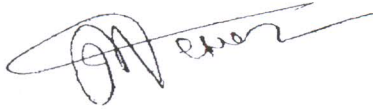


**FORM B**

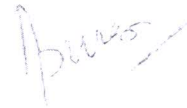
01	Name of the Company	Diamond Power Infrastructure Limited
02	Annual Financial Statements for the ended	31 <sup>st</sup> March, 2013
03	Type of Qualification	Subject to please refer Page No. 66 Annexure to Auditor Report
04	Frequency of Qualification	Not repetitive
05	Draw attention to relevant notes in the annual financial statements and management response to qualification in the Director Report	Please refer for Director Report on Page. No: 40
06	Additional Comments from the Board / Audit Committee Chair	None

For Vijay Tewar & Co,



Vijay Tewar  
Membership No.40676  
Date: 22.05.2013.

For and behalf of Board



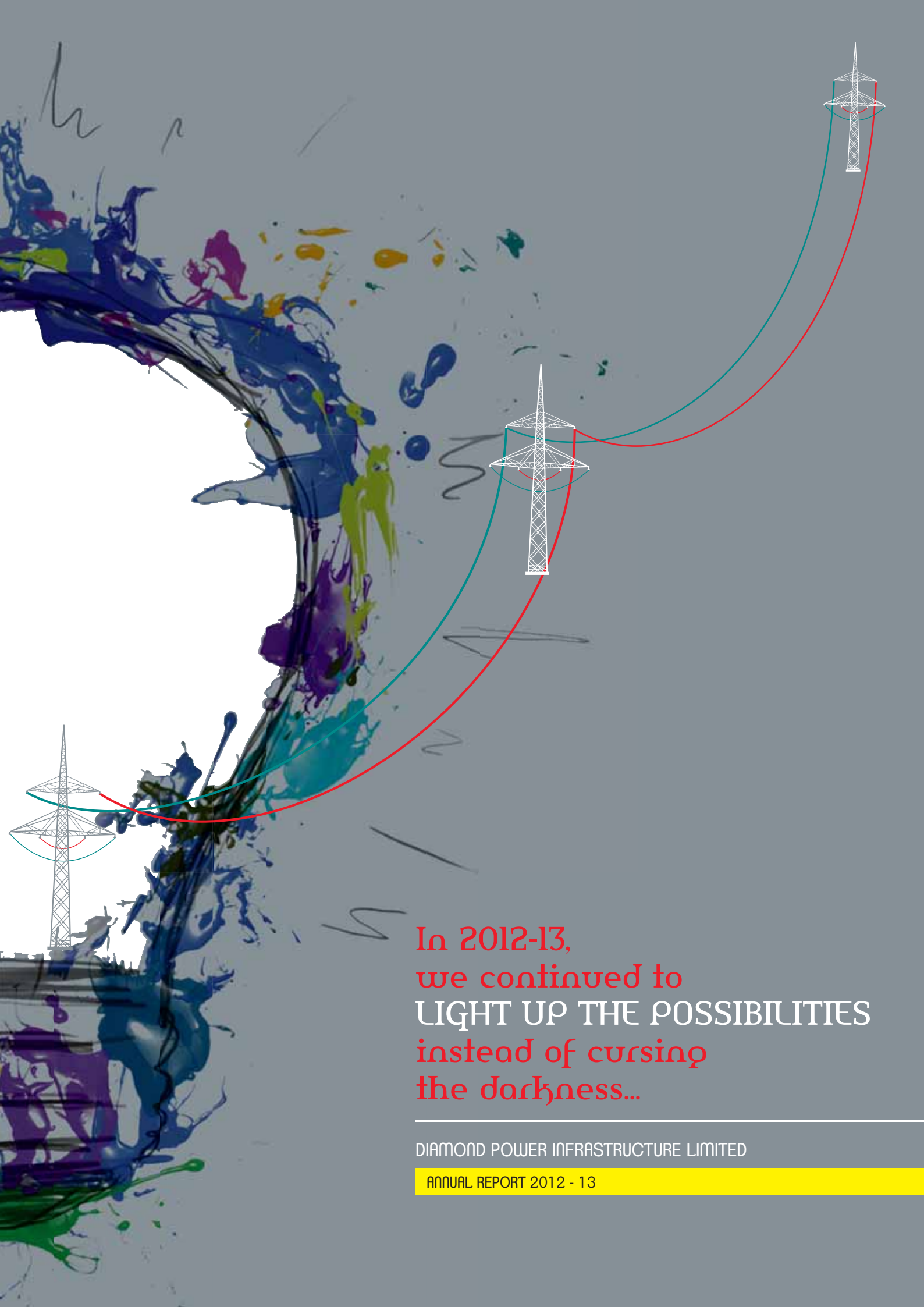
Amit Bhatnagar  
Managing Director

For and on behalf of Audit Committee



Chairman

Kirit Vyas



In 2012-13,  
we continued to  
LIGHT UP THE POSSIBILITIES  
instead of cursing  
the darkness...

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DIAMOND POWER INFRASTRUCTURE LIMITED

ANNUAL REPORT 2012 - 13


### Forward-looking Statements

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates', or other similar expressions as they relate to Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise.



## Headlights

The spotlight is on us	2
Who we are	4
Energizing financial health	6
Chairman's overview	8
Managing Directors' review	18
CSR @ Diamond Power	20
Profiles of Directors'	24
Executive Council	28
Management Discussion and Analysis	34
Directors' Report	40
Corporate Governance Report	52
Financial Sections	64



In the past three years (2010-13), considered to be most challenging for the Indian economy, we at DIAMOND POWER INFRASTRUCTURE LIMITED (DPIL) have clocked in a compounded annual growth rate of 44.4% in terms of consolidated revenues and 18.9% in terms of consolidated net profits.

**The reason:**

We utilized the downturn to strengthen our foundation and continued to envision, engage and explore opportunities. In the process, we created an integrated power infrastructure company, comprising of self-sustaining and scalable business verticals.

*Switch on the pages to know more on how we are shaping our future with greater focus.*

# The spotlight is on us

## How we got here?

1971

Established a Conductor Manufacturing unit

1995

Setup an LV Cables Manufacturing unit

1999

Setup an Aluminum Rod Mill

2006

Setup the EPC Business

2007

Acquired Western Transformers  
Acquired substantial stake in Apex Electricals Ltd.

2008

Setup HV Cables manufacturing unit up to 132 KV

2010

Capacity Expansion of LV & HV Cables units

2011

Setup EHV Cables Manufacturing up to 550 KV  
Setup Transmission Tower unit

2012

Acquired strategic stakes in Utkal Galvanizers and Maktel Control & Systems  
Acquired controlling stake in Danke Controls  
Commenced production of Power Transformers and control & relay panels  
Successfully commissioned 6.3 MW of wind energy at Jamanwada, Kutch



† Recruited top level experienced professionals to head company's efforts in strengthening Exports, EPC & Tower businesses

† Further expanded the product portfolio by acquiring strategic stake in M/s Maktel Control & Systems, India's leading power and control panel manufacturer

Board recommended dividend of 40% i.e. Rs. 4 per equity share for financial year 2011-12

† Successfully established Ultra High Voltage Cable Testing Laboratory, a first of its kind in India having a capability to 500 KV capacity

† Rebranded our range of wires and cables as Diatron

Received orders worth Rs. 175 crore for the supply of ACSR Moose Conductors for 400kV Narendra (GIS)-Kudgi (new) and Salem - Sonahali Transmission line (Part) from Power Grid Corporation of India Limited

# Who we are

## Our reputation

- † India's only and fifth in the world to manufacture EHV cables
- † Among the few integrated companies in the Power transmission and distribution, having presence across the value chain.
- † Among the five largest cable manufacturers in India
- † Among the three largest conductor manufacturers in India
- † Among the fast-growing transformers manufacturers in India

## The numbers that matter

44<sup>th</sup> year

in operations – established in 1970

Rs. 2,132.75

crore of total revenues

Rs. 92.08

crore of Net Profit

100+

Distributors across 16 Indian cities

3000+

employees as on March 31, 2013

Rs. 250+

crore of market capitalization; Listed on BSE (522163) and NSE (DIAPOWER)

## What do we offer?

POWER	EPC SERVICES	SPECIAL PROJECTS
<ul style="list-style-type: none"> <li>† Conductors upto 765 KV</li> <li>† Transformers (Power and Distribution) upto 220 KV</li> <li>† Cables (Low Tension, High Tension and Extra High Voltage) upto 550 KV</li> <li>† Transmission towers</li> <li>† Relay control panel</li> <li>† Unitised substations</li> </ul>	<ul style="list-style-type: none"> <li>† Plan, design and commission power turnkey transmission and distribution projects</li> </ul>	<ul style="list-style-type: none"> <li>Customisation and execution of:</li> <li>† Overhead transmission line projects</li> <li>† Substation projects</li> <li>† Rural &amp; urban distribution projects</li> <li>Cable testing facility up to 500 kV</li> </ul>

Our brand



## Certification

† ISO 9001:2008

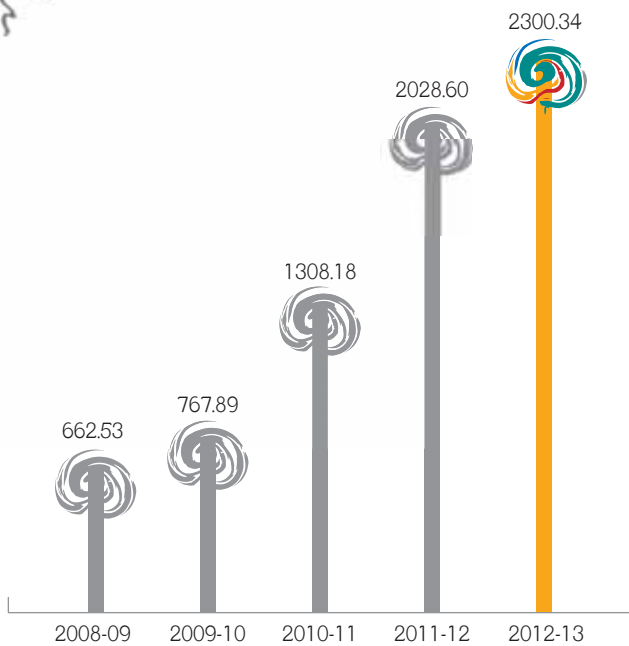
† ISO 14001

## An integrated and scalable business model

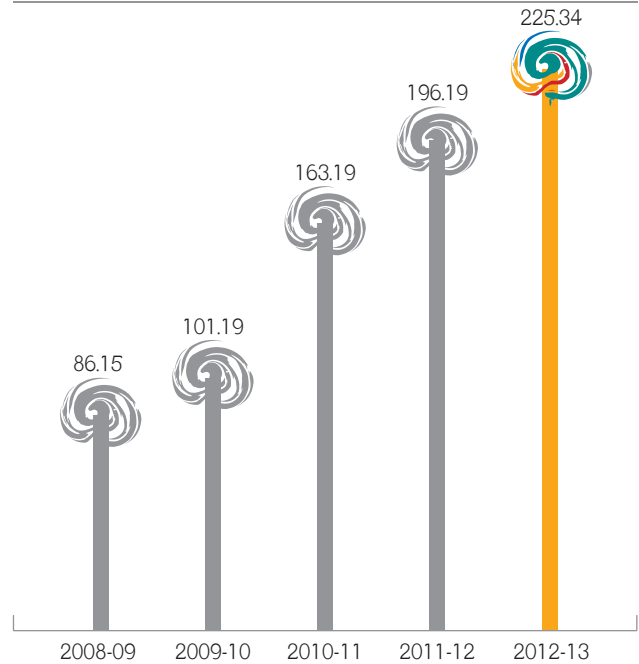
PRODUCTS	EXISTING CAPACITIES PER ANNUM
<b>Rods</b>	
Aluminum and alloy rods	32,000 MT
Conductors	
Alloy and ASCR conductors	50,500 MT
<b>Power cables</b>	
LV XLPE Power & Control cables	34,300 KMS
MV cables up to 66 KV	5,600 KMS
Specialty cables	3,500 KMS
High tension cables up to 132 KV	2,800 KMS
<b>EHV cables 220-550 KV</b>	2,000 KMS
<b>Power transformers</b>	
40-315 MVA up to 220 KV	7500 MVA
5-40 MVA up to 220 KV	2500 MVA
<b>Distribution transformers</b>	
Up to 5 MVA	2500 MVA
Transmission towers	48,000 MT

# Energizing financial health

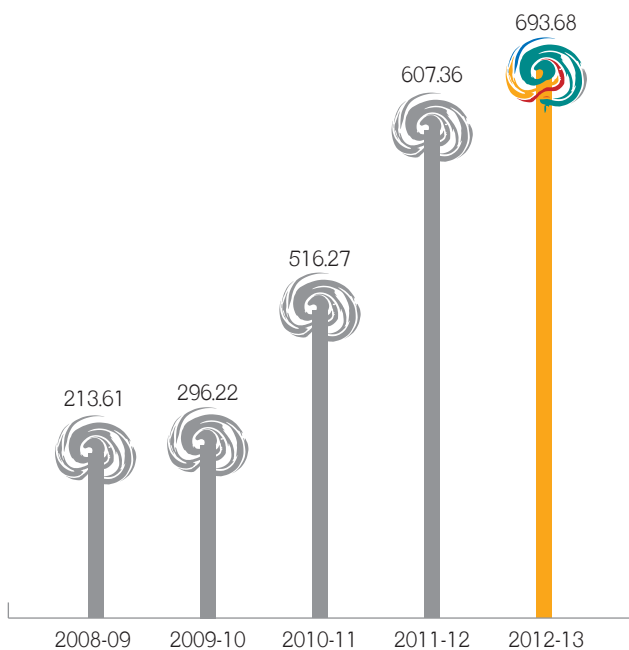
Net Revenues (Rs. crore)



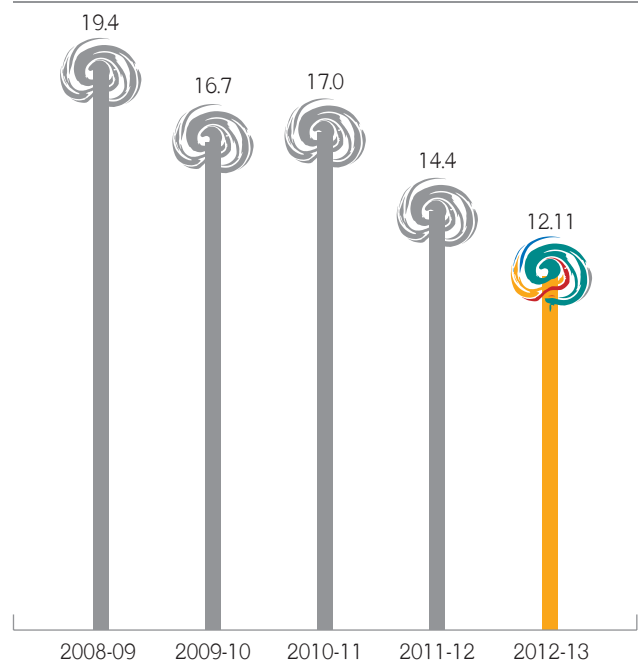
EBIDTA (Rs. crore)



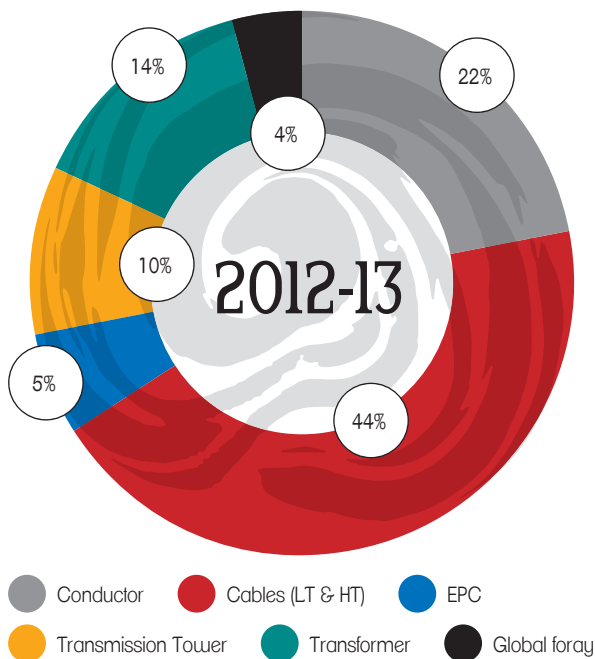
Net Worth (Rs. crore)



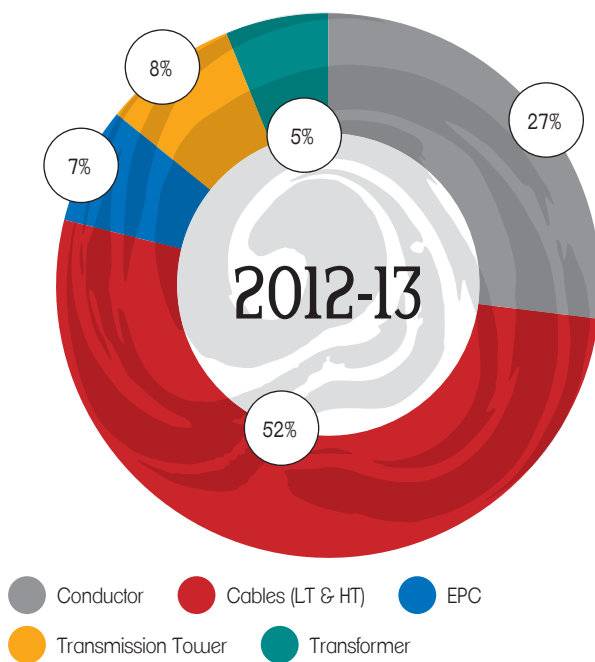
Return on Capital Employed (%)



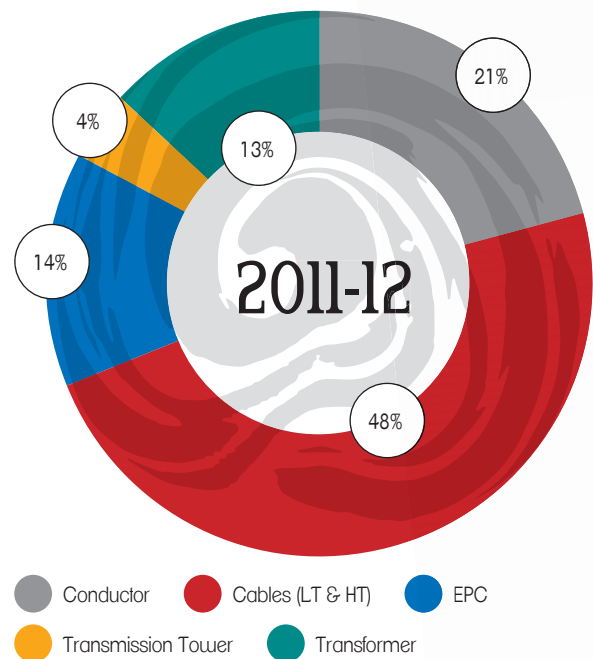
### Divisional revenues



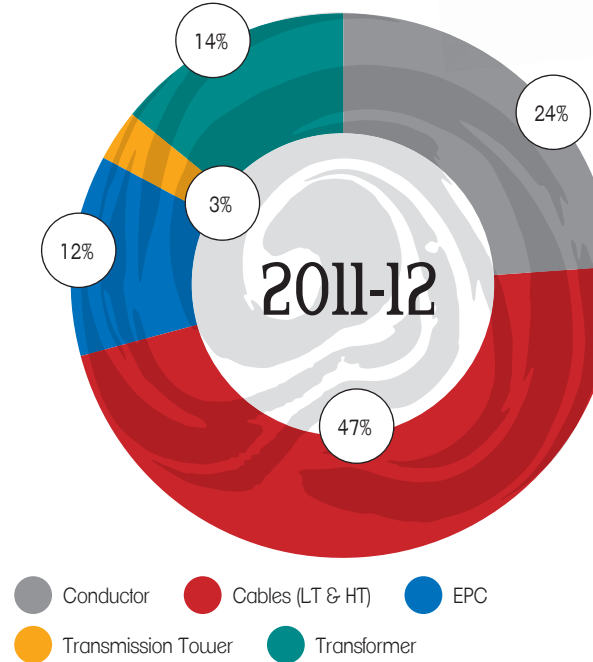
### EBIDTA



### Divisional revenues



### EBIDTA



# Igniting possibilities. Working harder.

IT'S THE SAME OLD STORY. OF CHALLENGES AND OPPORTUNITIES. SINCE THE DAY I BEGAN MY ENTREPRENEURIAL JOURNEY, I HAVE LEARNT THAT CHANGE IS THE ONLY CONSTANT.

While we can't change situations to suit ourselves every time; we surely can build a robust ecosystem to minimize the dependence or impact of uncontrollable factors in our business. Since past five years, this is exactly what we set out to achieve at Diamond Power. And I am proud to admit that we have emerged not only a holistic solutions provider to the Indian power sector but more importantly, have remained energized and motivated to raise the bar each year. 2012-13 was another such year of overcoming challenges and capitalizing upon hard-fetched opportunities.

2012-13 was a difficult year. After clocking in an average GDP growth rate of 8.5+ per cent in years 2006-11, the Indian economy has literally crawled in the past two years. In 2012-13, India is expected to have recorded its lowest GDP growth rate in the past decade. While the global financial turmoil circa 2008 has played a key role in this slowdown, many would argue that lack of capital creation in the past four years, policy indecisions and galloping inflation have also contributed immensely towards aggravating the impact upon the Indian economy. The power sector remained subdued in terms of new investments and projects. With the coal allocation hitting the roadblocks, the thermal power generation was hardest hit. With the government swung into action in the second half, the sector started gaining traction, thereby registered an overall satisfactory performance. However, the margins continued

to remain under pressure with the input costs remaining northward-bound and the receivables cycles witnessing some pressure on account of ailing SEBs.

Despite the troughs, India has managed to remain the third fastest growing economy in the world. This is the root of our belief in the tremendous potential that the power sector stands to offer in the coming years. India proposes to add close to 88 GW of energy in the 12th Plan. The focus towards transmission and distribution continues to be greater on account of increasing AT&C losses, which require urgent attention. Towards this, the government proposes to spend more than Rs. 1,100,000 crore by 2017. Being the most integrated power infrastructure player with presence in cables, conductors, transmission towers, transformers and EPC solutions, we would be vying to capitalize upon this opportunity in the coming years.

In pursuing our vision, we have not lost sight of the impending challenges. In fact, we believe that the roof should be repaired while the sun shines. Therefore, in 2012-13, we also focused on strengthening the basic pillars of our business model. We consolidated our presence to key businesses – thereby transferring our Transmission tower and EPC projects businesses to wholly owned subsidiaries. We strengthened our research and technology edge by commissioning the first of its kind UHV cable-testing lab. We invested into companies with complimenting products, thereby expanding our portfolio and relationships with existing and new clients. Most importantly, we continued to recruit experienced leaders, to ensure sustained growth of the organization in the coming years.



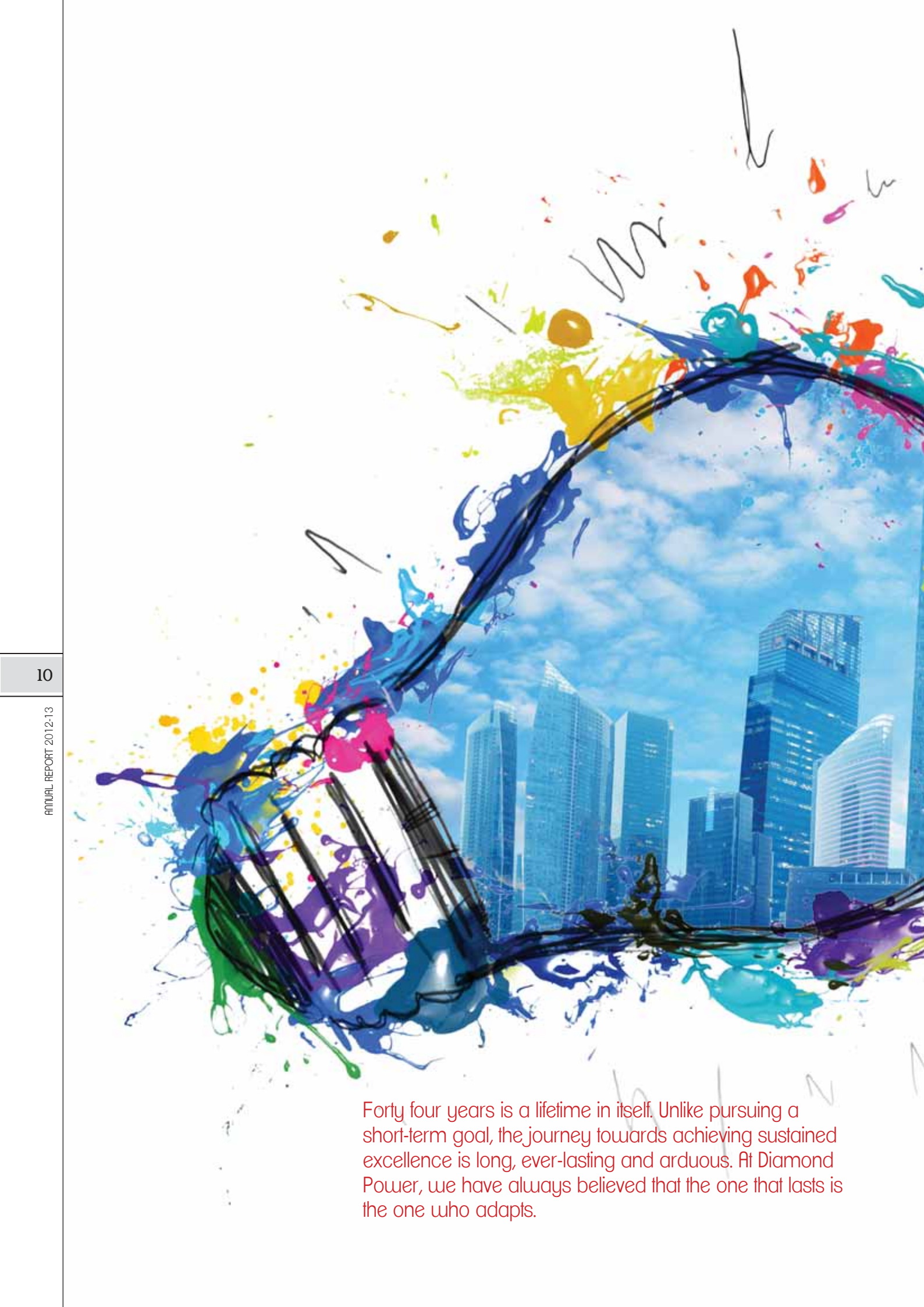


Mr. S.N. Bhatnagar, *Chairman*

India continues to be the third fastest growing economy in the world, despite its constraints. The demand for power is expected to rise to unprecedented levels, with demographic dividend, rising aspirations and improving purchasing power. To keep pace, the transmission and distribution companies urgently need to upgrade their power infrastructure, amounting to higher envisioned demand for cables, transformers, transmission lines, etc. at the same time, higher participation from the private players have

demonstrated greater impact towards increasing power generation capacities. All the factors would complement and elevate the foundation that we have set over the years. I would like to thank each and every stakeholder of the company for supporting us and believing in our credentials. The future is surely exciting for the Company. I leave you with this optimism.

**S.N. Bhatnagar,**  
*Chairman*



Forty four years is a lifetime in itself. Unlike pursuing a short-term goal, the journey towards achieving sustained excellence is long, ever-lasting and arduous. At Diamond Power, we have always believed that the one that lasts is the one who adapts.



# BUILDING to last

In the past decade, we have adapted to an evolving power sector in India by strengthening our presence from being a single-product manufacturer to a solutions expert, having presence across products comprising 80% of the cost of EPC projects. Today, we offer not only the conductors, cables (LT, HT & EHV), Transformers, transmission towers, relay and control panels; but more importantly have emerged as a complete EPC solutions provider, offering cost efficient competence. In the process, we have built a scalable, sustainable and respected organization.

2012-13 tested our value proposition well. The policy delays, inflation and tightening fiduciary environment, led to slowdown in commissioning of power infrastructure projects, both for SEBs and private players. This reflected in the underperformance of our EPC projects division. To counter this, our individual businesses pitched in quite well to ensure improved operational margins. We continued to refine and redefine our business model, using our core traits of knowledge and technology. We commissioned our state-of-the-art UHV testing laboratory, further strengthening our reputation as a leader and a client-centric company.

With each business segment worth more than Rs. 150 crore in revenues, we have not only mitigated key risks relating to cyclicity and slowdown in few segments; but more importantly have crafted a robust foundation for larger growth, with the impending upturn in the power sector.

# EXPANDING to excel

An abstract graphic on the right side of the page. It features a lightbulb with a black base, surrounded by vibrant, multi-colored paint splashes in shades of blue, yellow, pink, and green. The splashes are dynamic and energetic, suggesting creativity and innovation. In the upper right corner, there are some faint, hand-drawn sketches and arrows, adding to the creative and forward-thinking theme.

Longevity is the ability to deliver consistently despite evolving factors. To change with the times and sometimes before it, have greater rewards. At Diamond Power, we have always taken pride in our ability to evolve or change, yet remaining aligned to the greater cause, time after time.

Having commenced our business as a conductor manufacturer, we focused on building credible reputation through improving quality and establishing client relationships. These core traits enabled us to further build our product portfolio and expand our capacities. We investing into LT Cables and then forayed into EPC segment and transformer business. The complementary products led to generate greater interest of our clients. We further expanded our portfolio of cable products by further adding HT and EHV cables, thereby offering a broad range upto 550 KV, making us the sole player to offer such range in Indian markets.



Post establishing the conductors, cables and transformers divisions, we focused on expanding our focus to cater to EPC projects. We invested into transmission tower capacity, which enabled us to ensure higher success rate in bagging new EPC projects from SEBs and PGCIL. Sensing the potential of infusing greater integration, we also acquired strategic stakes in reputed companies like Utkal Galvanizers (EHV Power Transmission and street lighting solutions), Danke Control (isolators) and Maktel Control & Systems (Electrical Panels, Consoles & Marshaling Kiosk, Control Cabinet, Control Panels and MV Switchgear Panels). This exhaustive product range will enable us to emerge as a preferred bidder for products and at the same time translate into better margins in EPC projects.

# INVESTING to improve





Improvement comes when one partners the change with like-minded leader. At Diamond Power, we have continuously innovated in terms of products; segments of presence, geographies, solutions, etc. and in the process, established milestones.

But milestones are supposed to be left where they belong. And we have already embarked to newer horizons. However, the key force that makes us what we are today is undoubtedly our people. In the past four decades, our core team has remained intact, reflecting on our commitment and belief in our company's abilities.

We have always been a value and ethics based organisation, and this has helped us preserve the soul of a small organisation even though we have achieved the corpus and dimensions of a mid-size corporate. During the year, we focused on hiring promising professionals to lead our diverse businesses and infuse their experience with world-class companies into our operations.

At Diamond Power we believe that each employee is also a subset of a society and therefore our primary sense of duty is towards the improvement of our employees – both in terms of their standards of living as well as their intellectual development. Today, with team strength of 2500+ dedicated employees, we have laid special emphasis on identifying, rewarding and retaining crucial talent. Our ability to provide a rewarding career path to the talented colleagues has earned us the lowest attrition rate in the industry.



# INNOVATING to inspire

To inspire, one has to think beyond the obvious. 2012-13 witnessed unprecedented cost pressure across business segments. From input costs to finance cost to foreign exchange fluctuation to idle capacities – diverse factors led to margin erosion.

We chose to do what we know best – innovate. The process to engineer the change was based upon analyzing real-time information, powered by state-of-the-art organisation-wise ERP network. Using this platform, we continued to identify and segregate the controllable elements of our cost structure.

