXURE D TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY STRENGTHS

Promoted by Technocrats possessing Quality domain expertise :

In its conductor business, DPIL pioneered introduction of Alloy aluminum Conductors and captive manufacturing of rods in India. The Company combines the expertise of electrical engineering technology (core business) and metallurgical and mechanical engineering manufacturing process, developed over the past 38 years. DPIL has excellent long standing supplier and customer relationships, vital to any business growth.

Ideally located in Gujarat in the vicinity of major power industry :

DPIL is ideally located at Vadodara in Gujarat with large power manufacturing units enabling a good source of



skilled manpower and materials. DPIL has offices at all major cities in India and is well geared up to address national markets and exports.

Backward integration and saving cost :

With a focus on fully integrated player in the field, DPIL undertook backward integration in 1999 and put up facilities for manufacture of Aluminum Rods, with a capacity of 32000 MT to convert aluminum ingots into rods. This enables the Company to save upto 4-6% in production cost, as compared to its competitors.

Value added products a clear focus :

DPIL is moving up the value chain by focusing on High margin/high value products. To name a few, in Cables it intends to focus on Aerial Bunch Cables(ABC), fire resistant cables and Control and Instrumentation cables, while in transformers, it intends to focus on 132-220 KVA power transformers and dry and resin cast transformers. This will enrich product-mix and improve profitability.

Emerging as a vertically integrated player in T & D Sector :

With three critical businesses in its fold, namely Cables & conductors, Transformers and EPC Projects and proposed Transmission Towers Project, DPIL is the only fully integrated player in the power segment, having facilities to manufacture 80% of the T & D project requirement in-house. This gives the Company an advantage over other EPC Players, who outsource 60 to 75% of the project work.

Emerging as one of the top five power cable manufacturers in the Country :

The Company is proposing doubling its present LT cables manufacturing capacities. DPIL has already commissioned HT Cables upto 132 KVAs Manufacturing plant and propose to expand its capacities further during the current year. It is also putting up plant to manufacture Extra High Voltage Plant 132 KVAs to 400 KVAs with an installed capacity of 2000 KMs p.a. Post expansion, DPIL would emerge as one of the top five manufacturers of power cables in India and the only Company manufacturing Extra High Voltage Cables over 132 KVAs. It further intends to produce high margin high value added LT cables such as Aerial Bunch Cables and fire resistant, Control and Instrumentation Cables.

Balanced mix of customers, reducing dependence on any few :

In India traditionally, the industry has been dependent upon Government owned utilities SEBs. However, DPIL has the rare distinction of having more than 40% sales from the private companies and the ratio is likely to further improve to around 70% in the next couple of years, as large order book comes from private clients which include L & T, ABB, Tata Power, Siemens and Suzlon to name a few. The Company is consortium partner for L & T and ABB for their turnkey solutions.

CONCERNS :

At Industrial level :

- Metal drawing Capacity is a limiting factor. Cables are sold in Kilometers. Factor such as thickness of the conductor, sheathing, number of wires in cables, etc. the value of the cables and quantity of cables produced (in Kilometers) would differ. However, the metal drawing capacity of the plant would not vary. Therefore, in case of a cable producer, the metal drawing capacity determines its capacity utilization.
- Pre-qualification and approvals act as entry barriers.
- Business is working capital intensive

At the Investment level

- Slowdown in Industrial capex Industrial Investment takes place where strong economy supports it. Thus, if economic growth slows down, companies may delay or cancel the investment. A slow down in investment would be a big concern
- Change of stance in power sector policies slow down in reform process, which encompasses distribution sector reforms, may slow down the demand for cables. It is pertinent to know that India has never achieved its power generation targets in the past and underachievement would mean lower demand for cables. However, the current plan is the first of its kind where significant steps have already been taken up in the first year itself, to ramp up the sector.
- Input cost Inflation is a risk for down turn. Raw material accounts for 75 / 80% of the total cost and any upward move in prices of raw material can hurt Company's margins.



- Imports a large threat. As global players find Indian Markets attractive, they could pose a major threat to domestic players. This may intensify competition and bring pressure on margins.

Company's Concerns

- Any delay in the rural electrification program under five years plan or delay in creating additional power generation capacities as planned in the five year plans would effect severally Company's performance as they are heavily dependent on investments made in the power sector.
- Delays in implementation of expansion plans may effect the performance.
- As most of other players are ramping up capacities, competition in the industry is the near future is a key visible concern.

PROPOSED EXPANSION / DIVERSIFICATION PROJECTS

Continued high industrial growth and the thrust the Government of India and the State Governments are giving to the power sector for doubling the Power Generation Capacities and its transmission and distribution, the sector is set for a high end growth over the medium to long term. Addition of large power generation capacity, require further huge investment in Power Transmission and Distribution. Power Transmission and Distribution need equal amount of investment as needed for power generation. This has created tremendous opportunities for all the related industries including power equipment manufacturers.

For the present, the Company has been operating in only one segment of making Power Cables and Distribution and Transmission Conductors. During the last couple of years, with a view to add to its product range, the Company has acquired 2 companies in transformer space, with combined capacity of 15000 MVA. It has also ventured into EPC Contracts (Turnkey Contracts) under Government of India sponsored RGGVY to reach free electricity to the people below poverty line. Thus from purely Conductor and power cable manufacturer, DPIL is planning for complete transformation into a strong vertically integrated player in the Indian Power Transmission and Distribution (T & D) Sector.

The T & D business mainly comprises of erection and commissioning of substations. A typical T & D contract involves (% in Value) Conductors (40-45%), Cables

(5%), Transformers (20%), and Transmission Towers 10-15%) and the rest in insulators, fasteners and labour (20%). DPIL is already in manufacture of around 50 - 60% of the scope in the T & D space. Most of the large EPC Players in India outsource 60 to 75% of their requirement in the projects.

To take advantage of the present market scenario and to become a major EPC player in India, the Company has worked out an ambitious capital expenditure plan during the current/next year, which would not only enlarge its present product base, it will also create additional and newer capacities. It has already commissioned phase I of the HT Cable from 33 KVA to 132 KVA (Wet Type) project and the second phase of HT Cable (Dry Type) is likely to be completed by March 2009. It has also planned to put a plant for manufacture of Extra High Voltage Cables 132 KVAs to 400 KVAs THE FIRST OF ITS KIND IN INDIA. DPIL further proposes to put-up a Greenfield product for manufacture of Transmission Towers and expand the present capacity of LT cables. Thus DPIL is moving up the value chain by focusing on high margin / high value added products and enrich its product mix, as Aerial Bunched Cables, Fire resistant, control and instrumentation cables, 132-220 KV power transformers and dry and resin cast transformers.

With commissioning of the proposed plants, DPIL would become fully vertically integrated player in T & D Space, manufacturing 80% of the scope of T & D contracts in house. This will give great leverage to its EPC business and an advantage over other EPC Players (Pre-dominantly Transmission Towers or Sub station companies) who outsource 60 to 75% of the project work.

Proposed Capital expenditure would create the following additional / new capacities :

Sr. No.	Particulars / Product	Capacity
1	H. T. Cables up to 132 KVA	5000 KMs pa
2	Transmission Towers	48000 MT pa
3	L. T. Cables	7100 KMs pa
4	Extra High Voltage Cables up to 400 KVA	2000 KMs pa

Total Capital expenditure envisaged for creation of additional facilities as above works out at Rs. 229.18 Crores.

Location:

The New facilities are proposed to be created at the Existing site located at Village Vadadala, Taluka Savli,



Dist. Vadodara. The site is located at around 5 Kms from the National Highway joining Mumbai and Delhi around 20 Kms from Vadodara. Vadodara is an Important Industrial Estate of Gujarat and is well connected via Roads, Rails and Air to all the major cities of India. Gujarat and adjacent Maharashtra are India's most industrialized States, with huge demand for power infrastructure. Similarly other neighboring states of Rajasthan and Madhya Pradesh are developing ones, offering further potential for expansion to DPIL.

Large power equipments manufacturing units are located in and around Vadodara, making availability of skilled manpower and material easy.

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, 2008, 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.

**August 28, 2008
Vadodara**

**Sd/-
Amit Bhatnagar
Jt. Managing Director**



AUDITORS' REPORT

To,
**The Members of
 Diamond Power Infrastructure Ltd.
 Baroda, Gujarat**

We have audited the attached Balance Sheet of **Diamond Power Infrastructure Ltd.** (herein after referred to as the "Company") at 31st March, 2008 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 statement are free of material misstatement an audit includes examining, on a test basis evidence supporting the amounts and disclosure 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 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 Account 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, 2008 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2008 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 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 2008; and
 - ii) in the case of Profit & Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the Cash Flow as on that date.

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

**Vijay N. Tewar
 Proprietor
 M. No.40676**

**Date : - August 28, 2008
 Place :- Vadodara**



ANNEXURE TO THE AUDITORS' 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/disposed 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. (a) The company has not granted any loans, secured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 during normal business transactions and also the company/firm under the same management and taking and giving payments as and when required.
 - (b) In the absence of loan agreement we are unable to comment on this para, however as informed to us by the company such payment have been made by the company in the ordinary course of business and to the companies under the same management.
- (c) As stated above in the para (b), the loans have been granted to the Companies under the same management the repayments have been made as and when required.
 - (d) As stated in the above Para (c), no overdue amount more than one lac can be worked out.
 - (e) No formal terms and conditions for payment of the principal amount and interest, so we are not in position to give our opinion that installment payments are regular or not.
 - (f) As Stated in the Point no. (e) above, we are unable to comment whether repayment of Principal and interest was regular or not.
4. In Our Opinion and according to the information and explanation 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 regards to purchase of stores, raw material including components, plant and machinery, equipment and other assets and for sales of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in the internal control system.
5. (a) The particulars of Contracts or arrangement referred to in Section 301 of the Act have been entered in the register maintained under that Section However, refer point 3(f) stated above .
 - (b) In our opinion and according to the explanation given to us by the management, the transaction made in pursuance of contracts or arrangement entered in register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5.00 Lacs in respect of any party have been made at prices which are reasonable having regards 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 and 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 costs records under the section 201 (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, Investor Education & Protection Fund, Income, Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities save few instances, through the delays in deposits have not been serious.
- (b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Investor Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom 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 become payable.
- (c) According to the information and explanations given to us, there are no sales 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 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 share, 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 institution.
15. The company has raised a Term Loan of Rs. 70 crores for the repayment of Non convertible debentures, from the Clearwater Capital Partners India Pvt. Ltd. The tenure of the loan is 4 years with the moratorium period 24 month and payable in 8 equal quarterly installments at the interest rate of 11% p.a. The company has created security by way of first charge by way of equitable mortgage on immovable properties along with an irrevocable power of attorney and first charge by way of hypothecation on all the movable properties of the company.
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 terms basis have been used for long terms investment and no long term funds have been used to finance short terms assets except permanent working capital.
17. According to the information and explanations given to us, the company has made preferential allotment of share 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 during the year raised Short Term Working Capital Loan aggregating to Rs. 90 Crores (in the previous year raised to Rs. 60 Crores and the current year, additional Rs. 30 Crores) from the Clearwater Capital Partners India Pvt. Ltd., at 11% interest p.a. This loan has been secured against First Charge on Current assets of the company.
19. The Company has not raised any money by public issue during the F.Y. 2007-08. The company has issued the total; number of 3476820 share warrants to the promoter group and the strategic investors @ Rs. 151 per warrant (Rs.10 face value and Rs. 141 premium). The company has received 10% money (i.e. Rs. 15.10 per warrant) from the promoters and the strategic investor. Further, the company has

received balance 90% of the amount from the strategic investor and thus the strategic investor has paid off in full. The Promoters balance 90% is required to be received before December 2008 as per the terms of the share warrants to make it fully paid up.