Our world-class technology and R&D skills coupled with flexible capacities have enabled us to offer varied volumes and quality of products to our clients. During 2012-13, we continued to streamline processes and debottleneck existing capacities, thereby optimising our costs. However, cost reduction was never achieved at the price of quality. At the same time, we continued to improve energy efficiency across our units. We also persisted to improve cost structures across our units, by installing efficient equipment. We embarked on the next phase of expansion in our Medium Voltage cables and conductors worth Rs. 753 crore.

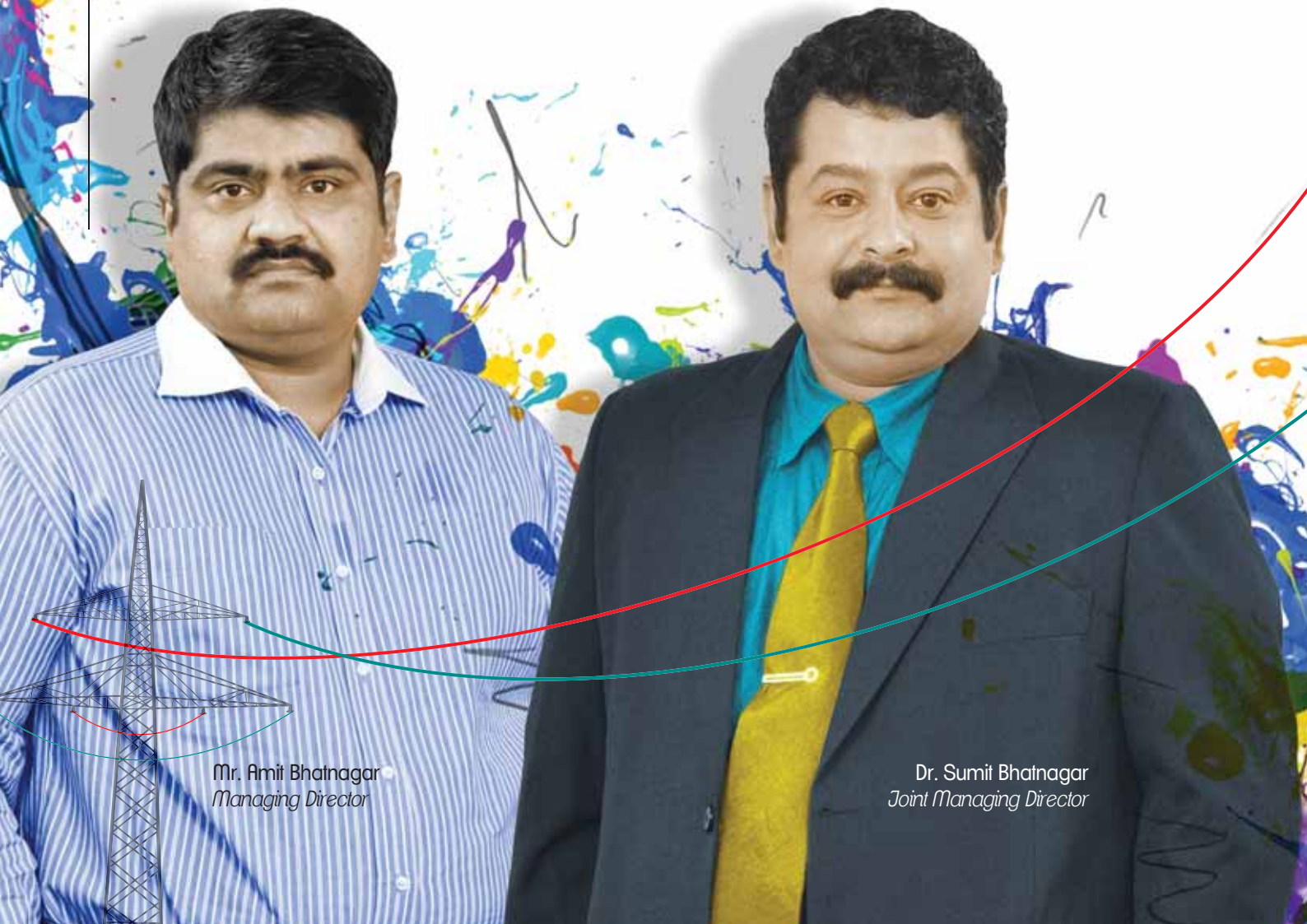
We have also continued to look beyond India, for unlocking high margin markets. In this direction, we opened a dedicated marketing office in Dubai in 2011-12. In the first year of its operations, its contribution to the revenues was 4% of our topline, therefore reaffirming our belief in exploiting the overseas opportunity with greater zeal in the coming years. We also continue to participate in tenders across diverse geographies including, Kenya, Zimbabwe, Ethiopia, Mozambique, Zimbabwe, etc. and expect the same to capitalize into sustainable gains.

# Managing Directors' review

*Dear Shareholders,*

2012-13 was a tough year.

Like every tough year, it made us tougher. We strived harder to protect our margins despite rising costs. We continued to streamline and consolidate our manufacturing processes to improve economies and efficiencies. We continued to harness the diversified business model, thereby laying a foundation for our future growth. We also continued to expand our product pipeline to newer markets – in domestic as well as overseas countries. The impact of these initiatives will start translating to improvement in our operational performance from the current financial year onwards.



Mr. Amit Bhatnagar  
Managing Director

Dr. Sumit Bhatnagar  
Joint Managing Director

### 2012-13 was also a year of taking hard decisions.

Like every time, we chose to look beyond the obstacles. We chose a somber economic environment to critically examine and review our existing operations. We chose to consolidate our focus, by exiting non-remunerative markets and limiting low margin businesses. We continued to assess each investment carefully to ensure that it adds critical value to the organization. We commissioned our testing facility and embarked on the capacity expansion in medium voltage cables and conductors, which is expected to complete by March 2014.

### 2012-13 was also a year of broadening horizons

With each business now gained a decent size, it was time for us to think on exploring greater value from our businesses. Being a preferred partner to state electricity boards and private power generators in India, we chose to expand our horizon by not only strengthen our brand in domestic markets; but also explore newer markets overseas. We rebranded our cables as Dialron, thereby commencing a new journey.

### 2013-14 marks a new beginning

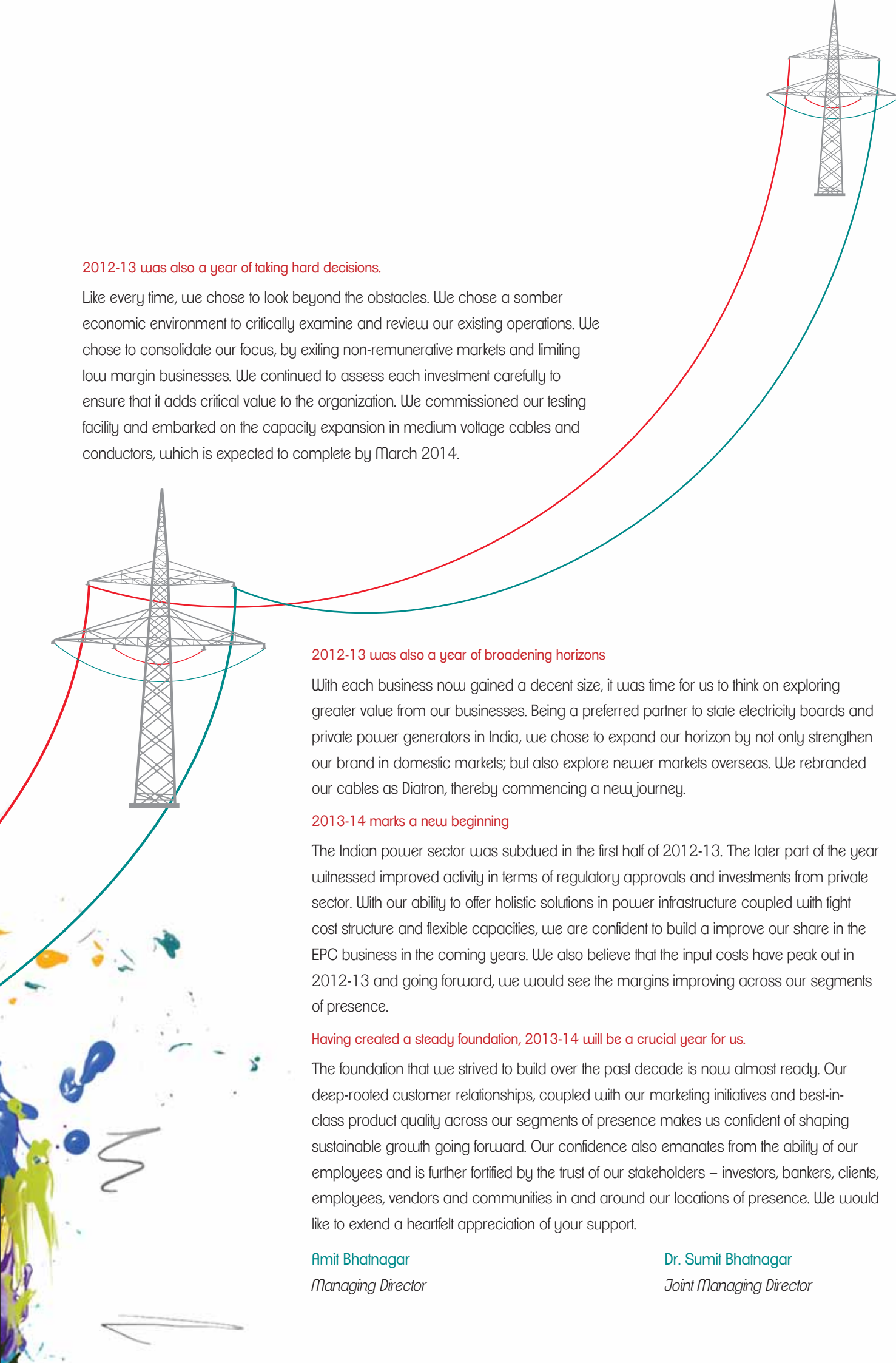
The Indian power sector was subdued in the first half of 2012-13. The later part of the year witnessed improved activity in terms of regulatory approvals and investments from private sector. With our ability to offer holistic solutions in power infrastructure coupled with tight cost structure and flexible capacities, we are confident to build a improve our share in the EPC business in the coming years. We also believe that the input costs have peak out in 2012-13 and going forward, we would see the margins improving across our segments of presence.

### Having created a steady foundation, 2013-14 will be a crucial year for us.

The foundation that we strived to build over the past decade is now almost ready. Our deep-rooted customer relationships, coupled with our marketing initiatives and best-in-class product quality across our segments of presence makes us confident of shaping sustainable growth going forward. Our confidence also emanates from the ability of our employees and is further fortified by the trust of our stakeholders – investors, bankers, clients, employees, vendors and communities in and around our locations of presence. We would like to extend a heartfelt appreciation of your support.

**Amit Bhatnagar**  
Managing Director

**Dr. Sumit Bhatnagar**  
Joint Managing Director



# Enabling. Empowering. Enterprising.



AT DIAMOND POWER, WE TAKE PRIDE IN THINKING BEYOND OUR BUSINESS INTERESTS. WE SPEND CONSIDERABLE TIME, MONEY AND EFFORTS IN INITIATIVES THAT WILL LEAD TO THE BETTERMENT OF OUR SOCIETY. THESE INCLUDE INITIATIVES FOR CREATING EMPLOYMENT, SPREADING EDUCATION, PROTECTING OUR ENVIRONMENT, AND PROVIDING HEALTH CARE.

## Education

Being promoted by a family of technocrats, we have always considered education to be the most important cause. Towards this, we have commissioned a primary school at Vadadala for educating the children of the village. Today, it imparts quality education to hundreds of aspiring students and we continue to support and contribute towards its infrastructure facilities along with reputed organisations like Baroda Round Table 49 and Ladies Circle 76.





### Upliftment

At Diamond Power we believe the only way country can prosper is by providing a level playing field to the underprivileged. India, being on the way to emerge as the youngest nation by 2030, it is therefore imperative to empower and uplift the destitute and downtrodden children across the country. 'Bal Gokulam Society – A Home away from home' is a small step in this direction. It is a first of its kind children home of the country established to provide shelter and protection to the orphans and physically challenged children and give them parental care, which is managed by Baroda District Probation and Aftercare Association. Every child is given formal or non-formal education and is instilled with lessons on health, first aid, cleanliness, general knowledge and computers, thereby aiding their all-round development.

### Engaging

We at Diamond Power believe, the society that runs together stays together. Vadodara Marathon is therefore an endearing effort towards engaging greater community. We have been associated with Vadodara Marathon as a co-sponsor since its inception four years ago.

The Vadodara International Half Marathon is India's first large scale international marathon which was organized in a non-metro city. The first three editions of the marathon have gone on to break all records; cementing the city's spot on the AIMS International Half Marathon Calendar and also was honored by the title '**Smallest City, Biggest Marathon**'.

Vadodara Marathon, an independent Non-Profit Company that undertakes the activity of conducting annual marathons in Vadodara; with an objective to raise money and momentum every year for a cause. It is governed by a Board of Management comprising of leading industrialists, social workers, educationalists, professionals, directors etc. Shri Amit Bhatnagar, Managing Director of the Company is on the Board of Vadodara Marathon and also takes active interest in the activities.

## Enabling

The company takes pride in supporting key facilities critical to ensuring proper and timely healthcare to the citizens to Vadodara and its adjoining areas.

## Ambulance Kendra

Diamond Power has adopted the 'Ambulance Kendra', which has reached out to many people in need and has helped saving hundreds of lives.

## Blood Donation Camp

Diamond Power organizes blood donation camps once in every three months wherein the employees, their friends, family members and many others come to donate blood.

## Eye care Camp

Diamond Power supported by Baroda Round Table 49 & Baroda Ladies Circle 76 organise frequent free eye checkup camps for cataract followed by free cataract removal by laser at Hi-tech Eye Surgery clinic for aiding the underprivileged societies in the community.

## Environment

- Supports tree plantation initiative across Vadodara by distributing saplings and driving community participation thereby promoting afforestation
- Encourages use of 'Public Transport' as a measure of reduction in the emission of green house gases, ultimately promoting sustainable development
- Supports Vadodara Traffic Education Trust being helping the city and the citizens to overcome traffic problems and spread greater awareness relating to traffic rules to communities and students
- Launched a campaign "Ek Tha Water – Running successfully, till water runs out" with an objective of making the people of the society aware about the importance of water



# Profiles of Directors

## 1 SHRI S.N. BHATNAGAR *Chairman*

Shri S. N. Bhatnagar is the Chairman of our Board of Directors since January 2010. Prior to that, he was the Chairman and Managing Director of our Company since 1993.

Shri Bhatnagar is a Mechanical Engineer by qualification. He joined Jaipur Metals and Electrical Limited (Kamani group companies) in 1964. During his tenure he has worked on many significant positions and was instrumental in developing groove contact wires, machineries and process, for the first time in the country. He was also heading the conductor and rod division. After rendering his outstanding services to the company for 7 years he resigned and founded Diamond Cables Limited as a partnership company. His long experience of 49 years in the power sector industry proved to be fruitful to Diamond Power Infrastructure Limited (formerly known as Diamond Cables Limited). Shri Bhatnagar having an expertise in projects development and design of machines was also a project consultant during his long tenure and so far has headed 26 such projects.

Shri Bhatnagar went an extra mile by serving as the President of Cable and Conductor Manufacturers Association of Gujarat for 20 years. He was also a member of ETDC – 37 the committee which framed the specification in Bureau of Indian Standards. Shri Bhatnagar has also received the 'Udyog Jyoti' and 'Udyog Patra' awards in 1984-2001 from the Government of India.

## 2 SHRI AMIT BHATNAGAR *Managing Director*

Shri Amit Bhatnagar is the Managing Director of our Company since January 2010.

Prior to that, he was the Joint Managing Director of our Company since 1993. He holds a Bachelor's degree in Industrial Engineering (gold medalist) from Saurashtra University and MBA in Finance & MOP with a gold medal from the Asian Institute of Management, Manila.

Shri Bhatnagar has over 23 years of experience in Managing the Company. He also has a varied experience in the power equipment industry, which includes business-to-business selling via the dealer and industrial marketing route. He looks after the day to day operations of our Company, which includes sales, marketing, finance, procurement and public relations. He is also the president of Electrical Goods Manufacturers Association of Gujarat.

Shri Bhatnagar was also awarded the 'Udyog Ratan' award for 2007-08 by the Government of India. He is also one of the founders of Vadodara Marathon' and is an Executive Committee Member of the Bal Gokulam, a children shelter established by the Government.

1



Shri S.N. Bhatnagar  
*Chairman*

2



Shri Amit Bhatnagar  
*Managing Director*

3

**DR. SUMIT BHATNAGAR** *Joint Managing Director*

Dr. Sumit Bhatnagar is the Joint Managing Director of our Company since January 2010. He has pursued BE in Electronics from Pune University and also holds an Hon. Doctorate in Business Management, MBA in international finance from Swinburne University, Melbourne, Australia with chancellor's medal and scholarship for obtaining highest grades in his course. He is also a certified ERP Professional for Microsoft, Oracle & SAP.

Shri Sumit Bhatnagar has been associated with our Company for over 19 years. He has more than 16 years of experience in Business Process Analysis, re-engineering, System Study like ERP, ISO 9002, developing in-house internal audit system and putting in place the MIS for decision making and control. Shri Bhatnagar headed the ERP and Microsoft Navision implementation at Diamond Power. He has also been associated in the development of software solutions for electrical industry. Shri Bhatnagar is also a Trustee on the Board of Bal Bhavan Society of Vadodara, the Vice President of Savli Taluka Industries Association, Chairman of Baroda Round Table – 49 and has also been felicitated with the National Business Leadership Award for Industrial Development given by IEDRA.

4

**SHRI KARTHIK ATHREYA** *Non-Executive Nominee Director*

Shri Karthik Athreya is a Nominee Director of Clearwater Capital Partners on the board of the Company since 3rd April, 2012. He is a member of the Institute of Chartered Accountants of India and holds a Commerce degree from Loyola College, Chennai.

Shri Athreya is a member of Clearwater's Management Committee and is based in Mumbai. He is responsible for Clearwater's Indian investments and overseas growth, organization and business building strategies for Clearwater's portfolio in India. Prior to joining Clearwater, he held positions of increasing responsibility at Yes Bank, Rabo India Finance Pvt Ltd, Arthur Andersen and Pricewaterhouse Coopers.

3



**Dr. Sumit Bhatnagar**  
*Joint Managing Director*

4



**Shri Karthik Athreya**  
*Non-Executive Nominee Director*

5

**SHRI BHAVIN SHAH** *Non-Executive Director*

Shri Bhavin Shah was nominated on the Board of the Company by Kotak India Growth Fund II, Non-Financial Institution and was appointed as a Non-Executive Director w.e.f. 9th November, 2011. He is a qualified Chartered Accountant and holds an MBA from the Indian Institute of Management (IIM), Ahmedabad.

Shri Bhavin Shah is presently an Associate Director at Kotak Private Equity and member of the investment team responsible for investments, portfolio oversight and monetization. Earlier, he was a Senior Vice President at Kotak Investment Banking where he was responsible for private equity fund raising for corporates. Prior to Kotak, he worked with Crimson Investments, a \$500 mn private equity fund based in Hong Kong with a focus on investments in emerging markets including India.

6

**DR. KIRIT VYAS** *Non-Executive Independent Director*

Dr. Kirit Vyas is a non-executive independent Director of the Company. He is Doctor of Philosophy and Master of Science in Chemical Engineering from Illinois Institute of Technology, Chicago, Illinois, U.S.A. and had excellent scholastic records throughout. Prior to coming to India, Dr. Vyas was a Project Manager in an international engineering construction company Davy McKee Corporation, Cleveland, Ohio. He also held various managerial positions in McDowell Wellman Company in Cleveland, Ohio and Institute of Gas Technology in Chicago, Illinois, U.S.A. His responsibilities involved managing projects, corporate planning & development and commercialization of various processes. He has authored many publications in the field of Chemical and Metallurgical Engineering. Dr. Vyas established many business units such as a Chemical Factory to produce a general purpose antibiotics called Norfloxacin, Computer related businesses etc.

5



**Shri Bhavin Shah**  
*Non-Executive Director*

6



**Dr. Kirit Vyas**  
*Non-Executive Independent Director*

7

**SHRI RANVIR SINGH SHEKHAWAT** *Non-executive Independent Director*

Shri Ranvir Singh Shekhawat, is a non-executive independent Director of the Company. He is a well-known figure in Power cable as well as communication cable industry. He is a technocrat having more than 46 years of rich experience in cable manufacturing and has worked at top management positions in leading cable units. He has to his credit, setting up and operation of six large-scale cable manufacturing plants including two for corporate giant, M.P. Birla Group. He has undergone training at world leaders like ABB cables & Ericsson cables of Sweden.

8

**SHRI ASWINI SAHOO** *Non-Executive Independent Director*

Shri Aswini Sahoo, aged 39 years holds an honors degree in Mechanical Engineering from Regional Engineering College, Rourkela and Post- Graduate diploma in management from the Indian Institute Of Management, Bangalore. Earlier Shri Aswini Sahoo was associated with Clearwater Capital Partners as Sr. Vice President. He has an overall experience of 13 Years in Finance and Investments. Shri Sahoo also serves on the Board of Directors of Clearwater Capital Partners India Private Ltd. and Flexituff International Ltd. prior to joining CCP. He was earlier also associated with some reputed organization such as Vedanta Resources and ICICI Bank Ltd.

7



**Shri Ranvir Singh Shekhawat**  
*Non-Executive Independent Director*

8



**Shri Aswini Sahoo**  
*Non-Executive Independent Director*

# Executive Council

Diamond Power's Executive Council comprises of a core group of corporate personalities who with their professional expertise and vast experience have nurtured Diamond Power to become a business leader over the years. The Corporate Executive Council, led by Bhatnagars, has been an active, dedicated and highly experienced forum.

1

## SHRI JAYRAMRAO MARATHE

*Executive Director (EPC Division)\* and Non-Executive Director Diamond Power Transformers Limited*

B.E – Electrical, PGDM, training in finance- IIM-A and Knowledge Management – IIM-L

He has over 38 years experience in various segments of power utility like transmission, distribution and generation. He also has experience in customer relationship management, business development and technical research. Shri Marathe is the chairman of Distribution Code Review Committee appointed by Gujarat Electricity Regulatory Commission, a member of Expert Committee appointed by Government of Gujarat and also member of Distribution Best practice Committee appointed by Government of India. He was working with Madhya Gujarat Vji Corporation Limited as Joint Managing Director before joining our Company.

2

## MISS NIVEDITA PANDYA

*Technical advisor & Executive director (Projects)\**

B.E – Mechanical

Having an experience of over 16 years in cables and conductor industry she is responsible for ISO 9002 quality control, quality assurance and other management related functions for the Company. She has also been in-charge of execution of HT cables project, which has recently been successfully implemented, Having massive knowledge in the field of Cable Manufacturing, all the projects of the Company are under her surveillance.

3

## SHRI P. SRIDHARAN

*Director- Operations\* (Diamond Power Transformers Limited)*

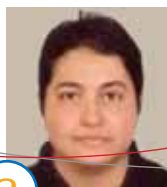
B.E – Electrical, Diploma – Business Administration, F.I.E

Having an experience of over 33 years in the power sector he has worked in all functional areas including TQM, TPM, and TOC. He has also handled green field projects, Capex and Turnkey Electrical Projects. He handles products like Condenser Bushings for Power Transformers, SF6 Breaker Components, H.V. C.T , CVT, Wave Traps, Line Hardware, etc.

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4

**SHRI JAIDEEP NIGAM***Director Exports\*(Diamond Power Global Holdings Limited, Dubai)**B.E- Mechanical, MBA – Marketing*

Having an experience of over 26 years in the Middle East market he will be based in Dubai to look after our wholly owned subsidiary company whose main objective will be to take care of the export potential in the Middle East, African and Asian countries.

5

**SHRI KIRIT. S. DAVE***Sr. Vice President – EPC Division  
Diamond Power Infrastructure Limited**B.E – Electrical*

He has over 37 years experience in various segments of power utility like transmission, distribution and generation. Shri Dave is the member of CBIP Transmission Line manual. He has published many papers on foundation testing, maintenance of EHV transmission lines and sub stations and R&M and up gradation of transmission lines. He is a retired Chief Engineer (Project) GETCO. He has also worked with major private players for 4.5 years for EPC contracts of Transmission lines and got executed work of 220/400/765kV Transmission lines.

6

**SHRI PRAKASH MAHAJAN***Sr. Vice President – Cables**MSc – Physics*

Mr. Prakash Mahajan has around 45 years of wide experience in the field of Cable Industry. He is responsible for Business Development of EHV business and execution of special orders (EHV).

7

**SHRI BHAGWAN MAKHIJANI***Sr. Vice President – Finance & Strategic Initiatives & CFO (Diamond Power Transformers Limited)**B.Com, MBA– Finance*

As Sr. Vice President Finance & Strategic Initiatives, responsible for financial operations, funding strategy & implementation and assisting the MD in activities related to Group's strategic planning, alliances and acquisitions, etc.  
He also has over 32 years of experience in the field of financial & commercial activities in professionally managed companies like Arvind Mills Limited, Coromandel Fertilizers Limited and Bhilwara group.

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**SHRI PANKAJ PANDYA**

Vice- President –  
Commercial & Engineering Services

B.E – Production Engineering,  
Post graduate in Business Administration

He is responsible for assignments pertaining to Engineering, Maintenance and Industrial Engineering Initiatives and is also holding the MR position for EHS & OSHAS activity. In addition to this, he has over 30 years of experience in various segments such as Production Planning and Execution, Operation & Maintenance, Quality Control, Process Enhancement, Commercial functions etc.

9

**SHRI RASHESH CHHAYA**

Vice President – Supply Chain

Diploma – Electrical & Mechanical Engineering

Having over 41 years of experience in field of Material Management, Mr. Chhaya plays a very vital role in the management of the Company. He is responsible for Material Management, purchase and supply chain management in our Company.

10

**SHRI GHANSHYAM SINGH**

Vice President – LT Cables & Conductors

BSc – Chemical, Maths and Physics

He is responsible for LT cables and conductor division and Compounding Unit and has over 29 years experience in cables manufacturing industry.

11

**SHRI RAMESH MISHRA**

Vice President – Testing (HT Plant)

Diploma – Electrical Engineering

He is heading the Testing laboratory and quality department function in our Company and also has around 43 years of experience in the field of Testing and installation.

12

**SHRI RAJESH DUTTA**

Vice President – Marketing

MBA - Marketing

He is heading the dealer network division of our Company and is responsible for dealing with regular clients having business dealings above a certain level and also has over 16 years of experience in marketing of aluminum rods, conductors and cables.

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**SHRI JAGDISH JAIN***Vice President – HT Cables and EHV Cables**B.E – Electrical, Diploma- Purchase & Stores*

He successfully heads the Production area in our Company because of the vast experience of over 44 years in the field of Cable manufacturing and also possesses an expertise in Cable manufacturing.

14

**SHRI PREM SHEKHAR PRASAD***Vice President – EPC**B.E. – Electrical, MBA – Finance*

He has an experience of over 27 years in the field of O&M in cement industries, captive power plant, thermal power plant, energy conservation, quality management like ISO/TPM/TQM/ISO14000, managing inventory, water management, evaluation of quotation, etc. Presently, he is looking after 220 KV transmission line project in Gujarat managing eight sites over 450 km. length overall with supply and etc.

15

**SHRI VIJAY SHANKAR N S***Vice President – QTP & PPC**BSc.- Statistics & Maths*

He looks after the designing and costing of all local and export related matters for cables and conductors. Having completed his training from various reputed institutions like IIM – Bangalore, XLRI – Jamshedpur, etc. he has about 39 years in field of cables and conductors manufacturing.

16

**SHRI LAKHAMSHI R. PATEL***Vice – President (Marketing) Diamond Power Transformers Ltd.**B.E. -Electrical*

He is heading the Marketing Department of Diamond Power Transformers Ltd., Samiyala and is having 37 years of wide experience (from Design to Marketing) in Transformers Industries. He took a leap to promote his own Transformer Manufacturing Industry in the Year 1983 in the name & style of Atlanta Electricals Pvt. Ltd.

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17

**SHRI PRATIK SHAH***Vice President (Accounts)**B.Com, C.A.*

Having an overall work experience of 13 years, he is responsible for accounts and taxation related matters, freezing of reports, government liaisoning with Excise, Service Tax, Income Tax and Sales Tax. He also looks after internal audit, statutory audit and the commercial aspects of setting up a new project.

18

**SHRI DASHRATH M. PATEL***Vice – President of Diamond Power Transformers Ltd.**B.E. –Mechanical*

He is heading the Distribution Transformers of Diamond Power Transformers Ltd., Ranoli & is having 40 Years of vast experience in various segments & outsourcing of transformers. He is a Gold Medalist for Machine Design.

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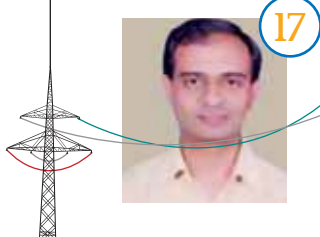
**SHRI MUKESH R PATEL***Vice President – HR**B.Sc. –Statistics, LLB & MSW*

Mr. Mukesh R. Patel has experience of 28 years prior to joining with us in field of strategic IR, Formulation and implementation of new HR/IR policies including remuneration policies for staff and workers as core team member including manpower planning and rationalizing.

20

**SHRI U K SHASHIDHARAN***Assistant Vice President – Transmission Tower Production**Diploma – Mechanical Engineering*

Having an experience in Production, Production Planning, Maintenance and Quality Assurance in Transmission line Industry for 29 years he is responsible for the overall operation of Transmission Tower Plant in our Company.



21

**SHRI M. SRINIVASSAN***Assistant Vice President – Marketing*

B.A.

He is heading the Southern Indian market of our Company and also deals with all the corporate and EPC contractors. Having a experience of over 27 years in marketing of cables & conductors he has been instrumental in getting good customers from southern India.

22

**SHRI PANICKER SUGATHAN***Assistant Vice President – Purchase*B.Com & Secretarial Practice From  
The Board of Kerala

Mr. Panicker Sugathan is having an experience of over 26 years prior to joining with us. He has experience in the field of Purchase, Procurement, Planning & scheduling, Inventory Management.

23

**SHRI OMPRAKASH ATRE***Assistant Vice President –  
Logistics & Warehouse*

BSc ,B.Ed., Diploma – Business Management

Mr. Omprakash Atre has 39 years of experience in the field of logistics, purchase, Inventory management, Business Development. Prior to joining with us he was working as Vice President – Business Development & Commercial with M/s The Thar Dry Port.

24

**SHRI NISHANT JAVLEKAR***Company Secretary*

B.Com, LLB, CS, ICWA (Cont.)

He is heading the Secretarial Department of Diamond Group and also looks after the Costing Department. He is a lecturer and visiting faculty of various institutions including ICSI and MSU other than this he is presently Hon. Secretary of Vadodara Chapter of Institute of Company Secretaries of India.

\* not forming part of the Board Directors of the Company.

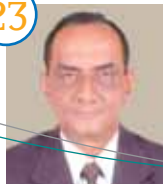
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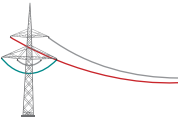


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# Management Discussion and Analysis



34

ANNUAL REPORT 2012-13

## ECONOMY OVERVIEW

### Global

2012-13 continued to be tough year for the global economy. In 2012, the estimated global GDP growth hovered around 3%, largely on account of decent performance by emerging and developing economies. US economy is expected to grow ~2% in 2012 largely on account of Federal Reserve's policy of quantitative easing. With the Agreement on a series of tax rises, US successfully managed to pull itself from the impending "fiscal cliff"; however, high unemployment levels coupled with expected spending cuts is expected to make the road to recovery, challenging in the medium term. At the same time, Euro zone continued to struggle. While Germany and UK economies continued to perform modestly; the other big economies such as France, Spain and Italy are expected to register substantial contraction.

Amongst the developing and emerging economies, China and India, despite their domestic issues, rank among the faster growing economies. While China has moderated its growth estimates to avoid middle-income trap; the road to sustained growth remains challenging, especially with slowdown in infrastructure spending. India continued to grapple with policy delays and high inflation rates, thereby registering curtailed spends from corporates as well as the largest middle-income group in the world.

### Indian Economy

Being an economy that is largely driven by indigenous

consumption; lower disposable income of large population had a direct bearing on its growth. In 2012-13, India continued to slide in terms of economic performance, registering an estimated GDP growth of around 5% - its lowest in the past decade. This was largely on account of sharp slowdown in investments, delays in policy decisions and weaker consumption from the burgeoning middle class owing to high inflation. The Reserve Bank of India, in its efforts to instigate the economy, reduced repo rates by 25 bps each on two occasions during 2012-13. In addition, the government took steps like raising diesel prices and introducing cap on subsidized LPG, to arrest growing current account deficit. At the same time, with high rates of interest and policy roadblocks, the corporate spends of capital nature remained low thereby further impacting the economic environment in the country. Even though 12th Plan envisioned spends of more than \$1 trillion on infrastructure development; the pace of implementation of the projects remained a challenge in 2012-13, the first year under the Plan. At the same time, owing to slackened pace of infrastructure development and continuing tightening of liquidity,

## INDUSTRY OVERVIEW

### The background

India's power sector has undergone a paradigm shift since reforms were initiated in 1991. Since the first five-year plan in 1951, installed generation capacity has grown from 1.36 GW to 217 GW now. During the 11th Five-Year Plan (FY 08-12) alone, 55GW was added,

propelled by structural reforms in the sector, including de-licensing of generation projects, thereby allowing private sector participation and unbundling of the State Electricity Boards (SEBs) into generation, transmission and distribution companies to turn them around.

Despite the significant capacity additions, power demand has consistently outstripped supply and this is likely to remain so in the medium term. Accordingly, the government is likely to continue to raise targets in coming five-year plans. In the 12th Five-Year Plan (FY 13-17), the target stands at 88 GW vs. 78.7 GW in the 11th Five-Year Plan. In the past, project execution has been the major problem, but this has improved due to regulatory changes and increasing private sector participation. However, two key issues have emerged recently – coal supply for new generation capacity coming on stream and the chronic losses of SEBs – which continue to hinder the sector's potential.

#### Key highlights of the sector during 2012-13

The power generation capacity addition during the financial year 2012-13 registered an impressive performance exceeding the target by 14.84%. As per The Central Electricity Authority (CEA), Indian power sector witnessed a capacity addition of 20,622 MW during 2012-13 against given target of 17,956 MW. The growth was driven by expansion in the thermal power sector, which witnessed addition of 20,121 MW as compared to targeted capacity of 15,154 MW. While the central and state sector managed their given targets of thermal generation capacity addition; the private sector exceeded its target by 4,007 MW. The performance is commendable since the same was achieved despite severe coal shortage in the first half of 2012-13. Hydro-power and nuclear power sectors missed their targets for capacity addition during 2012-13. While hydropower registered a capacity addition of 501 MW against targeted 802 MW; the nuclear power sector witnessed no capacity additions against the targeted 2,000 MW mark.

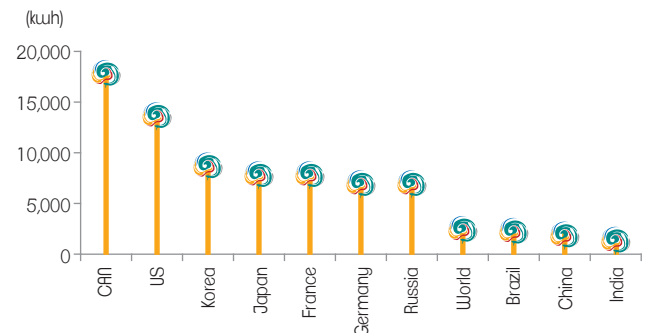
As at the end of March 2013, the country had total thermal capacity of 151,530 MW, Hydro 39,491 MW and 3,780 MW of nuclear power capacity. On the thermal generation front the performance of thermal plants was better this year and it achieved 99.1% of its generation target. All India plant load factor (PLF) was 69.9% and central sector thermal plants achieved 79.2% PLF.

Haryana and Punjab were the major states those missed its generation targets. Haryana missed its generation targets of the year 2012-13 by 37.12% and Punjab missed its assigned target by 21.02%. March 2013, proved to be the best month during 2012-13, which witnessed commissioning of 20 thermal units and 1 hydro unit.

## THE OPPORTUNITY IS IMMENSE

### India vs World - per capita electricity consumption (kwh)

Consumption less than one-third of China's, one-fourth of world's average



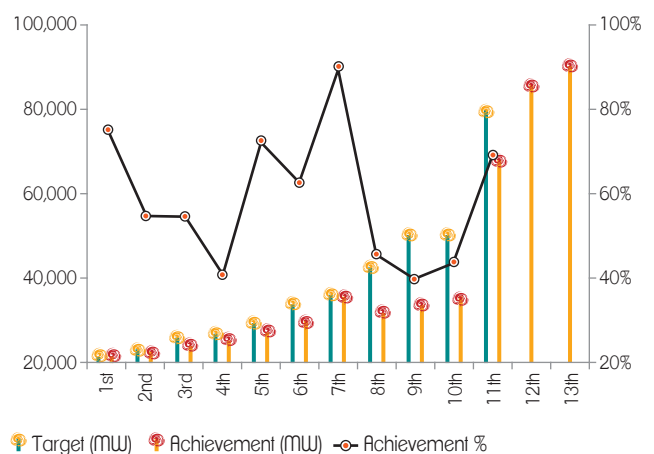
Note: Figures for CY08.

Source: IEA Energy Statistics 2010, Nomura research

In per capita terms, India's growth has been weak. Despite being the third largest country by GDP (based on purchasing power parity) and having a 5.6% share of world GDP, India's per capita energy consumption is one of the lowest, at 820 kWh, versus a world average consumption of 2,429 kWh.

While low per capita consumption represents an opportunity, it also underlines the chronic energy shortage that the country has suffered for several years now. According to the Central Electricity Authority (CEA), the shortage has ranged between 9.5% and 11% since FY 07. While the government has set generation targets in each of its five-year plans commensurate with GDP growth targets, only about 65% of these targets have generally been achieved.

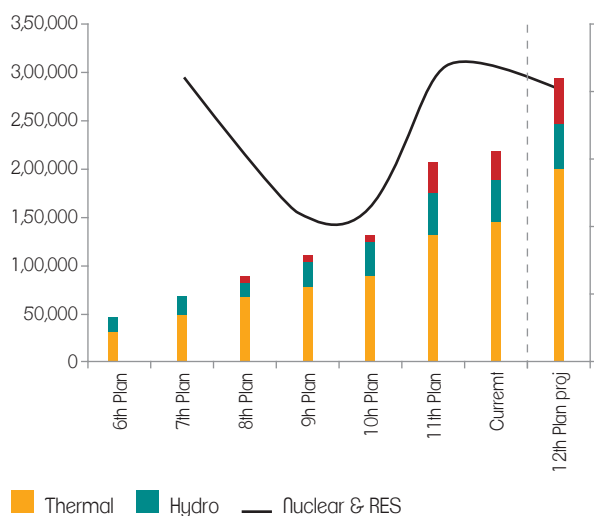
### Investments in power sector



Source: CEA and Planning Commission

The state and central sectors have seen significant execution delays, while the private sector was not allowed to participate until 2003. During the 11th Five-Year Plan (FY 08-12), an impressive c55GW capacity was added, but this represented only 70% of the initial target of 78.7 GW. Although the percentage of the target that has been achieved has not changed much, there has been a large jump in capacity additions, primarily due to the entry of private players.

### Installed generation capacity (MW)



Source: CEA, HSBC estimates

The private sector share of generation capacity has more than doubled from 11% in the 10th Five-Year Plan to 27% in the 11th Five-Year Plan. According to a Planning Commission report, India needs to grow its power generation capacity to c800GW by FY32 to sustain economic growth of 8%, implying a c6.75% CAGR. The 11th Five-Year Plan highlights the growing importance of private sector in reaching this target.

While the role of the private sector will likely become increasingly prominent in the long term, given the current issues facing the sector, there could be some slowdown in the 12th Five-Year Plan.

Even then, the incremental share of the private sector is likely to remain over 50% in the 12th Five-Year Plan.

### Increased emphasis on investments in T&D network

India plans to add 88 GW of power generation capacities under 12th Five Year Plan (FY 13-17). This, along with investments in transmission and distribution capacities, implies an investment and funding requirement of Rs. 1,100,000 crore or USD 200 bn by FY 17. However, given India has historically achieved only 65% of its initial target, as well as ongoing issues of coal linkage and tariff revisions, the capacity additions translating into reality would be lower.

This capacity addition plan would translate into a huge opportunity for developing evacuation capacities and supply related OEMs like conductor manufacturing, insulator manufacturing, tower fabrication and EPC. During the 12th and 13th plan, Power Grid Corporation states major part of transmission spending, which would also translate into higher investments into building transmission capacities. As per Power Grid, total T&D spend for 12th plan (FY 13-17) is budgeted at US\$ 88 bn - US \$22 bn for inter state transmission, US \$10 bn for intra state transmission and US\$ 55 bn for distribution. There is huge opportunity in the domestic T&D sector with 12th plan investment in the industry pegged at Rs. 2,40,000 crore (PGCIL Rs. 1,20,000 crore, SEB's Rs. 1,00,000 crore and private Rs. 200 crore). Assuming 55 per cent share in transmission lines this provides an opportunity of over Rs. 1300 crore over next 5 years.

	Central Sector	State Sector	JV/Pvt	Total
<b>Transmission Lines (ckm.)</b>				
765 kv	6048	411	-	6459
400 kv	76534	33176	8370	118180
220 kv	10474	129213	830	140517
± 500kV HVDC Lines (ckm.)	5948	1504	1980	9432
<b>Sub Station : (MVA)</b>				
765 kv	48000	1000	-	49000
400 kv	85165	82027	1567	167822
220 kv	7716	233611	1567	242894
± 500kV HVDC Converter / BTB Stn. Volverter Terminal (MW)	9500	1500	2500	13500

Source: CEA website - [www.cea.nic.in](http://www.cea.nic.in)

## T&D Losses

The T&D losses for the whole of India during 1995-96 was about 22 percent, which further increased to about 25.6 percent by 2009-10; as compared to a global average of 10 per cent. The States, which have relatively high T&D losses, are Jammu & Kashmir (63 per cent), Bihar (38 per cent), Chhattisgarh (38 per cent), Jharkhand (38 per cent) and Madhya Pradesh (35 per cent). The States having relatively low T&D losses include Punjab (19.7 per cent), Himachal Pradesh (14.7 per cent), Andhra Pradesh (18 per cent) and Tamil Nadu (18 per cent).

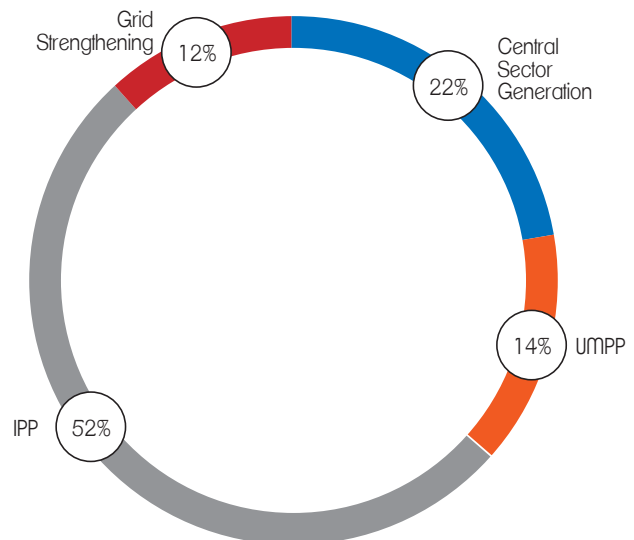
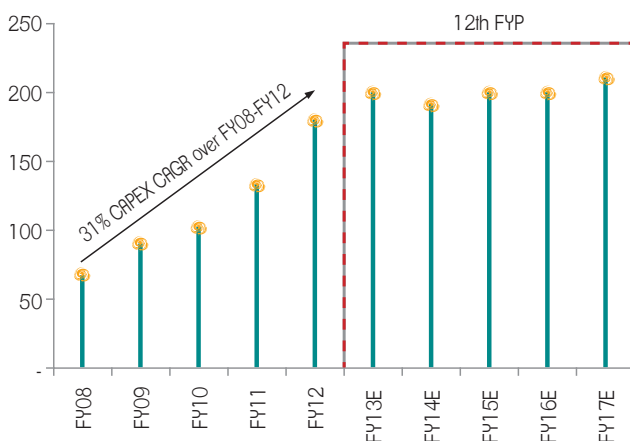
With the aim to reduce the Aggregate Technical and Commercial Losses (AT&C) up to 15% in the country and improvement in power distribution sector, Government of India has launched

the Restructured-Accelerated Power Development and Reforms Programme (R-APDRP) in July 2008. The focus of R-APDRP is on actual demonstrable performance by utilities in terms of sustained AT&C loss reduction.

R-APDRP Scheme is still under implementation and as on 31.03.2013, 306 towns have been integrated with data center under Part-A of the Scheme. Initial assessment indicates reduction of AT&C losses on an average 6 to 7% in these towns. It is expected that on successful completion of the scheme, the AT&C losses is likely to be reduced to the extent of 15% in the project areas. As per PFC's report, AT&C losses at national level have been reduced from 36.64% in 2002-03 to 26.15% in 2010-11.

## PGCIL: ORDER AWARDS REMAIN ROBUST

### PGCIL's 12th FYP CAPEX break up



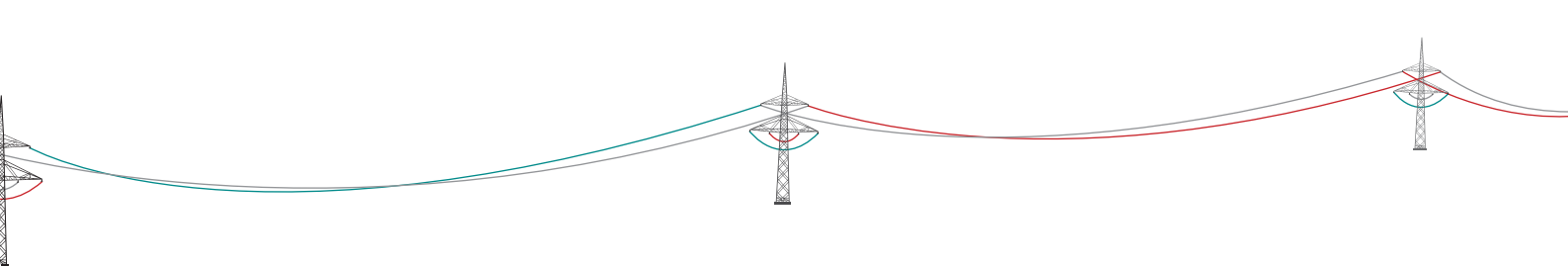
Source: PGCIL

Power Grid (PGCIL) has set a target of Rs. 1,00,000 crore+ CAPEX for 12th plan (2012-17), which would keep order inflow intact for transmission EPC players. PGCIL will further spend 52 per cent of the planned CAPEX towards development of High Capacity Power Transmission Corridors. These corridors are based on multiple IPP based in one location. Therefore, delay in one or two power plants would not cause deferment of transmission line. Moreover, Grid strengthening and Central sector generation related CAPEX of PGCIL is expected to remain on schedule.

The primary beneficiaries from PGCIL's award pie are tower contractors and conductor suppliers.

### Global focus for Indian T&D EPC players

Indian transmission EPC players are focusing on overseas T&D opportunity to offset slowdown in state/private sector CAPEX. International market presents US \$6.5 Trn opportunity over 2008-30.



## COMPANY OVERVIEW

### About the Company

Diamond Power infrastructure Limited is an integrated solutions provider in Power T&D space in India. Primarily established as a conductor manufacturer in 1970 by Mr. S N Bhatnagar, a first generation technocrat and presently the Chairman of the Company, Diamond Power achieved greater integration post completion of its expansion projects during 2010-11. Today, it commands presence across the value chain – conductors, cables (LT, HT & EHV), transformers (power and distribution), transmission towers and EPC services. With 9 manufacturing locations and headquarter, all located in Vadodara, Gujarat, the Company also has more than 100 distributors across 16 Indian states. The Company sells its products under 'Diatron' brand.

### Corporate highlights 2012-13

- † Continued thrust on capacity and vertical consolidation, thereby strengthening its margins
- † Embarked on Rs. 753 crore expansion programme for MV cables and conductors
- † Acquired strategic stake in Maktel, a renowned player in relay panels in India
- † Established a state of the art cable type testing research lab in Vadodara
- † Continuous focus on strengthening management teams across its businesses
- † Received order for the supply of ACSR Moose Conductors for 400kV Narendra (GIS)-Kudgi (new) and Salem - Sonahali Transmission line (Part) from Power Grid Corporation of India Limited aggregating to Rs. 175 Crores
- † Transferred the EPC and tower business to a wholly-owned subsidiary to ensure better value accretion from each vertical.

### Financial highlights 2012-13

- † The company's operational revenues on a standalone basis crossed Rs. 2000 crore mark, with an increase of 22.2% to Rs. 2126.36 crore
- † EBITDA (on standalone basis) increased by 15.2% from Rs. 196.19 crore in 2011-12 to Rs. 226.03 crore in 2012-13
- † Net profit (on standalone basis) stood at Rs. 92.08 crore in 2012-13 against Rs. 108.39 crore in 2011-12

### Operational achievements

2012-13 was a tough year for the Indian power sector. The first half was marred by policy delays and constricted coal availability, which led to deferment of key power generation projects across India. However, with some thrust coming from the policy level, the slide was stemmed during the later half of the financial year.

At Diamond Power, we witnessed a good year in terms of sales and profitability, owing to large orders in hand. In the past three years, we have dedicatedly built up our strengths relating to order book, capacities, integrated business model, wide product portfolio, superior quality and efficient economies, which enabled us to capitalize upon the few opportunities that a soft economy had to offer during 2012-13. We utilized the troughs in the economic activity to further strengthen our value proposition. Having completed our expansion program in 2011-12, we undertook the next phase of capacity expansion during 2012-13 by focusing on expanding our medium voltage cables and conductors businesses.

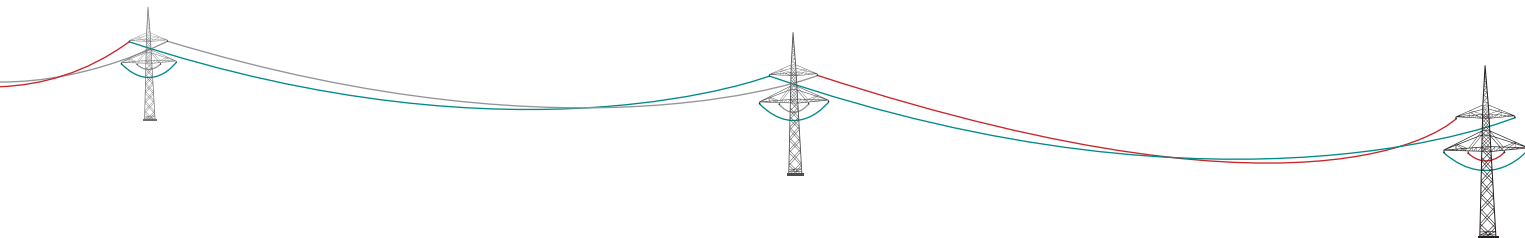
We also chose to stay focused on maintaining margins by preferring value-led business over risky volume-led one. Thereby, we limited our activities in the EPC space and chose to exploit our capabilities in better-margin businesses such as cables and conductors. However, owing to our healthy order book of Rs. 1685 crore during the commencement of the financial year 2012-13, we successfully managed to complete our projects on time and book revenues to the tune of Rs. 2126 crore. As on 31st March, 2013, our order book stood at Rs. 1465 crore, to be translated into revenues in the coming 9-10 months. Our approach reaped satisfactory results, reflected in our improved EBITDA margin for the year.

We continued to innovate. In November 2012, we commissioned our state-of-the-art ultra high voltage laboratory in Vadodara. This laboratory is the first of its kind in India to offers capabilities to type test cables up to 500 kV for partial discharge, impulse test, etc. and other type tests conforming to the IEC standards. The UHV laboratory is equipped with latest technology and equipment, to facilitate accurate and credible testing of a broad range of cables, transformers and insulators at competitive cost. The laboratory has been indigenously developed by the in-house engineers of DPIL and started delivering credible results to its customers.

### Segmental analysis

In terms of consolidated segmental revenues, Cables division remained the largest and accounted for 44% of the total revenues, followed by Conductors division with 22% of the share. Power EPC division stood at 6%, on account of lower activity. The Transformer division clocked in a share of 14% followed by transmission towers at 10% of the consolidated revenues. In its first year of operations, Diamond Power Global Holdings accounted for 4% of the total revenues.

While the revenues from Cables division improved by 15.5% to Rs. 1182.94 crore during 2012-13 (as compared to Rs. 1023.97 crore in 2011-12); the divisional EBITDA improved by 15.7% to Rs. 123.95 crore during 2012-13 (as compared to Rs. 107.09 crore in 2011-12). The division posted EBITDA margin of 15.8%.



The company's conductor division registered a growth of 32% in terms of its net sales, to Rs. 594.25 crore in 2012-13 from Rs. 450 crore in 2011-12. The divisional EBITDA stood at Rs. 65.21 for the year under review, up 16.7%. The division posted EBITDA margin of 11.4%.

EPC division registered a decline of 45% per cent in terms of its net sales, to Rs. 159.78 crore in 2012-13 as compared to Rs. 292.35 crore in 2011-12. The division's EBITDA margin stood at 9.9% in 2012-13.

The company's transformers segment registered an increase of 34% in revenues to Rs. 376.23 crore in 2012-13; the EBITDA margin stood at 3.5%, declined on account of rising input costs and subdued demand.

#### Expansion plan

The company is currently pursuing an expansion plan of Rs. 753 crore for expanding capacities of its medium voltage cables and conductors. The expansion is expected to complete by 2013-14, post that the company would emerge among the very few integrated power infrastructure players having the widest range of products across the value chain. At the same time, the company's strategic stake in relay panels have already enabled it to garner improved customer support from export markets, establishing its reputation as a one-stop destination for power solutions and products.

### SWOT ANALYSIS

#### Strengths

- † A fast growing integrated EPC player, having product mix covering 80 per cent of the average project cost
- † Two decades of proven expertise and focus
- † Access to educated and credible intellectual capital
- † Proven expertise in product innovation, quality and customisation
- † Evolved from a single product company to an EPC company; presently scaling up the value chain to cater to 440 KV segment
- † A well-defined and scalable organisation structure lead by an experienced and qualified management team
- † Preferred supplier to a world-renowned clientele
- † Established reputation as a Value added products company
- † Scalable businesses having state of the art technology and machinery
- † Diversified product mix resulting in derisked revenue growth.
- † Robust order book

#### Weakness

- † Operates in capital-intensive segments
- † Key raw materials are prone to volatility

#### Opportunities

- † Capacity addition planned for the 11th and 12th plan would lead to significant addition of transmission lines.
- † Up gradation of existing T&D network

#### Threats

- † Increasing competition from global players
- † Volatility in input cost

### HUMAN RESOURCES

At DPIL, employees are not only considered to be the stakeholders in the corporate growth but also are the key drivers of its performance. The Company always endeavours to provide an environment that encourages talented professionals to perform to their fullest potential. The Company owes its success to its loyal and efficient human asset. The Company believes that, by effectively managing and developing human resources, it can achieve its vision. It imparts specialized and technical training to its employees at regular intervals, which enrich their knowledge, skill and competency to perform their job effectively and efficiently. This also encourages employees to shoulder more responsibilities and take part in the growth of the Company's business. The Human Resource strategies aim at attracting, developing and retaining talent pool in the Company. As on 31.03.2013 the number of employees was 3000 plus. The industrial relations were also cordial during the period under review.

#### Internal Control System

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorised use or disposition of its assets. All transactions are properly authorised, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has an Internal Audit department and has also appointed external Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

### RISKS AND CONCERNS

The Company is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets and credit risk. The Company manages these risks, by maintaining a conservative financial profile and by following prudent business and risk management practices.



# Directors' Report

40

ANNUAL REPORT 2012-13

To the Members,

Your Directors are pleased to present the Twenty First Annual Report together with the audited accounts of the Company for the year ended on 31st March, 2013.

## FINANCIAL RESULTS

Particulars	Rs. in Lacs	
	2012-13	2011-12
Income	2,13,274.84	1,74,358.26
Expenditure	1,90,741.24	1,54,738.95
Gross Profit / (Loss) before Interest, Depreciation & Tax	22,533.60	19,619.31
Interest	8,560.43	4,850.90
Depreciation	3,265.41	2,429.26
Net Profit / (Loss) before Tax	10,707.76	12,339.15
Provision for Taxation / Deferred Tax	1,500.00	1,500.00
Profit / (Loss) after Tax	9,207.76	10,838.85
Share Capital	3,720.64	3,720.64
Reserves & Surplus	65,647.17	57,015.96
EPS	24.75	29.13

## IMPORTANT PERFORMANCE PARAMETERS

Particulars	Rs. in Lacs	
	2012-13	2011-12
Gross Profit Margin (%)	10.00	9.47
Asset Turnover (times)	1.10	1.11
Interest Coverage (times)	2.54	3.96
Earning per Shares (diluted) (Rs.)	24.75	29.13



## DIVIDEND

In view of substantial growth, good financial performance and Bonus Shares to the Existing Shareholders during the year, the Board has recommended dividend of Rs. 1 per share (i.e. 10%), out of the profit of the financial year ended on 31st March, 2013 on 37,206,371 (Excluding Bonus Share i.e. 12,402,124) equity shares of Rs. 10.00 each fully paid up aggregating to Rs. 372,063,710.

This is clarify that as per resolution passed by the shareholders of the company at their Extra Ordinary held on 17th August, 2013 pertaining to 12,402,124 bonus equity shares which have been allotted on 29th August, 2013 i.e. in the financial year 2013-14. Accordingly, these bonus equity shares shall be entitled to the full dividend declare in respect of the financial year 2013-14 irrespective of the date of allotment.

In other words, bonus equity shares shall be entitled to full dividend and will not be pro-rated on the basis of date of allotment. Thus, entitlement of bonus equity shares on dividend, if declared, would commence from the financial year 2013-14 and thereafter but not before that.

The dividend on Ordinary Share is subject to the approval of the shareholders at the Annual General Meeting.

## GLOBAL ECONOMY COMPARED WITH INDIAN ECONOMY

The world Gross Domestic Product (GDP), as reported by the International Monetary Fund, witnessed a moderate growth of 3.2% in 2012 as compared to a growth of 4.0% in 2011. While the growth in the advanced economies was 1.2% in 2012 in contrast to 1.6% in 2011, growth in the emerging and developing economies fell to 5.1% in 2012 compared to 6.4% in 2011. There was a noticeable slowdown in the emerging market and

developing economies during 2012, a reflection of the sharp deceleration in demand from key advanced economies. Global prospects have improved but the road to recovery in the advanced economies is still uncertain and volatile.

As per the report of World Bank, it scaled down India's growth forecast to 6.1% for the current fiscal from 7% projected six months ago. The decline in the growth forecast is largely due to the decline in agriculture sector which is expected to grow at 2% during the current year against the previous estimate of 2.7% despite normal monsoon projection. However, the multi-lateral funding agency said that India is regaining economic momentum and growth is expected to recover gradually to its high long-term potential.

This estimate by CSO is drastically lower than what has been projected thus far by the government and RBI. India's economic growth rate this fiscal is estimated to be sharply lower at 5%, lowest in a decade, on account of poor performance of manufacturing, agriculture and services sector.

This estimate by CSO is drastically lower than what has been projected thus far by the government and RBI.

"The growth in GDP (Gross Domestic Product) during 2012-13 is estimated at 5% as compared to a growth rate of 6.2% in 2011-12," according to the Advanced Estimates released today by the Central Statistical Organisation (CSO).

In 2002-03, the GDP had grown at 4%. Since then the Indian economy has been expanding at over 6%, the highest rate being 9.6% in 2006-07. CSO's advance estimate lowered the growth in agriculture and allied activities to 1.8% in 2012-13, compared to 3.6% 2011-12.

Manufacturing growth is also expected to drop to 1.9% in this fiscal, from 2.7% last year.



The CSO's GDP growth projection is a lower than the 5.5% forecast made by the Reserve Bank in its quarterly monetary policy. In its mid-year Economic Review, the government had also estimated growth ranging from 5.7-5.9%. The current estimate is a sharply lower than the 7.6% growth projection for 2012-13 made by government in Budget.

The latest estimate of 5% for the entire fiscal means that the pace of economic expansion has slowed sharply in the second half of 2012-13, given that GDP growth in the April-September period stood at 5.4%.

According to the advance estimates, the services sector including finance, insurance, real estate and business services sectors are likely to grow by 8.6% this fiscal, against 11.7% last fiscal.

However the growth in the mining and quarrying is likely be slightly better at 0.4%, compared to contraction of growth of 0.6% a year ago. Growth in construction is also likely to be 5.9% in 2012-13, against 5.6% last year.

According to the CSO's advance estimates, growth in electricity, gas and water production is likely to decline to 4.9% in 2012-13, from 6.5% in 2011-12.

During the current fiscal, the trade, hotel, transport and communication sectors are projected to grow by 5.2%, as against 7% last fiscal.

Community social and personal services growth however would be slightly better at 6.8%, compared to 6% in previous fiscal.

Overall, the 5% growth in the advanced estimates is lower than what experts have been forecasting.

Yesterday, the International Monetary Fund (IMF) had said that the Indian economy would grow by 5.4% in 2012-13, but should pick up to 6% in next fiscal.

The Indian economy had expanded by 8.4% in both 2010-11 and 2009-10, while growth in 2008-09 was 6.7%.

The advance GDP estimates are released by the CSO before the end of a financial year to enable the government to formulate various estimates for inclusion in the Budget.

## GLOBAL ELECTRICAL EQUIPMENT INDUSTRY

According to International Energy Agency's World Energy Outlook 2009 report. The demand for electricity worldwide is projected to grow at an annual rate of 2.7% for the period 2007-2015, slowing down to 2.4% per year during the period 2015-2030 as economies mature, and the generation and supply of electricity becomes more efficient. Over 80% of the growth between 2007 and 2030 is expected to be in non-OECD countries. The demand in these countries is expected to grow by 5% per year up to 2015, slowing down to 3.3% per year in 2015-2030.

The world's installed power generation capacity is projected to rise from 4,509 GW in 2007 to about 10,000 GW in 2030. Total gross capacity addition is expected to amount to 4,800 GW over the period, with 30% of this addition planned for installation by 2015. On an average, capacity additions are projected to amount to 190 GW per year during 2008-2015, rising to almost 220 GW per year during 2016-2030. The largest capacity additions are forecasted in China and would comprise nearly 30% of total global capacity addition. The cumulative investment during 2008-2030 is expected to amount to US \$13.7 trillion, with US \$7.2 trillion needed in generation, US \$2 trillion in transmission and US \$4.5 trillion in distribution.