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**

**Vijay N. Tewar
Proprietor
M. No.40676**

**Date :- August 28, 2008
Place :- Vadodara**



DIAMOND POWER INFRASTRUCTURE LIMITED
BALANCE SHEET AS AT MARCH 31, 2008

SOURCES OF FUNDS	SCHEDULE NO.	As at 31.03.2008	As at 31.03.2007
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	210,470,700	162,802,500
RESERVES & SURPLUS	2	1,085,901,417	383,193,105
TOTAL FOR SHARE HOLDERS' FUNDS		1,296,372,117	545,995,605
LOAN FUNDS			
SECURED LOANS	3	1,601,766,236	1,085,676,408
UNSECURED LOANS	4	----	211,790,910
TOTAL FOR LOAN FUNDS		1,601,766,236	1,297,467,318
DEFERRED TAX LIABILITY		----	----
TOTAL OF SOURCES OF FUNDS		2,898,138,353	1,843,462,923
APPLICATION OF FUNDS			
FIXED ASSETS	5		
GROSS BLOCK		468,491,030	395,692,965
LESS : DEPRECIATION		249,777,939	220,996,720
NET BLOCK		218,713,091	174,696,244
ADD : CAPITAL WORK IN PROGRESS		398,306,614	54,322,748
TOTAL FIXED ASSETS		617,019,705	229,018,992
INVESTMENTS	6	50,690,427	14,649,943
CURRENT ASSETS, LOANS & ADVANCES	7		
INVENTORIES		793,255,660	571,592,642
SUNDRY DEBTORS		817,332,922	426,805,949
CASH & BANK BALANCES		93,730,840	325,245,225
EPC FINAL BILL PENDING APPROVAL		223,363,792	----
LOANS & ADVANCES		345,793,803	116,741,145
OTHER CURRENT ASSETS		94,034,460	113,068,206
TOTAL CURRENT ASSETS		2,367,511,477	1,553,453,167
LESS : CURRENT LIABILITIES & PROVISIONS	8		
CURRENT LIABILITIES		132,567,521	54,059,015
PROVISIONS		42,668,777	12,361,335
TOTAL CURRENT LIABILITIES		175,236,297	66,420,350
NET CURRENT ASSETS		2,192,275,180	1,487,032,818
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	9	38,153,041	112,761,170
TOTAL APPLICATION OF FUNDS		2,898,138,353	1,843,462,923

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)

Date :- August 28, 2008

Place :- Vadodara



DIAMOND POWER INFRASTRUCTURE LIMITED
PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2008

PARTICULARS	SCHEDULE No.	For the year ended 31.03.2008	For the period ended 31.03. 2007 (6 months)
INCOME			
GROSS SALES		5,090,694,112	1,385,072,792
LESS: EXCISE DUTY		231,898,781	66,237,237
NET SALES		4,858,795,330	1,318,835,555
INCREASE/ DECREASE IN STOCKS	10	167,296,089	96,313,984
OTHER INCOME	11	21,290,024	4,864,421
TOTAL INCOME		5,047,381,443	1,420,013,960
EXPENDITURE			
CONSUMPTION OF RAW MATERIALS	12	4,191,437,561	1,137,016,139
EMPLOYEES' EMOLUMENTS	13	40,528,022	13,223,678
POWER AND FUEL		30,410,726	12,192,021
MANUFACTURING EXPENSES	14	58,173,341	31,960,960
ADMINISTRATIVE EXPENSES	15	55,999,991	20,991,086
SELLING AND DISTRIBUTION EXPENSES	16	23,817,491	5,746,725
TOTAL EXPENDITURE		4,400,367,132	1,221,130,609
PROFIT BEFORE INTEREST AND DEPRECIATION		647,014,312	198,883,352
LESS: FINANCE CHARGES		142,975,810	47,657,875
LESS: DEPRECIATION		28,643,719	13,363,535
TOTAL INTEREST AND DEPRECIATION		171,619,529	61,021,410
PROFIT / (LOSS) BEFORE TAXATION		475,394,783	137,861,941
PROVISION FOR TAXATION		39,234,000	----
FRINGE BENEFIT TAX		666,567	223,101
TOTAL TAX PROVISIONS		39,900,567	223,101
PROFIT / (LOSS) FOR THE YEAR (Before Adjustments)		435,494,216	137,638,840
ADD: PRIOR PERIOD ADJUSTMENTS		----	----
ADD: EXTRA ORDINARY ITEMS		14,900	----
TOTAL ADJUSTMENTS		14,900	----
NET PROFIT		435,479,316	137,638,840
EARNINGS PER SHARE		24.78	8.87
BALANCE BROUGHT FORWARD		-60,652,785	-198,291,625
SURPLUS TRANSFERRED TO BALANCE SHEET		374,826,531	-60,652,785

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)
--------------------------------------	--	---	-----------------------------------	---------------------------------------

Date :- August 28, 2008

Place :- Vadodara



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE : 1 SHARE-CAPITAL

PARTICULARS	As at 31.03.2008	As at 31.03.2007
AUTHORISED SHARE CAPITAL		
30000000 EQUITY SHARES OF RS. 10 EACH	300,000,000	200,000,000
ISSUED & SUBSCRIBED SHARE CAPITAL		
18250000 EQUITY SHARES OF RS. 10 EACH	182,500,000	162,000,000
PAID - UP SHARE CAPITAL		
17570250 EQ.SHARES OF RS.10 EACH FULLY PAID - UP - IN RESPECT OF THE ABOVE,	175,702,500	155,202,500
* 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 & BALANCE 12,50,000 EQ. SHARES DURING THE YEAR 2007-2008		
* ON CONVERSION OF EQUITY WARRANT DURING THE YEAR 2007-2008, 1,50,000 EQ. SHARES WERE ALLOTTED TO BRESCON CORPORATE ADVISORS LIMITED, 5,50,000 EQ. SHARES TO PROMOTERS & 1,00,000 EQ. SHARES TO CLEARWATER CAPITAL PARTNERS (CYPRUS) LIMITED. (THE COMPANY HAD FORFEITED 679750 EQUITY SHARES ON 29.4.2000 OUT OF ISSUED CAPITAL OF 18250000 EQ.SH.)		
SHARE WARRANT MONEY 3476820 SHARE WARRANTS OF RS. 10 EACH, RS. 15.10 PAID UP	34,768,200	7,600,000
TOTAL	210,470,700	162,802,500



SCHEDULE - 2 : RESERVES & SURPLUS

PARTICULARS	As at 31.03.2008	As at 31.03.2007
(A) CAPITAL RESERVE		
RESERVE ON DEBT RESTRUCTURING	172,380,955	172,380,955
RESERVE ON FORFEITED SHARES	3,612,750	3,612,750
TOTAL	175,993,705	175,993,705
(A-1) SECURITIES PREMIUM		
SHARES PREMIUM	377,449,400	203,199,400
PREMIUM ON WARRANTS	153,631,782	-----
SECURITIES PREMIUM -- TOTAL	531,081,182	203,199,400
(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	376,326,530	1,500,000
GENERAL RESERVE -- TOTAL	376,326,530	1,500,000
RESERVES & SURPLUS -- TOTAL	1,085,901,417	383,193,105

SCHEDULE - 3 : SECURED LOANS

PARTICULARS	As at 31.03.2008	As at 31.03.2007
SECURED LOANS		
(A) WORKING CAPITAL DEMAND LOAN		
WORKING CAPITAL DEMAND LOAN ALL	900,000,000	-----
WORKING CAPITAL DEMAND LOAN -- TOTAL	900,000,000	-----
OTHER LOANS		
OTHER LOANS	1,766,236	676,408
CLEARWATER CAPITAL PARTNERS INDIA P. LTD. LOAN	700,000,000	400,000,000
OTHER LOANS -- TOTAL	701,766,236	400,676,408
WORKING CAPITAL LOANS -- TOTAL	1,601,766,236	400,676,408
(B) NON CONVERTIBLE DEBENTURES		
NON - CONVERTIBLE DEBENTURES	-----	685,000,000
NON - CONVERTIBLE DEBENTURES -- TOTAL	-----	685,000,000
SECURED LOANS -- TOTAL	1,601,766,236	1,085,676,408



SCHEDULE - 4 : UNSECURED LOANS

PARTICULARS	As at 31.03.2008	As at 31.03.2007
FROM RELATIVES & ASSOCIATES	----	32,889
SALES TAX DEFERMENT LOAN	----	93,073,799
FROM BODY CORPORATES	----	----
FULLY CONVERTIBLE DEBENTURES	----	118,750,000
UNSECURED LOAN -- TOTAL	----	211,790,910

SCHEDULE - 6 : INVESTMENTS

PARTICULARS	As at 31.03.2008	As at 31.03.2007
LONG TERM INVESTMENTS		
INVESTMENTS IN UNQUOTED SHARES		
UNQUOTED SHARES AT COST	50,644,426	----
INVESTMENTS IN UNQUOTED SHARES -- TOTAL	50,644,426	----
OTHER INVESTMENTS		
OTHER INVESTMENTS	46,001	46,001
OTHER INVESTMENTS -- TOTAL	46,001	46,001
WESTERN TRANSFORMERS	----	14,603,942
INVESTMENTS -- TOTAL	50,690,427	14,649,943

SCHEDULE - 7 : CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS	As at 31.03.2008	As at 31.03.2007
(A) CURRENT ASSETS		
(A-1) INVENTORIES AT COST (AS CERTIFIED BY MANAGEMENT)		
RAW MATERIALS	57,949,959	118,687,655
WORK IN PROGRESS	220,907,775	242,515,800
FINISHED GOODS	359,637,843	200,830,627
PACKAGING MATERIAL	1,506,226	1,852,764
CONSUMABLE STORES	1,906,626	6,919,964
FUEL & GASES	970,899	----
GOODS IN TRANSIT	150,376,332	785,832
INVENTORIES AT COST --- TOTAL	793,255,660	571,592,642
(A-2) SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD)		
DEALER NETWORK	16,996,197	5,460,082
EXPORT	----	----
UTILITY -- SEB'S	609,980,160	201,884,995
ENGINEERING PROCUREMENT CONSTRUCTION	63,779,641	119,515,186
OTHERS	126,576,924	99,945,686
SUNDRY DEBTORS -- TOTAL	817,332,922	426,805,949
(A-3) CASH & BANK BALANCE		
CASH IN HAND	1,158,207	3,984,283
BANK BALANCE	17,064,317	218,630,588
MARGIN MONEY	50,028,734	77,150,771
FIXED DEPOSIT	25,479,583	25,479,583
CASH & BANK BALANCE -- TOTAL	93,730,840	325,245,225



SCHEDULE - 7 : Continued....

(A-4) EPC PROJECTS PENDING FINAL BILLING APPROVAL		
EPC PROJECTS PENDING BILLING APPROVAL	223,363,792	-----
EPC PROJECTS PENDING FINAL BILLING APPROVAL -- TOTAL	223,363,792	-----
CURRENT ASSETS -- TOTAL	1,927,683,215	1,323,648,953
(B) LOANS & ADVANCES (UNSECURED CONSIDERED GOOD)		
(B-1) LOANS		
STAFF	958,752	-----
LOANS -- TOTAL	958,752	-----
(B-2) GOVERNMENT ADVANCES		
PLA	613,966	613,966
CENVAT	29,478,468	53,729,044
SERVICE TAX	6,372,235	-3,587
FRINGE BENEFIT TAX	-----	-----
TAX DEDUCTED AT SOURCE	3,689,000	1,212,231
INCOME TAX	264,419	-----
IMPORT ENTITLEMENT	-----	-----
ELECTRICITY DUTY REFUND	230,416	230,416
SALES TAX ADVANCE	-----	-----
GOVERNMENT ADVANCES -- TOTAL	40,648,505	55,782,070
(B-3) CORPORATE ADVANCES		
DIAMOND E.H.V. CONDUCTORS	4,000	4,000
DIAMOND TELE-CABS PVT LTD.	-----	67
ENTERPRISE INTELLIGENT SYSTEMS LIMITED	2,105,465	2,105,465
APEX POWER EQUIPMENTS PVT. LTD	99,620,628	-----
WESTERN TRANSFORMERS	45,027,127	-----
CORPORATE ADVANCES -- TOTAL	146,757,220	2,109,532
(B-4) BUSINESS ADVANCES		
ADVANCE TO VENDOR FOR EXPENSES	2,195,808	1,436,121
ADVANCE TO VENDORS FOR GOODS	155,181,054	57,360,957
ADVANCE TO BRANCHES	-----	-----
BUSINESS ADVANCES -- TOTAL	157,376,862	58,797,078
(B-5) OTHER ADVANCES		
OTHER ADVANCES	52,465	52,465
OTHER ADVANCES -- TOTAL	52,465	52,465
LOANS & ADVANCES -- TOTAL	345,793,803	116,741,145
(C-1) SUNDRY DEPOSITS		
GOVERNMENT DEPOSITS	59,300	54,300
SECURITY DEPOSIT	40,550,392	1,458,255
EARNEST MONEY DEPOSIT	33,773,351	13,792,564
LEASE RENT	6,110,400	6,062,500
OTHER DEPOSITS	13,541,017	91,700,587
SUNDRY DEPOSITS -- TOTAL	94,034,460	113,068,206
CURRENT ASSETS, LOANS & ADVANCES --- TOTAL	2,367,511,478	1,553,458,304



SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS

PARTICULARS	As at 31.03.2008	As at 31.03.2007
(A) CURRENT LIABILITIES		
(A-1) SUNDRY CREDITORS		
CREDITORS FOR GOODS	49,008,665	11,086,489
CREDITORS FOR EXPENSES	68,627,775	12,820,119
CREDITORS FOR GOODS IN TRANSIT	-----	-----
SUNDRY CREDITORS -- TOTAL	117,636,440	23,906,609
(A-2) CREDITORS FOR OTHERS		
DUTIES & TAXES PAYABLE	34,06,854	11,811,766
STATUTORY LIABILITY PAYABLE	6,538,182	7,546,745
EMPLOYEE DUES PAYABLE	1,262,395	332,848
INVESTOR EDUCATION & PROTECTION FUND	-----	-----
CREDITORS FOR OTHERS -- TOTAL	11,207,433	19,691,360
(A-3) OTHER LIABILITIES PAYABLE		
OTHER LIABILITIES PAYABLE	3,723,648	10,461,046
OTHER LIABILITIES PAYABLE -- TOTAL	3,723,648	10,461,046
CURRENT LIABILITIES -- TOTAL	132,567,521	54,059,015
(B) PROVISIONS		
PROVISION FOR TAXATION	41,769,113	10,523,934
PROVISION FOR DIVIDEND	-----	-----
PROVISION FOR EXPENSES	899,664	1,837,401
PROVISION FOR OTHERS	-----	-----
PROVISIONS -- TOTAL	42,668,777	12,361,335
CURRENT LIABILITIES & PROVISIONS -- TOTAL	175,236,297	66,420,350

SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE

PARTICULARS	As at 31.03.2008	As at 31.03.2007
(A) MISCELLANEOUS EXPENDITURE		
(A-1) PRELIMINARY EXPENSES		
PRELIMINARY EXPENSES	30,205,979	40,339,430
PRELIMINARY EXPENSES -- TOTAL	30,205,979	40,339,430
(A-2) PRE-OPERATIVE EXPENSES		
PRE-OPERATIVE EXPENSES	-----	9,500
PRE-OPERATIVE OTHERS	-----	-----
PRE-OPERATIVE EXPENSES -- TOTAL	-----	9,500
(A-3) PRE-PROJECT EXPENSES		
PREPROJECT EXPENSES ABC CABLE	7,839,639	11,759,455
PREPROJECT EXPENSES HSHC CONDUCTOR	-----	-----
PREPROJECT EXPENSES FRLS CABLE	-----	-----
PRE PROJECT EXPENSES ALL	107,423	-----
PRE- PROJECT EXPENSES -- TOTAL	7,947,062	11,759,455
DEFERRED REVENUE EXPENDITURE -- TOTAL	-----	-----
MISCELLANEOUS EXPENDITURE -- TOTAL	38,153,041	52,108,385
(B) PROFIT & LOSS DEBIT BALANCE		
PROFIT & LOSS A/C - BALANCE BROUGHT FORWARD	-----	198,291,625
PROFIT DURING THE YEAR -- MISC EXPENDITURE	-----	137,638,840
PROFIT & LOSS DEBIT BALANCE -- TOTAL	-----	60,652,785
MISCELLANEOUS EXPENDITURE -- TOTAL	38,153,041	112,761,170