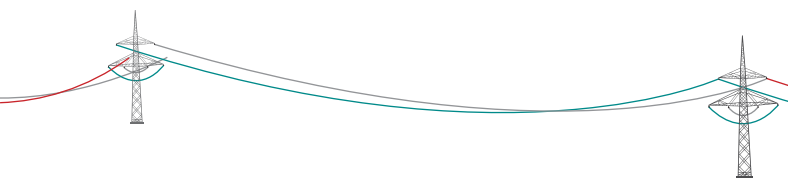
The global electrical equipment industry consists of the following two segments:

- Global heavy electrical equipment market — power generating equipment, including wind turbines, and other heavy electrical equipments such as power turbines, heavy electrical machinery intended for fixed-use and large electrical systems.
- Global electrical components and equipment market — electric power cables, Transformers and electrical switchgear, Transmission Line Towers, etc.

The global EE market is expected to increase from more than US \$3 trillion (2008-15) to US \$6.8 trillion (2016-30). This translates into 2% CAGR over the long term.

Asia-Pacific and Europe together account for more than 70% of the global market, with Asia-Pacific's share being 45%. This region is expected to see the strongest demand in future due to the region's strong expected economic growth rates.

Globally, growth rates have been less-than-impressive in recent years in the electrical equipment market, but there is scope for



expansion in certain geographical areas, such as the emerging markets in the Asia-Pacific region. Robust economic growth in emerging countries such as China and India, combined with rapid urbanization and strong growth in fixed investment spending in these countries, is expected to boost the demand for electrical equipment in these countries.

## INDIAN POWER SECTOR

Power is a necessary fuel for a growing economy. Indian economy is on a high growth path targeting GDP growth rate of 8-8.5%. To achieve this growth it is imperative that the power infrastructure is in place.

India has the fifth-largest generation capacity in the world with an installed capacity of over 180 GW, as on 31st July 2011. The country is also the sixth-largest energy consumer, accounting for 3.4% of total global energy consumption. As the sixth largest energy consumer in the world, the total consumption in 2008-09 was estimated at 725 bn kWh. This is expected to increase to 975 bn kWh by 2011-12.

The industrial sector, due to increasing capacity additions, has the highest demand for electricity, as compared to others sectors (domestic, commercial and agriculture). Going forward its share is expected to remain high due to increasing industrial activity in the country. The domestic and commercial sectors are likely to experience a steady demand for electricity, but the share of agriculture is expected to see a decline in the coming years.

Transmission segment plays a key role in transmitting power to various distribution entities across India. However, the investment in transmission infrastructure has been half of that on generation, leading to major inadequacies in the transmission system. As on March 2009, inter-regional capacity stood at 20,750 MW and is estimated to be 37,150 by March 2012. During the Twelfth Plan, total transmission substation capacity addition is expected to be 3,01,000 MVA, while 120,000 ckt of transmission lines are expected to be added.

India's electrical equipment industry is highly diverse and manufactures a wide range of high and low technology products. The industry size is estimated at 1,10,000 Crore (US\$ 25bn) in 2010-11. The industry directly employs around five lakh persons and provides indirect employment to another ten lakh people. Most sub-sectors of the industry also make a large number of products in varied price and quality ranges. Some subsectors comprise a sizeable unorganized segment as well. The industry can be broadly classified into two sectors – generation equipment and T&D equipment. Generation equipment segment consists of boilers, turbines and generators while the T&D equipment segment consists of transformers, cables, transmission lines, switchgear, capacitor, etc.



India's electrical equipment industry has witnessed significant growth in the last few years. The major electrical equipments have grown at a CAGR of 23% from a small base of 7,415 Crore in 2000-01 to 60,105 Crore in 2010-11. The major electrical equipment manufactured include capacitors, energy meters, rotating machines, transformers, cables, switchgears, transmission line towers and conductors. Other Electrical Equipment includes instrument transformers, surge arrestors, stamping & lamination, insulators, insulating material, industrial electronics, indicating instruments, winding wires, etc. Growth in the industry has been led by the rise in demand from power grids, independent power producers (IPPs) and utilities for high voltage (HV) and extra high voltage (EHV) equipment.

The growth of the cable and wire industry is faster than the GDP growth of the country. The cable industry came out of recession by 2011-12 but it has had negative growth in Q1 of 2012-13. The industrial growth in India is 8% overall and it is much higher in the cable industry, as indicated by IEEMA. According to it, the cable industry is the only sector in the electrical equipment industry that showed a growth of 16.9% in 2011. Uncertainty in investment plan due to slowdown in industrial capex activities and off-take by users due to credit squeeze, high interest costs, etc, have caused. It is hoped the industry will be back on track.

Despite the global and local macro-economic depression, Indian economy and consequently the domestic demand of wire and cable industry continued to rise during the post-depression years of 2008 & 2009. The growth was less still more than the overall GDP of India.

The years, 2009-2010, proved to be good with cables production rising to 865,000 tonnes. As the Indian government is going ahead with reforms for the country's infrastructure, the demand for cable

should result in stronger demand, which may take the market to 120,000 tonnes by year 2014. The rise in GDP growth for cables will be 13-14 % per year on compounded basis.

The market for power conductors is set to boom in the XII Plan period thanks to a much higher power transmission outlay. With private sector companies lending a supporting hand in mega transmission lines, demand for power conductors is expected to soar. It is not just a case of volumes growth; power conductors in the coming years will be even more technologically advanced.

The power conductor industry is very likely to see impressive growth, thanks to a much higher outlay for the power transmission sector. According to estimates, the power transmission sector is expected to see investment of Rs. 2,40,000 crore during the XII Plan period, which would be over 70 per cent higher than the comparable Rs. 1,40,000 crore in the ongoing XI Plan period. Power generation, which has been the focus in the X and XI Plan periods, is seen making way for power transmission & distribution in the XII Plan. Needless to say, the power conductor industry stands to gain tremendously.

According to industry experts, 25 per cent of the total cost of a typical power transmission project is towards conductors. Going by this, the business opportunity size for power conductors in the XII Plan would be Rs.60,000 crore. The total opportunity arena could be much higher than this considering that conductors also find minor application in power distribution (sub-transmission) projects. Given that the total investment outlay on power distribution in the XII Plan is Rs. 4,00,060 crore, even if one considers a small fraction of this outlay, the total opportunity size for power conductors in the XII Plan could even be in the region of Rs.70,000 crore.

The transformers market in India has been in a healthy state for quite some years now. The market is further expected to witness healthy growth rates and stimulating demand for the coming years. The initiatives undertaken by the Government of India along with the need of replacement of transfers installed in the earlier years is expected to drive growth in the Indian transformers market.

The Indian transformer industry is more than five decades old, hence mature. Domestic manufacturers have developed capabilities to manufacture all types of equipment to meet the country's demand for transformers up to 800kV and going up to 1,200kV. The industry enjoys a good reputation in terms of quality, price, and delivery in the domestic as well as overseas markets.

The transformer market in India can be pegged at more than Rs.13,000 crore. Power transformers contribute 45 per cent of the total market and distribution transformers 55 per cent. Over the last two years the market has grown at a very moderate rate at less than 4 per cent, due to the slowdown of power generation capacity addition and T&D infrastructure expansion.



Anticipating the huge domestic (due to a power deficit scenario, requirement of power sector expansion) and overseas demand, the transformer industry in India has more than doubled its manufacturing capacity over the last five years. Transformer manufacturing capacity in India stands at 370 GVA with capacity utilization rates hovering around 60-70 per cent on an average over the last five years. Transformer over-capacity in the Indian market has led to immense pricing pressure scenario severely impacting the profitability of the market players

## CURRENT ACTIVITIES OF THE COMPANIES

At present our Company is generating revenues from Cables, Conductors, Transformers, Transmission and EPC Contracts. Company provides to its customers, numerous ranges of products in terms of best quality and ensures them optimum satisfaction level. We are glad to give you a brief look on the wide array of product range offered by our Company:

### CABLES

Our power cables transmit a reassuring quality that can be counted on at all times. Our range includes the highly reliable LV/ HV cables from 1.1KV to 132KV and the EHV cables from 220KV to 550KV. In order to deliver world-class power transmission products, we leverage our CCV method of manufacturing, coupled with German technology. What's more, we also offer a 10-year warranty on our products against manufacturing defects - a first of its kind assurance that helps build the client's confidence and trust in our products.

#### Power and Control Cables include

- † LV (1.1KV) grade aluminum/copper, armoured/ unarmoured, PVC/FRLS/XLPE cables up to 1000 sq.mm in single core and



630 sq mm in multi core that conform to IS1554-I, IS 7098-I and other international standards

- † Copper control cables up to 61 core with PVC/XLPE/FRLS that conform to international standards and specifications
- † HV cables up to 132KV as per international specifications and standards
- † EHV cables from 220KV to 550KV
- † Aerial Bunch Cables (ABC), both in LV & HV grade that conform to various standards
- † Specialty cables which include control & instrumentation cables
- † PVC / XLPE insulated ACSR & AAA conductors for special purposes
- † Flexible cables with single core and multi core that conform to international standards and BS specifications.

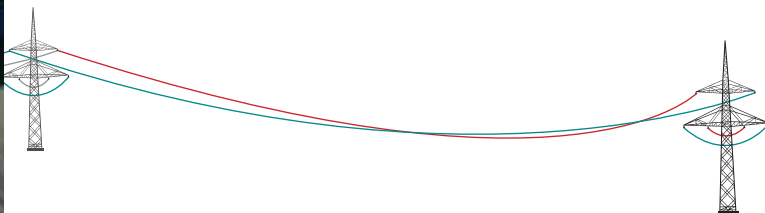
## PRODUCTION CAPACITIES

Our key equipment suppliers include global leaders such as Scholz, Nokia-Maillefer and Supermac among others. Amongst the top five power cable manufacturers in India, Diamond Power has also established India's first 'vertical lead extrusion facility' as well as the 'aluminum extrusion facility' for cables, ranging from 66KV and more. Our cable capacities include:

- † LV cables (1.1KV): 34300 KMPA
- † HV cables (up to 132KV): 5800 KMPA
- † EHV cables (220KV & above): 2500 KMPA

## Approvals, Certifications and Testing

- † ISO 9001-2008 Certified
- † Products type-tested at ERDA and CPRI



- † BIS certification for all LV / HV cables, conductors
- † Products approved and accepted by leading electrical consultants, EPC contractors and corporate houses
- † Products approved by most of the power utilities viz. Powergrid, NTPC, NHPC and State Electricity Boards

In addition to the above wider range of Cables, your Company took toddler steps to enter into the market of flexible wires, multi core cables, and special instrumentation and automation cables for domestic and industrial purpose with the brand name of DIATRON.

DIATRON Flame Retardant Cables are made of Electrolytic grade, bright plain annealed copper conductor, as per IS: 8130- 1984. These cables are suitable for all Industrial & Domestic wiring applications.

The cables have high oxygen and temperature index and insulation of Flame Retardant- FR PVC compound, giving it additional safety.

The cables have twin coating giving it superior insulation. Further the wires have uniform diameter and are available in standard lengths.

DIATRON flexible wires are made of bright, plain multi-stranded annealed copper conductor, as per Class 5 of IS 8130: 1984 with PVC insulation. These wires are used for all industrial wiring applications and are available in single and multi cores in standard lengths.

## CONDUCTORS

### Proficient Range of Conductors

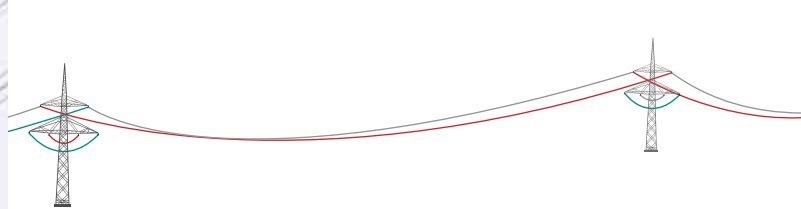
Our range of conductors has been designed for superior efficiency and performance. Conductor manufacturing has been Diamond Power's core competency since inception; it has today evolved into the country's second largest player with a market share of over 25% and an installed capacity of over 50,500 MT. The product range comprises of 7 strand to 91 strand from 11KV HVDC lines. Diamond Power has supplied more than 1 million KM of conductors.

### Our Transmission and Distribution Conductors include

- † Aluminum Alloy Conductor Steel Reinforced (AACSR)
- † All Aluminum Conductors (AAC)
- † All Aluminum Alloy Conductors (AAAC)
- † Aluminum Conductor Steel Reinforced (ACSR)
- † Aluminum Conductor Alloy Reinforced (ACAR)
- † High Conductivity Alloy Conductors AL-59 etc

### Production Capacities

- † Installed capacity of over 50,500 MT
- † Annual capacity of over 80,000 KMPA



#### Approvals, Certifications and Testing

- † ISO 9001-2008 certified
- † Products are type-tested at ERDA, NETFA, TAG and CPRI
- † India's first plant with in-house alloy manufacturing capabilities with type- testing facilities for rods
- † Products approved with Powergrid, NTPC, NHPC and SEB's
- † First in India to develop and manufacture alloy conductors and proto-test HSHC (High Strength and High Conductivity) conductors
- † First BIS mark holder for alloy conductors in India having ISI licenses for all types of conductors

#### Product Awards

- † Winner of the International Gold Star Award & Quality Award from BID Spain

### TRANSFORMERS

#### Power and Distribution Transformers

Diamond Power's transformer division has been formed with the takeover of Western Transformers and Apex Transformers. This merger brings in over 4 decades of manufacturing and technical excellence. To further fuel growth in the division, fresh investments in technology, capabilities and capacities have been made. Our transformer range comprises of state-of-the-art power, distribution and dry-type transformers. It includes 11KV to 220KV, all the way up to 315MVA. Each of our transformers undergoes stringent type-testing, ensuring higher efficiency as well as reliability. We have successfully manufactured and type-tested transformers with ratings starting from 10 KV to 315 MVA, up to 220 KV class.

#### Power & Distribution Transformers include:

- † Power transformers up to 220KV, 315 MVA
- † Distribution transformers up to 33KV, 2500 KVA
- † Single phase track side transformers up to 145KV, 10 MVA
- † Single phase track side transformers up to 145KV, 31 MVA
- † Cast resin transformers up to 36KV, 3150KVA
- † Current transformers up to 245KV
- † Voltage transformers up to 72.5KV
- † Vacuum circuit breakers up to 36KV, 2500 A, 40KA
- † Dry type transformers

#### Production facilities and Approvals:

- † Three fully-integrated facilities in Gujarat with in-house facilities for products such as core laminations, wire drawing, strip mill, winding as well as an in-house transformer oil refinery
- † A world class dry-type transformer facility
- † Over 50,000 installed transformers worldwide and an annual production capacity of 5000 transformers

#### Approvals, Certifications and Testing:

- † Our type-testing facilities of up to 1000 KV have been installed with a view to cover anticipated increased needs in the future
- † Over 500 type-tests of several sizes done in laboratories all over the world
- † Our R&D facilities have been certified by DSIR, Govt. of India and ISO 9001-2008

### TRANSMISSION TOWERS

#### A Tough Range of Transmission Towers

Our transmission towers have been designed to withstand the roughest of weathers. Sturdily built and technically superior in quality, these towers can perform in the most demanding of conditions. Not surprisingly, Diamond Power's transmission towers are empowering every corner of the country by delivering power efficiently and reliably.

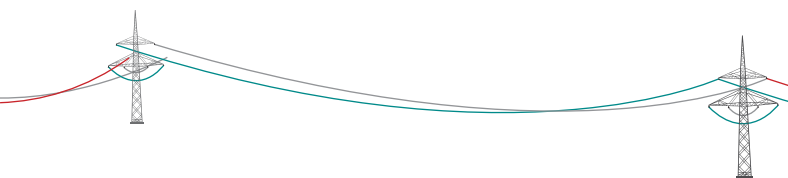
Diamond Power, India's most diversified power T&D Company has commenced production at its transmission tower facility.

#### Product Facilities

*Our state-of-the-art facility is located at Phase II Village: Vadadala, Taluka: Savli, Dist.: Vadodara. It has been designed to manufacture a wide range of transmission towers with a capacity of 48,000 MTPA.*

### TURNKEY PROJECTS

Our turnkey services in the power T&D sector are the key to our growth. We not only conceptualize the project, but also take



charge of various stages of the project including planning, design and development, procurement, right up to the erection and commissioning. This has made us the country's largest integrated power solutions provider. With our vast product range, we have an in-house control over 80% of the average EPC project cost.

#### Overhead Transmission Lines

One of our core focus areas is high voltage and extra high voltage transmission line projects. Our technical capabilities, financial viability and superior execution skills ensure a cutting-edge project development and implementation.

#### Rural & Urban Distribution Projects

Our solutions also encompass rural and urban electrification and distribution projects; wherein we offer end-to-end services – right from project design to commissioning.

#### Substation Projects

Diamond Power also undertakes MV, HV and EHV substation projects. Here again, our technical, financial and managerial prowess allows us to configure a project that fulfills client demands.

### DEVELOPMENTS & EXPANSION PLANS

Success seems to be connected with Action, We at a Diamond Power continuously working for the creation of wealth for our stakeholders, Your dream to see the company reaching new heights is our goal and validating the same we are very proud to inform you that the company is growing very potentially in the field of power infrastructure. Globally, the company is working on the new and related activities, which aims to achieve the Company's goal of making Diamond Group as the real Power Infrastructure Company which adds value to its stake holders. Our company has already commenced its commercial operation of HT Project in addition to this, the Company having commissioned India's First Extra High Voltage Cables Plant to manufacture 500 KV Cables. The Company is also working to expand its business in foreign nations with collaboration of other foreign organizations.

Our Company expands its horizons by setting new heights, by adding to its current manufacturing setup new projects for producing conductors and medium voltage cables at Vadadala, Vadodara to cater to the growing demand from its existing markets. In case of Conductors, the Company aims to take advantage of the current market scenario and become a key supplier of conductors. It also plans to expand its conductors manufacturing capacity to 1,50,500 MT p.a. from the current capacity of 50,500 MT p.a. Along with the proposed expansion, the Company also proposes to increase its rod manufacturing facility to 1,22,000 MT p.a. from the present 32,000 MT p.a.



In case of Medium Voltage Cables, the Company proposes to put up additional 3 lines, each with an installed capacity of 2,500 kms totaling to 7,500 kms which will augment the current capacity of 5,600 kms to 12,700 kms.

The Company has added a new feather to its cap by setting up the first testing laboratory in India to test Extra High Voltage Cable up to 500 KV. This laboratory is a state of art and equipped with latest technology which will enable the Company to test EHV Cables up to 500 KV within the Company.

Taking steps forward to compete with our Competitors in today's tech savvy world the Company is planning to shift from manual to automatic process which will ensure highest level of productivity and minimum level of handling and processing errors. This system will be time as well as cost effective. Further with respect to futuristic vision, the Company is planning for backward and forward integration for raw materials and packaging which will minimize the Company's cost.

Further, Your Directors at their meeting held on 22nd May, 2013 have decided to transfer its two undertakings viz. Tower Division & EPC Division situated at phase II village: Vadadala, Taluka : Savli, Dist. Vadodara. This would enable the Company to have more liquidity as well as enable the Company to have exclusive attention and more focused approach on remaining undertaking viz. cable unit & conductor unit.

### FINANCIAL STATEMENTS

The Ministry of Corporate Affairs (MCA) vide notification no. S.O. 447(E) dated 28th February, 2011 amended the existing Schedule VI to the Companies Act, 1956. The Revised Schedule VI is applicable from financial year commencing from 1st April, 2011.

The financial statements of our Company for the year ended on 31st March, 2013 have been prepared in accordance with the Revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to conform to this year's classification.

Our Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

### SUBSIDIARY COMPANIES

M/s. Diamond Power Transformers Limited and M/s. Diamond Power Global Holdings Limited are wholly owned subsidiaries of our company.

#### Diamond Power Transformers Limited

Diamond Power Transformers Limited has performed well and has achieved 100% growth in turnover. The Company is one of the core suppliers of transformers to the clients like BHEL, Noida Power, and Electricity Boards etc. The Company expects to achieve higher growth with addition of varied size and rating of transformers. We are pleased to inform to our shareholders about the acquisition of strategic stake by Diamond Power Transformers Limited in Mktel Control and Systems Private Limited and Mktel Power Limited (formerly known as Danke Control Private Limited) as a measure of expanding its current operations in July 2012.

The Accounts of M/s. Diamond Power Transformers Ltd, Wholly Owned Subsidiary Company, together with the reports of the Directors and the auditors, as required under Section 212 of the Companies Act, 1956, are attached with this annual report.

#### Diamond Power Global Holdings Limited

Diamond Power Global Holdings Limited was incorporated on 3rd November, 2011 as a 100% subsidiary of Diamond Power Infrastructure Limited in Jebel Ali Free Zone (JAFZA), Dubai, U.A.E. to promote exports of the Company in the Middle East. The company being a toddler is taking steps towards attaining its object successfully and in years to come is expected to achieve the desired results.

Financial numbers for Diamond Power Global Holding Limited are already included in the annual accounts of the Company.

### DIRECTORS

In accordance with the Companies Act, 1956 and the Articles of Association of the Company Shri Kirit Vyas and Shri Ranvir Singh Shekhawat are liable to retire by rotation at the Annual General



Meeting. However, they are eligible for re-appointment. Shri Aswini Kumar Sahoo who was appointed as a Non-Executive Director by the Board will retire at this Annual General Meeting and the Company has also received his candidature for re-appointment as a Non-Executive (Independent) Director of the Company.

Further during the year under review following Directors were retired and appointed:

#### *Shri Rajagopalan Thirumalainallan Chakravarthy*

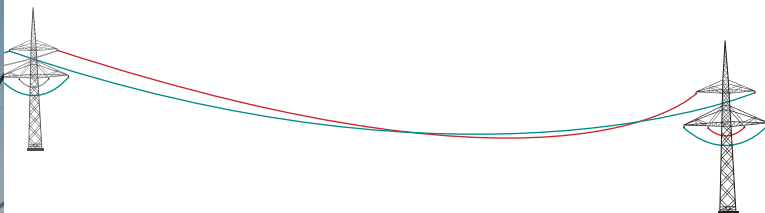
Shri T N C Rajgopalan joined our Company on 18th October, 2007 as an Independent Director. Due to his pre occupation he opted for retirement from the Board of Directors and resigned on 23rd October, 2012. Shri Rajagopalan served as a Chairman of the Audit Committee. His suggestions and guidance have indeed proved to be very effective in the progress of the Company. The company will always be thankful to him to guide it like a lamp in the dark.

#### *Smt. Dr. Vasantha Bharucha*

Smt. Dr. Vasantha Bharucha joined our Company as on 28th September, 2010 as a Non-Executive Director. Due to her pre occupation she opted for retirement from the Board of Directors and conveys her resignation on 22nd May, 2013. Dr. Bharucha served as a Chairman of the Investors' Grievances Committee and Member of Audit Committee and Remuneration Committee. The Company has been able to nail down many opportunities that have come its way with the help of her suggestions and guidance. The Management would like to extend its gratitude to her regarding her valuable suggestions to the Company.

#### *Shri Aswini Kumar Sahoo*

Shri Aswini Kumar Sahoo joined our Company as on 22nd May, 2013 as a Non-Executive Director.



## STATUTORY AUDITORS

M/s. Vijay N. Tewar & Company, Chartered Accountants and Statutory Auditors of the Company, retire at the forthcoming annual general meeting and are eligible for re-appointment. 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.

## AUDITORS' REPORT

The Auditors' Report to the shareholders does not contain any qualification.

## COST AUDITOR

Pursuant to the direction from the Ministry of Corporate Affairs for appointment of Cost Auditors, our Board has reappointed M/s. S. S. Puranik & Associates, as the Cost Auditor of our Company for the financial year 2012-13 to conduct the audit of the cost records of the Company.

## DEBENTURES

In financial year 2011-12, the Company has issued Non-Convertible Debentures amounting to Rs.32 Crores in aggregating of Rs. 100 Crores (Debentures of Rs. 68 Crores were issued in financial year ended on 31st March, 2011) Rs. 1 Lacs Each at the rate of 12%, 12.25%, 12.35%, 12.50% and 12.75% to the respective Debenture Holders. M/s. Unit Trust of India Investment Advisory Services Limited was appointed as Debenture Trustee of the Company.

Any member interested in obtaining any information regarding Debentures or Debenture holders may write to the Company Secretary at the Corporate Office of the Company.

## 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.

## GOVERNANCE POLICY

### a) The Code of Conduct

At Diamond Group of Companies Code of Conduct is a periodically reviewed document that takes into account business practices in different parts of the globe. It is meant to be a guiding principle and is shared with all stakeholders – including employees, partners, vendors, suppliers, contractors, etc. – as it governs all aspects of fair practice.

We emphasise on major code of conducts like

- † Ethics, Transparency and Accountability
- † Maximising the sustainability of goods and services throughout their life cycle
- † Enriching the quality of life of employees and maximising their potential
- † Inclusive growth through stakeholder engagement
- † Businesses should respect and promote human rights
- † Protecting the Environment
- † Inclusive growth and equitable development
- † Value to customers

### b) Management of Business Ethics

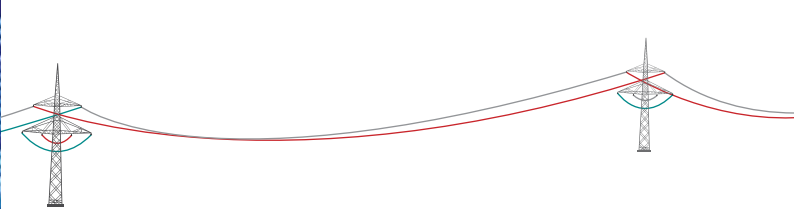
The business ethos of the Diamond Code of Conduct is deployed through a specially formulated structure called the Management of Business Ethics (MBE). It is based on the four pillars of:

- † Leadership
- † Communication and Awareness
- † Compliance Structure
- † Evaluation of Effectiveness

### c) Committees

Several focused Committees have been constituted by the Board who meet periodically to review their respective terms of reference. These include:

- † Audit Committee
- † Investors' Grievances Committee
- † Share Transfer Committee
- † Debenture Issue Committee
- † Remuneration Committee



#### d) Policies

A number of policies have been put into place to ensure that governance standards are met. They are based on zero tolerance towards corruption and unethical behaviour. These include:

- † Whistler Blower Policy
- † Vendors and Suppliers Whistler Blower Policy
- † Sexual Harassment Prevention and Redressal Policy.
- † Policy against unethical behaviour.

#### INSURANCE

All the insurable interests of our Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

#### PERSONNEL

The Board of Directors wishes to express their appreciations to all the employees for their outstanding contribution to the operations of the Company during the year. 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 Corporate Office of the Company.

#### LITIGATION

We have a core and competent team of legal department who instantaneously looks after all the material litigations. However, during the year 2012-13 under review there were no material litigations against our company.

#### QUALITY CONTROL

It is the quality of our work which will please our Customers and not the quantity. The Company is committed to establish, sustain and strengthen the quality management system in each sphere of its operation, aiming at total customers' satisfaction.

To achieve this, it will be an endeavor of the Company to strive towards producing impeccable products, ensuring timely delivery and providing quality services to our valued customers.

In terms of quality, the Company is certified by ISO 9001-2008.

#### ENVIRONMENT & SAFETY

The Company has given high priorities to Environment and Safety. A number of initiatives have been taken to embed a culture of safety and safe working practices in the organisation. A detailed corporate safety action plan has been prepared, including the activities that will be guided and supervised by the Management.

The Company is dedicated to pro-actively comply with the Statutory, legal and other requirements related to environment, safety and occupational health as pertinent to various processes, to ensure lowest pollution levels and safe working environment throughout the organization.

We are striving to prevent accidents and injuries, lower the incidences of occupational and ill health issues across the Company by identification and documentation of all environmental aspects as well as hazard risks.

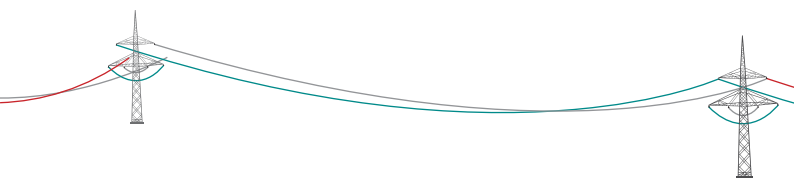
The Company is certified by ISO 14001:2004 - for Environmental Management System and OHSAS 18001:2007 for Occupational Health and Safety Management Systems.

#### RISK MANAGEMENT

As part of the Risk Management Process, during the year, the Company reviewed the various risks and finalized mitigation plans. These were reviewed periodically by the Management and closely monitored and reviewed the risk plans periodically. Employees play a very vital role by contributing to the risk identification process.

#### CORPORATE GOVERNANCE

As per the requirement of Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd and National Stock Exchange of India Limited, a detailed report on Corporate



Governance is set out with this report 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 to this Report. A separate Management Discussion and Analysis Report on the company's performance is given with this report.

The declaration given by the Managing Director and Joint Managing Director with regard to compliance of Company's code of conduct by the Board members and senior management is furnished with this report.

### **CORPORATE SOCIAL RESPONSIBILITY VOLUNTARY GUIDELINES**

MCA had released a set of guidelines on Corporate Social Responsibility (CSR) in December 2009. The Company is substantially complying with the guidelines lay down. The activities carried out by the Company as a part of its CSR initiatives are briefly described in this Annual Report. The detailed CSR activity of the Company is also available on the Company's website [www.dicabs.com](http://www.dicabs.com).

### **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 on 31st March, 2013 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 safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

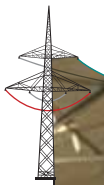
### **CONSERVATIONS OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

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 this Annual Report.

### **ACKNOWLEDGEMENT**

Our 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. Our Directors also wish to place on records the deep sense of gratitude for the committed services of the executives, staff members and workers.





## Report on Corporate Governance

In rapidly changing business and technological environment, your Company regularly reviews its strategic direction; Operational efficiency and effectiveness; reliable reporting and compliances and such measures so as to meet various stakeholders' expectations and long term sustainability.

Your Company continues to maintain its industry leadership, by pursuing excellence in everything it does including standards of business conduct.

The Company's philosophy on Corporate Governance revolves around principles of ethical governance and is aimed at conducting of business in an efficient and transparent manner and in meeting its obligations to shareholders and other stakeholders. This objective is achieved by adopting corporate practices based on principles of transparency, accountability, fairness and integrity to create long term sustainable value for all its stakeholders.

## BOARD OF DIRECTOR

For M/s Diamond Power Infrastructure Limited, India, corporate governance begins at the top of its Governance structure, its Board of Directors, which comprises of eminent experts who are committed to the key underlying principles and values that constitute the best standards of corporate governance.

### A. Composition of Board of Directors

The present strength of the Board of Directors is eight. Out of the total eight Directors, Three Directors are executive including one of whom is Chairman of the Board and there are Four directors. There is one nominee director on the board of directors.

The composition of the Board is in conformity with the Clause 49 of the Listing Agreement, which stipulates that at least fifty per cent of the Board should consist of non-executive Directors, Provided that where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management Positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

None of the Board of Directors is a member on more than 10 committees and chairman of more than 5 committees across all the companies in which they are Directors.

Necessary disclosure regarding committee position has been made by the Directors.

### B. Attendance of Directors at Board Meetings, last Annual General Meeting and their Directorships and committee positions.

Details of attendance of the Directors at Board Meetings, last Annual General Meeting and their Directorships and committee positions during the financial year under report is as under:

Name	Category / Position	No. of Board Meetings		AGM 28.09.12	No. of other Directorship		No. of other Board Committees	
		Held	Attended		Member	Chairman	Member	Chairman
Shri S.N. Bhatnagar	Ex / Chairman	4	4	No	4	4	2	2
Shri Amit Bhatnagar	Ex / Managing Director	4	4	Yes	11	-	3	-
Shri Sumit Bhatnagar	Ex / Joint Managing Director	4	4	Yes	10	-	3	-
Shri Ranvir Singh Shekhawat	NE/ Directors	4	4	No	1	-	2	1
Shri Kirit Vyas	NE/ Directors	4	3	Yes	3	-	3	1
Dr. Vasantha Bharucha*	NE/ Directors	4	4	Yes	-	-	3	1
Shri Karthik Athreya	NE / Nominee Director	4	2	No	10	-	-	-
Shri Bhavin Shah	NE/ Director	4	3	No	2	-	-	-
Shri Aswini Kumar Sahoo	NE/Director	4	-	No	2	-	-	-
Shri T N C Rajgopalan*	NE/Director	4	2	No	-	-	1	1

\*Resigned

### Number Of Board Meetings Held During The Financial Year 2012-13

During the financial year ended on March 31st, 2013, the Company had 4 (Four) Board meetings held at registered office of the Company. The gap between two meetings did not exceed four months. The date of Board Meeting are as under: 5th May, 2012, 13th August, 2012, 8th November, 2012 and 11th February, 2013.



## CODE OF CONDUCT

In line with the Clause 49 of the Listing Agreement, the Company's Board of Directors has laid down a 'Code of Conduct and Ethics for the Board of Directors and Senior Executives of the Company'.

The purpose of this 'Code of Conduct' is to promote conduct of business ethically in an efficient and transparent manner and to meet its obligations to shareholders and all other stakeholders.

The 'Code of Conduct' is also a tool in carrying out the Company's Business and Social responsibility in a more effective manner. The Code sets out a broad policy for one's conduct in dealing with the Company, fellow directors and employees and the external environment in which the Company operates.

All Directors and senior management have affirmed compliance with the Code for the financial year ended on March 31st, 2013.

Besides this, every employee of the Company is committed to 'Diamond Code of Ethics', as applicable to all Diamond Group Companies.

Ethics is the responsibility of every employee, and that includes all levels of management. Your Company is committed to conduct its business fairly, impartially, in an ethical and proper manner and in full compliance with all applicable laws and regulations. In conducting its business, integrity underlines in all Company relationships, including those with customers, suppliers and among employees. Your Company adapts to the highest standards of ethical business conduct and do not engage in any activity that may raise questions as to the Company's honesty, impartiality or reputation or otherwise cause embarrassment to the Company. Each employee is committed to high ethical standards.

Your Company strives to act with high ethical standards.

Specifically, to:

- † Obey all applicable laws, regulations, and professional standards that govern its business;
- † Maintain an environment of honesty, trust, and integrity;
- † Safeguard its ethics and never compromise or alter them for any reason; and
- † Recognise and value high ethical standards and report any unethical or illegal behaviour.

Compliance with the 'Code of Ethics' is regularly monitored by the Legal and Compliance Department of the Company.

## COMMITTEES OF THE BOARD OF DIRECTORS

### A. Audit Committee

The Company has an adequately qualified and independent Audit Committee. As on March 31st, 2013, the composition of the Committee and the details of meetings attended by the members are given below:

Sr. No.	Names of Members	Position	Status	No. of Meetings	
				Held	Attended
1	T N C Rajgopalan*	Independent Director	Chairman	4	2
2	Shri Kirit Vyas	Independent Director	Chairman	4	3
3	Shri Ranvir Singh Shekhawat	Independent Director	Member	4	4
4	Dr. Vasantha Bharucha*	Independent Director	Member	4	4

\*Resigned

The above composition duly meets the requirement under amended Clause 49 of the Listing Agreement. The terms of reference of the Audit Committee are wide enough covering the matters stipulated in Clause 49 of the Listing Agreement and the Companies Act, 1956.

The terms of reference and powers of the Audit Committee shall be as mentioned in Clause 49 II (D) of the Listing Agreement entered into with the Stock Exchanges and include, inter-alia, overseeing the Company's financial reporting process, reviewing with the management the financial

statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliance issues and issues related to risk management and compliances.

The Audit Committee acts as a link between the management, external and internal Auditors and the Board of Directors.

Four Audit Committee Meetings were held during the year under review on 5th May, 2012, 13th August, 2012, 8th November, 2012 and 11th February, 2013.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises of the following Directors:

Sr. No.	Name of the Director	Position	Category
1	Shri Ranvir Singh Shekhawat	Chairman	Independent Director
2	Dr. Vasantha Bharucha*	Member	Independent Director
3	Shri Kirit Vyas	Member	Independent Director

\*Resigned

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, based on the performance of the employees as well as based on recommendations of the Head of Departments in case of subordinate and in case of Head of Departments Managing and Joint Managing Directors of the Company the remuneration committee take its decisions.

The Details of remuneration and sitting fees for Board and other committee meetings paid to the Directors for the year ended on 31st March, 2013:

Name	Category / Position	Salary (Rs.)	Sitting Fees (Rs.)	Other Allowances (Rs.)
Shri S. N. Bhatnagar	Ex. Chairman	9,690,591	NIL	8,855,981
Shri Amit Bhatnagar	Ex. MD	8,613,861	NIL	7,205,469
Shri Sumit Bhatnagar	Ex. JMD	8,613,861	NIL	7,205,469
Shri T. N. C. Rajagopalan*	NE	NIL	50,000	20,000
Shri Kirit Vyas	NE	NIL	90,000	30,000
Dr. Vasantha Bharucha*	NE	NIL	1,20,000	40,000
Shri Ranvir Singh Shekhawat	NE	NIL	1,00,000	40,000
Shri Karthik Athreya	NE /Nominee	NIL	NIL	NIL
Shri Bhavin Shah	NE	NIL	NIL	NIL

\*Resigned

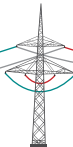
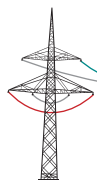
### Remuneration Policy

#### Non-Executive Independent Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of sitting fees only. The Board of Directors of the Company, pursuant to the relevant provisions of the Companies Act, 1956 and by virtue of Article No. 132 (3) of the Articles of Association of the Company, revised their sitting fees from Rs. 5,000 to Rs. 20,000 per each board meeting with effect from 9th November, 2011.

Further Non-Executive Independent Directors are also entitled for out of pocket expenses which include travelling and accommodation charges which are shown in other allowances as above are not forming part of Directors' Remuneration.

Amount stated above is sum total of all the remuneration including out of pocket expenses.



For each Audit Committee and Investors' Grievance Committee the fees paid to Non – Executive Independent Directors is Rs. 5,000 per meeting.

#### *Executive Directors*

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing Directors and the Executive Chairman. Salary is paid within the range approved by the Members.

Annual increments recommended by the Remuneration Committee, are placed before the Board for approval. The ceiling on perquisites and allowances as a percentage of salary is fixed by the Board. Within the prescribed ceiling, the perquisite package is recommended by the Remuneration Committee and approved by the Board. The Commission is

calculated with reference to the net profits of the Company in a particular financial year and is determined by the Board on the recommendation of the Remuneration Committee at the end of the financial year, subject to overall ceilings stipulated in Sections 198 and 309 of the Act. Specific amount payable to such Directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

#### *Management Staff*

Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his annual performance etc.

### **B. Investor's Grievances Committee/ Shareholders Committee**

The Board of Directors have constituted a "Share Transfer and Shareholders/ Investors Grievance Committee" in terms of the Listing Agreement. The Committee is responsible for all matters concerning the share transfers, transmissions, issue of duplicate share certificates and attending to the grievances of the shareholders.

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	Position	Category	No. of Meetings	
				Held	Attended
1	Smt. Dr. Vasantha Bharucha*	Chairman	Independent Director	4	4
2	Shri Kirit Vyas	Member	Independent Director	4	3
3	Shri Sumit Bhatnagar	Member	Executive Director	4	4

\*Resigned

Four Investor Grievance Committee Meetings were held during the year under review on 5th May, 2012, 13th August, 2012, 8th November, 2012 and 11th February, 2013.

### **C. Share Transfer Committee**

The reference mandated by your Board in line with the review of share transfer and transmission process and its approval a separate committee was formed.

The Composition, name of members, chairman and particulars of the meetings and attendance of the member during the year are as follows:

Sr. No.	Names of Members	Position	Category	No. of Meetings	
				Held	Attended
1	Shri S N Bhatnagar	Chairman	Executive Director	25	25
2	Shri Amit Bhatnagar	Member	Executive Director	25	25
3	Shri Sumit Bhatnagar	Member	Executive Director	25	25

Twenty Five number of meeting held of Share Transfer Committee during the year under review, as per Memorandum of Transfer provided by KARVY independent share transfer agent on 15th April, 2012, 30th April, 2012, 15th May, 2012, 30th May, 2012, 30th July, 2012, 30th August, 2012, 10th September, 2012, 20th September, 2012, 15th October, 2012, 31st October, 2012, 1st November, 2012, 4th November, 2012, 9th November, 2012, 4th December, 2012, 12th December, 2012, 7th January, 2013, 10th January, 2013, 15th January, 2013, 22nd January, 2013, 1st February, 2013, 4th February, 2013, 15th February, 2013, 21st February, 2013, 13th March, 2013, 27th March, 2013.

#### D. Debentures Issue Committee

The reference mandated by your Board for the purpose of review of process of Issue of Debentures a separate committee was formed.

The composition, names of the members, chairperson are as follows:

Sr. No.	Names of Members	Position	Category
1	Shri S N Bhatnagar	Chairman	Executive Director
2	Shri Amit Bhatnagar	Member	Executive Director
3	Shri Sumit Bhatnagar	Member	Executive Director

#### GENERAL BODY MEETINGS:

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

Sr. No.	AGM Particulars & Date	Venue	Time	Special Resolution passed in the AGM
1	20th Annual General Meeting (2011-12) held on 28th September, 2012	Registered Office	10.00 a.m.	Special Resolutions for the re-appointment of Shri Suresh N Bhatnagar, Chairman, Shri Amit Bhatnagar and Shri Sumit Bhatnagar, Managing Director and Jt. Managing Director respectively pursuant to Sections 198, 269, 309, 310, 311 and other provisions of the Companies Act, 1956, read with Schedule XIII of the said Act.
2	19th Annual General Meeting (2010-11) held on 20th September, 2011	Registered Office	10.30 a.m.	- Special Resolution for Amendment in the Article No. 125 and 126 of the Articles of Association of the Company, pursuant to Section 31 of the Companies Act, 1956.
3	18th Annual General Meeting (2009-10) held on 28th September, 2010	Registered Office	10.00 a.m.	- Special Resolutions for the re-appointment of Shri Amit Bhatnagar and Shri Sumit Bhatnagar, respectively Managing Director and Jt. Managing Director pursuant to Sections 198, 269, 309, 310, 311 and other provisions of the Companies Act, 1956, read with Schedule XIII of the said Act.

#### 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 are no matters pertaining to non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company strongly believes in Corporate Governance and advocates Whistle Blower policy, affirmation is hereby given that no personnel has been denied access to the audit committee.

#### 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 & NSE. Shareholders can even visit the Company's website [www.dicabs.com](http://www.dicabs.com) for all the latest updates.

#### GENERAL SHAREHOLDER INFORMATION:

##### i. 21st Annual General Meeting:

Date: 30th September, 2013

Time: 10.00 A.M.

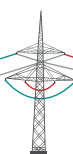
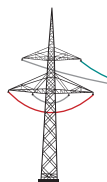
Venue: Registered Office of the Company

Phase II, Village Vadadala,

Taluka :Savli, Dist. Vadodara,

Gujarat, India

##### ii. Financial Year: Commencing from 1st April, 2012 to 31st March, 2013



iii. **Date of Book Closure:** Saturday, 28th September, 2013 to Sunday, 29th September, 2013 (both days inclusive)

iv. **Dividend Payment Date:** 30th October, 2013.

vi. **Listed on:**

- The Bombay Stock Exchange Limited, Mumbai

- The National Stock Exchange of India Limited, Mumbai

The Listing Fees to National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd. has already been paid for the year 2013-14.

vii. **Stock Code:**

- BSE: - 522163

- NSE: - DIAPOWER

vii. **Market Price Data:**

The Market price data (Monthly High / Low) of the company's Equity shares traded on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) during the period from 01/04/2012 to 31/03/2013 are given below:

Stock Exchange Month & Year	BSE			NSE		
	High (Rs)	Low (Rs)	No of Shares traded during the month	High (Rs)	Low (Rs)	No of Shares traded during the month
April, 2012	129.00	98.25	164139.00	115.00	98.55	309136.00
May, 2012	112.80	91.00	197117.00	114.80	85.25	301646.00
June, 2012	100.00	85.25	143117.00	100.00	85.95	253074.00
July, 2012	105.00	91.60	112660.00	106.15	91.05	251120.00
August, 2012	99.85	85.00	132467.00	99.90	84.30	271865.00
Sept, 2012	103.90	85.90	397072.00	103.90	85.60	560370.00
October, 2012	129.95	102.00	2173963.00	130.70	101.35	1368376.00
November, 2012	124.40	102.10	1186979.00	117.95	100.00	822698.00
December, 2012	121.00	104.65	360180.00	120.50	105.00	546333.00
January, 2013	112.80	94.20	176129.00	112.95	94.15	350856.00
February, 2013	96.80	85.00	152778.00	97.00	85.55	239755.00
March, 2013	92.25	69.75	169006.00	94.90	69.80	361062.00

viii. **Registrar and Transfer Agent:**

Karvy Computershare Pvt. Ltd.

Plot No. 17 TO 24, Vittalrao Nagar,

Madhapur Hyderabad - 500 081

Tel No: 040-23420818 to 28 Ext: 188

Fax No: 040-23421971

ix. **Share Transfer System:**

Share Transfers in physical form can be lodged with Karvy Computershare Private Limited, Independent Share Transfer Agent, at the above mentioned address. Transfers are normally processed within 15 days from the date of receipt. If the documents are complete in all respects, Shri Nishant Javlekar, Company Secretary, in consultation with Share Transfer Committee, is empowered to approve transfers, in addition to the powers with the Members of the Investors' Grievance Committee.

Details of investors' complaints received during 1st April, 2012 to 31st March, 2013 are as follows:

Sr. No.	Nature of Complaint*	Recd.	Disposed	Pending	Remarks
1	Non- receipt of dividend warrant	86	86	0	0
2	Excess/ Short payment of Dividend Warrant	0	0	0	0
3	Non-receipt of Annual Reports	03	03	0	0
4	Legal Notice	01	01	0	0
5	Non- receipt of refund order	0	0	0	0
6	Correction of name on securities	07	07	0	0
7	Non Receipt of Security- Complaint relating to transfer of Shares	40	40	0	0
8	Clarification regarding shares	42	42	0	0

\* Information is based on reports prepared by share transfer agent.

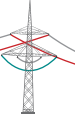
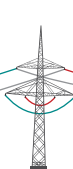
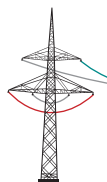
**xi. Shareholding Pattern and Distribution of Shareholding**

Shareholding pattern as on 31st March, 2013

Category	No. of Holders	Total Shares	% of Equity
Promoters Bodies Corporate	3	10844266	29.15
Resident Individuals	16898	7574988	20.36
Promoters	8	4112547	11.05
Foreign Corporate Bodies	2	4087218	10.99
Foreign Institutional Investors	7	4259890	11.45
Mutual Funds	4	1475508	3.97
Trust	1	2208050	5.93
Bodies Corporates	437	1527520	4.11
Non-Resident Indians	558	772805	2.08
Huf	434	315249	0.85
Clearing Members	30	20564	0.06
Indian Financial Institution	1	5200	0.01
Banks	2	2566	0.01
<b>Total</b>	<b>18385</b>	<b>37206371</b>	<b>100.00</b>

**Distribution Schedule – Consolidated as on 31.03.2013.**

Sr. no.	Category	Cases	% of Cases	Total shares	Amount	% of Amount
1	Up to 1 - 5000	15703	85.41	2430853	24,308,530.00	6.67
2	5001 - 10000	1505	8.19	1101015	11,010,150.00	3.00
3	10001 - 20000	619	3.37	902159	9,021,590.00	2.29
4	20001 - 30000	184	1.00	477001	4,770,010.00	1.19
5	30001 - 40000	90	0.49	316115	3,161,150.00	0.72
6	40001 - 50000	50	0.27	234334	2,343,340.00	0.65
7	50001 - 100000	119	0.65	870811	8,708,110.00	2.09
8	100001 & ABOVE	115	0.63	30874083	3,08,740,830.00	83.39
<b>Total</b>		<b>18385</b>	<b>100.00</b>	<b>37206371</b>	<b>3,72,063,710.00</b>	<b>100.00</b>



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 31st March, 2013 is as follows:

Particulars Number of Shares % of total Equity Share

**Control Report As On 31/03/2013**

Sr.No	Description	No of Holders	Shares	% To Equity
1	PHYSICAL	4644	1200819	3.23
2	NSDL	9540	32817248	88.20
3	CDSL	4201	3188304	8.57
Total		18385	37206371	100.00

**Name, designation & address of Compliance Officer:**

**Shri Nishant Javlekar**

*Company Secretary*

Manager (Secretarial & Costing)

**Diamond Power Infrastructure Limited,**

"ESSEN House"

5 / 12, BIDC, Gorwa, Baroda - 390016

Phone : 91-265-2284328, 2283969

Fax : 91-265-2280528

E-mail : cs@dicabs.com

**Compliance with Non-Mandatory Requirements**

**i) The Board**

The company is not maintaining a separate office for the Chairman.

**ii) Remuneration Committee**

The Board has set up a Remuneration Committee.

**iii) Shareholder Rights**

The Company is planning to provide a half-yearly declaration of financial performance including summary of the significant events in last six months.

**iv) Audit qualifications**

During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

**v) Training of Board Members**

The Company's Board of Directors comprises of professionals with expertise in their respective fields and industry. They endeavour to keep themselves updated with changes in the economy, legislation and technologies.

**vi) Evaluation of Non-Executive Board Members**

Mechanism for evaluation of Non-Executive Board Members  
Performance evaluation of Non-Executive Board Members is done by the Board of Directors of the Company.

**vii) Whistle Blower Policy**

The Company has adopted a Whistle Blower Policy.

**Other Shareholder Information**

**Corporate Identity Number (CIN)**

The CIN allotted to the Company by the Ministry of Corporate Affairs, Government of India is L31300GJ1992PLC018198.

**Shareholders' Queries**

All the queries pertaining to the shareholders shall be referred to Share Transfer Agent of the Company.

**Transfer of unclaimed dividend to Investor Education and Protection Fund**

Pursuant to the provisions of Sections 205A and 205C of the Act, the dividend which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

**The Shareholders are therefore requested to contact Share Transfer Agent or Company Secretary in case of their unpaid dividend.**

After transfer of the said amounts to the IEPF, no claims in this respect shall lie against the IEPF or the Company nor shall any payment be made in respect of such claims.

### Shares held in electronic form

Members holding shares in electronic form may please note that:-

- i) Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these Depositories to the Company.
- ii) Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- iii) Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.
- iv) The Company provides NECS facilities for shares held in electronic form and Members are urged to avail of this facility.

### Bank Details

Members holding shares in physical form are requested to notify/send the following to Share transfer Agent to facilitate better servicing:-

- i) any change in their address/mandate/bank details, and
- ii) particulars of the bank in which they wish their dividend to be credited, in case they have not been furnished earlier.

Members are advised that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares holding physical form and in electronic form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

### National Electronic Clearing Service (NECS) Facility

Under NECS facility, Members get an option to receive dividend directly to their bank account rather than receiving the same through Dividend Warrants. Members holding shares in physical form, who wish to avail NECS facility, are requested to send their NECS mandate in the prescribed form to Share Transfer Agent, in the event they have not done so earlier. Members holding shares in dematerialised form are requested to give the NECS mandate to their respective DPs directly.

Please note that Members who do not provide details of bank accounts with banks having Core Banking Facility, as required by RBI, will receive their dividend by physical warrants.

### Demat Initiative

In view of the advantages of holding shares in electronic form, Members holding their Equity Shares in physical form are urged to avail of this opportunity and Demat their holdings.

### Green Initiative

Based on the 'Green Initiative' taken by the Government of India, the Company has sent out a communication to its Members that

henceforth, all communications, including Annual Reports, will be e-mailed to them at their e-mail address registered with their Depository Participants/the Share Registry, unless they opt for physical copies. Facility of getting electronic communication will go a long way in saving trees and also result in substantial cost savings.

### Depository Services

Members may write to the respective Depository or to Share Transfer Agent for guidance on depository services. Address for correspondence with the Depositories is as follows:

#### National Securities Depository Limited

Trade World, 4th Floor, Kamala Mills Compound  
Senapati Bapat Marg, Lower Parel  
Mumbai 400 013  
Tel : 022-2499 4200  
Fax : 022-2497 6351  
e-mail : info@nsdl.co.in  
website : www.nsdl.co.in

#### Central Depository Services (India) Limited

Phiroze Jeejeebhoy Towers  
17th Floor, Dalal Street  
Mumbai 400 023  
Tel : 022-2272 3333  
Fax : 022-2272 3199  
e-mail : investor@cdslindia.com  
website : www.cdslindia.com

### Nomination Facility

Pursuant to the provisions of Section 109A of Act, Members are entitled to make nominations in respect of shares held by them. Members holding shares in physical form and intending to make/change the nomination in respect of their shares in the Company may submit their requests in Form No. 2B to Share Transfer Agent. Members holding shares in electronic form are requested to give the nomination request to their respective DPs directly.

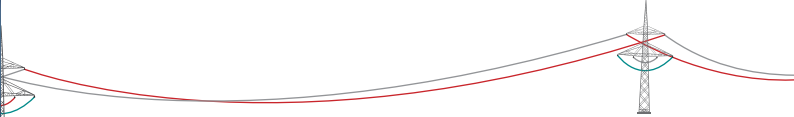
### Reconciliation of Share Capital Audit

As stipulated by SEBI, M/s. Devesh Vimal & Co., Practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

For and On Behalf of the  
Board of Directors

Date: 24th July, 2013  
Place: Vadodara

(S. N. Bhatnagar)  
Chairman



## AUDITORS CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

The Members,

### DIAMOND POWER INFRASTRUCTURE LIMITED

62

ANNUAL REPORT 2012-13

We have examined the compliance of conditions of Corporate Governance by Diamond Power Infrastructure Limited, Vadodara for the year ended 31st March, 2013 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.

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 Accountant)

(Vijay N. Tewar)  
Proprietor

Membership No.40676

Place: Vadodara

Date: 24th July, 2013

# Certification



24th July, 2013

To,

The Board Of Directors,

**DIAMOND POWER INFRASTRUCTURE LIMITED**

We, Amit Bhatnagar, Managing Director and Dr. Sumit Bhatnagar, Jt. Managing Director of Diamond Power Infrastructure Limited both certify to the Board that we have reviewed the financial statements of the Company for financial year ended on 31st March ,2013 and to the best of our knowledge and belief, we certify that –

1. The Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; that the Statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are no fraudulent or illegal transactions.
3. For the purpose of financial reporting, we accept the responsibility for establishing and maintaining the internal controls which are monitored by the Company's Internal Audit Team and have evaluated based on feedbacks received from the Company's Internal Audit Team, the effectiveness of the internal control systems of the Company pertaining to financial reporting and have reported to the Auditors and the Audit Committee, the deficiencies, if any, in the operation and design of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes, if any in the internal controls over financial reporting during the year;
  - (ii) Significant changes, if any in the accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of any significant fraud, if any of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For **Diamond Power Infrastructure Limited**

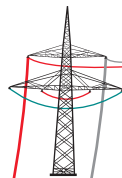
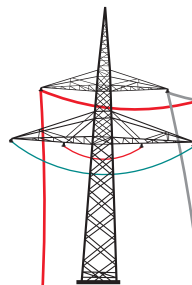
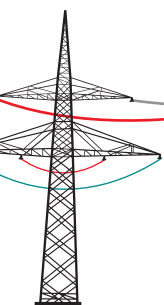
**Amit Bhatnagar**  
Managing Director

**Dr. Sumit Bhatnagar**  
Jt. Managing Director

# financial Sections



**DIAMONDPOWER**  
Cables, Conductors, Transformers & Towers





# Independent Auditors' Report

To,

The members of

**DIAMOND POWER INFRASTRUCTURE LTD.**

## Report on the Financial Statements

We have audited the accompanying financial statements of Diamond Power Infrastructure Limited ('the company') which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- in the case of the cash flow statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
  - we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **VIJAY N. TEWAR & CO.**  
(Chartered Accountants)

(Vijay N. Tewar)  
Proprietor

Membership No. 040676

Place : Vadodara

Date : 22nd May, 2013

# Annexure

## to 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 plants & offices 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.
- 2 (a) Physical verification of inventory has been conducted by the management at reasonable intervals during the audit year.
- (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 its business.
- (c) In case of maintaining proper records of Inventories, we are able to comment that same are maintained properly as per available records shown to us.
- 3 (i) (a) The company has granted loans, secured or unsecured of 151.28 million to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (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. However based on management report, the terms and conditions of Loans are prima facie not prejudicial to the interest of the Company.
- (c) As stated above in the Para (b) the loans have been granted to the companies under the same management, but the repayments have been made as and when required.
- (d) 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.
- (e) As stated in the point no(d) above, we are unable to comment whether repayment of principal and interest was regular or not.
- (ii) The company have not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us by the management, there is adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5 (a) In respect of contracts or arrangements to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, the company have entered in contracts or arrangements that need to be entered in the register referred to in the section 301 have been so entered.
- (b) We are unable to comment in case of each of such transaction is in excess of Rs 5 Lakhs in respect of any party, the whether they have been made at a price which are prima facie reasonable having regard to prevailing market price at the relevant time, as we are not unable to compare it with the competitor price.
- 6 According to the information and Explanations given to us, the company has not accepted any deposits from the public during the yearly within the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under to the extent applicable.
- 7 In our opinion in respect of adequacy of Internal Audit System, the company needs to be strengthened its internal Audit System to make it commensurate with its size and nature of business.
- 8 (a) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 related to manufacture of electrical goods, and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.



# Annexure

## to Auditors' Report (Contd.)

- (b) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of Cost records under clause (d) of sub section (1) of section 209 of the Companies Act 1956 for products of the Company.
- 9 (a) According to the records of the Company, Provident Fund, Employee State Insurance, Investors Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities save few instances, though the delays in deposits have not been serious.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- 10 The Company has no accumulated losses as at March 31st, 2013 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions or bank or debenture holders as at the Balance Sheet date.
- 12 As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- 13 The provision of any special statute applicable to Chit fund/ nidhi /mutual benefit fund / societies are not applicable to the company.
- 14 The company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirement is not applicable.
- 15 According to the information and explanations given to us, the company has given guarantees for loans taken by its subsidiaries from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the company.
- 16 Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- 17 According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- 18 According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the period.
- 19 According to the information and explanations given to us, the Company has created security or charge in respect of debentures issued. The Company has Non-convertible debentures of 100 Crores.
- 20 The company has not raised any money by public issue during the year.
- 21 As per the Circular No. 62/2011 of the Ministry of Corporate Affairs, Company has prepared its financial report as per revised Schedule VI of the Companies Act, 1956.
- 22 According to the information and explanations given to us, no fraud by the company and no material fraud on the Company has been noticed or reported during the course of our audit.

For **VIJAY N. TEWAR & CO.**

(Chartered Accountants)

(Vijay N. Tewar)

Proprietor

Membership No. 040676

Place : Vadodara

Date : 22nd May, 2013

# Balance Sheet

as on 31st March 2013

Rs. in Lacs

	Sch. No.	31/03/2013	31/03/2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	1	3,720.64	3,720.64
(b) Reserves and Surplus	2	65,647.17	57,015.96
(c) Money received against share warrants		-	-
<b>2. Share Application money pending allotment</b>		-	-
<b>3. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	60,828.83	33,366.02
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
<b>4. Current Liabilities</b>			
(a) Short-Term Borrowings	4	52,289.06	36,234.07
(b) Trade Payables	5	44,296.98	23,513.86
(c) Other Current Liabilities	6	3,522.41	2,700.08
(d) Short-Term Provisions	7	3,281.89	3,043.02
Total		2,33,586.98	1,59,593.65
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	8		
(i) Gross Block		79,728.15	62,519.64
(ii) Depreciation		10,016.06	7,177.39
(iii) Net Block		69,712.10	55,342.25
(b) Non-current investments	9	1,707.80	1,707.80
(c) Deferred tax assets (net)	-	-	-
(d) Long term loans and advances	10	22,224.89	11,931.54
(e) Other non-current assets	11	-	-
<b>2. Current Assets</b>			
(a) Current investments	12	0.60	0.60
(b) Inventories	13	84,919.96	59,066.87
(c) Trade receivables	14	39,924.23	19,957.39
(d) Cash and cash equivalents	15	9,247.19	4,865.76
(e) Short-term loans and advances	16	5,850.20	6,721.43
(f) Other current assets		-	-
Total		2,33,586.98	1,59,593.65
Notes to Accounts	25		

Notes attached thereto form an integral part of financial statement. This is the financial statement referred to in our report of even date.

For Vijay. N. Tewar & Co.

(Chartered Accountants)

Vijay N. Tewar

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

S. N. Bhatnagar

Chairman

Amit Bhatnagar

Managing Director

Sumit Bhatnagar

Joint Managing Director

Nishant Javlekar

Company Secretary

# Profit & Loss Account

for the year ended 31st March 2013

		Rs. in Lacs	
	Sch. No.	31/03/2013	31/03/2012
I Revenue from operations	17	2,12,636.53	1,74,037.73
II Other Income	18	638.31	320.53
III Total Revenue (I +II)		2,13,274.84	1,74,358.26
IV Expenses:			
Cost of materials consumed Purchase of Stock-in-Trade	19	2,02,534.24	1,79,257.61
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	-16,760.01	-28,501.93
Employee Benefit Expense	21	2,568.29	2,170.11
Financial Costs	22	8,560.43	4,850.90
Depreciation and Amortization Expense	23	3,265.41	2,429.26
Other Administrative Expenses	24	2,398.73	1,813.15
Total Expenses (IV)		2,02,567.08	1,62,019.11
V Profit before exceptional and extraordinary items and tax	(III - IV)	10,707.76	12,339.15
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		10,707.76	12,339.15
VIII Extraordinary Items		-	0.30
IX Profit before tax (VII - VIII)		10,707.76	12,338.85
X Tax expense:			
a. Current tax expenses of the year		1,500.00	1,500.00
b. MAT Credit		-	-
c. Current tax relating to previous year		-	-
d. Net current tax		-	-
e. Deferred tax		-	-
XI Profit(Loss) from the period from continuing operations	(IX-X)	9,207.76	10,838.85
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV Profit/(Loss) for the period (XI + XIV)		9,207.76	10,838.85
XVI Proposed Dividend		496.80	1,488.25
XVII Tax on Proposed Dividend		80.48	241.43
Proposed Dividend (Incl. Tax)		576.56	1,729.69
XVIII Surplus transfer to Balance Sheet		8,631.20	9,109.16

Notes attached thereto form an integral part of financial statement. This is the financial statement referred to in our report of even date.

For Vijay. N. Tewar & Co.