**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNTS
FOR THE YEAR ENDED ON MARCH 31, 2008**

SCHEDULE - 10 : INCREASE / (DECREASE) IN STOCK

PARTICULARS	For the year ended 31.03. 2008	For the period ended 31.03. 2007 (6 months)
(A) OPENING STOCK		
WORK IN PROGRESS	242,515,800	315,110,590
FINISHED GOODS	172,944,674	4,035,900
OPENING STOCK -- TOTAL	415,460,474	319,146,490
(B) CLOSING STOCK		
WORK IN PROGRESS	220,907,775	242,515,800
FINISHED GOODS	359,637,843	172,944,674
CLOSING STOCK -- TOTAL	580,545,618	415,460,474
WIP INCREASE / (DECREASE) DIVISION WISE	2,210,945	-----
INCREASE / (DECREASE) IN STOCK	167,296,089	96,313,984

SCHEDULE - 11 : OTHER INCOME

PARTICULARS	For the year ended 31.03. 2008	For the period ended 31.03. 2007 (6 months)
PROVISIONS / BAD DEBTS WRITTEN BACK / EXCESS	-----	-----
DISCOUNTS / KASAR RECEIVED	2,454	22,816
DIVIDEND RECEIVED	762	-----
INTEREST RECEIVED	16,945,226	4,379,352
NOTICE PAY RECOVERED	91,287	9,707
CLAIM RECEIVED	1,407,019	9,865
OTHER INCOME	2,843,276	442,681
OTHER INCOME -- TOTAL	21,290,024	4,864,421

SCHEDULE - 12 : NET RAW MATERIAL CONSUMED

PARTICULARS	For the year ended 31.03. 2008	For the period ended 31.03. 2007 (6 months)
OPENING STOCK	-----	-----
ADD : PURCHASES	4,191,437,561	1,137,016,139
LESS : CLOSING STOCK	-----	-----
NET RAW MATERIAL CONSUMED -- TOTAL	4,191,437,561	1,137,016,139



SCHEDULE - 13 : EMPLOYEES EMOLUMENTS

PARTICULARS	For the year ended 31.03. 2008	For the period ended 31.03. 2007 (6 months)
BONUS	1,217,114	152,030
DIRECTORS' REMUNERATION (NET)	14,205,684	4,147,916
HOUSE RENT ALLOWANCE	1,667,813	719,394
LEAVE WAGES / SALARY	429,570	200,000
MEDICAL EXPENSES	151	-----
MEDICAL ALLOWANCES	1,260,340	504,710
PROVIDENT FUND EXPENSES (P.F. & F.P.F)	1,615,824	538,254
SALARY & WAGES	15,763,072	5,703,348
STAFF & LABOUR WELFARE	1,651,787	630,227
STIPEND	2,047,515	624,798
TELEPHONE ALLOWANCE	669,152	3,000
EMPLOYEES EMOLUMENTS -- TOTAL	40,528,022	13,223,677

SCHEDULE - 14 : MANUFACTURING EXPENSES

PARTICULARS	For the year ended 31.03. 2008	For the period ended 31.03. 2007 (6 months)
CARTAGE & TRANSPORT	4,936,885	503,449
EXCISE DUTY PAID	-7,988,821	7,330,162
CALIBRATION EXPENSES	35,926	22,401
SERVICE CHARGES	22,785,879	8,247,275
CONSUMABLE STORES	13,163,640	5,284,177
REPAIR & MAINTENANCE (PLANT & MACHINERY)	2,008,207	643,919
FACTORY EXPENSES	1,154,198	777,768
ELECTRICAL SPARES	74,723	90,102
INSURANCE EXPENSES	886,163	770,263
PACKING MATERIAL	19,650,926	7,303,393
DETENTION & DEMURRAGE CHARGES	-----	2,956
DIESEL FOR GENERATOR	660,959	664,185
SURVEY CHARGES -- INFRASTRUCTURE	804,657	320,911
SALES TAX (VAT)	-----	-----
MANUFACTURING EXPENSES -- TOTAL	58,173,341	31,960,961



SCHEDULE - 15 : ADMINISTRATIVE EXPENSES

PARTICULARS	For the year ended 31.03. 2008	For the period ended 31.03. 2007 (6 months)
INCOME TAX ASSESSMENT DUES	-----	336,514
AUDIT FEES	925,368	128,540
CONSULTANCY CHARGES	693,144	449,276
CONVEYANCE EXPENSES	471,031	155,826
DONATION	383,001	90,500
ELECTRICITY EXPENSES	308,692	88,951
EXCHANGE FLUCTUATION	-----	48,000
LEGAL & PROFESSIONAL CHARGES	4,710,503	982,976
POST, TELE. & COURIER CHARGES	1,466,247	809,917
RENT, RATES & TAXES	3,809,431	1,155,679
APPLICATION FEES	-----	40,067
REPAIRS & MAINTENANCE OTHERS	1,331,918	380,204
PRINTING & STATIONARY EXPENSES	1,126,918	414,305
SUNDRY EXPENSES	269,851	200,040
TRAVELING EXPENSES	3,731,500	981,815
VEHICLES EXPENSES	2,778,404	12,35,149
AMORTIZATION EXPENSES	14,053,267	12,843,186
OFFICE EXPENSES	453,236	221,180
SOFTWARE EXPENSES	638,910	-----
SUB-TOTAL	37,151,422	20,562,124
SERVICE TAX EXPENSES	568,523	66,935
DOCUMENTATION CHARGES	1,870,830	1,500
PENALTY	1,510	17,600
ISO9002 EXPENSES	-----	21,685
LOSS ON SALE OF FIXED ASSETS	-----	321,121
SUNDRY BALANCES WRITTEN OFF	16,407,706	121
ADMINISTRATIVE EXPENSES -- TOTAL	55,999,991	20,991,086

SCHEDULE - 16 : SELLING & DISTRIBUTION EXPENSES

PARTICULARS	For the year ended 31.03. 2008	For the period ended 31.03. 2007 (6 months)
ADVERTISING EXPENSES	6,045,077	2,470,889
SALES PROMOTION EXPENSES	2,824,886	473,382
COMMISSION ON SALES	504,966	15,300
MARKETING EXPENSES	14,442,562	2,787,154
SALES TAX	-----	-----
SELLING & DISTRIBUTION EXPENSES -- TOTAL	23,817,491	5,746,725



SCHEDULE - 5 : FIXED ASSETS

Name of the Assets	Gross Block			Deprecation Block				Net Block		
	Op Bal 01.04.2007	Additions	Deletion	Total 31.03.2008	Op Bal 01.04.2007	Dep for the Year	Dep on Deletion	Total 31.03.2008	Closing 31.03.2008	Closing 31.03.2007
LAND & LAND DEVELOPMENT	6,824,199	2,473,028	-----	9,297,227	-----	-----	-----	-----	9,297,227	6,824,199
FACTORY BUILDING	66,354,588	53,637,148	-----	119,991,736	18,869,805	2,581,452	-----	21,451,257	98,540,479	47,484,763
PLANT & MACHINERY	281,933,432	7,830,399	-----	289,763,831	179,836,620	21,399,989	-----	201,236,609	88,527,222	102,096,812
ELECTRIFICATION	14,034,700	286,094	-----	14,320,794	8,111,514	1,058,567	-----	9,170,081	5,150,713	5,923,185
FURNI. FIXTURE & OFFICE EQUIP.	18,158,214	5,812,269	-----	23,970,483	9,803,588	2,673,273	-----	12,476,861	11,493,622	8,354,626
VEHICLES	8,263,444	2,759,128	-----	11,022,572	4,388,305	930,438	-----	5,318,743	5,703,829	2,875,139
OTHER ASSETS	124,388	-----	-----	124,388	124,388	-----	-----	124,388	-----	-----
TOTAL	395,692,965	72,798,066	-----	468,491,031	221,134,220	28,643,719	-----	249,777,939	218,713,092	173,558,724
CAPITAL WORK IN PROGRESS	54,322,748	348,296,114	4,312,248	398,306,614	-----	-----	-----	-----	398,306,614	-----
GRAND TOTAL	450,015,713	421,094,180	4,312,248	866,797,645	22,134,220	28,643,719	-----	249,777,939	617,019,706	173,558,724
PREVIOUS YEAR	384,389,420	17,651,601	2,035,809	400,005,212	195,965,864	26,435,494	1,267,138	221,134,220	178,870,992	188,423,556



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 Accounting Standards referred to in Section 211(3C) of 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, Sale of Outsourced 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 borrowing 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 were 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 Current Income Tax is made after considering Company's claims under the Income Tax Act, 1961. This Liability is calculated at the applicable tax rate or Minimum Alternate Rate under Section 115JB of the Income Tax Act, 1961 as the case may be .

Deferred Tax is calculated at the tax rates and Laws that have been enacted or substantially enacted as of Balance Sheet date and is recognized on timing differences that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence are



recognized and carried forward only to the extent that they can be released.

The tax liability on account of Fringe Benefits is provided as per the provision of Section 115WA of 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.
16. Contingent Liabilities : Contingent Liabilities are not provided in the accounts and are disclosed separately by way of notes forming parts of accounts.

B Notes to Accounts :

1. Contingent Liabilities :

- (a) Letter of Credit opened in favor of supplies pending execution as of March 31, 2008, is Rs. Nil (Previous Year Rs. Nil).
- (b) Outstanding Bank Guarantees as of March 31, 2008 is Rs. 481.16 lacs (Previous Year 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 (previous year Rs. Nil).
- (d) Sales tax Deferment Loan : During the Financial Year 2007-2008, the Company participated in Sales Tax Samadhan Scheme, 2008 and deposited Rs. 931.00 lacs against the said loan. Therefore, the Company has no outstanding Sales Tax or Sales Tax Deferment loan.
- (e) There are no outstanding Claims against the Company.

2. Share Capital :

During the current financial year, the share capital of the Company underwent through various

changes to finance the One Time Settlement with Banks :

- Strategic Investor Clearwater Capital Partners (Cyprus)Ltd. were allotted 25,00,000 Compulsorily Convertible FCDs at a Face Value of Rs. 10/- per FCD aggregating to Rs. 2375.00 Lacs. Out of the said FCDs, 12,50,000 FCDs have been converted into 12,50,000 Equity Shares of Rs. 10/- each with premium of Rs. 85/- per Share aggregating to Rs. 1187.50 Lacs.
- The promoters and Group companies were issued 5,50,000 number of Equity Warrants at a face value of Rs. 10/- per warrant with a premium of Rs. 85/-per warrant with a maturity of 18 months in 2006. The warrants since fully paid up have been converted into 5,50,000 Equity Share of Rs. 10/- each with a Premium of Rs. 85/- per share aggregating to Rs. 522.50 lacs on January 25, 2008.

- 1,00,000 fully paid up Equity Warrants Issued to Clearwater Capital Partners (Cyprus) Ltd. in 2006, have been converted into 1,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 10.00 Lacs.
- 1,50,000 fully paid up Warrants Issued to Brescon Corporate Advisors Ltd. in 2006, were converted into equal numbers of Shares as on the request of the holder.

3. Reserves & Surplus

- Capital Reserve includes the amount of Rs. 25,00,000 added to it being the State Govt. Subsidy.
- Due to conversion of 8 Lacs warrants & 12.50 Lacs FCDs, the share premium account is increased by Rs. 742.50 Lacs.

4. Secured Loans

- The Company had issued Non Convertible Debentures (NCD) of Rs. 68.50 crores extended by the Clearwater Capital Partners (India) Private Ltd., which 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



Kharadpara. The NCDs have been raised @ 10% per annum for a period of 5 years. Subsequently, the entire NCD has been repaid with prematurity upto March 31, 2008.

- The Company has availed a Term Loan of Rs. 70.00 Crores from Clearwater Capital Partners (India) Private Ltd. at 11% rate of interest variable with GOI Security Rate for repayment of entire NCD. The type and nature of security extended for NCD remain same for Term loan.
- During the year, the Company has raised Short Term Working Capital Loan of Rs. 90.00 Crores from Clearwater Capital Partners (India) Private Ltd. at 11 % per annum of interest rate variable as per GOI Security Rate.

5. Unsecured Loans

The balance of Sales Tax Deferment Loan as on March 31, 2007 stood at Rs. 9.31Crores. However, the Company opted for Sales Tax Samadhan Scheme 2007 and accordingly, the Company paid off the entire liability of Rs. 9.31 Crores.

6. Balance confirmation letters were sent to various debtors and creditors. The confirmation of some debtors / creditors is still to be received.
7. 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.
8. No provision has been made for certain debtors as all receivables are considered to be fully recoverable in the opinion of the management.
9. A Court case was filed by Nagarjuna Constructions Company Ltd. (NCCL) against the Company for recovery of its outstanding dues. The Company has entered into a settlement with NCCL, whereby NCCL has waived its claim of recovery of Rs. 139.05 Lacs. The NCCL and the Company have agreed to withdraw all litigations against each other.
10. In the opinion of the Management all the current assets, loans and advances and deposits are realizable 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.

11. 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, 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.