(Chartered Accountants)

Vijay N. Tewar

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

S. N. Bhatnagar

Chairman

Amit Bhatnagar

Managing Director

Sumit Bhatnagar

Joint Managing Director

Nishant Javlekar

Company Secretary

# Cash flow Statement

for the Year ended 31st March 2013

Rs. in Lacs

	AS AT 31.03.2013		AS AT 31.03.2012	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit as per Profit & Loss Account		9,207.76		9,109.13
<b>Adjustment for:</b>				
Depreciation	2,863.00		2,026.86	
Deffered Expenses	-		-	
Income Tax	1,500.00		1,010.79	
Interest expenses	8,560.43		4,850.90	
Loss on sale of Assets	-		-	
Extra Ordinary items	87.17		-84.04	
Interest Received	-630.09		-317.49	
Interests / Other income Received		12,380.51		7,487.02
Operating profit before working capital changes		21,588.27		16,596.15
Change in inventories	-23,352.62		-28,619.86	
Change in receivables	-21,016.84		-929.47	
Changes in Loans and Advances	-9,639.01		-7,282.86	
Change in other current Assets	-1,474.73		3,492.92	
Change in current liabilities	21,629.64		14,249.29	
Net change in working capital	-33,853.56	-33,853.56	-19,089.98	-19,089.98
Cash generated from operations		-12,265.29		-2,493.83
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Direct Taxes Paid	-1,015.52		-295.43	
Cash flow before Extra Ordinary / prior period items	-		-	
Interest Received	630.90		-	
Prior Period items (Restructuring)	-		-	
Net cash flow from operating activity	-		-	
Increase of fixed assets	-17,036.66		-15,412.24	
Decrease in Fixed Assets	-		-	
Increase of investment	-		-14.63	
Loss on Sale of Assets	-		-	
Net cash flow used in Investing Activities	-17,421.28	-17,421.28	-15,722.30	-15,722.30

# Cash flow Statement

for the Year ended 31st March 2013 (Contd.)

Rs. in Lacs

	AS AT 31.03.2013		AS AT 31.03.2012	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital	-		-	
Proceeds from Debt Re-structuring	-		-	
Proceeds from Premium	-		-	
Increase in Secured loans	28,992.53		23,199.57	
Increase in unsecured loan	14,525.27		2,075.00	
Decrease in Subsidy	-		-	
Interest paid	-8,560.43		-4,850.90	
Increase in long term & other borrowing (net)	-		-	
Dividend Paid	-889.98		-1,301.58	
Net cash flow from financing activities	34,067.39	34,067.39	19,122.09	19,122.09
Net increase in cash & cash equivalents		4,380.82		905.96
Add: Cash & cash equivalents opening	4,866.36		3,960.40	
Cash & cash equivalents closing	9,247.18	-4,380.82	4,866.36	-905.96

Note : Figures in brackets indicate negative figure.

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

(Chartered Accountants)

**Vijay N. Tewar**

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

**S. N. Bhatnagar**  
Chairman

**Amit Bhatnagar**  
Managing Director

**Sumit Bhatnagar**  
Joint Managing Director

**Nishant Javlekar**  
Company Secretary

## Auditor's Certificate

We have examined the above cash flow statement of Diamond Power Infrastructure Ltd (The Company) for the year ended on March 31st 2013. The statement has been prepared by the company in accordance with the requirements of listing agreements with the stock Exchanges and is based on and in agreements with the corresponding profit and loss account and balance sheet of the Company covered by our report of even date.

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

(Chartered Accountants)

**Vijay N. Tewar**

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

**S. N. Bhatnagar**  
Chairman

**Amit Bhatnagar**  
Managing Director

**Sumit Bhatnagar**  
Joint Managing Director

**Nishant Javlekar**  
Company Secretary

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013

		Rs. in Lacs	
		Current Year	Previous Year
<b>1</b>	<b>SHARE CAPITAL</b>		
<b>1</b>	<b>Authorized Capital</b>		
	50000000 Shares (50000000 Shares) of Rs. 10 Each	5000.00	5000.00
<b>2</b>	<b>Issued &amp; Subscribed Capital</b>		
	37886121(37886121) Equity Shares of Rs. 10 Each	3,788.61	3,788.61
<b>3</b>	<b>Paid Up Capital</b>		
	37206371 (37206371) Equity Shares of Rs. 10 Each Fully Paid - Up	3720.64	3720.64
	<b>Total</b>	<b>3720.64</b>	<b>3720.64</b>

## 2.1 Reconciliation of number of Equity Shares and amount outstanding at the beginning and at the end of the year

	Current Year		Previous Year	
	No of Shares	Rs in Lacs	No of Shares	Rs in Lacs
Equity Shares				
Outstanding at the Beginning of the Year (Face Value Rs 10 each)	372,06,371	3,720.64	37206371	3,720.64
Outstanding at the End of the Year	372,06,371	3,720.64	372,06,371	3,720.64

## 2.2 Shareholders holding more than 5% Equity Shares in the Company as at the end of the year

Name of Shareholder	Current Year		Previous Year	
	No of Shares	% of Holding as on 31/03/2013	No of Shares	% of Holding as on 31/03/2012
Diamond Tele - Cabs Private Limited	6168413	16.58	6168413	16.58
Diamond Infosystems Ltd	2469005	6.64	2469005	6.64
Diamond Projects Pvt Ltd	2206848	5.93	2206848	5.93
Suresh N Bhatnagar	1881420	5.06	1881420	5.06
Clearwater Capital Partners Cyprus Ltd	3248161	8.73	3248161	8.73
Kotak Mahindra Trusteeship Services Limited-A/C Ko	2208050	5.93	2208050	5.93
The Royal Bank of Scotland Plc., (London) Branch	2122297	5.70	2122297	5.70

## 2.3 For the period of 5 years immediately preceding the date as at which the balance Sheet is prepared NA

- Aggregate Number and Class of Shares allocated as fully paid up pursuant to contract(s) without payment have being received In cash
- Aggregate Number and Class of Shares allocated as fully paid up by way of bonus Shares
- Aggregate Number and Class of Shares bought Back

## 2.4 The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>2</b>	<b>RESERVE &amp; SURPLUS</b>		
1	Capital Reserve	1,759.94	1,759.94
2	Capital Redemption Reserve	-	-
3	Securities Premium Reserve	25,229.13	25,229.13
4	Debenture Redemption Reserve	2,540.00	-
5	Revaluation Reserve	-	-
6	Shares Option Outstanding Account	-	-
7	Other Reserve	25.00	25.00
8	Surplus (Profit & Loss Account)	36,093.10	30,001.90
	Balance brought forward from previous year	27,461.90	20,892.73
	Less: Tax on Regular Assessment Paid	-	-
	Add : Profit for the period	9,207.76	10,838.85
	Less : Proposed Dividend	496.08	1,488.25
	Less : Proposed Tax on Dividend	80.48	241.43
	Proposed Dividend (Including Tax)	576.56	1,729.69
	Surplus Transfer to Balance Sheet	8,631.20	9,109.16
	<b>Total</b>	<b>65,647.17</b>	<b>57,015.96</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>3</b>	<b>LONG TERM BORROWINGS</b>		
1	Bonds / Debentures	10,000.00	10,000.00
2	Term Loan	-	-
	- From Bank	31,154.92	18,169.39
	- From Other Parties	-	-
3	Deferred Payment Liabilities	-	-
4	Deposit	-	-
5	Loans & Advances From Related Parties	-	-
6	Long Term Maturities of Finance lease obligation	-	-
7	Unsecured Loans From Lender	19,600.27	5,075.00
8	Other Loans & Advances ( Car Loan)	73.64	121.62
	<b>Total</b>	<b>60,828.83</b>	<b>33,366.02</b>

## Term Loans from Banks

- Rs. 10624.99 Lacs (Previous year Rs 12500 Lacs) Secured 1st Pari Passu Charge on the entire Fixed Assets of the company both present and Future. The Term Loan is repayable in remaining 18 equal quarterly Installments by 30/03/2017 and present interest rate is 12.90% p.a
- Rs. 18985.48 Lacs (Previous year 2739.41 Lacs) Secured 1st Pari Passu Charge on the entire Fixed Assets of the company both Present and Future. The Term Loan is Repayable in 26 equally quarterly installments commencing from 30th Sep 2014 and carries interest rate of 12.75% pa
- Rs. 1454.52 Lacs (Previous year Rs. 2909.08 lacs) secured by 1st pari passu charge on all fixed assets of the company both present & future within 60 days from the first disbursement. 2nd pari passu charge on all current assets of the company, both present & future within 60 days from the 1st disbursement, The term loan is repayable in 11 equated quarterly installments after moratorium period carries interest rate 12.25%
- Rs. 10000 lacs (Previous Year 10000 Lacs) (Non Convertible Debentures) secured by 1st pari passu charge on all fixed assets of the company both present & future within 60 days from the first disbursement. 2nd pari passu charge on all current assets of the company, both present & future within 60 days from the 1st disbursement, repayment starting from 1st June 2014, carries interest rate 12.35%
- Rs. 73.64 Lacs (Previous Year 121.62 Lacs) Loans taken for the Vehicles the present rate of interest charged is at 10.83% PA the duration of loan are for period of 36 Months from the Date of Disbursement

## Unsecured Loans

- Rs. 4000 Lacs (Previous Year 2850 Lacs) are unsecured carrying interest rate of 12.90% and repayable within 90 days from the first Disbursement
- Rs. 15600.27 Lacs (Previous Year 2200 Lacs) are towards contribution from the Promoters' group for the ongoing expansion project.

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>4</b>	<b>SHORT TERM BORROWINGS</b>		
1	Loan Repayable on Demand		
	- From Bank	52,289.06	36,234.07
	- From Other Parties	-	-
2	Loans & Advances From Related Parties	-	-
3	Deposits	-	-
4	Others	-	-
	<b>Total</b>	<b>52,289.06</b>	<b>36,234.07</b>

## Loans repayable on Demand

Rs 52289.06 Lacs (Previous Year 36234.07 Lacs) these entire loan are secured by the first Parri Passu Charge on Entire Current Assets of the company and second pari Passu Charge on the Fixed Assets of the company and rate of Interest charged on the entire loan is @ 13.50% to 14%.

		Rs. in Lacs	
		Current Year	Previous Year
<b>5</b>	<b>TRADE PAYABLES</b>		
	Trade Payables:	-	-
1	Creditor for Goods (Includes Capital goods)	8119.07	9640.02
2	Creditor for Expenses	2171.16	2438.89
3	Creditor Under Letter of Credit	34006.75	11434.95
	<b>Total</b>	<b>44296.98</b>	<b>23513.86</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>6</b>	<b>OTHER CURRENT LIABILITIES</b>		
1	Duties & Taxes Payable	263.39	129.17
2	Statutory Liability Payable	315.99	360.58
3	Other Liabilities Payable	2,943.02	2,210.33
	<b>Total</b>	<b>3,522.41</b>	<b>2,700.08</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>7</b>	<b>SHORT TERM PROVISIONS</b>		
1	Provision For Employees Benefit		
	Employee Dues Payable	89.17	79.97
2	Others	-	-
	Provision for Taxation	1,499.24	942.26
	Provision for Dividend	496.08	1,488.25
	Provision for Dividend Tax	507.26	426.76
	Provision for Expenses	690.13	105.78
	<b>Total</b>	<b>3,281.89</b>	<b>3,043.02</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

Rs. in Lacs

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 April 2012	Additions/ (Disposals)	Revaluations/ (Impairments)	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Adjustment due to revaluations	Balance as at 31 March 2013	Balance as at 1 April 2012	Balance as at 31 March 2013
<b>8 FIXED ASSETS</b>										
<b>Tangible Assets</b>										
Land & Site Development	770.23	25.72	-	795.95	-	-	-	-	770.23	795.95
Building	4,240.31	-	-	4,240.31	558.32	141.63	-	699.95	3,681.98	3,540.36
Plant & Machinery	34,520.99	-	-	34,520.99	6,019.32	5,095.03	-2,533.57	8,580.78	28,501.68	25,940.22
Electrical Installation	780.63	-	-	780.63	232.98	57.92	-	290.91	547.65	489.72
Furniture & Fixture / Equipments	251.66	-	-	251.66	225.97	15.93	-2.11	239.79	25.69	9.76
Vehicles	327.73	84.11	-28.30	383.54	114.06	33.39	-	147.45	213.66	238.20
Other Assets	1.24	-	-	1.24	1.24	-	-	1.24	-	-
Computers	187.92	-	-	187.92	25.48	30.46	-	55.94	162.44	131.98
Pre-Project	592.28	281.20	-136.08	737.39	-	-	-	-	592.28	737.39
<b>Total</b>	<b>41,673.00</b>	<b>391.03</b>	<b>-164.38</b>	<b>41,899.65</b>	<b>7,177.39</b>	<b>5,374.36</b>	<b>-2,535.68</b>	<b>10,016.06</b>	<b>34,495.61</b>	<b>31,883.59</b>
Capital Work In Progress	20,846.64	17,372.90	-391.03	37,828.51	-	-	-	-	20,846.64	37,828.51
<b>Grand Total</b>	<b>62,519.64</b>	<b>17,755.03</b>	<b>-555.42</b>	<b>79,728.15</b>	<b>7,177.39</b>	<b>5,374.36</b>	<b>-</b>	<b>10,016.06</b>	<b>55,342.25</b>	<b>69,712.10</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>9</b>	<b>NON CURRENT INVESTMENT</b>		
1	Investment in Property	-	-
2	Investment in Equity Instrument ( Unquoted Shares )	1,657.80	1,657.80
3	Investment in Preference shares	-	-
4	Investment in Government or Trust Securities	-	-
5	Investment in Debentures & Bonds	-	-
6	Investment in Mutual Fund	-	-
	Baroda Pioneer Equity Fund	50.00	50.00
7	Investment in Partnership Firm	-	-
8	Other	-	-
	<b>Total</b>	<b>1,707.80</b>	<b>1,707.80</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>10</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
1	<b>Capital Assets</b>		
a)	Secured, Considered Good	17,722.90	8,253.86
b)	Unsecured, Considered Good	-	-
c)	Doubtful	-	-
2	<b>Security Deposit</b>		
a)	Secured, Considered Good :		
	Government Deposits	1.45	1.45
	Security Deposit	1,338.12	1,322.10
	Earnest Money Deposit	200.02	278.75
	Lease Rent	740.71	741.43
	Other Deposit	288.51	200.83
b)	Unsecured, Considered Good :	-	-
c)	Doubtful	-	-
3	<b>Loans &amp; Advances to related parties</b>		
	Apex Power Equipment Pvt Ltd	1,827.49	1,132.58
	Diamond E.H.V. Conductors	0.04	0.04
	Apex Electricals Ltd	-	-
	Maktel Power	105.13	-
4	<b>Other Loans &amp; Advances</b>		
	Other Advances	0.51	0.51
	<b>Total</b>	<b>22,224.89</b>	<b>11,931.54</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>11</b>	<b>OTHER NON CURRENT ASSETS</b>		
1	Long Term Trade Receivables	-	-
	a) Secured, Considered Good :	-	-
	b) Unsecured, Considered Good :	-	-
	c) Doubtful	-	-
2	Others	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>12</b>	<b>CURRENT INVESTMENT</b>		
1	Investment in Equity	-	-
2	Investment in Preference Shares	-	-
3	Investment in Govt. Securities	-	-
4	Investment in debentures & Bonds	-	-
5	Investment in Mutual Fund	-	-
6	Investment in Partnership Firm	-	-
7	In Short term Fixed Deposits	0.60	0.60
	<b>Total</b>	<b>0.60</b>	<b>0.60</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>13</b>	<b>INVENTORIES</b>		
1	Raw Material	6,033.81	3,718.22
2	Work-in-Progress	55,196.29	40,746.58
3	Finished Goods	8,448.88	6,138.53
4	Stock-in-Trade	7,352.67	4,852.20
5	Packaging Material	282.20	49.94
6	Consumable Stores	490.06	345.97
7	Fuel & Gases	1.67	49.58
8	Goods in Transit	6,914.15	3,165.84
9	Finished Goods (RM-Bought Out)	200.24	-
	<b>Total</b>	<b>84,919.96</b>	<b>59,066.87</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>14</b>	<b>TRADE RECEIVABLES</b>		
1	Outstanding for less than six months		
	a) Secured, Considered Good	39,924.23	19,957.39
	b) Unsecured, Considered Good	-	-
	c) Doubtful	-	-
2	Others		
	a) Secured, Considered Good	-	-
	b) Unsecured, Considered Good	-	-
	c) Doubtful	-	-
	<b>Total</b>	<b>39,924.23</b>	<b>19,957.39</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>15</b>	<b>CASH &amp; CASH EQUIVALENT</b>		
1	Cash-in-Hand		
	Cash Balance	0.16	0.28
	Petty Cash Balance	-	-
	Sub Total (A)	0.16	0.28
2	Bank Balance	2676.43	569.75
	Margin Money	6570.60	4295.73
	Sub Total (B)	9247.03	4865.48
3	Cheques on Hand (C)	-	-
	Total [ A + B + C ]	9247.19	4865.76

		Rs. in Lacs	
		Current Year	Previous Year
<b>16</b>	<b>SHORT TERMS LOANS AND ADVANCES</b>		
1	Loans & Advances from related parties		
	a) Secured, Considered Good :		
	Advance to Associate Concerns	-	-
	Diamond Power Transformers Ltd	185.70	1981.16
	Diamond Power Global Holding Ltd	55.30	14.63
	b) Unsecured, Considered Good :		
	Staff	7.29	6.06
	Other Advances	-	-
	c) Doubtful		
2	Others		
	Advance Recoverable in cash or in kind or for value to be considered good	-	-
	Advance to Suppliers	93.30	59.72
	Advance Income Tax/Refund Due	-	-
	Balance With Revenue Authorities ( Indirect Taxes)	-	-
	Prepaid Expenses	701.77	934.03
	PLA	0.14	0.14
	Cenvat	2841.23	2312.70
	Service Tax	1594.18	1086.59
	Tax Deducted at Source	42.77	25.41
	Income Tax	168.70	141.17
	Electricity Duty Refund	2.30	2.30
	Sales Tax Advance	157.52	157.52
	VAT	-	-
	Interest	-	-
	Total	5850.20	6721.43

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>17</b>	<b>REVENUE FROM OPERATIONS</b>		
1	Domestic Sales (Exclusive of Excise Duty)	2,12,636.53	1,74,037.73
2	Export Sales	-	-
3	Others	-	-
	<b>Total</b>	<b>2,12,636.53</b>	<b>1,74,037.73</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>18</b>	<b>OTHER INCOME</b>		
1	Dividend Received	-	-
2	Interest on FDR	-	-
3	Interest Received	630.02	317.49
4	Notice Pay Recovered	4.34	2.04
5	Claim Received	-	0.48
6	Other Income	3.95	0.51
	<b>Total</b>	<b>638.31</b>	<b>320.53</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>19</b>	<b>COST OF MATERIAL CONSUMED</b>		
1	Purchases of Raw Materials And Stores		
	Conductor	53,598.42	39,606.25
	Cables	1,04,473.96	99,218.02
	EPC	14,540.02	28,675.61
	Transformer	-	-
	Tower	25,130.87	8,108.80
	<b>Sub-total (a)</b>	<b>1,97,743.28</b>	<b>1,75,608.68</b>
2	Direct/Productions Expenses		
	Cartage & Transport	275.42	238.88
	Excise Duty Paid	1,044.28	764.04
	Calibration Expenses	1.30	1.56
	Consumable Stores	380.17	357.12
	Repair & Maintenance (Plant & Machinery)	12.84	22.16
	Factory Expenses	46.18	21.50
	Insurance Expenses	36.37	25.27
	Packing Material	1,441.35	1,309.39
	Detention & Demurrage Charges	35.99	0.04
	Survey Charges -- Infrastructure	23.82	6.04
	Air Time Charges	0.14	0.14
	Transmission Charges (Wind Power)	62.33	-
	Job Work Charges	182.00	-
	Power & Fuel Expenses	1,248.77	902.78
	<b>Sub-total (b)</b>	<b>4,790.96</b>	<b>3,648.93</b>
	<b>Total</b>	<b>2,02,534.24</b>	<b>1,79,257.61</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>20</b>	<b>CHANGE IN INVENTORIES</b>		
1	Opening Stock of WIP & Finished Goods	46,885.11	20,028.35
2	Closing Stock of WIP & Finished Goods	63,645.13	46,885.11
3	WIP Increase / Decrease Division wise	-	1,645.16
<b>Total</b>		<b>-16,760.01</b>	<b>-28,501.93</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>21</b>	<b>EMPLOYMENT BENEFIT EXPENSES</b>		
1	Bonus	15.25	20.42
2	Director's Remuneration (Net)	171.20	368.47
3	House Rent Allowance	81.56	67.82
4	Leave wages / Salary	0.01	0.01
6	Medical Allowances	1.15	0.38
7	Medical Expenses	52.95	47.89
8	Provident Fund Expenses (P.F. & F.P.F)	45.91	37.47
9	Salary & Wages	1,048.21	788.31
10	Staff & Labour Welfare	68.20	64.28
11	Labour Contract Charges	1,043.91	744.28
12	Stipend	1.34	0.85
13	Telephone Allowance	38.58	29.94
<b>Total</b>		<b>2,568.29</b>	<b>2,170.11</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>22</b>	<b>FINANCIAL COST</b>		
1	Interest on Cash Credit Facility	6,257.00	3,251.20
2	Interest on Term loan	1,183.42	1,215.85
4	Interest on Other loans	86.22	76.56
5	Bank Charges (Including LC, Bank Guarantee & Bill Discounting Charges & Others)	529.76	141.75
6	Bank Guarantee Charges	153.51	165.54
7	Gain/Loss Exchange Rate	350.52	-
<b>Total</b>		<b>8,560.43</b>	<b>4,850.90</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>23</b>	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
1	Depreciation	2,863.01	2,026.86
2	Preliminary Expenses W/O	-	-
3	Amortisation Expenses	402.40	402.40
<b>Total</b>		<b>3,265.41</b>	<b>2,429.26</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>24</b>	<b>OTHER ADMINISTRATIVE EXPENSES</b>		
1	Audit Fees	16.23	24.32
2	Consultancy Charges	10.12	16.23
3	Conveyance Expenses	13.39	12.56
4	CSR Activities- Donation	7.62	17.31
5	Electricity Expenses	16.52	10.51
6	Legal & Professional charges	209.06	168.08
7	Post, Tele. & Courier Charges	8.65	7.16
8	Rent, Rates & Taxes	118.67	95.84
9	Application Fees	-	1.50
10	Repairs & Maintenance Others	72.10	50.05
11	Printing & Stationary Expenses	13.80	12.31
12	Sundry Expenses	17.77	10.01
13	Travelling Expenses	131.09	118.09
14	Vehicles Expenses	63.96	57.95
15	Office Expenses	23.49	13.09
16	Software Expenses	7.66	12.51
17	Service Tax Expenses	19.43	37.66
18	Penalty	0.15	3.72
19	Hospitality Expense	25.05	22.72
20	Loss on Sales of Fixed Asset	1.22	7.48
21	Foreign Travel (Others)	3.68	-
22	House Keeping Expenses	37.20	-
23	Sundry Balances Written off	0.71	50.90
24	Advertising Expenses	271.03	186.17
25	Sales Promotion Expenses	75.56	87.50
26	Commission on Sales	216.29	320.19
27	Marketing Expenses	1,018.28	469.31
<b>Total</b>		<b>2,398.73</b>	<b>1,813.15</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

## 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

### A. Statement of Significant Accounting Policy

1. **Method of Accounting:** The Financial Statements have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The Financial Statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956.
2. **Revenue Recognition:** Sales includes inter-divisional transfers, sale of scrap, Sales Outsource Products, Sales related to Engineering Procurement and Contract Services, Excise duty Paid, Value Added 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 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 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 are 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. Provision is made for diminution, other than temporary, in the value of investments.
7. **Inventories:**
  - a) 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.
  - b) Cost of work-in-progress and finished goods includes material cost, labour cost, and manufacturing overheads absorbed on the basis of normal capacity of production.
8. **Provident Fund and Retirement Benefits:** Contribution to Provident Fund is accounted on actual liability basis. Provision for Gratuity and Leave Encashment is made based on actuarial valuation.
9. **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.
10. **Amortisation:** 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 Aerial Bunch Cable Project (ABC Project) have been charged to the revenue for the financial period.
11. **Foreign Currency Transactions:** The Company has no Branch offices outside India. The Foreign currency transaction are recorded on initial recognition in the reporting currency by applying the exchange rate prevailing at the date of transaction. Any Income or Expense on account of exchange rate difference is recognized in the Income and Expenditure Account
12. **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.
13. **Income Tax:** Provision for Current Income Tax is made after considering Company's claims

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

25

## SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

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.

14. **Deferred Tax :** 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.
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. **Uses of Estimates:** The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which results are known/materialised.
17. **Derivative Contracts:** Company as such in the current financial year has not entered into any such Derivative Contracts .
18. **Operating Cycle:** Assets and liabilities other than those relating to long-term contracts (i.e. supply or turnkey contracts) are classified as current if it is expected to realise or settle within 12 months after the balance sheet date. In case of long-term contracts, the time between acquisition of assets for processing and realisation of the entire proceeds under the contracts in cash or cash equivalent exceeds one year. Accordingly for classification of assets and liabilities related to such contracts as current, duration of each contract is considered as its operating cycle

## Part B Notes to Accounts

### 1. Contingent Liabilities

- (a) Letter of Credit opened Rs.3879.16 Million Previous Year Rs 2001Million; materials under all letters of credit have been received and accounted for as Creditors.
  - (b) Outstanding Bank Guarantees as of March 31, 2013 is Rs. 1775 Million (Previous Year Rs.1226.37 Million).
  - (c) Income tax demands being in appeal not provided for Rs. Nil (previous year Rs Nil).
  - (d) There are no outstanding Claims against the Company.
  - (e) Corporate guarantees issued to wholly owned subsidiary – Diamond Power Transformers Ltd. In favour of Indian Overseas Bank
2. The company has been sanctioned the fund based and non-fund based working capital facilities of Rs. 1650 Millions from the Axis Bank Ltd.; Rs. 3500 Million from the Bank of India; Rs. 1980 Million from the ICICI Bank Ltd.; Rs. 2200 Million from the Bank of Baroda, Rs. 1620 Million from Allahabad Bank & Rs. 660 Millions from Dena Bank, Rs. 552 Millions from Indian Overseas Bank & Rs. 500 Mn from State Bank of Mysore against the security of first pari passu charge on the entire current assets of the company by way of Hypothecation agreement and the second pari passu charge on the entire fixed assets of the company.
  3. Balance confirmation letters were sent out to various debtors and creditors. The confirmation of most of the Debtors and creditors is received.
  4. 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.
  5. 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.
  6. **Segmental Reporting:**  
The company is primarily engaged in the manufacture of conductors, cables and selling out- sourced products and EPC Contracts. As the company's manufacturing facilities are inter woven/ inter- mix due to the nature of its business with the EPC business, it is not possible to directly and specifically attribute or allocate on a reasonable basis, the expenses, assets & liabilities in different Segments. The segmental Sales product wise are as follows:

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

## 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

(Rs in Millions)

Gross Segment Revenue	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Conductor	5942.54	4501.85	4,615.04	3,431.98	3,539.72	3775.05
Cables ( LT & HT )	11829.37	10239.69	5,125.28	2,031.53	817.59	666.18
Power Infrastructure –Turnkey Project [EPC]	1597.84	2923.45	4,231.67	3,291.48	1800.00	649.45
Transmission Tower	2736.02	858.42	-	-	-	-
Total Gross Sales	22105.77	18,523.41	13,971.99	8,754.99	6,157.31	5,090.68
Less: Inter Segment Sales	-	761.92	1121.25	1,400.82	-	-
Gross Sales	22105.77	17,761.49	12,850.74	7,354.17	6,157.31	5,090.68
Less: Excise Duty	842.11	357.72	174.49	111.36	149.47	231.90
Net Sales	21263.66	17,403.77	12,676.25	7,242.81	6,007.84	4,858.78

### 7. Share Holding in Various Companies:

The Company holds the following shares

- 99.60% in its Subsidiary Diamond Power Transformers Ltd.
- 100% in its Subsidiary Diamond Power Global Holding Ltd. – Dubai
- 100% in its Subsidiary Diamond Power Transmission Pvt Ltd .

### 8. Related Party Disclosures:

#### a) Particulars of Associates of the Company:

Name of the Related Party	Nature of Relationship
Diamond Infosystems Ltd.	Associate Company of DPIL
Diamond Projects Ltd.	Associate Company of DPIL

#### b) Subsidiary Company:

Name of the Subsidiary
Diamond Power Transformers Ltd
Diamond Power Global Holding Ltd
Diamond Power Transmission Pvt Ltd

#### c) Key Management Personnel and their Relatives:

Key Management Personnel and their Relatives	Nature of Relationship
Mr. S.N.Bhatnagar	Chairman
Mr. Amit Bhatnagar	Managing Director
Mr. Sumit Bhatnagar	Jt. Managing Director

#### d) Relatives of Key Management Personnel:

Key Management Relatives
Smt Madhurilata Bhatnagar
Smt Mona Bhatnagar
Smt Richa Bhatnagar

#### e) Enterprise under Significant influence of Key Management Personnel: Not applicable

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

## 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

### f) Summary of the Transaction with related Parties and its Associate Companies:

(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	27339.58	Nil	Nil	Nil	27339.58
Receipts/ Rendering of services	Nil	Nil	Nil	Nil	Nil
Rent (Paid)/ Recd.	6.18	Nil	Nil	Nil	6.18
Advances Recd/(Given)	2843.65	Nil	Nil	Nil	2843.65
Directors Remuneration	Nil	171.20	Nil	Nil	171.20
Outstanding Receivable as on 31.03.2013	Nil	Nil	Nil	Nil	Nil

**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. Enterprise under the same management include Wholly Owned Subsidiary Diamond Power Transformers Ltd.

### 9. Earnings Per Share (EPS):

(Rs in Millions)		
Earnings Per Share (EPS)	March 31, 2013	March 31, 2012
<b>I Profit Computation for both Basic and Diluted Earnings Per Share of Rs.10 each</b>		
Net Profit as per Profit & Loss Account available for Equity Shareholders	920.77	1083.89
<b>II Weighted average number of equity shares for Earnings per share computation</b>		
A. For Basic Earnings per Share	37,206,371	37,206,371
B. For Diluted Earnings per Share No. of shares for Basic EPS as per II A	37,206,371	37,206,371
Add: Weighted Average outstanding Option / Shares deemed to be issued for no consideration	-	-
No. of shares for Diluted Earnings per share	37,206,371	37,206,371
<b>III Earnings per Share (Weighted Average)</b>		
Basic	24.75	29.13
Diluted	24.75	29.13

### 10. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated. After filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' (the Act). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2011 has been made in the financial statements based on information received and available with the Company. Detail of the Small Scale Industries (SSI) units which have supplied the materials to the company and to whom the company owes a sum exceeding RS 1.00 Lacs and which is outstanding for more than 30 days is Nil

**Note:** The above Information regarding Small Scale Industrial undertaking has been determined to the extent such parties has been identified on the basis of information available with the company. The same has been relied upon by the Auditors. To confirm names/figures

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

## 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

11. Sales include an amount of Rs Nil Million (Net of Duty) of inter-unit Transfer (Previous year Rs 761.92 Million).
12. Aggregate directors' remuneration is Rs. 17.12 Million (previous year Rs. 36.85 Million). The remuneration of directors is 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.
13. Aggregate Auditor's remuneration is fixed at Rs. 1.62 Million (previous year Rs. 2.43 Million). Which includes Rs 1.62 Million as Audit Fees (Previous year Rs. 2.43 Millions).
14. As per Accounting Policy (10) on excise duty, the excise duty payable on finished goods in stocks at works amounting to Rs 104.43 Million (previous year Rs 75.87 Million) has been included in the expenditure and in such stocks. However, the same has no impact on the profit for the year.
15. There are no amounts due and outstanding to be credited to investor Education and Protection Fund.
16. Details of Licensed, Installed Capacities and Production

Goods Manufactured	Licensed Capacity	Installed Capacity	Production Current Year 12 Months	Production Previous Year 12 Months
All Aluminum Alloy Conductors & ACSR Conductor (Excluding Conductors used In Cables)	NA	50500 MTPA.	43,035	32,496
LT Electric Power Cables & Control Cables	NA	34,300 Kms	30,589 Kms	26860 Kms
HT Cables	NA	5600 Kms	5,485 Kms	5320 Kms
EHV Cables	NA	2000 Kms	1,035 Kms	598 Kms
Transmission Towers		48000 MT	47,031 MT	15,450 MT

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 Quantity are usually taken as per relevant IS standards.