12. Segmental Reporting

The Company is primarily engaged in the manufacture of conductors, cables and selling outsourced 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. However, the Company separately gives out the figures for its subsidiary Company Diamond Power Transformers Ltd.

13. Investment in Diamond Power Transformers Ltd.

During the year, the Company made an investment of Rs. 490 lacs constituting 98% Equity Capital of M/s Diamond Power Transformers Ltd. By virtue of Investment in 98% equity, the said Company has become subsidiary within the meaning of the Companies Act, 1956.

The aggregate amount of Investment, Loans and other outstanding balances with the subsidiary of the Company is as under :

Particulars	As at 31.03.2008
Investment in Equity Shares	49,000,000/-
Amount Recoverable	-
Amount Payable	-



14. During the year, the Company has made investment in the 64,44,260 Equity Shares (Unquoted) of Rs. 0.10 Per Share of M/s Apex Electricals Limited aggregating to Rs. 6,44,426/- being 50% of the Total share capital of the said Company in terms of the Scheme of Reconstruction to be approved by BIFR.

15. Related Party Disclosures

A. List of Related Parties with whom transactions have taken place during the year :

1. Associated Companies
 - Diamond Projects Ltd.
 - Diamond Infosystems Ltd. (Formerly Known as Enterprise Intelligent Systems Ltd.

2. Subsidiary Companies :
- Diamond Power Transformers Ltd.

3. Key Management Personnel :
Mr. S. N. Bhatnagar,
Chairman & Managing Director
Mr. Amit Bhatnagar,
Joint Managing Director
Mr. Sumit Bhatnagar,
Joint managing Director (O)

4. Relatives of Key Management personnel :
Smt. Madhurilata Bhatnagar
Smt. Mona Bhatnagar
Smt. Richa Bhatnagar

5. Enterprise under significant influence of key management personnel : None

B. Summary of the transactions with related parties is as under

(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	Nil	Nil	Nil	Nil	Nil
Receipts / Rendering of Services	13.53	Nil	Nil	Nil	13.53
Rent (Paid) / Recd.	6.63	9.91	11.03	Nil	27.57
Advances Recd./(Given)	Nil	Nil	Nil	Nil	Nil
Directors Remuneration	Nil	74.93	Nil	Nil	74.93
Outstanding Receivable as on 31.03.2008	Nil	Nil	0.33	Nil	0.33

Note : The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company and approved by the Board of Directors of the Company, which has been relied upon by the Auditors.

16. Earning per Share (EPS)

As required by Accounting Standard 20 issued by the ICAI, the reporting in respect of EPS is as follows

	2007-2008	2006-2007
Profit / (Loss) available to Equity Shareholders	4354.94	1376.38
Weighted average No. of equity share for Basic EPS	17570250	15520250
Normal value of equity shares	10	10
Basic earning per equity share	24.78	8.87

17. A) Details of the Small Scale Industrial (SSI) units which has supplied the materials to the Company and the Company owes a sum exceeding Rs. 1.00 Lac and which is outstanding for more than 30 days are as under :-

Sr. No.	Name of SSI Unit	Amount in Rs.
1	Deluxe Flush Doors	11,80,561
2	Umiya Industries	4,13,504
3	Shree Durga Timber	4,43,872
4	Amrish Sales Corp.	56,51,887



Note :- The above information regarding small scale industrial undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. The same has been relied upon by the Auditors.

B) Under the Micro, small and Medium Enterprise Development Act, 2006, which came into effect from October 2, 2006, certain disclosures are required to be made relating to Micro, Medium and Small Enterprises. The Company is in the Process of compiling relevant information from its suppliers about their coverage under the Act. Since, the relevant information is not readily, available, no disclosure have been made in the process of compiling relevant information from its suppliers about their coverage under the Act. Since, the relevant information is not readily available, no disclosure have been made in the accounts.

- 18. Sales include an amount of Rs. 4,588.00 Lacs (Net of Duty) of inter- unit Transfer (Previous year Rs. 954.67 Lacs).
- 19. Aggregate directors' remuneration Rs. 142.06 Lacs (previous year Rs. 38.80 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.
- 20. Aggregate auditor's remuneration is fixed at Rs. 8.74 Lacs per annum (previous year Rs.1.68 Lacs) which includes Rs. 7.18 lacs as Audit Fees (Previous Year Rs. 1.50 lacs), 0.46 lacs as Tax Audit fees (Previous Year Rs.0.18 lacs) and Rs. 1.09 lacs towards Out of Pocket Expenses (Previous year Rs. Nil).
- 21. As per Accounting Policy (10) on excise duty, the excise duty payable on finished goods in stocks at works amounting to Rs. 169.79 Lacs (previous year Rs. 73.30 Lacs) has been included in the expenditure and in such stocks. However, the same has no impact on the profit for the year.
- 22. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

23. Details of Licensed, Installed Capacities and Production :

Goods Mfg.	Licensed Capacity	Installed Capacity Current Year	Prod. Current Year	Prod. Previous Year (6 Mnths)
All Aluminum Alloy Conductors & ACSR Conductor	N.A.	50500 MTPA.	16588 Mt	27200 kms
LT Electric Power Cables & Control Cables	N.A.	9500 Kms.	6820 kms	1631 kms

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.

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

Description of Item	U.O.M	Quantity For the year 2007-08	Quantity For the year 2006-07 (six months)
Aluminum	M.Ts.	22565	7200
Copper	M.Ts.	656	432

25. Value of Imported and indigenous Raw - Material Consumed and Percentage there of :

Raw - Materials	Current year	Previous year	Current year %	Previous year %
Imported	No	No	No	Nil
Indigenous	No	No	No	Nil



26. Particulars of Sales and Stocks:

Item	U.O.M	Opening Stock	Sales	Closing Stock
Conductor	Kms.	4800	82000	2900
Power & Control Cables	Kms.	121	6820	256

27. Expenditure in Foreign Currency

Particulars	2007-08 Amount (Rs in Lacs)	2006-07 Amount (Rs in Lacs)
Import on CIF basis	313.19	Nil
Traveling Expense	Nil	Nil
Others	2.60	Nil

28. Income in Foreign currency

Particulars	FOB Value of exports
Deemed exports	Rs. 533.61 Lacs
Foreign exchange fluctuation	Rs. 2.94 Lacs

29. Previous year figures are regrouped /reclassified where ever necessary to make themcomparable with the current year.

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)

Date :- August 28, 2008

Place :- Vadodara



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	AS AT 31.03.2008 AMOUNT (Rs.) 12 Months		AS AT 31.03.2007 AMOUNT (Rs.) 6 Months	
	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)	(Rs. In Lacs)
CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEM	----	4754	----	1376
ADJUSTMENT FOR:				
DEPRECIATION	286	----	134	----
DEFERRED EXPENSES			-488	
INCOME TAX	-399		----	
INTEREST EXPENSES	1430		477	
LOSS ON SALE OF ASSETS			3	
EXTRA ORDINARY ITEMS	140		----	
INTEREST RECEIVED	-169		----	
INTEREST / OTHER INCOME RECEIVED		1287		126
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		6041		----
CHANGE IN INVENTORIES	-2217		-1008	
CHANGE IN RECEIVABLES	-3905		-870	
CHANGES IN LOANS AND ADVANCES	-2043		-762	
CHANGE IN OTHER CURRENT ASSETS	-2291		-717	
CHANGE IN CURRENT LIABILITIES	1084		54	
NET CHANGE IN WORKING CAPITAL	-9372	-9372	-3303	-3303
CASH GENERATED FROM OPERATIONS				
CASH FLOW FROM INVESTMENT ACTIVITIES		-3331		
DIRECT TAXES PAID	----	----	-2	-2
CASH FLOW BEFORE EXTRA ORDINARY / PRIOR PERIOD ITEMS				
INTEREST RECEIVED	-169		----	
PRIOR PERIOD ITEMS (RESTRUCTURING)	----		----	
NET CASH FLOW FROM OPERATING ACTIVITY				
INCREASE OF FIXED ASSETS	-3997		-174	
DECREASE IN FIXED ASSETS	----		71	
INCREASE OF INVESTMENT	-360		-146	
LOSS ON SALE OF ASSETS	----		-3	
NET CASH FLOW USED IN INVESTING ACTIVITIES	-4357	-4357	-252	-252
CASH FLOW FROM FINANCING ACTIVITIES				
PROCEEDS FROM ISSUE OF SHARE CAPITAL(NET)	477		125	
PROCEEDS FROM DEBT RE-STRUCTURING	----		----	
PROCEEDS FROM PREMIUM	3279		1063	
DECREASE IN SECURED LOANS	5161		3998	
DECREASE IN SUBSIDY	----		----	
INTEREST PAID	-1430		-477	
INCREASE IN LONG TERM & OTHER BORROWING (NET)				
INCREASE IN UNSECURED LOANS	-2114		-1273	
NET CASH FLOW FROM FINANCING ACTIVITIES	5373	5373	3436	3436
NET INCREASE IN CASH & CASH EQUIVALENTS		2315		1381
ADD: CASH & CASH EQUIVALENTS OPENING	3252	----	1871	----
CASH & CASH EQUIVALENTS CLOSING	937	-2315	3252	-1381

"As per our Report of even date"

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

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 :- August 28,, 2008

Place :- Vadodara



BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

(Rs. in Thousand)

Sr. No.	PARTICULARS	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
1	REGISTRATION DETAILS REGISTRATION NO. STATE CODE NO. BALANCE SHEET DATE	18198 4 31/03/2008	18198 4 31/03/2007
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 MOBILIZATION 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	2898138 2898138 210470 1085901 1601766 0 617019 50690 2192275 38153	1843462 1843462 162802 383193 1085676 211790 229019 14650 1487033 52108 60652
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 %	4858795 4571986 475394 435494 435479 24.79 ----	1318835 128215 137861 137638 137638 8.86 ----
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 :- August 28, 2008

Place :- Vadodara



DIRECTORS' REPORT

Dear Members,

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

FINANCIAL RESULTS

You Company has been incorporated under Part IX of the Companies Act, 1956 with effect from December 27, 2007 on conversion of M/s. Western Transformers, a partnership firm. It is a subsidiary company of M/s. Diamond Power Infrastructure Ltd. (formerly known as Diamond Cables Ltd.). The Company has shown remarkable growth in its first financial year as on its conversion from the Partnership firm.

Following Statement indicates the overall financial strengths of the Company :

[Rs. in Lacs]

Sr. No.	Particulars	2007- 08 (12 months)
1.	Income	4557.32
2.	Expenditure	4182.89
3.	Profit B I D T	374.43
4.	Interest	41.93
5.	Depreciation	13.32
6.	Net Profit/(loss)	319.16
7.	Share Capital	500.00
8.	Reserves	208.66
9.	EPS (Rs.)	4.17

This being the first year of the Company after it is incorporated as a limited company, the comparative figures are not available.

The important performance ratios are as under :

Sr. No.	Particulars	2007-08 (12 months)
1	Gross Profit Margin (%)	8.22
2.	Asset Turnover (times)	3.93
3.	Interest Coverage (times)	8.92
4.	Earning Per Share (Diluted) (Rs.)	4.17

OPERATIONS

Your Company is engaged in manufacturing and dealing in various types of Distribution Transformers and allied items. Its products range consist of 10 KVA to 2000 KVA, single phase and three phase transformers conforming to IS:1180 (Part I & II) and relevant international standards. Your Company can manufacture and any specially designed Distribution Transformer for special purposes as per customer requirements and specifications.

The present setup of plant & machineries is in the position to manufacture 66/11 KV Power Transformers upto 10 MVA ratings.

Your Company has received orders from Swaziland Electricity Company, Swaziland for supply of various types of Transformers. This orders enabled your Company to earn revenue of Rs. 6.00 Crores from exports.

DIVIDEND

Your directors do not recommend any dividend.

DIRECTORS

Mr. S.N. Bhatnagar, Mr. Amit Bhatnagar and Mr. Sumit Bhatnagar were appointed as first directors. In accordance with the Companies Act, 1956 and the Articles of Association of the Diamond Power Transformers Ltd. Mr. S.N. Bhatnagar who retires at ensuing Annual General Meeting by rotation being eligible offers himself for reappointment.

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 Accounts 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 ended 31st March, 2008 and of the Profit /Loss for the year ended on that 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 to safe guard 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.

AUDITORS

M/s. R A Amin & Co., Chartered Accountants and Statutory Auditors were appointed as first Statutory Auditors of the Company, who will retire at ensuing annual general meeting. They being eligible, have shown their willingness for reappointment. A certificate has been obtained from them to 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.

FIXED DEPOSITS

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 Deposits) Rules, 1975 as amended is applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures 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 2007-2008.

PERSONNEL

There are no employees whose details are required to be circulated to the members in the Directors' Report as per Section 217(2A) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, various government authorities, customers, vendors and shareholders during the year. Your Directors also wish to place on records the deeps sense of appreciation for the committed services of the executives, staff and workers.

**For and on behalf of the
Board of Directors**

**S. N. Bhatnagar
Chairman**

**Date : August 25, 2008
Place : Vadodara**



ANNEXURE A TO 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 guideline by government has undergone a Complete Energy Audit of the manufacturing plant done by Electrical

Research and Development Association (ERDA), Baroda and the results and finding of the same were implemented in the benefit of company with motto of conservation of energy.

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 save cost.

FORM- A Form for disclosure of particulars with respect to conservation of energy.