17. Details of Raw Materials Consumed (including captive consumption):

Description of Item	U.O.M	Quantity For the year 2012-13	Quantity For the year 2011-12
Aluminium	M.Ts.	84,646	72,892
Copper	M.Ts.	2,861	2,321

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

Raw Materials	(Rs in Millions)			
	Current year (2012-13)	Previous year (2011-12)	Current year % (2012-13)	Previous year % (2011-12)
Imported	507.91	770.00	2.57	4.58
Indigenous	19266.42	16,052.86	97.43	95.42

19. Particulars of Sales and Stocks:

Item	U.O.M	Opening Stock	Sales	Closing Stock
Conductors	Kms.	1052.35	109630	1908.35
Cables	Kms.	2015.40	36908	2216.40
Transmission Tower	MT	2905.00	49923	23.00

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

## 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

### 20. Expenditure in Foreign Currency:

	(Rs in Millions)	
	2012-13	2011-12
Import on CIF Basis	827.28	770.00
Travelling Expenses	5.05	-
Others	1.63	-

### 21. Income in Foreign currency:

	(Rs in Millions)	
	FOB Value of Export 2012-13	FOB Value of Export 2011-12
Exports	Nil	Nil
Foreign exchange fluctuation	Nil	Nil

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

This is the Financial Statement referred to in our Report of even date.

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

(Chartered Accountants)

**Vijay N. Tewar**

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

**S. N. Bhatnagar**

Chairman

**Amit Bhatnagar**

Managing Director

**Sumit Bhatnagar**

Joint Managing Director

**Nishant Javlekar**

Company Secretary

# Directors' Report

To the Members,

Your Directors hereby present the Annual Report and the Audited Accounts of your Company for year ended 31st March, 2013.

## FINANCIAL RESULTS

Particulars	Rs. in Lacs	
	2012-13	2011-12
Gross total Income	37,529.41	27,809.44
Gross total Expenditure	36,202.31	24,711.78
Profit / (Loss) Before interest, Depreciation & Taxation	1,327.10	3,097.66
Interest	637.34	466.63
Depreciation / Amortization	111.61	105.99
<b>PROFIT / ( LOSS) BEFORE TAX</b>	<b>578.15</b>	<b>2,525.04</b>
Provision for Taxation / Deferred Tax	210.00	808.80
<b>PROFIT AFTER TAX / (LOSS)</b>	<b>368.15</b>	<b>1,716.24</b>
<b>APPROPRIATIONS</b>		
a) General Reserve	-	-
b) Dividend	-	-
Profit carried from last year	4,712.51	2,996.27
<b>Balance carried to Balance Sheet</b>	<b>368.15</b>	<b>1,716.24</b>
<b>Earning Per Shares</b>	<b>3.68</b>	<b>17.16</b>

## PERFORMANCE

Diamond Power Transformers Limited is a wholly-owned subsidiary of Diamond Power Infrastructure Limited for the Financial Year 2012-13, the Company has earned total income of Rs. 37529.41 lacs (against last year's Rs. 27809.44 Lacs) against which, the Company has incurred total expenditure of Rs. 36202.31 Lacs (against last year's 24711.78 Lacs) makes the Profit of Rs. 368.15 Lacs (against last year's Rs. 1716.24 Lacs). Company's earning per share is decreased from 17.16 (for last year) to 3.68 (for current year).

## DIVIDEND

Your Company requires more funds/reserves to accomplish its objects & to incur day to day expenditure of the Company. Therefore, the directors do not recommend any dividend for the year ended 31st March, 2013.

## CURRENT ACTIVITIES

Today, Electricity is the lifeline of any economy. Without it the progress graph of any country stumbles down. In such a situation transformers act as a boon by enabling a continuous flow of electricity by preventing voltage fluctuations in some or the other way.

Diamond Power Transformers Limited is into production of Power and Distribution Transformers. It includes 11KV to 220KV, all the way up to 315MVA. Each of our transformers undergoes a rigorous type-testing, ensuring superior efficiency as well as reliability. We

have fruitfully manufactured and type-tested transformers with ratings starting from 10 KV to 315 MVA, up to 220 KV class.

### Types of Power & Distribution Transformers:

- Power transformers up to 220KV, 315 MVA
- Distribution transformers up to 33KV, 2500 KVA
- Single phase track side transformers up to 145KV, 10 MVA
- Single phase track side transformers up to 145KV, 31 MVA
- Cast resin transformers up to 36KV, 3150KVA
- Current transformers up to 245KV
- Voltage transformers up to 72.5KV
- Vacuum circuit breakers up to 36KV, 2500 A, 40KA
- Dry type transformers

### Turnkey Facilities under one Umbrella:

- Three fully-integrated facilities in Gujarat with in-house facilities for products such as core laminations, wire drawing, strip mill, winding as well as an in-house transformer oil refinery
- A world class dry-type transformer facility
- Over 50,000 installed transformers worldwide and an annual production capacity of 5000 transformers

"Our fundamental belief is that for us growth is a way of life and we have to grow at all times." Validating this quotation your company has added another feather to its cap by acquiring a strategic stake in India's leading power and control panel manufacturer M/s Maktel Control & Systems Pvt. Ltd. and Maktel Power Limited.



# Directors' Report (Contd.)

The foundation stone of Maktel Control was laid down 25 years ago by Danke Group and Mr. A K Nandi. In the last financial year the Company reported revenue of Rs 40 crores which will increase two-fold to more than Rs 100 crores with the commencement of one of the most modern and large Power and Control manufacturing facility near Vadodara.

## DIRECTORS

In accordance with the Companies Act, 1956 and the Articles of Association of the Company Shri Amit Bhatnagar retires by rotation at the ensuing annual general meeting. However, he is eligible for re-appointment.

## STATUTORY AUDITORS

M/s R. A. Amin & Company, Chartered Accountants Vadodara, Statutory Auditors of the Company, retires at the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept office, if reappointed.

## CLARIFICATION ON REMARK IN AUDITOR'S REPORT:

As no observation/remarks are contained in Auditor's Report, the Company does not require to make any clarification regarding the same.

## FIXED DEPOSITS

The Company has not accepted any deposit from public during the year under review to which provisions of Section 58A of the Companies (Acceptance of Deposit) Rules, 1956.

## INSURANCE

All the insurable interests of our Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are sufficiently insured.

## CONSERVATIONS OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE

The Company (Disclosure of Particulars under Report of Directors) Rules 1988, regarding the conservation of energy, the Company's total consumption of energy is already reported in this Annual Report of the Company.

Foreign Exchange: The Company has neither earned nor spent any foreign exchange during the year.

## DIRECTOR'S RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

The Directors hereby confirm:

- I. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- II. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the Company at the end of the financial year and of the Profit of the Company for that year;
- III. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. That the directors had prepared the annual accounts on a going concern basis.

## ACKNOWLEDGEMENT

Your Directors acknowledge with appreciation, the patronage of its esteemed customers, suppliers, dealers and valued shareholders. The strength it derives from its employees at all the levels, the support from its Bankers and Financial Institutions and the loyalty of the large family of the Company's customers, suppliers and the shareholders has indeed played a major role in the Company's growth and progress. The Directors also wish to place on record their deep sense of appreciation for the overwhelming co-operation and assistance received from the Bankers and all members of the company.

For and on behalf of the  
Board of Directors

**S N Bhatnagar**  
Chairman

Date : 20th May, 2013

Place : Vadodara



# Auditors' Report

We have audited the attached Balance Sheet of DIAMOND POWER TRANSFORMERS LIMITED (formerly known as Diamond Power Transformers, a partnership firm registered under the Partnership Act, 1932) as on 31st March, 2013 and also the profit and loss account for the 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 conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 (Auditor's Report) order, 2003 as amended by 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, 2013 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2013 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 2013 and,
- (b) In the case of the Profit and Loss account of the PROFIT for the year ended on that date.
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

*(Chartered Accountants)*

FRN: 100334W

**(Hiren R. Amin)**

*Proprietor*

M.N. 111009

Date : 20th May, 2013

Place : Vadodara



# Auditors' Report (Contd.)

(Referred to in paragraph 3 of our report of even date)  
Re: Diamond Power Transformers Limited (the Company)

## 01 FIXED ASSETS

- (a) The company has maintained proper records showing full particulars including quantitative details and situations of fixed assets of the company.
- (b) As explained to us, the Company has a programme for physical verification of fixed assets in accordance with which the fixed assets have been physically verified during the year by the Management. In our opinion, the frequency of physical verification is reasonable. Having regard to the size of the operations of the Company and on the basis of explanations received, in our opinion, the net discrepancies found on physical verification were not material.
- (c) The Company has not disposed off any fixed assets during the year.
- (d) The disclosure requirements as required by AS-10 are made in the necessary area.

## 02 INVENTORIES

- (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) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company.
- (d) The disclosure requirements as required by AS-2 are made in the necessary area.

## 03 LOANS

The company has obtained loans from Share holders. In our opinion the rate of interest & the terms and conditions on which such loans are obtained are not prima facie 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.

## 04 INTERNAL CONTROL SYSTEM

In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in the internal control system of the company.

## 05 CONTRACTS (OR) ARRANGEMENTS

- (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs 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.

## 06 PUBLIC DEPOSITS

The Company has not accepted any deposits from the public and hence compliance with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Act and the Rules framed there under are not applicable.



# Auditors' Report (Contd.)

## 07 INTERNAL AUDIT SYSTEM

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. The Company has not appointed any internal auditor during the year.

## 08 COST AUDIT RECORDS

Based on the information and explanations furnished to us, the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, is applicable to the Company. Cost Accountant has been appointed and preparation of Compliance Certificate is ongoing as on the date of this Audit Report.

## 09 STATUTORY DUES

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to the Company were in arrears, as at March 31, 2013 for a period of more than six months from the date they became payable.

## 10 ACCUMULATED LOSSES

The company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

## 11 DUES TO FINANCIAL INSTITUTIONS / BANKS

In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holder.

## 12 LOANS BY PLEDGE OF SHARES

Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

## 13 CHIT FUND COMPANY

In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause (xiii) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

## 14 TRADING IN SHARES

In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

## 15 GUARANTEES

In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause (xv) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

## 16 TERM LOANS - APPLICATION

In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised other than amounts temporarily invested pending utilization of the funds for the intended use.



# Auditors' Report (Contd.)

## 17 BORROWED FUNDS - USAGE

In our opinion and according to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, we report that generally no funds raised on short term basis have been used for long term investment by the Company.

## 18 PREFERENTIAL ALLOTMENT OF SHARES

According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

## 19 DEBENTURES

In our opinion and according to the information and explanations given to us, during the period covered by our audit report, the Company has not issued debentures.

## 20 PUBLIC ISSUE

In our opinion and according to the information and explanations given to us, the company has not raised any money from public issues.

## 21 FRAUD AND INTENTIONAL MISREPRESENTATIONS

To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

*(Chartered Accountants)*

FRN: 100334W

**(Hiren R. Amin)**

*Proprietor*

M.N. 111009

Date : 20th May, 2013

Place : Vadodara

# Balance Sheet

as of 31st March 2013

Rs. in Lacs

	Sch. No.	31/03/2013	31/03/2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	1	1000.00	1000.00
(b) Reserves and Surplus	2	5080.66	4712.51
(c) Money received against share warrants		-	-
<b>2. Share Application money pending allotment</b>		-	-
<b>3. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	4370.92	3206.79
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
<b>4. Current Liabilities</b>			
(a) Short-Term Borrowings	4	4047.34	2996.55
(b) Trade Payables	5	1562.63	1404.79
(c) Other Current Liabilities	6	1122.04	1053.38
(d) Short-Term Provisions	7	217.83	877.89
Total		17401.42	15251.91
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	8		
(i) Gross Block		2048.73	1610.88
(ii) Depreciation		393.57	282.95
(iii) Net Block		1655.16	1327.93
(b) Non-current investments	9	1040.00	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	10	1744.16	181.29
(e) Other non-current assets	11	-	-
<b>2. Current Assets</b>			
(a) Current investments	12	-	-
(b) Inventories	13	4458.37	4092.29
(c) Trade receivables	14	6672.73	6374.49
(d) Cash and cash equivalents	15	923.78	1392.12
(e) Short-term loans and advances	16	907.21	1883.79
(f) Other current assets		-	-
Total		17401.42	15251.91
Notes to Accounts	25		

Notes attached thereto form an integral part of financial statement. This is the financial statement referred to in our report of even date.

For R.A. Amin & Co.  
(Chartered Accountants)  
FRN: 100334W  
(Hiren R. Amin)  
Proprietor  
M.N. 111009  
Date : 20th May, 2013  
Place : Vadodara

For & On Behalf of The Board of Directors

S. N. Bhatnagar  
Director

Amit Bhatnagar  
Director

Sumit Bhatnagar  
Director

# Profit & Loss Account

for the period ended 31st March 2013

Rs. in Lacs

	Sch. No.	31/03/2013	31/03/2012
I Revenue from operations	17	36,676.18	27,785.29
II Other Income	18	853.23	24.14
III Total Revenue (I +II)		37,529.41	27,809.44
IV Expenses:			
Cost of materials consumed Purchase of Stock-in-Trade	19	34,690.60	25,090.49
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	-724.28	-2,098.59
Employee Benefit Expense	21	241.00	216.56
Financial Costs	22	637.34	466.63
Depreciation and Amortization Expense	23	111.61	105.99
Other Administrative Expenses	24	1,994.99	1,503.32
Total Expenses (IV)		36,951.26	25,284.40
V Profit before exceptional and extraordinary items and tax	(III - IV)	578.15	2525.04
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		578.15	2525.04
VIII Extraordinary Items		-	-
IX Profit before tax (VII - VIII)		578.15	2525.04
X Tax expense:			
a. Current tax		210.00	808.80
b. Deferred tax		-	-
XI Profit(Loss) from the period from continuing operations	(IX-X)	368.15	1716.24
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV Profit/(Loss) for the period (XI + XIV)		368.15	1716.24
XVI Earning per equity share:			
1. Basic		3.68	17.16
2. Diluted		3.68	17.16

Notes attached thereto form an integral part of financial statement. This is the financial statement referred to in our report of even date.

For R.A. Amin & Co.  
(Chartered Accountants)  
FRN: 100334W  
(Hiren R. Amin)  
Proprietor  
M.N. 111009  
Date : 20th May, 2013  
Place : Vadodara

For & On Behalf of The Board of Directors

S. N. Bhatnagar  
Director

Amit Bhatnagar  
Director

Sumit Bhatnagar  
Director

# Notes

Forming Part of the Financial Statements as at 31st March, 2013

		Rs. in Lacs	
		Current Year	Previous Year
<b>1</b>	<b>SHARE CAPITAL</b>		
1	Authorized Capital		
	10000000 Shares of Rs. 10 each	1,000.00	1,000.00
2	Issued & Subscribed Capital		
	10000000 Shares of Rs. 10 each	1,000.00	1,000.00
3	Paid Up Capital		
	10000000 Equity Shares of Rs. 10 each fully paid up	1,000.00	1,000.00
	<b>Total</b>	<b>1,000.00</b>	<b>1,000.00</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>2</b>	<b>RESERVE &amp; SURPLUS</b>		
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Securities Premium reserve	-	-
4	Debenture Redemption Reserve	-	-
5	Revaluation Reserve	-	-
6	Shares Option Outstanding Account	-	-
7	Other Reserve	-	-
8	Surplus (Profit & Loss Account)	5,080.66	4,712.51
	Balance brought forward from previous year	4,712.51	2,996.27
	Less: Tax on Regular Assessment Paid	-	-
	Add: Profit for the period	368.15	1,716.24
	<b>Total</b>	<b>5,080.66</b>	<b>4,712.51</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>3</b>	<b>LONG TERM BORROWINGS</b>		
1	Bonds / Debentures	-	-
2	Term Loan		
	- From Bank	500.22	-
	- From Other Parties	-	750.00
3	Deferred Payment Liabilities	-	-
4	Deposit	-	-
5	Loans & Advances From Related Parties	-	-
6	Long Term Maturities of Finance lease obligation	-	-
7	Unsecured Loans From Lender	3,860.70	2,446.16
8	Other Loans & Advances (Car Loan)	9.99	10.63
	<b>Total</b>	<b>4,370.92</b>	<b>3,206.79</b>

# Notes

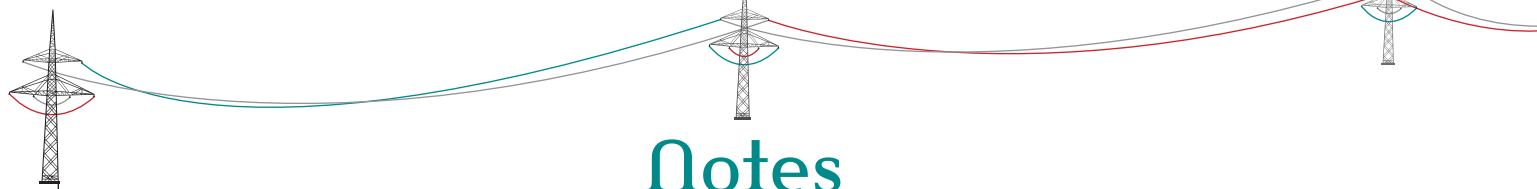
Forming Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>4</b>	<b>SHORT TERM BORROWINGS</b>		
1	Loan Repayable on Demand		
	- From Bank	4,047.34	2,996.55
	- From Other Parties	-	-
2	Loans & Advances From Related Parties	-	-
3	Deposits	-	-
4	Others	-	-
	<b>Total</b>	<b>4,047.34</b>	<b>2,996.55</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>5</b>	<b>TRADE PAYABLES</b>		
	Trade Payables:		
1	Creditor for Goods (includes capital goods)	1,537.17	1,328.27
2	Creditor for Expenses	25.46	76.52
3	Creditor Under Letter of Credit	-	-
	<b>Total</b>	<b>1,562.63</b>	<b>1,404.79</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>6</b>	<b>OTHER CURRENT LIABILITIES</b>		
1	Duties & Taxes Payable	18.43	17.81
2	Statutory Liability Payable	10.87	4.36
3	Other Liabilities Payable	1,092.75	1,031.21
	<b>Total</b>	<b>1,122.04</b>	<b>1,053.38</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>7</b>	<b>SHORT TERM PROVISIONS</b>		
1	Provision For Employees Benefit		
	Employee Dues Payable	2.91	14.32
2	Others		
	Provision for Taxation	212.42	858.26
	Provision for Dividend	-	-
	Provision for Dividend Tax	-	-
	Provision for Expenses	2.50	5.31
	<b>Total</b>	<b>217.83</b>	<b>877.89</b>



# Notes

Forming Part of the Financial Statements as at 31st March, 2013 (Contd.)

Rs. in Lacs

	GROSS BLOCK		ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance as at 1 April 2012	Additions/ (Disposals)	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Balance as at 31 March 2013	Balance as at 1 April 2012
<b>8 FIXED ASSETS</b>							
Land & Site Development	580.94	-	580.94	-	-		580.94
Building	346.21	25.23	371.44	88.24	27.19	115.42	257.98
Plant & Machinery	474.94	14.41	489.35	128.43	49.35	177.78	346.51
Office Equipments	4.47	-	4.47	1.39	0.43	1.82	3.08
Electrical Installation	19.93	8.14	28.06	2.12	3.29	5.41	17.81
Furniture & Fixture / Equipments	14.02	0.22	14.24	5.05	1.64	6.70	8.96
Vehicles	0.38	-	0.38	0.28	0.02	0.31	0.09
Computers	33.11	7.97	41.08	11.70	10.70	22.39	21.42
Testing Equipments	79.11	4.20	83.31	18.31	8.81	27.12	60.80
Airconditioners	3.14	0.05	3.19	0.32	0.40	0.72	2.82
Car	54.54	13.08	67.62	27.09	8.78	35.87	27.45
Refrigerator	0.09	-	0.09	0.02	0.01	0.03	0.07
<b>Total</b>	<b>1,610.88</b>	<b>73.30</b>	<b>1,684.18</b>	<b>282.95</b>	<b>110.62</b>	<b>393.57</b>	<b>1,327.93</b>
Capital Work In Progress	-	364.56	364.56	-	-	-	-
<b>Grand Total</b>	<b>1,610.88</b>	<b>437.85</b>	<b>2,048.73</b>	<b>282.95</b>	<b>110.62</b>	<b>393.57</b>	<b>1,327.93</b>
<b>Previous Year</b>	<b>1,653.71</b>	<b>-42.83</b>	<b>1,610.88</b>	<b>177.95</b>	<b>105.00</b>	<b>282.95</b>	<b>1,475.76</b>

# Notes

Forming Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>9</b>	<b>NON CURRENT INVESTMENT</b>		
1	Investment in Property	-	-
2	Investment in Equity Instrument (Unquoted Shares)	1,040.00	-
3	Investment in Preference shares	-	-
4	Investment in Government or Trust Securities	-	-
5	Investment in Debentures & Bonds	-	-
6	Investment in Mutual Fund	-	-
	Baroda Pioneer Equity Fund	-	-
7	Investment in Partnership Firm	-	-
8	Other	-	-
	<b>Total</b>	<b>1,040.00</b>	<b>-</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>10</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
1	<b>Capital Assets</b>		
	a) Secured, Considered Good	-	-
	b) Unsecured, Considered Good	-	-
	c) Doubtful	-	-
2	<b>Security Deposit</b>		
	a) Secured, Considered Good :		
	Government Deposits	78.43	15.56
	Security Deposit	-	-
	Earnest Money Deposit	-	-
	Lease Rent	138.26	138.26
	Other Deposit	1.94	1.94
	b) Unsecured, Considered Good :	-	-
	c) Doubtful	-	-
3	<b>Loans &amp; Advances to related parties</b>		
	Apex Power Equipment Pvt Ltd	0.52	0.52
	Diamond E.H.V. Conductors	-	-
	Apex Electricals Ltd	25.01	25.01
4	<b>Other Loans &amp; Advances</b>		
	Other Advances	1,500.00	-
	<b>Total</b>	<b>1,744.16</b>	<b>181.29</b>

# Notes

Forming Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>11</b>	<b>OTHER NON CURRENT ASSETS</b>		
1	Long Term Trade Receivables	-	-
	a) Secured, Considered Good :	-	-
	b) Unsecured, Considered Good :	-	-
	c) Doubtful	-	-
2	Others	-	-
	<b>Total</b>	-	-

		Rs. in Lacs	
		Current Year	Previous Year
<b>12</b>	<b>CURRENT INVESTMENT</b>		
1	Investment in Equity	-	-
2	Investment in Preference Shares	-	-
3	Investment in Govt Securities	-	-
4	Investment in debentures & Bonds	-	-
5	Investment in Mutual Fund	-	-
6	Investment in Partnership Firm	-	-
7	In Short term Fixed Deposits	-	-
	<b>Total</b>	-	-

		Rs. in Lacs	
		Current Year	Previous Year
<b>13</b>	<b>INVENTORIES</b>		
1	Raw Material	188.57	546.77
2	Work-in-Progress	4,231.65	3,540.54
3	Finished Goods	38.15	4.98
4	Stock-in-Trade	-	-
5	Packaging Material	-	-
6	Consumable Stores	-	-
7	Fuel & Gases	-	-
8	Goods in Transit	-	-
	<b>Total</b>	<b>4,458.37</b>	<b>4,092.29</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>14</b>	<b>TRADE RECEIVABLES</b>		
1	Outstanding for less than six months		
	a) Secured, Considered Good	6,672.73	6,374.49
	b) Unsecured, Considered Good	-	-
	c) Doubtful	-	-
2	Others		
	a) Secured, Considered Good	-	-
	b) Unsecured, Considered Good	-	-
	c) Doubtful	-	-
	<b>Total</b>	<b>6,672.73</b>	<b>6,374.49</b>

# Notes

Forming Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>15</b>	<b>CASH &amp; CASH EQUIVALENT</b>		
1	Cash-in-Hand		
	Cash Balance	5.87	28.79
	Petty Cash Balance	-	-
	Sub Total (A)	5.87	28.79
2	Bank Balance	569.93	916.67
	Margin Money	347.98	409.70
	Sub Total (B)	917.91	1,326.37
3	Cheques on Hand (C)	-	36.96
	Total [ A + B + C ]	923.78	1,392.12

		Rs. in Lacs	
		Current Year	Previous Year
<b>16</b>	<b>SHORT TERMS LOANS AND ADVANCES</b>		
1	Loans & Advances from related parties		
	a) Secured, Considered Good :		
	Advance to Associate Concerns	-	-
	b) Unsecured, Considered Good :		
	Staff	-	-
	Other Advances	562.25	562.25
	c) Doubtful	-	-
2	Others		
	Advance Recoverable in cash or in kind or for value to be considered good	-	-
	Advance to Suppliers / Vendors	-	1092.84-
	Advance Income Tax/Refund Due	40.00	0.25
	Balance With Revenue Authorities (Indirect Taxes)	-	-
	Prepaid Expenses/Preliminary exps.	22.99	2.25
	PLA	0.07	0.07
	Cenvat	194.29	161.95
	Tax Deducted at Source	31.23	0.85
	Income Tax	-	1.80
	VAT	9.48	43.47
	Pre paid expenses	-	-
	Interest	46.90	18.06
	Total	907.21	1,883.79

# Notes

Forming Part of the Profit & Loss Accounts as at 31st March, 2013

		Rs. in Lacs	
		Current Year	Previous Year
<b>17</b>	<b>REVENUE FROM OPERATIONS</b>		
1	Domestic Sales (Exclusive of Excise Duty)	36,676.18	27,785.29
2	Export Sales	-	-
3	Others	-	-
	<b>Total</b>	<b>36,676.18</b>	<b>27,785.29</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>18</b>	<b>OTHER INCOME</b>		
1	Dividend Received		
2	Interest on FDR	36.01	9.88
3	Interest Received	7.97	1.91
4	Notice Pay Recovered	-	-
5	Claim Received	0.74	-
6	Other Income	808.50	12.35
	<b>Total</b>	<b>853.23</b>	<b>24.14</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>19</b>	<b>COST OF MATERIAL CONSUMED</b>		
a)	Purchases of Raw Materials And Stores		
	Raw Materials, Packing Materials, Consumables	34,208.10	24,632.29
	<b>Sub-total (a)</b>	<b>34,208.10</b>	<b>24,632.29</b>
B)	Direct/Productions Expenses		
	Cartage & Transport	66.66	55.66
	Excise Duty Paid	26.33	-
	Calibration & Testing Expenses	34.08	65.51
	Consumable Stores	0.55	2.46
	Conversion/labour charges	255.21	205.07
	Repair & Maintenance (Plant & Machinery)	13.38	3.70
	Factory Expenses	11.58	15.81
	Insurance Expenses	6.52	2.41
	Guarantee period expenses	0.62	-
	Detention & Demurrage Charges	-	-
	Diesel for Generator	-	-
	Electricity Expenses	49.46	91.63
	Security Charges	18.10	15.28
	Survey Charges -- Infrastructure	-	-
	Customs Clearance Charges	-	-
	Custom & Clearing Charges	-	-
	Workman compensation Premium	-	0.68
	Power & Fuel Expenses	-	-
	<b>Sub-total (b)</b>	<b>482.51</b>	<b>458.20</b>
	<b>Total</b>	<b>34,690.60</b>	<b>25,090.49</b>

# Notes

Forming Part of the Profit & Loss Accounts as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>20</b>	<b>CHANGE IN INVENTORIES</b>		
1	Opening Stock of WIP & Finished Goods	3,545.52	1,446.93
2	Closing Stock of WIP & Finished Goods	4,269.80	3,545.52
	<b>Total</b>	<b>-724.28</b>	<b>-2,098.59</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>21</b>	<b>EMPLOYMENT BENEFIT EXPENSES</b>		
1	Bonus	3.00	2.92
2	Director's Remuneration (Net)	-	68.00
3	House Rent Allowance	-	-
4	Leave wages / Salary	0.40	0.02
6	Medical Allowances	-	-
7	Medical Expenses	-	-
8	Provident Fund Expenses (P.F. & F.P.F)	3.90	1.81
9	Salary & Wages	232.66	142.95
10	Staff & Labour Welfare , Training	0.87	0.58
11	Labour Contract Charges	-	-
12	Stipend/ Retainer Ship	0.18	0.28
13	Telephone Allowance	-	-
	<b>Total</b>	<b>241.00</b>	<b>216.56</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>22</b>	<b>FINANCIAL COST</b>		
1	Interest on Cash Credit Facility	431.70	166.76
2	Interest on Term loan	-	145.44
4	Interest on Other loans	106.23	74.16
5	Bank Charges (Including LC, Bank Guarantee & Bill Discounting Charges & Others)	99.41	-
6	Bank Guarantee Charges	-	80.28
7	Bank Charges/Processing fees	-	-
	<b>Total</b>	<b>637.34</b>	<b>466.63</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>23</b>	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
1	Depreciation	110.62	105.00
2	Preliminary Expenses W/O	0.99	0.99
3	Amortisation Expenses	-	-
	<b>Total</b>	<b>111.61</b>	<b>105.99</b>

# Notes

Forming Part of the Profit & Loss Accounts as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>24</b>	<b>OTHER ADMINISTRATIVE EXPENSES</b>		
1	Audit Fees	2.55	2.00
2	Consultancy Charges	11.93	3.34
3	Conveyance Expenses	6.39	3.50
4	Donation	1.67	8.86
5	Electricity Expenses	-	-
6	Legal & Professional charges	24.98	0.60
7	Post, Tele. & Courier Charges	3.91	2.07
8	Rent, Rates & Taxes	1.55	42.69
9	Application fees	5.67	13.83
10	Repairs & Maintenance Others	12.76	5.08
11	Printing & Stationary Expenses	3.46	2.46
12	Tender fees	2.89	0.96
13	Training & recruitment Expenses	0.52	-
14	Sundry Expenses	-	-
15	Travelling Expenses	23.98	18.26
16	Vehicles Expenses	-	-
17	Office Expenses	0.53	0.49
18	Software Expenses	-	-
19	Insurance Exp (Car)	0.35	0.39
20	Mis .Expenses	1.08	1.13
21	Service Tax Expenses	1.77	1.73
22	Documentation Charges	-	-
23	Penalty	-	-
24	Hospitality Expense	2.29	7.29
25	Loss on Sales of Fixed Asset	-	-
26	Professional Tax	0.05	0.02
27	Preliminary Expenses Written off		
28	Sundry Balances Written off	-	0.03
29	Advertising Expenses	0.05	11.94
30	Sales Promotion Expenses	31.13	0.36
31	Commission on Sales	4.26	3.15
32	Marketing Expenses	6.11	0.63
33	Deffered Sales Liability		
34	Canteen expenses	4.15	0.90
35	Car hire charges	4.51	3.87
36	Charity /welfare	1.04	2.71
37	Discount /bad debt	-	0.77
38	Erp Annual contract	4.91	5.26
40	Franking Charges	3.00	7.34
41	Gratuity	6.47	4.04
42	Portal Charges	0.27	0.05
43	Soft ware	-	0.56
43	Vat /CST paid	1,820.76	1,347.00
	<b>Total</b>	<b>1,994.99</b>	<b>1,503.32</b>

# Notes

## Forming Part of the Profit & Loss Accounts as at 31st March, 2013 (Contd.)

### 25 SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation

The financial statements have been prepared under the accrual method of accounting on a going concern basis and statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP). Previous years figures have been regrouped / rearranged wherever necessary.