Sr. No.	Particulars	Current Year	
1.	Power & Fuel Consumption		
	Electricity		
	1. Purchased Unit (kwh) Lacs	1.72	
	2. Rate / Unit (Rs.)	3.51	
	3. Total Amount (Rs. Lacs)	6.19	
	Own Generation		
	1. Through Diesel Generator Units	Nil	
	2. Rate / Unit (Rs.)	Nil	
2.	Coal (Specify Quality & where used)	Nil	
	3.	Furnace Oil	
		1. Quantity (K. Liters)	Nil
	2. Total Amount (Rs. Lacs)	Nil	
4.	Others / Internal Generation	Nil	

FORM B

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

1. Specific areas in which R & D carried - out Related Products / assembly in Transformers
2. Benefits derived as a result of above R & D - Company has received good export orders.
3. Future plan of action - Increase in production upto full utilization of installed capacity.
4. Expenditure on R & D - Nil

Technology absorption, adaptation and innovation:

1. 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.

2. Benefits derived as a result of above efforts, e.g. product improvement, cost reduction, production development, imports substitution etc.

FROM C

Foreign Earning and Outgo : (Rs. in Lacs)

	Current Year
Earnings (Deemed Exports)	55.55
Outgo	Nil



AUDITORS' REPORT

**TO,
THE MEMBERS OF
DIAMOND POWER TRANSFORMERS LIMITED**

We have audited the attached Balance Sheet of DIAMOND POWER TRANSFORMERS LIMITED as on March 31, 2008 (formerly known as DIAMOND POWER TRANSFORMERS, a partnership firm registered under the Partnership Act, 1932) and also the profit and loss account for the year ended on that 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 conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan 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 the financial statements; an audit also includes assessing the accounting principles used and significant estimates made by 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 Company's (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Act.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all information and explanations which, to the best of knowledge and belief, were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts, as required by law, have been kept by the company so far as appears from our examination of these books.

3. The Balance Sheet and Profit and loss account dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
6. Attention is invited to the following : NIL

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India.

- (a) In the case of Balance Sheet of the state of affairs of the company as at 31st March, 2008 and,
- (b) In the case of the profit and loss account of the loss for the year ended on that date.

**For R. A. Amin & Co.
Chartered Accountants**

**(Hiren R. Amin)
Proprietor
M.N. 111009**

**Date : August 25, 2008
Place : Vadodara**



ANNEXURE TO AUDITORS' REPORT

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situations of fixed assets of the company.
- (b) As informed to us, the fixed assets of the company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) None of the substantial parts of the Fixed Assets have been disposed off during the year. None of the Fixed Assets have been revalued during the year.
- (ii) (a) As informed to us the stock of finished goods, stores and spare parts and raw material of the Company have been physically verified by the management at reasonable intervals.
- (b) The procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The company has obtained loans from Share holders, Directors and the relatives of Directors. In our opinion the rate of interest & the terms and conditions on which such loans are obtained are not prima facia prejudicial to the interest of the Company. The Company has not made any loans and advances to its staff in the nature of loans during the year under review.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, plants and machineries, equipments and other assets and for sale of goods and services.
- (v) In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements are entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding in value of Rs. 5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. For price justification, reliance is placed on the information and explanation given by the management.
- (vi) The Company has not accepted deposits from public hence the provisions of Section 58A of Companies Act, 1956 are not applicable to the Company.
- (vii) The Company has an internal audit system. However, there is scope for increasing the coverage so as to be commensurate with the size and nature of its business.
- (viii) The maintenance of cost records has not been prescribed by the Central Govt. under Section 209(l) (d) of the Companies Act, 1956 for the products of the company for the year under review.
- (ix) According to the information and explanation given to us and the books and records examined by us, there are no amounts outstanding as on 31st March 2008, in respect of undisputed Income Tax, Value Added Tax, Central Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities for a period of more than six months from the date they become payable.
- (x) As at the Balance Sheet date, the Company does not have accumulated losses. The company has not incurred cash losses in the financial year. Moreover, this is the first financial year of the Company.
- (xi) According to information and explanation given to us and as per verification of the records of the company, the company not defaulted in repayment of dues to Financial Institution / Bank.

- (xii) As explained to us, the Company has not granted any loan and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit / nidhi / mutual benefit fund / society.
- (xiv) The Company does not deal or trade in shares / securities / debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not, during the year, given any guarantee for loans taken by others from Banks or institutions.
- (xvi) The Company has neither raised any term loan during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xvii) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no short term fund was raised by the Company which was utilized for long term investment or vice-versa during the year under audit.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money during the year by public issue.
- (xxi) To the best of our knowledge and belief and according to information and explanations given to us and based on the records of the Company examined by us, no fraud on or by the Company was noticed or reported during the year.

**For R. A. Amin & Co.
Chartered Accountants**

**(Hiren R. Amin)
Proprietor
M.N.111009**

**Date : August 25, 2008
Place : Vadodara**



DIAMOND POWER TRANSFORMERS LIMITED
BALANCE SHEET AS AT MARCH 31, 2008

SOURCES OF FUNDS	SCHEDULE NO.	As at 31.03.2008
SHAREHOLDERS' FUNDS		
SHARE CAPITAL	1	50,000,000
RESERVES & SURPLUS	2	20,852,387
TOTAL FOR SHAREHOLDERS' FUNDS		70,852,387
LOAN FUNDS		
SECURED LOANS	3	-----
UNSECURED LOANS	4	45,027,127
TOTAL FOR LOAN FUNDS		45,027,127
DEFERRED TAX LIABILITY		-----
TOTAL OF SOURCES OF FUNDS		115,879,514
APPLICATION OF FUNDS		
FIXED ASSETS	5	
GROSS BLOCK		25,718,483
LESS : DEPRECIATION		2,497,991
NET BLOCK		23,220,492
ADD : CAPITAL WORK IN PROGRESS		-----
TOTAL FIXED ASSETS		23,220,492
INVESTMENTS		-----
CURRENT ASSETS, LOANS & ADVANCES	6	
INVENTORIES		36,461,623
SUNDRY DEBTORS		74,153,717
CASH & BANK BALANCES		14,598,883
EPC FINAL BILL PENDING APPROVAL		-----
LOANS & ADVANCES		3,191,802
OTHER CURRENT ASSETS		151,870
TOTAL CURRENT ASSETS		128,557,895
LESS : CURRENT LIABILITIES & PROVISIONS	7	
CURRENT LIABILITIES		22,399,703
PROVISIONS		14,115,450
TOTAL CURRENT LIABILITIES		36,515,153
NET CURRENT ASSETS		92,042,742
MISCELLANEOUS EXPENDITURE	8	616,280
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
TOTAL APPLICATION OF FUNDS		115,879,514
NOTES ON ACCOUNTS	16	

SIGNATURE TO SCHEDULE 1 TO 16 FORMING PART OF THE ACCOUNTS

"As per our Report of even date"

For **R. A. Amin & Co.**
(Chartered Accountants)

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
Hiren R. Amin
Proprietor
M. No. : 111009

Sd/-
Amit Bhatnagar
Director

Sd/-
Sumit Bhatnagar
Director

Date :- August 25, 2008

Place :- Vadodara



DIAMOND POWER TRANSFORMERS LIMITED
PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2008

PARTICULARS	SCHEDULE No.	For the year ended 31.03.2008
INCOME		
GROSS SALES		446,593,648
LESS: EXCISE DUTY		-----
NET SALES		446,593,648
INCREASE / (DECREASE) IN STOCKS	9	8,972,806
OTHER INCOME	10	165,612
TOTAL INCOME		455,732,066
EXPENDITURE		
RAW MATERIAL CONSUMED	11	330,205,866
EMPLOYEES' EMOLUMENTS	12	673,392
POWER AND FUEL		619,720
MANUFACTURING EXPENSES	13	82,944,379
ADMINISTRATIVE EXPENSES	14	1,557,905
SELLING AND DISTRIBUTION EXPENSES	15	2,288,275
TOTAL EXPENDITURE		418,289,536
PROFIT BEFORE INTEREST AND DEP.		37,442,530
LESS: FINANCE CHARGES		4,193,518
LESS: DEPRECIATION		1,332,781
TOTAL INTEREST AND DEPRECIATION		5,526,299
PROFIT / (LOSS) BEFORE TAXATION		31,916,231
INCOME TAX		11,000,000
FRINGE BENEFIT TAX		50,000
TOTAL TAX PROVISIONS		11,050,000
PROFIT AFTER TAX		20,866,231
ADD: PRIOR PERIOD ADJUSTMENTS		-----
ADD: EXTRA ORDINARY ITEMS		-----
TOTAL ADJUSTMENTS		-----
NET PROFIT		20,866,231
BALANCE BROUGHT FORWARD		-----
SURPLUS TRANSFERRED TO BALANCE SHEET		20,866,231
SIGNIFICANT ACCOUNTING POLICIES & NOTES	16	

SIGNATURE TO SCHEDULE 1 TO 16 FORMING PART OF THE ACCOUNTS

"As per our Report of even date"

For **R. A. Amin & Co.**
(Chartered Accountants)

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
Hiren R. Amin
Proprietor
M. No. : 111009

Sd/-
Amit Bhatnagar
Director

Sd/-
Sumit Bhatnagar
Director

Date :- August 25, 2008

Place :- Vadodara



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

SCHEDULE - 1 : SHARE CAPITAL

PARTICULARS	As At 31.03.2008
AUTHORISED SHARE CAPITAL (EQUITY SHARE OF RS. 10/- EACH)	50,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL (EQUITY SHARES OF RS. 10/- EACH)	50,000,000
TOTAL SHARE CAPITAL	50,000,000

SCHEDULE - 2 : RESERVES & SURPLUS

PARTICULARS	As At 31.03.2008
PROFIT & LOSS A/C. (OPENING BALANCE)	-13,884
ADD : FOR THE YEAR	20,866,231
TOTAL RESERVES & SURPLUS	20,852,387

SCHEDULE - 3 : SECURED LOANS

PARTICULARS	As At 31.03.2008
FROM BANKS / FINANCIAL INSTITUTIONS TERM LOAN / HYPO. OF STOCK & BOOK - DEBT	-----
TOTAL SECURED LOANS	-----

SCHEDULE - 4 : UNSECURED LOANS

PARTICULARS	As At 31.03.2008
DEPOSIT FROM DIRECTOR & SHAREHOLDER	45,027,127
TOTAL UNSECURED LOANS	45,027,127



SCHEDULE - 5 : FIXED ASSETS

PARTICULARS	OP. BAL. 01-04-2007	GROSS BLOCK		DEPRECIATION			NET BLOCK		
		ADDITION	DEDU.	31-03-2008	01-04-2007	FOR THE YEAR	31-03-2008	01-04-2007	31-03-2008
BUILDING	6,530,554	4,067,876	-----	10,598,430	98,586	937,414	1,036,000	6,431,969	9,562,431
LAND	9,250,240	-----	-----	9,250,240	-----	-----	-----	9,250,240	9,250,240
PLANT & MACHINERY	1,596,495	2,333,814	-----	3,930,309	818,764	253,957	1,072,721	777,731	2,857,588
OFFICE EQUIPMENTS	70,753	105,563	-----	176,316	37,735	5,914	43,649	33,018	132,667
COMPUTER	128,500	368,586	-----	497,086	127,822	29,321	157,143	678	339,943
FURNITURE & FIXTURES	62,730	470,949	-----	533,679	29,963	23,095	53,058	32,767	480,621
TESTING EQUIPMENTS	115,000	497,841	-----	612,841	28,810	73,956	102,766	86,190	510,075
ELECTRICAL INSTALLATION	44,505	50,977	-----	95,482	23,530	6,349	29,879	20,975	65,603
AIR CONDITION	-----	24,100	-----	24,100	-----	2,775	2,775	-----	21,325
	17,798,777	7,919,706	-----	25,718,483	1,165,210	1,332,781	2,497,991	16,633,567	23,220,492



SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS	As At 31.03.2008
(A) CURRENT ASSETS	
(A-1) INVENTORIES AT COST(AS CERTIFIED BY MANAGEMENT)	
RAW MATERIALS	26,621,083
WORK IN PROGRESS	9,679,207
FINISHED GOODS	161,332
INVENTORIES AT COST --- TOTAL	36,461,622
(A-2) SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD)	
EXPORT	14,830,743
UTILITY -- SEB'S	59,322,973
SUNDRY DEBTORS -- TOTAL	74,153,716
(A-3) CASH & BANK BALANCE	
CASH IN HAND	711,022
BANK BALANCE	10,930,414
MARGIN MONEY	1,171,284
FIXED DEPOSIT	1,786,164
CASH & BANK BALANCE -- TOTAL	14,598,884
CURRENT ASSETS -- TOTAL	128,557,895
(B) LOANS & ADVANCES (UNSECURED CONSIDERED GOOD)	
(B-1) GOVERNMENT ADVANCES	
PLA	7,137
CENVAT	2,014,893
SERVICE TAX	108,212
FRINGE BENEFIT TAX	44,954
TAX DEDUCTED AT SOURCE	16,606
INCOME TAX	1,000,000
GOVERNMENT ADVANCES -- TOTAL	3,191,802
LOANS & ADVANCES -- TOTAL	3,191,802
(C-1) SUNDRY DEPOSITS	
GOVERNMENT DEPOSITS	151,870
SUNDRY DEPOSITS -- TOTAL	151,870
CURRENT ASSETS, LOANS & ADVANCES --- TOTAL	128,557,895

SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS

PARTICULARS	As At 31.03.2008
(A) CURRENT LIABILITIES	
(A-1) SUNDRY CREDITORS	
CREDITORS FOR GOODS	22,399,703
SUNDRY CREDITORS -- TOTAL	22,399,703
(B) PROVISIONS	
PROVISION FOR TAXATION	11,463,638
PROVISION FOR EXPENSES	1,063,876
PROVISION FOR OTHERS	1,587,936
PROVISIONS -- TOTAL	14,115,450
CURRENT LIABILITIES & PROVISIONS -- TOTAL	36,515,153



SCHEDULE - 8 : MISCELLANEOUS EXPENDITURE

PARTICULARS	As At 31.03.2008
(A) MISCELLANEOUS EXPENDITURE	
(A-1) PRE-OPERATIVE EXPENSES	
PRE-OPERATIVE EXPENSES	250,100
PRE-OPERATIVE OTHERS	366,180
PRE-OPERATIVE EXPENSES -- TOTAL	616,280
MISCELLANEOUS EXPENDITURE -- TOTAL	616,280
(B) PROFIT & LOSS DEBIT BALANCE	
PROFIT & LOSS ACCOUNT - BALANCE BROUGHT FORWARD	-----
LOSS DURING THE YEAR	-----
PROFIT DURING THE YEAR -- MISC EXPENDITURE	-----
PROFIT & LOSS CREDIT BALANCE -- TOTAL	-----
MISCELLANEOUS EXPENDITURE -- TOTAL	616,280

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNTS
FOR THE YEAR ENDED ON MARCH 31, 2008**

SCHEDULE - 9 : INCREASE / (DECREASE) IN STOCKS

PARTICULARS	For the year ended 31.03. 2008
(A) OPENING STOCK	
WORK IN PROGRESS	577,180
FINISHED GOODS	290,553
OPENING STOCK -- TOTAL	867,733
(B) CLOSING STOCK	
WORK IN PROGRESS	9,679,207
FINISHED GOODS	161,332
CLOSING STOCK -- TOTAL	9,840,539
WIP INCREASE / (DECREASE) DIVISION WISE	-----
INCREASE / (DECREASE) IN STOCK	8,972,806

SCHEDULE - 10 : OTHER INCOME

PARTICULARS	For the year ended 31.03. 2008
OTHER INCOME	165,612
OTHER INCOME -- TOTAL	165,612

SCHEDULE - 11 : RAW MATERIAL CONSUMED

PARTICULARS	For the year ended 31.03. 2008
OPENING STOCK	2,395,062
ADD : PURCHASES	354,431,887
LESS : CLOSING STOCK	26,621,083
NET RAW MATERIAL CONSUMED -- TOTAL	330,205,866



SCHEDULE - 12 : EMPLOYEES EMOLUMENTS

PARTICULARS	For the year ended 31.03. 2008
SALARY & WAGES	652,453
STAFF & LABOUR WELFARE	20,939
EMPLOYEES EMOLUMENTS -- TOTAL	673,392

SCHEDULE - 13 : MANUFACTURING EXPENSES

PARTICULARS	For the year ended 31.03. 2008
CARTAGE & TRANSPORT	498,479
EXCISE DUTY PAID	19,615,796
CALIBRATION EXPENSES	418
SERVICE CHARGES	214,236
CONSUMABLE STORES	37,715,398
REPAIR & MAINTENANCE (PLANT & MACHINERY)	41,972
FACTORY EXPENSES	7,632,223
INSURANCE EXPENSES	83,481
PACKING MATERIAL	187,320
SALES TAX (VAT)	16,955,056
MANUFACTURING EXPENSES -- TOTAL	82,944,379

SCHEDULE - 14 : ADMINISTRATIVE EXPENSES

PARTICULARS	For the year ended 31.03. 2008
AUDIT FEES	76,153
CONSULTANCY CHARGES	495,000
EXCHANGE FLUCTUATION	13,950
LEGAL & PROFESSIONAL CHARGES	40,933
POST, TELE. & COURIER CHARGES	31,090
APPLICATION FEES	111,801
REPAIRS & MAINTENANCE OTHERS	9,146
PRINTING & STATIONARY EXPENSES	75,480
SUNDRY EXPENSES	11,432
TRAVELING EXPENSES	561,195
OFFICE EXPENSES	73,989
SOFTWARE EXPENSES	24,000
SUB-TOTAL	1,524,169
ISO9002 EXPENSES	33,736
SUB - TOTAL	33,736
ADMINISTRATIVE EXPENSES -- TOTAL	1,557,905

SCHEDULE - 15 : SELLING & DISTRIBUTION EXPENSES

PARTICULARS	For the year ended 31.03. 2008
MARKETING EXPENSES	2,288,275
SELLING & DISTRIBUTION EXPENSES -- TOTAL	2,288,275



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS

16. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements :
 - a) The accounts are prepared on historical cost convention using the accrual method of accounting. During the previous year, partnership firm was converted to Limited Company vide the provisions of Chapter IX of the Companies Act, 1956 and all the accounting policies followed for preparing the financial statements of the Partnership firm are also being followed consistently in the preparation of these Financial Statements.
 - b) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
2. Fixed Assets : Fixed Assets are carried at cost of acquisition (plus revaluation, if any) less depreciation. The cost of fixed assets includes incidental and other related expenses incurred for the purposes of acquiring fixed assets, but is net of modvat / cenvat credit on qualifying assets.
3. Depreciation : Depreciation is provided on the "Written Down Value Method" at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, as amended, in respect of assets other than leasehold land. Depreciation on additions to Fixed Assets is charged on pro-rata basis.
4. Inventories :
 - a) Inventories are valued at lower of cost and net realizable value on FIFO basis.
 - b) Cost of Raw Materials, Stores, Spare parts and Loose Tools includes purchase price and freight.
 - c) Cost of Work-in-Progress includes purchase price and the relevant production overheads.
 - d) Finished Goods are valued on absorption cost basis and include material, labour and appropriate overheads.
5. Sales: Sales of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on the dispatch of goods. Sales are inclusive of Excise duty, but net of Sales Return.

Sales are recognized at the time of dispatch of goods.

6. Cenvat Credit : Cenvat Credit available on the material (inputs) is adjusted against consumption and to the extent. Cenvat Credit not recouped in payment of excise duty on the products dispatched, is shown as receivable in "Loans and Advances". Cenvat Credit available on capital goods is adjusted against cost of fixed assets and to the extent. Cenvat Credit not recouped in payment of excise duty on the products dispatched, is shown as receivable in "Loans and Advances".
7. Other Income : Other income is recognized as and when becoming due and receivable.
8. Retirement Benefits : Provident Fund Contributions payable to the Company's provident fund is charged to revenue.

NOTES ON ACCOUNTS

1. Corresponding figures of the previous year have not been shown, this being the first year after conversion from partnership firm to limited Company.
2. There are no Contingent liabilities as at the date of the Balance Sheet.
3. Depreciation for the year has been provided on Written Down Value method in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956, as amended. Further, depreciation has been provided taking the assets into broad categories disregarding individual items of assets.
4. Letters seeking confirmation of balances outstanding from debtors, creditors and others are not being issued. The management has, alternatively, called for detailed account statements from the parties concerned after the end of the year.
5. The Company has entered into certain contracts for undertaking works / processing of certain raw materials with associate companies. The Company has complied with the relevant provisions of Section 297, 299 and 301 of the Companies Act, 1956 in respect of such contracts.



6. Current Assets and Loans and Advances are at values stated in the Balance Sheet, realizable in the ordinary course of business.

7. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 & 4 (C) & (D) OF PART II OF SCHEDULE VI TO THE COMPANIES ACT 1956 :

- I. A. In respect of products manufactured
- (i) Licensed Capacity Not Applicable
 - (ii) Installed Capacity Not determinable
-being distribution transformers manufacturer of various ratings

(iii) Production:	Nos.	Quantity
Opening Stock		02
Production		1876
Sales		1874
Closing Stock		04

8. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956.

I. **Registration Details** **Balance Sheet Date** 31-03-2008
Registration No. : 052486/2007 **State Code** : Gujarat

II. **Capital raised during the year (Amount Rupees in Thousand)**

Public Issue	: NIL	Bonus Issue	: NIL
Right Issue	: NIL	Private Placement	: 50000
A) Total Issue	: 50000	B) Capital Raised	: 50000

III. **Position of Mobilization and Deployment of Funds**

Total Liabilities	: 115879	Total Assets	: 115879
-------------------	----------	--------------	----------

Sources of Funds

Paid-up Capital	: 50000	Reserves & Surplus	: 20852
Secured Loans	: 00	Secured Loans	: 00
		Unsecured Loans	: 45027

Application of Funds

Net Fixed Assets	: 23220	Net Current Assets	: 92043
Misc. Expenditure	: 616	Investment	: 0

Performance of Company

Turnover	: 455566	Total Expenditure	: 423816
Other Income	: 166		
Profit Before Tax and prior period adjustments	: 31916	Profit After Tax	: 20866
Earning per Share	: Rs. 4.17	Dividend Rate %	: NIL



Principal Product of Company: Power & Distribution Transformers / Cables

Generic Names of Three Principal Products/Services of Company (as per monetary terms)

VII. Item Code No. (ITC Code)	8	5	0	4	1	0	0	0	0	0								
Product	T	R	A	N	S	F	O	R	M	E	R	S						
Description	D	I	S	T	R	I	B	U	T	I	O	N	/	P	O	W	E	R
	T	R	A	N	S	F	O	R	M	E	R	S						

SIGNATURE TO SCHEDULE 1 TO 16 FORMING PART OF THE ACCOUNTS

“As per our Report of even date”

For **R. A. Amin & Co.**

(Chartered Accountants)

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-
Hiren R. Amin
Proprietor
M. No. : 111009

Sd/-
Amit Bhatnagar
Director

Sd/-
Sumit Bhatnagar
Director

Date :- August 25, 2008

Place :- Vadodara



CONSOLIDATED AUDITORS' REPORT

We have examined the attached Consolidated Balance Sheet of the Diamond Power Infrastructure Limited (formerly known as Diamond Cables Limited) and its subsidiary (Diamond Power Transformers Ltd.) as at March 31, 2008 and the Consolidated Profit and Loss Account for the year then ended.

These financial statements are the responsibility of the Diamond Power Infrastructure Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, consolidated Financial Statements, issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the Diamond Power Infrastructure Limited included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Diamond Power group, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Diamond Power Group as at March 31, 2008; and
- b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Diamond Power Group for the year then ended; and
- c) As this being the first year of the Operations of the subsidiary company M/s Diamond Power Transformer Ltd the Comparative figure are not available and therefore the cash flow statement in the consolidated accounts is not given.

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

**Vijay N. Tewar
Proprietor
M. No.40676**

**Date :- August 28, 2008
Place :- Vadodara**



DIAMOND POWER INFRASTRUCTURE LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

SOURCES OF FUNDS	SCHEDULE NO.	As At 31.03.2008
SHAREHOLDERS' FUNDS		
SHARE CAPITAL	1	260,470,700
RESERVES & SURPLUS	2	1,106,753,804
TOTAL FOR SHAREHOLDERS' FUNDS		1,367,224,504
LOAN FUNDS		
SECURED LOANS	3	1,601,766,236
UNSECURED LOANS	4	45,027,127
TOTAL FOR LOAN FUNDS		1,646,793,363
DEFERRED TAX LIABILITY		-----
TOTAL OF SOURCES OF FUNDS		3,014,017,867
APPLICATION OF FUNDS		
FIXED ASSETS	5	
GROSS BLOCK		494,209,513
LESS : DEPRECIATION		252,275,930
NET BLOCK		241,933,583
ADD : CAPITAL WORK IN PROGRESS		398,306,614
TOTAL FIXED ASSETS		640,240,196
INVESTMENTS	6	50,690,427
CURRENT ASSETS, LOANS & ADVANCES	7	
INVENTORIES		829,717,283
SUNDRY DEBTORS		891,486,639
CASH & BANK BALANCES		108,329,725
EPC FINAL BILL PENDING APPROVAL		223,363,792
LOANS & ADVANCES		348,985,605
OTHER CURRENT ASSETS		94,186,330
TOTAL CURRENT ASSETS		2,496,069,373
LESS : CURRENT LIABILITIES & PROVISIONS	8	
CURRENT LIABILITIES		154,967,224
PROVISIONS		56,784,227
TOTAL CURRENT LIABILITIES		211,751,451
NET CURRENT ASSETS		2,284,317,922
MISCELLANEOUS EXPENDITURE	9	38,769,321
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
TOTAL APPLICATION OF FUNDS		3,014,017,867
SIGNIFICANT ACCOUNTING POLICIES & NOTES	17	

SIGNATURE TO SCHEDULE 1 TO 17 FORMING PART OF THE ACCOUNTS

“As per our Report of even date”

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

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 :- August 28, 2008

Place :- Vadodara



DIAMOND POWER INFRASTRUCTURE LTD
CONSOLIDATED PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2008

PARTICULARS	SCHEDULE No.	For the year ended 31.03.2008
INCOME		
GROSS SALES		5,537,287,760
LESS: EXCISE DUTY		231,898,781
NET SALES		5,305,388,978
INCREASE/ DECREASE IN STOCKS	10	176,268,895
OTHER INCOME	11	21,455,636
TOTAL INCOME		5,503,113,510
EXPENDITURE		
CONSUMPTION OF RAW MATERIALS	12	4,521,643,426
EMPLOYEES' EMOLUMENTS	13	41,201,414
POWER AND FUEL		31,030,446
MANUFACTURING EXPENSES	14	141,117,719
ADMINISTRATIVE EXPENSES	15	57,557,896
SELLING AND DISTRIBUTION EXPENSES	16	26,105,766
TOTAL EXPENDITURE		4,818,656,668
PROFIT BEFORE INTEREST AND DEPRECIATION		684,456,842
LESS: FINANCE CHARGES		147,169,329
LESS: DEPRECIATION		29,976,500
TOTAL INTEREST AND DEPRECIATION		177,145,829
PROFIT / (LOSS) BEFORE TAXATION		507,311,013
PROVISION FOR TAXATION		50,234,000
FRINGE BENEFIT TAX		716,567
TOTAL TAX PROVISIONS		50,950,567
PROFIT / (LOSS) FOR THE YEAR (Before Adjustments)		456,360,446
ADD: PRIOR PERIOD ADJUSTMENTS		-----
ADD: EXTRA ORDINARY ITEMS		14,900
TOTAL ADJUSTMENTS		14,900
NET PROFIT		456,345,546
BALANCE BROUGHT FORWARD		-60,652,785
SURPLUS TRANSFERRED TO BALANCE SHEET		395,692,761
SIGNIFICANT ACCOUNTING POLICIES & NOTES	17	

SIGNATURE TO SCHEDULE 1 TO 17 FORMING PART OF THE ACCOUNTS

“As per our Report of even date”

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

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 :- August 28, 2008

Place :- Vadodara



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008
SCHEDULE : 1 SHARE-CAPITAL

PARTICULARS	As at 31.03.2008
AUTHORISED SHARE CAPITAL 35000000 EQUITY SHARES OF RS. 10 EACH	350,000,000
ISSUED & SUBSCRIBED SHARE CAPITAL 23250000 EQUITY SHARES OF RS. 10 EACH	232,500,000
PAID - UP SHARE CAPITAL 22570250 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 & BALANCE 12,50,000 EQ. SHARES DURING THE YEAR 2007-2008 * ON CONVERSION OF EQUITY WARRANT DURING THE YEAR 2007-2008, 1,50,000 EQ. SHARES WERE ALLOTTED TO BRESCON CORPORATE ADVISORS LIMITED, 5,50,000 EQ. SHARES TO PROMOTERS & 1,00,000 EQ. SHARES TO CLEARWATER CAPITAL PARTNERS (CYPRUS) LIMITED. (THE COMPANY HAD FORFEITED 679750 EQUITY SHARES ON 29.4.2000 OUT OF ISSUED CAPITAL OF 18250000 EQ.SH.)	225,702,500
SHARE WARRANT MONEY 3476820 SHARE WARRANTS OF RS. 10 EACH, RS. 15.10 PAID UP	34,768,200
TOTAL	260,470,700



SCHEDULE - 2 : RESERVES & SURPLUS

PARTICULARS	As At 31.03.2008
(A) CAPITAL RESERVE	
RESERVE ON DEBT RESTRUCTURING	172,380,955
RESERVE ON FORFEITED SHARES	3,612,750
TOTAL	175,993,705
(A-1) SECURITIES PREMIUM	
SHARE PREMIUM	377,449,400
PREMIUM ON WARRANTS	153,631,782
SECURITIES PREMIUM -- TOTAL	531,081,182
(A-2) STATE GOVT. SUBSIDY	
STATE GOVERNMENT SUBSIDY	2,500,000
STATE GOVERNMENT SUBSIDY -- TOTAL	2,500,000
(B) GENERAL RESERVE	
GENERAL RESERVE	397,178,917
GENERAL RESERVE -- TOTAL	397,178,917
RESERVES & SURPLUS -- TOTAL	1,106,753,804

SCHEDULE - 3 : SECURED LOANS

PARTICULARS	As At 31.03.2008
SECURED LOANS	
WORKING CAPITAL DEMAND LOAN	
WORKING CAPITAL DEMAND LOAN ALL	900,000,000
WORKING CAPITAL DEMAND LOAN -- TOTAL	900,000,000
OTHER LOANS	
OTHER LOANS	1,766,236
CLEARWATER CAPITAL PARTNERS INDIA P. LTD. LOAN	700,000,000
OTHER LOANS -- TOTAL	701,766,236
WORKING CAPITAL LOANS -- TOTAL	1,601,766,236
SECURED LOANS -- TOTAL	1,601,766,236

SCHEDULE - 4 : UNSECURED LOANS

PARTICULARS	As At 31.03.2008
FROM BODY CORPORATES	45,027,127
UNSECURED LOAN -- TOTAL	45,027,127

SCHEDULE - 6 : INVESTMENTS

PARTICULARS	As At 31.03.2008
LONG TERM INVESTMENTS	
(A) INVESTMENTS IN UNQUOTED SHARES	
UNQUOTED SHARES AT COST	50,644,426
INVESTMENTS IN UNQUOTED SHARES -- TOTAL	50,644,426
(B) OTHER INVESTMENTS	
OTHER INVESTMENTS	46,001
OTHER INVESTMENTS -- TOTAL	46,001
INVESTMENTS -- TOTAL	50,690,427



SCHEDULE - 7 : CURRENT ASSETS, LOANS & ADVANCES

PARTICULARS	As At 31.03.2008
(A) CURRENT ASSETS	
(A-1) INVENTORIES AT COST(AS CERTIFIED BY MANAGEMENT)	
RAW MATERIALS	84,571,042
WORK IN PROGRESS	230,586,983
FINISHED GOODS	359,799,175
PACKAGING MATERIAL	1,506,226
CONSUMABLE STORES	1,906,626
FUEL & GASES	970,899
GOODS IN TRANSIT	150,376,332
INVENTORIES AT COST --- TOTAL	829,717,283
(A-2) SUNDRY DEBTORS (UNSECURED CONSIDERED GOOD)	
DEALER NETWORK	16,996,197
EXPORT	14,830,743
UTILITY -- SEB'S	669,303,133
ENGINEERING PROCUREMENT CONSTRUCTION	63,779,641
OTHERS	126,576,924
SUNDRY DEBTORS -- TOTAL	891,486,639
(A-3) CASH & BANK BALANCE	
CASH IN HAND	1,869,229
BANK BALANCE	27,994,731
MARGIN MONEY	51,200,018
FIXED DEPOSIT	27,265,747
CASH & BANK BALANCE -- TOTAL	108,329,725
(A-4) EPC PROJECTS PENDING FINAL BILLING APPROVAL	
EPC PROJECTS PENDING BILLING APPROVAL	223,363,792
EPC PROJECTS PENDING FINAL BILLING APPROVAL -- TOTAL	223,363,792
CURRENT ASSETS -- TOTAL	2,052,897,438
(B) LOANS & ADVANCES (UNSECURED CONSIDERED GOOD)	
(B-1) LOANS	
STAFF	958,752
LOANS -- TOTAL	958,752
(B-2) GOVERNMENT ADVANCES	
PLA	621,103
CENVAT	31,493,361
SERVICE TAX	6,480,447
FRINGE BENEFIT TAX	44,954
TAX DEDUCTED AT SOURCE	3,705,606
INCOME TAX	1,264,419
ELECTRICITY DUTY REFUND	230,416
GOVERNMENT ADVANCES -- TOTAL	43,840,306
(B-3) CORPORATE ADVANCES	
DIAMOND E.H.V. CONDUCTORS	4,000
ENTERPRISE INTELLIGENT SYSTEMS LIMITED	2,105,465
APEX POWER EQUIPMENTS PVT. LTD	99,620,628
WESTERN TRANSFORMERS	45,027,127



SCHEDULE - 7 : Continued....

PARTICULARS	As At 31.03.2008
CORPORATE ADVANCES -- TOTAL	146,757,220
(B-4) BUSINESS ADVANCES	
ADVANCE TO VENDOR FOR EXPENSES	2,195,808
ADVANCE TO VENDORS FOR GOODS	155,181,054
BUSINESS ADVANCES -- TOTAL	157,376,862
(B-5) OTHER ADVANCES	
OTHER ADVANCES	52,465
OTHER ADVANCES -- TOTAL	52,465
LOANS & ADVANCES -- TOTAL	348,985,605
(C) SUNDRY DEPOSITS	
GOVERNMENT DEPOSITS	211,170
SECURITY DEPOSIT	40,550,392
EARNEST MONEY DEPOSIT	33,773,351
LEASE RENT	6,110,400
OTHER DEPOSITS	13,541,017
SUNDRY DEPOSITS -- TOTAL	94,186,330
CURRENT ASSETS, LOANS & ADVANCES --- TOTAL	2,496,069,373

SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS

PARTICULARS	As At 31.03.2008
(A) CURRENT LIABILITIES	
(A-1) SUNDRY CREDITORS	
CREDITORS FOR GOODS	71,408,368
CREDITORS FOR EXPENSES	68,627,775
SUNDRY CREDITORS -- TOTAL	140,036,143
(A-2) CREDITORS FOR OTHERS	
DUTIES & TAXES PAYABLE	3,406,855
STATUTORY LIABILITY PAYABLE	6,538,182
EMPLOYEE DUES PAYABLE	1,262,395
CREDITORS FOR OTHERS -- TOTAL	1,127,433
(A-3) OTHER LIABILITIES PAYABLE	
OTHER LIABILITIES PAYABLE	3,723,648
OTHER LIABILITIES PAYABLE -- TOTAL	3,723,648
CURRENT LIABILITIES -- TOTAL	154,967,224
(B) PROVISIONS	
PROVISION FOR TAXATION	53,232,751
PROVISION FOR EXPENSES	1,063,876
PROVISION FOR OTHERS	2,487,600
PROVISIONS -- TOTAL	56,784,227
CURRENT LIABILITIES & PROVISIONS -- TOTAL	211,751,451



SCHEDULE - 9 : MISCELLANEOUS EXPENDITURE

PARTICULARS	As At 31.03.2008
(A) MISCELLANEOUS EXPENDITURE	
(A-1) PRELIMINARY EXPENSES	
PRELIMINARY EXPENSES	30,205,979
PRELIMINARY EXPENSES -- TOTAL	30,205,979
(A-2) PRE-OPERATIVE EXPENSES	
PRE-OPERATIVE EXPENSES	250,100
PRE-OPERATIVE OTHERS	366,180
PRE-OPERATIVE EXPENSES -- TOTAL	616,280
(A-3) PRE-PROJECT EXPENSES	
PRE PROJECT EXPENSES ABC CABLE	7,839,639
PRE PROJECT EXPENSES ALL	107,423
PRE- PROJECT EXPENSES -- TOTAL	7,947,062
MISCELLANEOUS EXPENDITURE -- TOTAL	38,769,321
(B) PROFIT & LOSS DEBIT BALANCE	
PROFIT & LOSS ACCOUNT - BALANCE BROUGHT FORWARD	----
LOSS DURING THE YEAR	----
PROFIT DURING THE YEAR -- MISC EXPENDITURE	----
PROFIT & LOSS DEBIT BALANCE -- TOTAL	----
MISCELLANEOUS EXPENDITURE -- TOTAL	38,769,321

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNTS
FOR THE YEAR ENDED ON MARCH 31, 2008**

SCHEDULE - 10 : INCREASE / (DECREASE) IN STOCK

PARTICULARS	For the year ended 31.03.2008
(A) OPENING STOCK	
WORK IN PROGRESS	243,092,980
FINISHED GOODS	173,235,227
OPENING STOCK -- TOTAL	416,328,207
(B) CLOSING STOCK	
WORK IN PROGRESS	230,586,983
FINISHED GOODS	359,799,175
CLOSING STOCK -- TOTAL	590,386,157
WIP INCREASE / (DECREASE) DIVISION WISE	2,210,945
INCREASE / (DECREASE) IN STOCK	176,268,895



SCHEDULE - 11 : OTHER INCOME

PARTICULARS	For the year ended 31.03.2008
DISCOUNTS / KASAR RECEIVED	2,454
DIVIDEND RECEIVED	762
INTEREST RECEIVED	16,945,226
NOTICE PAY RECOVERED	91,287
CLAIM RECEIVED	1,407,019
OTHER INCOME	3,008,888
OTHER INCOME -- TOTAL	21,455,636

SCHEDULE - 12 : RAW MATERIAL CONSUMED

PARTICULARS	For the year ended 31.03.2008
OPENING STOCK	2,395,062
ADD : PURCHASES	4,545,869,448
LESS : CLOSING STOCK	2,621,083
NET RAW MATERIAL CONSUMED -- TOTAL	4,521,643,426

SCHEDULE - 13 : EMPLOYEES EMOLUMENTS

PARTICULARS	For the year ended 31.03.2008
BONUS	1,217,114
DIRECTORS' REMUNERATION (NET)	14,205,684
HOUSE RENT ALLOWANCE	1,667,813
LEAVE WAGES / SALARY	429,570
MEDICAL EXPENSES	151
MEDICAL ALLOWANCES	1,260,340
PROVIDENT FUND EXPENSES (P.F. & F.P.F)	1,615,824
SALARY & WAGES	16,415,525
STAFF & LABOUR WELFARE	1,672,726
STIPEND	2,047,515
TELEPHONE ALLOWANCE	669,152
EMPLOYEES EMOLUMENTS -- TOTAL	41,201,414



SCHEDULE - 14 : MANUFACTURING EXPENSES

PARTICULARS	For the year ended 31.03.2008
CARTAGE & TRANSPORT	5,435,363
EXCISE DUTY PAID	11,626,975
CALIBRATION EXPENSES	36,344
SERVICE CHARGES	23,000,116
CONSUMABLE STORES	50,879,038
REPAIR & MAINTENANCE (PLANT & MACHINERY)	2,050,179
FACTORY EXPENSES	8,786,421
ELECTRICAL SPARES	74,723
INSURANCE EXPENSES	969,644
PACKING MATERIAL	19,838,246
DIESEL FOR GENERATOR	660,959
SURVEY CHARGES -- INFRASTRUCTURE	804,657
SALES TAX (VAT)	16,955,056
MANUFACTURING EXPENSES -- TOTAL	141,117,719

SCHEDULE - 15 : ADMINISTRATIVE EXPENSES

PARTICULARS	For the year ended 31.03.2008
AUDIT FEES	1,001,521
CONSULTANCY CHARGES	1,188,144
CONVEYANCE EXPENSES	471,031
DONATION	383,001
ELECTRICITY EXPENSES	308,692
EXCHANGE FLUCTUATION	13,950
LEGAL & PROFESSIONAL CHARGES	4,751,436
POST, TELE. & COURIER CHARGES	1,497,337
RENT, RATES & TAXES	3,809,431
APPLICATION FEES	111,801
REPAIRS & MAINTENANCE OTHERS	1,341,064
PRINTING & STATIONARY EXPENSES	1,202,398
SUNDRY EXPENSES	281,283
TRAVELING EXPENSES	4,292,695
VEHICLES EXPENSES	2,778,404
AMORTIZATION EXPENSES	14,053,267
OFFICE EXPENSES	527,225
SOFTWARE EXPENSES	662,910
SUB-TOTAL	38,675,591
SERVICE TAX EXPENSES	568,523
DOCUMENTATION CHARGES	1,870,830
PENALTY	1,510
ISO9002 EXPENSES	33,736
SUNDRY BALANCES WRITTEN OF	16,407,706
ADMINISTRATIVE EXPENSES -- TOTAL	57,557,896



SCHEDULE - 16 : SELLING & DISTRIBUTION EXPENSES

PARTICULARS	For the year ended 31.03.2008
ADVERTISING EXPENSES	6,045,077
SALES PROMOTION EXPENSES	2,824,886
COMMISSION ON SALES	504,966
MARKETING EXPENSES	16,730,837
SELLING & DISTRIBUTION EXPENSES -- TOTAL	26,105,766



SCHEDULE - 5 : CONSOLIDATED FIXED ASSETS

Name of Assets	Gross Block				Deprecation Block				Net Block	
	Op Bal 01.04.2007	Additions	Deletion	Total 31.03.2008	Op Bal 01.04.2007	Dep for the Year	Dep on Deletion	Total 31.03.2008	Closing 31.03.2008	Closing 31.03.2007
LAND & LAND DEVELOPMENT	16,074,439	2,473,028	-----	18,547,467	-----	-----	-----	-----	18,547,467	16,074,439
FACTORY BUILDING	72,885,142	57,705,024	-----	130,590,166	18,968,391	3,518,866	-----	22,487,257	108,102,910	53,916,732
PLANT & MACHINERY	283,529,927	10,164,213	-----	293,694,140	180,655,384	21,653,946	-----	202,309,330	91,384,810	102,874,543
ELECTRIFICATION	14,194,205	834,912	-----	15,029,117	8,163,854	1,138,872	-----	9,302,726	5,726,391	6,030,350
FURNI. FIXTURE & OFFICE EQUIP	18,220,944	6,307,318	-----	24,528,262	9,833,551	2,699,143	-----	12,532,694	11,995,568	8,387,393
VEHICLES	8,263,444	2,759,128	-----	11,022,572	4,388,305	930,438	-----	5,318,743	5,703,829	2,875,139
OTHERASSETS	323,641	474,149	-----	797,790	289,945	35,235	-----	325,180	472,610	33,696
TOTAL	413,491,742	80,717,772	-----	494,209,514	222,299,430	29,976,500	-----	252,275,930	241,933,584	190,192,291
CAPITAL WORK IN PROGRESS	54,322,748	348,296,114	4,312,248	398,306,614	-----	-----	-----	-----	398,306,614	-----
GRAND TOTAL	467,814,490	429,013,886	4,312,248	892,516,128	222,299,430	29,976,500	-----	252,275,930	640,240,198	190,192,291
PREVIOUS YEAR	384,389,420	17,651,601	2,035,809	400,005,212	195,965,864	26,435,494	1,267,138	221,134,220	178,870,992	188,423,556



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS

17. SCHEDULE - NOTES ON ACCOUNTS:-

1. CONSOLIDATION OF ACCOUNTS

Basis of preparation

The Consolidated Financial Statements are prepared in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements and (AS) 23 on Accounting for investment in Associates in Consolidated Financial Statements Issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements comprise the financial statement of the Diamond Power Infrastructure Ltd. and its subsidiary. References in these notes to the Company or DPIL shall mean to include DPIL or a subsidiary DPTL consolidated in these financial statements unless otherwise stated.

There is only one Subsidiary Company called Diamond Power Transformers Limited which is included in consolidation and the Parent Company's holding therein is 90%.

The Subsidiary Companies is incorporated in India.

Diamond Power Transformers Ltd. became a subsidiary of DPIL on March, 31, 2008. Its results included in consolidation for the year related to the period up to March 31, 2008.

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 accounting standards referred to in Section 211(3C) of 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 Encasement 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 were foreign Currency Transactions took place 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 Current Income Tax is made after considering Company's claims under the Income Tax Act, 1961. This Liability is calculated at the applicable tax rate or Minimum Alternate Rate under Section 115JB of the Income Tax Act, 1961 as the case may be.

Deferred Tax is calculated at the tax rates and Laws that have been enacted or substantially enacted as of Balance Sheet date and is recognized timing differences that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence are recognized and carried forward only to the extent that they can be released.

The tax liability on account of Fringe Benefits is provided as per the provisions of Section 115WA of 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.
16. Contingent Liabilities : Contingent Liabilities are not provided in the accounts and are disclosed separately by way of notes forming part of accounts which are as under :
- (a) Letter of Credit opened in favor of supplies pending execution as of March 31, 2008, is Rs. Nil (Previous Year Rs. Nil).
- (b) Outstanding Bank Guarantees as of March 31, 2008 is Rs. 481.16 lacs (Previous Year 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 (previous year Rs. Nil).

(d) Sales tax Deferment Loan : During the Financial Year 2007-2008, the Company participated in Sales Tax Samadhan Scheme, 2008 and deposited Rs. 931.00 lacs against the said loan. Therefore, the Company has no outstanding Sales Tax or Sales Tax Deferment loan.

2. Segment Reporting

- The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organization structure and internal reporting systems.
- The Company's operations predominantly relate to manufacture of Cables & Conductors.
- The Company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover. As such there are no reportable geographical segments.
- Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis.

Inter Segment Transfer Pricing Policy

All Inter Segment Transfers are at market price.

SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2008

INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

(Rs. in Million)

Sr. No.	Segment Revenue	2007-2008
1	Conductor & Cables	4441.24
2	Power Infrastructure Turnkey Project Service Connection	649.45
3	Transformer	446.59



3. Related Party Disclosure :

(a) Particulars of Associates of the Company :

Sr. No.	Name of the Related Party	Nature of Relationship
1	Enterprise Intelligent Systems Ltd.	Associate Company of DPIL
2	Diamond Projects Ltd.	Associate Company of DPIL

(b) Key Management Personnel and their Relatives

	Key Management Personnel and their Relatives	Nature of Relationship
1	Mr. S. N. Bhatnagar	Chairman & Managing Director
2	Mr. Amit Bhatnagar	Jt. Managing Director
3	Mr. Sumit Bhatnagar	Jt. Managing Director (Operations)

(c) Transactions with key management personnel individuals and their relatives

		Units of Measurement	Value of Transactions Current Year	Value of Transactions Previous Year
1	Remuneration	Rs. in Lacs	137.99	41.06

(d) Summary of the transactions with related parties is as under

(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	Nil	Nil	Nil	Nil	Nil
Receipts / Rendering of Services	13.53	Nil	Nil	Nil	13.53
Rent (Paid) / Recd.	6.63	9.91	11.03	Nil	27.57
Advances Recd./ (Given)	Nil	Nil	Nil	Nil	Nil
Directors Remuneration	Nil	74.93	Nil	Nil	74.93
Outstanding Receivable as on 31.03.2008	Nil	Nil	0.33	Nil	0.33

4. Earning Per Share (EPS)

March 31, 2008

I	Profit Computation for both Basic and Dilute Earning Per Share of Rs. 10 each.	
	Net Profit as per Profit & Loss Account available for Equity Shareholders.	4563.60 Lacs
II	Weighted average number of equity shares for Earnings per share computation	
	(A) For Basic Earnings per Share	22570250
	(B) For Diluted Earnings per Share No. of shares for Basic EPS as per IIA	2257250
	Add. : Weighted Average outstanding Option / Shares deemed to be issued for no consideration	-----
	No. of shares for Diluted Earnings Per Share	2257250
III	Earnings per Share (Weighted Average)	
	Basic	Rs. 20.22
	Diluted	Rs. 20.22



5. MANAGERIAL REMUNERATION (excluding contribution to Gratuity fund, Provision for Leave Encashment on retirement and other retirement benefits) paid / payable to Directors :

Managing / Whole-time Directors	March 31, 2008 Rs. in Lacs
Salaries	104.88
Perquisites	35.87
Contributions to Provident and Superannuation Fund	-----
Incentive / Commission	-----
Directors other than Managing / Whole-time Directors Sitting Fees	0.31
Total	142.06

6. Reserves & Surplus

- Capital Reserve includes the amount of Rs. 25,00,000 added to it being the State Govt. Subsidy.
- Due to conversion of 8 Lacs warrants & 12.50 Lacs FCDs, the share premium account is increased by Rs. 742.50 Lacs.

7. Secured Loans

- The Company had issued Non Convertible Debentures (NCD) of Rs. 68.50 crores extended by the Clearwater Capital Partners India Pvt. Ltd., which 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 Kharadpara. The NCDs have been raised @ 10% per annum for a period of 5 years. Subsequently, the entire NCDs have been pre-paid before March 31, 2008.
- The Company has availed a Term Loan of Rs. 70.00 Crores from Clearwater Capital Partners India Pvt. Ltd. at 11% rate of interest variable with GOI Security Rate for repayment of entire NCDs. The type and nature of security extended for NCDs remain same for Term Loan.
- During the year, the Company has raised Short Term Working Capital Loan of Rs. 90.00 Crores from Clearwater Capital Partners India Pvt. Ltd. at 11 % per annum of interest rate variable as per GOI Security Rate.

8. Unsecured Loans

The balance of Sales Tax Deferment Loan as on March 31, 2007 stood at Rs. 9.31 Crores. However,

taking advantage of the Sales Tax Samadhan Scheme 2007, the Company paid off the liability of Rs. 9.31 Crores squaring up sales tax liability.

9. Balance confirmation letters were sent to various debtors and creditors. The confirmation from some debtors / creditors is still to be received.
10. 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.
11. No provision has been made for certain debtors as all receivables are considered to be fully recoverable in the opinion of the management.
12. A Court case was filed by Nagarjuna Constructions Company Ltd. (NCCL) against the Company for recovery of its outstanding dues. The Company has entered into a settlement with NCCL, whereby NCCL has waived its claim of recovery of Rs. 139.05 Lacs. The NCCL and the Company have agreed to withdraw all litigations against each other.
13. In the opinion of the Management all the current assets, loans and advances and deposits are realizable 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.
14. 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, 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.

15. Sales include an amount of Rs. 4,588.00 Lacs (Net of Duty) of inter - unit Transfer (Previous year Rs. 954.67 Lacs).
16. Aggregate directors' remunerations Rs. 142.06 Lacs (previous year Rs. 38.80 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.

17. Aggregate auditors' remuneration is fixed at Rs. 8.74 Lacs per annum (previous year Rs. 1.68 Lacs), which includes Rs. 7.18 lacs as Audit Fees (Previous Year Rs. 1.50 lacs), 0.46 lacs as Tax Audit fees (Previous Year Rs. 0.18 lacs) and Rs. 1.09 lacs towards Out of Pocket Expenses (Previous year Rs. Nil)
18. As per Accounting Policy (10) on excise duty, the excise duty payable on finished goods in stocks at works amounting to Rs. 169.79 Lacs (previous year Rs. 73.30 Lacs) has been included in the expenditures and in such stocks. However, the same has no impact on the profit for the year.
19. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

20. Details of Licensed, Installed Capacities and Production:

Goods Manufactured	Licensed Capacity	Installed Capacity Current Year	Production Current Year	Production Previous Year 6 Months
All Alluminum Alloy Conductors & ACSR Conductor	NA	50500 MTPA.	16588 Mt.	27200 Kms.
LT Electric Power Cables & Control Cables	NA	9500 Kms.	6820 Kms.	1631 Kms.

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.

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

Description of Item	U.O.M	Quantity For the year 2007-08	Quantity For the year 2006-07 for six months
Aluminum	M.Ts.	22565	7200
Copper	M.Ts.	656	432

22. Value of Imported and indigenous Raw Material Consumed and Percentage there of :

Raw Materials	Current year	Previous year	Current year %	Previous year %
Imported	No	No	No	Nil
Indigenous	No	No	No	Nil



23. Particulars of Sales and Stocks:

Item	U.O.M	Opening Stock	Sales	Closing Stock
Conductors	Kms.	4800	82000	2900
Power & Control Cables	Kms.	121	6820	256

24. Expenditure in Foreign Currency

Particulars	2007-08 Amount (Rs in Lacs)	2006-07 Amount (Rs in Lacs)
Import on CIF basis	313.19	Nil
Traveling Expense	Nil	Nil
Others	2.60	Nil

25. Income in Foreign currency

Particulars	FOB Value of exports
Deemed exports	Rs. 533.61 Lacs
Foreign exchange fluctuation	Rs. 2.94 Lacs

SIGNATURE TO SCHEDULE 1 TO 17 FORMING PART OF THE ACCOUNTS

“As per our Report of even date”

(Chartered Accountants)

For **Vijay N. Tewar & Co.**

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 :- August 28, 2008

Place :- Vadodara



Diamond Power Infrastructure Limited
Registered Office: Vil. Vadadala, Ta. Savli, Dist. Baroda - 391 520, Gujarat, India.

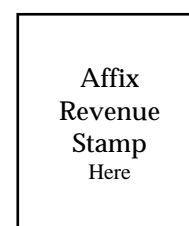
PROXY FORM

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 Monday, September 29, 2008 or at any adjournment
 thereof.

Signed this _____ day of _____ 2008.

* 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 Power Infrastructure Limited
Registered Office: Vil. Vadadala, Ta. Savli, Dist. Baroda - 391 520, Gujarat, India.

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

ATTENDANCE SLIP

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

1. Name of the attending Member _____

2. 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 Monday, September 29, 2008 or at any adjournment thereof.

Member's / Proxy's Signature _____

* Applicable for investors holding Shares in Electronic Form Only.