#### 2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Capital Work in Progress as on 31.03.2013 amounted to Rs.3,64,55,665

#### 3. Depreciation

Depreciation is provided on written-down value basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

#### 4. Impairment of Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.

#### 5. Valuation of Inventories

- Inventories are valued at lower of cost or net realizable value on FIFO basis.
- Raw materials, Stores and spares – includes purchase price and freight
- Work in progress – Material cost plus appropriate share of manufacturing overheads.
- Finished Goods – Absorption cost basis and includes material, labour and appropriate overheads.

#### 6. Investments

Investments are stated at cost. Provision for diminution in value on long-term investments is made only if such decline is other than temporary in nature.

#### 7. Revenue Recognition

Sale of goods is recognized at the point of dispatch to the customers. Gross Sales are accounted inclusive of excise duty and sales tax.

#### 8. Expenses

All expenses booked on accrual basis. Any deduction by customers on account of contractual deductions is worked out in each year and debited to Profit & Loss A/c.

#### 9. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account.

Gain/Loss on settlement of transaction arising on cancellation or renewal of a forward exchange contract is recognized as income or as expense of the period/year.

#### 10. Income Tax

Provision for Current Income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

### NOTES ON ACCOUNTS

- Corresponding figures of the previous year have been regrouped wherever necessary.
- There are no Contingent liabilities as at the date of the Balance Sheet. Total Amount of BG Rs.9,50,17,169 (Rupees Nine Crores Fifty Lacs Seventeen Thousands One Hundred and Sixty Nine only)
- The balance of advances, debtors and creditors are taken on the basis of book figures and are subject to confirmation. However, in the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The provision made in the accounts for depreciation and for all other known liabilities is considered adequate and not in excess of the amounts reasonably necessary.
- 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. Based on the information available with the Company, there are no Creditors as on 31st March 2012 registered under the MSMED Act, 2006.

- Value of Imports on CIF Basis - NIL
- Earnings in Foreign Exchange - Rs.
- Expenditure in Foreign Currency - Rs.
- Related Party Disclosures

As identified by the company and relied upon, the related parties are as follows:-

Name of the related party	Relationship
<i>Key Management Personnel **</i>	
Mr. S. N. Bhatnagar	Director
Mr. Amit Bhatnagar	Director
Mr. Sumit Bhatnagar	Director
Mr. Jayramrao Marathe	Director

#### *Relatives of Key Management Personnel \*\**

Smt. Madhurilata Bhatnagar, Smt. Mona Bhatnagar, Smt. Richa Bhatnagar

#### *Associate Companies / Firm*

Diamond Power Infrastructure Limited, Diamond Projects Limited, Diamond Infosystems Limited

\*\* No transactions have been entered into with any of the Key Management Personnels of their relatives during the year.

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

## 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

9. Additional Information Pursuant to the Provisions of Paragraphs 3 & 4 (C) & (D) of Part II of Schedule VI to the Companies Act, 1956:

### A. In respect of products manufactured

- (i) Licensed Capacity : Not Applicable  
(ii) Installed Capacity : Not determinable being Power and Distribution transformer manufacturer of various ratings; Aluminum Wire Rod and Transmission Tower Material

### B. Production

	Transformers (Numbers)	Aluminum Wire Rod (Kilograms)	Transmission Tower Material (Kilograms)
Opening Stock	13	-	-
Production	5985	241503	21097219
Sales	5981	241503	21097219
Closing Stock	17	-	-

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

- I. Registration Details : Balance Sheet Date 31-03-2013  
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 : 0  
A) Total Issue : NIL B) Capital Raised : NIL

### III. Position of Mobilisation and Deployment of Funds (Amt Rs. in Thousand)

Total Liabilities : 1740142 Total Assets : 1740142

#### Sources of Funds

Paid-up Capital : 100000 Reserves & Surplus : 508066  
Non Current Liabilities : 437092 Current Liabilities : 694984

#### Application of Funds

Non Current Assets : 443933 Current Assets : 1296209

#### Performance of Company

Turnover : 3667618 Total Expenditure : 3695126  
Other Income : 85323  
Profit Before Tax and prior period adjustments : 57815 Profit After Tax : 36815  
Earning per Share : Rs. 3.68 Dividend Rate % : NIL

### Generic Names of Principal Products / Services of Company (as per Monetary terms)

#### Item Code No. (ITC Code)

--- Product Description  
--- Power and Distribution Transformers  
--- Cables, Conductors and Allied Electrical Items

\* Generic Codes are not allotted to the products manufactured

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

FRN: 100334W

(Hiren R. Amin)

Proprietor

M.N. 111009

Date : 20th May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

S. N. Bhatnagar  
Director

Amit Bhatnagar  
Director

Sumit Bhatnagar  
Director



# Independent Auditors' Report

To,  
The Board of Directors,

**Diamond Power Infrastructure Ltd**

Registered Office : Phase II, Village : Vadadala Tal Savli

Dist : Vadodara - 391 520

1. We, M/s. Vijay N Tewar & Co. Chartered Accountants, the statutory auditor of Diamond Power Infrastructure Ltd (the "Company") have examined the attached consolidated balance sheet of the Company and its subsidiaries - Diamond Power Transformer Ltd (collectively referred to as "the Group") as at March 31, 2013 and the consolidated statements of profit and loss and cash flows for the year then ended and the related financial statements schedules (the "Audited Consolidated Financial Statements") These Audited Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Audited Consolidated Financial Statements based on our examination.
2. We report that the figures disclosed in the attached Audited Consolidated Financial Statements are extracted from the annual audited consolidated financial statements of the Group as at and for the years ended March 31, 2013, approved by the Board of Directors, regrouped wherever necessary for the year ended on March 31, 2013 and audited by M/s. Vijay N Tewar & Co, Chartered Accountants for the years ended on March 31, 2013, and in respect of which we have issued our audit reports dated 22nd May, 2013 respectively to the Board of Directors of the Company. Accordingly any event subsequent to these dates have not been considered / adjusted for the said purpose. As stated by us in these reports, we conducted our audit in accordance with the auditing standards generally accepted in India.  
  
Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Financial Statements of Diamond Power Transformers Ltd reflect a total income of Rs. 375.29 Crores and a total expenditure of Rs. 369.51 Crores for the period ended March 31, 2013 and total assets of Rs 174.01 Crores and total liabilities of Rs. 174.01 Crores as of March 31, 2013. The Financial Statements of Diamond Power Transformers Ltd

is prepared as per Indian Generally Accepted Accounting Principles (Indian GAAP)

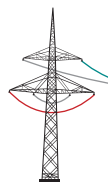
4. We report that the consolidated financial statements of the Group as at and for each of the years ended March 31, 2013 have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements and other applicable Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended from time to time.
5. Based on our audit as conducted above and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and accounts furnished by the management and on the basis stated in paragraph above, we are of the opinion that the Audited Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the Consolidated Balance Sheets, of the state of affairs of the Group as at March 31, 2013;
  - (ii) In the case of the Consolidated Profit and Loss Accounts, of the profit of the Group for the years ended on these dates; and
  - (iii) In the case of the Consolidated Cash Flows, of the cash flows of the Group for the years ended on these dates.
6. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
7. Our report is for the above specific purpose only and should not be used for any other purpose without our prior written consent.

## Report on the Financial Statements

We have audited the accompanying Consolidated financial statements of Diamond Power Infrastructure Limited (the company) which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and



## Independent Auditors' Report (Contd.)

presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have conducted the audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- ii. in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **VIJAY N. TEWAR & CO.**  
(Chartered Accountants)

Firm's registration number: 111422W

**CA Vijay N. Tewar**  
Proprietor

Membership No. 040676

Place: Vadodara

Date: 22nd May, 2013.

# Annexure

## to the Auditors's Report

- 1 (a) The Company has maintained proper records showing all particulars including quantitative details and situation of Fixed Assets.
- (b) As explained to us, the physical verification of its fixed assets located at the plants & offices 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.
- 2 (a) Physical verification of inventory has been conducted by the management at reasonable intervals during the audit year.
- (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 its business.
- (c) In case of maintaining proper records of Inventories, we are able to comment that same are maintained properly as per available records shown to us.
- 3 (i) (a) The company has granted loans, secured or unsecured of Rs 151.28 million to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (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. However based on management report, the terms and conditions of Loans are prima facie not prejudicial to the interest of the Company.
- (c) As stated above in the Para (b) the loans have been granted to the companies under the same management, but the repayments have been made as and when required.
- (d) 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.
- (e) As stated in the point no(d) above, we are unable to comment whether repayment of principal and interest was regular or not.
- (ii) The company have not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us by the management, there is adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- 5 (a) In respect of contracts or arrangements to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, the company have entered in contracts or arrangements that need to be entered in the register referred to in the section 301 have been so entered.
- (b) We are unable to comment in case of each of such transaction is in excess of Rs 5 Lakhs in respect of any party, the whether they have been made at a price which are prima facie reasonable having regard to prevailing market price at the relevant time, as we are not unable to compare it with the competitor price.
- 6 According to the information and Explanations given to us, the company has not accepted any deposits from the public during the yearly within the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under to the extent applicable.
- 7 In our opinion in respect of adequacy of Internal Audit System, the company needs to be strengthened its internal Audit System to make it commensurate with its size and nature of business.
- 8 (a) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 related to manufacture of electrical goods, and

# Annexure

## to the Auditors's Report (Contd.)

we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(b) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of Cost records under clause (d) of sub section (1) of section 209 of the Companies Act 1956 for products of the Company.

9 (a) According to the records of the Company, Provident Fund, Employee State Insurance, Investors Education & Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities save few instances, though the delays in deposits have not been serious.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

10 The Company has no accumulated losses as at March 31st, 2013 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions or bank or debenture holders as at the Balance Sheet date.

12 As explained to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.

13 The provision of any special statute applicable to Chit fund/ nidhi /mutual benefit fund / societies are not applicable to the company.

14 The company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirement is not applicable.

15 According to the information and explanations given to us, the company has given guarantees for loans taken by its subsidiaries from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the company.

16 Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

17 According to the information and explanation given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.

18 According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the period.

19 According to the information and explanations given to us, the Company has created security or charge in respect of debentures issued. The Company has Non-convertible debentures of Rs 100 Crores.

20 The company has not raised any money by public issue during the year.

21 As per the Circular No. 62/2011 of the Ministry of Corporate Affairs, Company has prepared its financial report as per revised Schedule VI of the Companies Act, 1956.

22 According to the information and explanations given to us, no fraud by the company and no material fraud on the Company has been noticed or reported during the course of our audit.



# Annexure

## to the Auditors's Report (Contd.)

### EXPLANATORY NOTES OF SUBSIDIARY AUDITOR ( R.A.AMIN & CO.)

As required by the Company's (Auditor's Report) order, 2003 as amended by 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:

We have obtained all information and explanations which, to the best of knowledge and belief, were necessary for the purpose of our audit.

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.

The Balance Sheet and Profit and loss account dealt with by this report are in agreement with the books of accounts.

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.

On the basis of the written representations received from the Directors, as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2013 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

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.

In the case of Balance Sheet of the state of affairs of the company as at 31st March 2013 and,

In the case of the Profit and Loss account of the PROFIT for the year ended on that date.

In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **VIJAY N. TEWAR & CO.**  
(Chartered Accountants)

Firm's registration number: 111422W

**CA Vijay N. Tewar**  
Proprietor

Membership No. 040676

Place: Vadodara

Date: 22nd May, 2013.

# Consolidated Balance Sheet

as on 31st March 2013

Rs. in Lacs

	Sch. No.	31/03/2013	31/03/2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	1	3,720.64	3,720.64
(b) Reserves and Surplus	2	71,558.21	61,728.47
(c) Money received against share warrants		-	-
<b>2. Share Application money pending allotment</b>		-	-
<b>3. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	65,199.74	36,572.80
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
<b>4. Current Liabilities</b>			
(a) Short-Term Borrowings	4	56,336.41	39,230.62
(b) Trade Payables	5	45,859.61	24,918.66
(c) Other Current Liabilities	6	4,644.45	3,753.46
(d) Short-Term Provisions	7	3,499.72	3,920.91
<b>Total</b>		<b>2,50,818.78</b>	<b>1,73,845.56</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets	8		
(i) Gross Block		82,607.27	64,130.52
(ii) Depreciation		10,409.63	7,460.33
(iii) Net Block		72,197.65	56,670.19
(b) Non-current investments	9	1,747.80	707.80
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	10	23,969.05	12,112.83
(e) Other non-current assets	11	-	-
<b>2. Current Assets</b>			
(a) Current investments	12	0.60	0.60
(b) Inventories	13	89,378.33	63,159.16
(c) Trade receivables	14	46,596.97	26,331.88
(d) Cash and cash equivalents	15	10,170.97	6,257.88
(e) Short-term loans and advances	16	6,757.42	8,605.22
(f) Other current assets		-	-
<b>Total</b>		<b>2,50,818.78</b>	<b>1,73,845.56</b>
<b>Notes to accounts</b>	<b>25</b>		

Notes attached thereto form an integral part of financial statement. This is the financial statement referred to in our report of even date.

For Vijay. N. Tewar & Co.

(Chartered Accountants)

Vijay N. Tewar

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

S. N. Bhatnagar

Chairman

Amit Bhatnagar

Managing Director

Sumit Bhatnagar

Joint Managing Director

Nishant Javlekar

Company Secretary

# Consolidated Profit & Loss Account

for the year ended 31st March 2013

		Rs. in Lacs	
	Sch. No.	31/03/2013	31/03/2012
I Revenue from operations	17	2,58,134.71	2,01,823.03
II Other Income	18	1,491.57	344.67
III Total Revenue (I +II)		2,59,626.29	2,02,167.69
IV Expenses:			
Cost of materials consumed Purchase of Stock-in-Trade	19	2,45,157.29	2,04,348.10
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	-17,484.29	-30,600.52
Employee Benefit Expense	21	2,809.29	2,386.67
Financial Costs	22	9,197.89	5,317.54
Depreciation and Amortization Expense	23	3,377.01	2,535.25
Other Administrative Expenses	24	4,452.80	3,316.47
Total Expenses (IV)		2,47,509.99	1,87,303.51
V Profit before exceptional and extraordinary items and tax	(III - IV)	12,116.30	14,864.19
VI Exceptional Items		-	-
VII Profit before extraordinary items and tax (V - VI)		12,116.30	14,864.19
VIII Extraordinary Items		-	0.30
IX Profit before tax (VII - VIII)		12,116.30	14,863.89
X Tax expense:			
a. Current tax		1,710.00	2,308.80
b. Deferred tax		-	-
XI Profit(Loss) from the period from continuing operations	(IX-X)	10,406.30	12,555.09
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expense of discounting operations		-	-
XIV Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV Profit/(Loss) for the period (XI + XIV)		10,406.30	12,255.09
XVI Proposed Dividend		496.08	1,488.25
XVII Tax on Proposed Dividend		80.48	241.43
Proposed Dividend( Including Tax)		576.56	1,729.69
XVIII Surplus Transferred to Balance Sheet		9,829.74	10,825.40

Notes attached thereto form an integral part of financial statement. This is the financial statement referred to in our report of even date.

For Vijay. N. Tewar & Co.

(Chartered Accountants)

Vijay N. Tewar

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

S. N. Bhatnagar  
Chairman

Amit Bhatnagar  
Managing Director

Sumit Bhatnagar  
Joint Managing Director

Nishant Javlekar  
Company Secretary

# Consolidated Cash flow Statement

for the Year ended 31st March 2013

Rs. in Lacs

	AS AT 31.03.2013		AS AT 31.03.2012	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit as per Profit & Loss Account		10,406.30		10,830.67
<b>Adjustment for:</b>				
Depreciation	2,973.63		2,131.86	
Deferred Expenses	-		-	
Income Tax	1710.00		2,308.80	
Interest expenses	9,197.89		5,317.54	
Loss on sale of Assets	-		-	
Extra Ordinary items	87.17		-319.40	
Interest received	-637.99		-	
Interest \ Other income Received	-	13,330.69		9,522.83
<b>Operating profit before working capital changes</b>		<b>23,737.99</b>		<b>20,353.50</b>
Change in inventories	-23,718.70		-31,206.14	
Change in receivables	-20,265.08		-3048.49	
Changes in Loans and Advances	-9,986.00		-6,998.78	
Change in other current Assets	-2,523.81		3,674.00	
Change in current liabilities	20,833.70		15,012.05	
<b>Net change in working capital</b>		<b>-35,659.89</b>		<b>-22,567.36</b>
<b>Cash generated from operations</b>		<b>-11,922.90</b>		<b>-2213.86</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Direct Taxes Paid	-1,677.62		-1081.88	
Cash flow before Extra Ordinary / prior period items	-		-	
Interest received	637.99		319.40	
Prior Period items (Restructuring)	-		-	
<b>Net cash flow from operating activity</b>		<b>-</b>		<b>-</b>
Increase of fixed assets	-17,645.87		-17,461.83	
Decrease in Fixed Assets	-		-	
Increase of investment	-1,040.00		-	
Loss on Sale of Assets	-		-	
<b>Net cash flow used in investing activities</b>		<b>-19,726.00</b>		<b>-18,224.31</b>

# Consolidated Cash flow Statement

for the Year ended 31st March 2013 (Contd.)

Rs. in Lacs

	AS AT 31.03.2013		AS AT 31.03.2012	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital	-		-	
Proceeds from Debt Re-structuring	-		-	
Proceeds from Premium	-		-	
Increase in Secured loans	29,709.27		25,372.69	
Increase in unsecured loan	15,939.82		3,876.18	
Decrease in Subsidy	-		-	
Interest paid	-9,197.89		-5,317.54	
Increase in long term & other borrowing (net)	-		-	
Dividend Paid	-889.98		-1,301.58	
<b>Net cash flow from financing activities</b>		35,561.22		22,629.75
<b>Net increase in cash &amp; cash equivalents</b>		3,912.82		2,191.58
Add: Cash & cash equivalents opening	6,257.87		4,066.29	
Cash & cash equivalents closing	10,170.69	-3,912.82	6,257.87	-2,191.58

Note : Figures in brackets indicate negative figure.

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

(Chartered Accountants)

**Vijay N. Tewar**

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

**S. N. Bhatnagar**  
Chairman

**Amit Bhatnagar**  
Managing Director

**Sumit Bhatnagar**  
Joint Managing Director

**Nishant Javlekar**  
Company Secretary

## Auditor's Certificate

We have examined the above Consolidated cash flow statement of Diamond Power Infrastructure Ltd (The Company) for the year ended on March 31st 2013. The statement has been prepared by the company in accordance with the requirements of listing agreements with the stock Exchanges and is based on and in agreements with the corresponding profit and loss account and balance sheet of the Company covered by our report of even date.

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

(Chartered Accountants)

**Vijay N. Tewar**

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

**S. N. Bhatnagar**  
Chairman

**Amit Bhatnagar**  
Managing Director

**Sumit Bhatnagar**  
Joint Managing Director

**Nishant Javlekar**  
Company Secretary

# Notes

Forming Integral Part of the Balance Sheet as at 31st March, 2013

		Rs. in Lacs	
		Current Year	Previous Year
<b>1</b>	<b>SHARE CAPITAL</b>		
<b>1</b>	<b>Authorized Capital</b>		
	50000000 Shares (50000000 Shares) of Rs. 10 Each	5,000.00	5,000.00
<b>2</b>	<b>Issued &amp; Subscribed Capital</b>		
	37886121 (37886121) Equity Shares of Rs. 10 Each	3,788.61	3,788.61
<b>3</b>	<b>Paid Up Capital</b>		
	37206371 (37206371) Equity Shares of Rs. 10 Each Fully Paid - Up	3,720.64	3,720.64
	<b>Total</b>	<b>3,720.64</b>	<b>3,720.64</b>

## 2.1 Reconciliation of number of Equity Shares and amount outstanding at the beginning and at the end of the year

	Current Year		Previous Year	
	No of Shares	Rs in Lacs	No of Shares	Rs in Lacs
Equity Shares				
Outstanding at the Beginning of the Year (Face Value Rs 10 each)	372,06,371	3,720.64	37206371	3,720.64
Outstanding at the End of the Year	372,06,371	3,720.64	372,06,371	3,720.64

## 2.2 Shareholders holding more than 5% Equity Shares in the Company as at the end of the year

Name of Shareholder	Current Year		Previous Year	
	No of Shares	% of Holding as on 31/03/2013	No of Shares	% of Holding as on 31/03/2012
Diamond Tele - Cabs Private Limited	6168413	16.58	6168413	16.58
Diamond Infosystems Ltd	2469005	6.64	2469005	6.64
Diamond Projects Pvt Ltd	2206848	5.93	2206848	5.93
Suresh N Bhatnagar	1881420	5.06	1881420	5.06
Clearwater Capital Partners Cyprus Ltd	3248161	8.73	3248161	8.73
Kotak Mahindra Trusteeship Services Limited-A/C Ko	2208050	5.93	2208050	5.93
The Royal Bank of Scotland Plc., (London) Branch	2122297	5.70	2122297	5.70

## 2.3 For the period of 5 years immediately preceding the date as at which the balance Sheet is prepared NA

- Aggregate Number and Class of Shares allocated as fully paid up pursuant to contract(s) without payment have being received In cash
- Aggregate Number and Class of Shares allocated as fully paid up by way of bonus Shares
- Aggregate Number and Class of Shares bought Back

## 2.4 The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

# Notes

Forming Integral Part of the Balance Sheet as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>2</b>	<b>RESERVE &amp; SURPLUS</b>		
1	Capital Reserve	1,759.94	1,759.94
2	Capital Redemption Reserve	-	-
3	Securities Premium Reserve	25,229.13	25,229.13
4	Debenture Redemption Reserve	2,540.00	-
5	Revaluation Reserve	-	-
6	Shares Option Outstanding Account	-	-
7	Other Reserve	25.00	25.00
8	Surplus (Profit & Loss Account)	42,004.15	34,714.41
	Balance brought forward from previous year	32,174.41	23,889.00
	Less: Tax on Regular Assessment Paid	-	-
	Add : Profit for the period	10,406.30	12,555.09
	Less : Proposed Dividend	496.08	1,488.25
	Less : Proposed Tax on Dividend	80.48	241.43
	Proposed Dividend (Including Tax)	576.56	1,729.69
	Surplus Transfer to Balance Sheet	9,829.74	10,825.40
	<b>Total</b>	<b>71,558.21</b>	<b>61,728.47</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>3</b>	<b>LONG TERM BORROWINGS</b>		
1	Bonds / Debentures	10,000.00	10,000.00
2	Term Loan	-	-
	- From Bank	31,655.14	18,169.39
	- From Other Parties	-	750.00
3	Deferred Payment Liabilities	-	-
4	Deposit	-	-
5	Loans & Advances From Related Parties	-	-
6	Long Term Maturities of Finance lease obligation	-	-
7	Unsecured Loans From Lender	23,460.98	7,521.16
8	Other Loans & Advances ( Car Loan)	83.63	132.25
	<b>Total</b>	<b>65,199.74</b>	<b>36,572.80</b>

## Term Loans from Banks

- Rs 10624.99 Lacs (Previous year Rs 12500 Lacs) Secured 1st Pari Passu Charge on the entire Fixed Assets of the company both present and Future. The Term Loan is repayable in remaining 18 equal Quaterly Installments by 30/03/2017 and present intrest rate is 12.90% p.a
- Rs 18985.48 Lacs (Previous year 2739.41 Lacs ) Secured 1st Pari Passu Charge on the entire Fixed Assets of the company both Present and Future . The Term Loan is Repayable in 26 equally quaterlly installments commencing from 30th Sep 2014 and carries Intrest rate of 12.75% pa
- Rs 1454.52 Lacs (Previous year Rs. 2909.08 lacs) secured by 1st pari passu charge on all fixed assets of the company both present & future with in 60 days from the first disbursement. 2nd pari passu charge on all current assets of the company, both present & future within 60 days from the 1st disbursement, The term loan is repayable in 11 equated quarterly installments after moratorium period carries interest rate 12.25%
- Rs 10000 lacs (Previous Year 10000 Lacs) (Non Convertible Debentures )secured by 1st pari passu charge on all fixed assets of the company both present & future with in 60 days from the first disbursement. 2nd pari passu charge on all current assets of the company, both present & future within 60 days from the 1st disbursement, repayment starting from 1st June 2014, carries interset rate 12.35%
- Rs 73.64 Lacs (Previous Year 121.62) Loans taken for the Vehicles the present rate of interest charged is at 10.83% PA the duration of loan are for period of 36 Months from the Date of Disbursement

## Unsecured Loans

- Rs 4000 Lacs (Previous Year 2850 Lacs) are unsecured carrying interest rate of 12.90% and repayable within 90 days from the first Disbursement
- Rs 15600.27 Lacs (Previous Year 2200 Lacs) are towards contribution from the Promoters' group for the ongoing expansion project.

# Notes

Forming Integral Part of the Balance Sheet as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>4</b>	<b>SHORT TERM BORROWINGS</b>		
1	Loan Repayable on Demand		
	- From Bank	56,336.41	39,230.62
	<b>Total</b>	<b>56,336.41</b>	<b>39,230.62</b>

## Note to Standalone

### Loans repayable on Demand

Rs 52289.06 Lacs (Previous Year 36234.07 Lacs) these entire loan are secured by the first Parri Passu Charge on Entire Current Assets of the company and second pari Passu Charge on the Fixed Assets of the company and rate of Interest charged on the entire loan is @ 13.50 to 14%

## Note to Subsidiary

Rs. 4047.35 Lacs (Previous Year 2996.55 lacs) these entire loan are secured by the first Parri Passu Charge on Entire Current Assets of the company and second pari Passu Charge on the Fixed Assets of the company and rate of Interest charged on the entire loan is @13.50 to 14%

		Rs. in Lacs	
		Current Year	Previous Year
<b>5</b>	<b>TRADE PAYABLES</b>		
	Trade Payables:		
1	Creditor for Goods ( Includes Capital goods )	9,656.24	10,968.29
2	Creditor for Expenses	2,196.62	2,515.41
3	Creditor Under Letter of Credit	34,006.75	11,434.95
	<b>Total</b>	<b>45,859.61</b>	<b>24,918.66</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>6</b>	<b>OTHER CURRENT LIABILITIES</b>		
1	Duties & Taxes Payable	281.82	146.98
2	Statutory Liability Payable	326.86	364.94
3	Other Liabilities Payable	4,035.77	3,241.54
	<b>Total</b>	<b>4,644.45</b>	<b>3,753.46</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>7</b>	<b>SHORT TERM PROVISIONS</b>		
1	Provision For Employees Benefit		
	Employee Dues Payable	92.08	94.29
2	Others		
	Provision for Taxation	1,711.66	1,800.52
	Provision for Dividend	496.08	1,488.25
	Provision for Dividend Tax	507.26	426.76
	Provision for Expenses	692.13	111.08
	<b>Total</b>	<b>3,499.72</b>	<b>3,920.91</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

Rs. in Lacs

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 April 2012	Additions/ (Disposals)	Revaluations/ (Impairments)	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Adjustment due to revaluations	Balance as at 31 March 2013	Balance as at 1 April 2012	Balance as at 31 March 2013
<b>8 FIXED ASSETS</b>										
<b>Tangible Assets</b>										
Land & Site Development	1,351.17	25.72	-	1,376.89	-	-	-	-	1,351.17	1,376.89
Building	4,586.52	25.23	-	4,611.74	646.56	168.81	-	815.37	3,939.96	3,796.37
Plant & Machinery	34,995.93	14.41	-	35,010.35	6,147.74	5,144.38	-2,533.57	8,758.55	28,848.19	26,251.79
Electrical Installation	800.56	8.14	-	808.70	235.10	61.22	-	296.32	565.46	512.38
Furniture & Fixture / Equipments	265.68	0.22	-	265.90	231.02	17.57	-2.11	246.49	34.66	19.42
Vehicles	382.65	97.19	-28.30	451.54	141.44	42.19	-	183.63	241.20	267.91
Other Assets	88.06	4.25	-	92.31	21.29	9.65	-	30.94	66.78	61.37
Computer s	221.03	7.97	-	229.00	37.18	41.16	-	78.34	183.85	150.67
Pre Project	592.28	281.20	-136.08	737.39	-	-	-	-	592.28	737.39
<b>Total</b>	<b>43,283.88</b>	<b>464.33</b>	<b>-164.38</b>	<b>43,583.82</b>	<b>7,460.33</b>	<b>5,484.98</b>	<b>-2,535.68</b>	<b>10,409.63</b>	<b>35,823.54</b>	<b>33,174.19</b>
Capital Work In Progress	20,846.64	18,641.14	-464.33	39,023.45	-	-	-	-	20,846.64	39,023.45
<b>Grand Total</b>	<b>64,130.52</b>	<b>19,105.47</b>	<b>-546.52</b>	<b>82,607.27</b>	<b>7,460.33</b>	<b>5,484.98</b>	<b>-2,535.68</b>	<b>10,409.63</b>	<b>56,670.19</b>	<b>72,197.65</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>9</b>	<b>NON CURRENT INVESTMENT</b>		
1	Investment in Property	-	-
2	Investment in Equity Instrument ( Unquoted Shares )	1,697.80	657.80
3	Investment in Preference shares	-	-
4	Investment in Government or Trust Securities	-	-
5	Investment in Debentures & Bonds	-	-
6	Investment in Mutual Fund	-	-
	Baroda Pioneer Equity Fund	50.00	50.00
7	Investment in Partnership Firm	-	-
8	Other	-	-
	<b>Total</b>	<b>1,747.80</b>	<b>707.80</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>10</b>	<b>LONG TERM LOANS AND ADVANCES</b>		
1	Capital Assets		
	a) Secured, Considered Good	17,722.90	8,253.86
	b) Unsecured, Considered Good	-	-
	c) Doubtful	-	-
2	Security Deposit		
	a) Secured, Considered Good :		
	Government Deposits	79.88	17.01
	Security Deposit	1,338.12	1,322.10
	Earnest Money Deposit	200.02	278.75
	Lease Rent	878.98	879.69
	Other Deposit	290.46	202.77
	b) Unsecured, Considered Good :	-	-
	c) Doubtful	-	-
3	Loans & Advances to related parties		
	Apex Power Equipment Pvt Ltd	1,828.01	1,133.10
	Diamond E.H.V. Conductors	0.04	0.04
	Apex Electricals Ltd	25.01	25.01
	Maktel Power	105.13	-
4	Other Loans & Advances		
	Other Advances	1,500.51	0.51
	<b>Total</b>	<b>23,969.05</b>	<b>12,112.83</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>11</b>	<b>OTHER NON CURRENT ASSETS</b>		
1	Long Term Trade Receivables	-	-
	a) Secured, Considered Good :	-	-
	b) Unsecured, Considered Good :	-	-
	c) Doubtful	-	-
2	Others	-	-
	<b>Total</b>	-	-

		Rs. in Lacs	
		Current Year	Previous Year
<b>12</b>	<b>CURRENT INVESTMENT</b>		
1	Investment in Equity	-	-
2	Investment in Preference Shares	-	-
3	Investment in Govt Securities	-	-
4	Investment in debentures & Bonds	-	-
5	Investment in Mutual Fund	-	-
6	Investment in Partnership Firm	-	-
7	In Short term Fixed Deposits	0.60	0.60
	<b>Total</b>	0.60	0.60

		Rs. in Lacs	
		Current Year	Previous Year
<b>13</b>	<b>INVENTORIES</b>		
1	Raw Material	6,222.38	4,264.99
2	Work-in-Progress	59,427.94	44,287.13
3	Finished Goods	8,487.03	6,143.51
4	Stock-in-Trade	7,352.67	4,852.20
5	Packaging Material	282.20	49.94
6	Consumable Stores	490.06	345.97
7	Fuel & Gases	1.67	49.58
8	Goods in Transit	6,914.15	3,165.84
9	Finished Goods (RM-Bought Out)	200.24	-
	<b>Total</b>	89,378.33	63,159.16

		Rs. in Lacs	
		Current Year	Previous Year
<b>14</b>	<b>TRADE RECEIVABLES</b>		
1	Outstanding for less than six months		
	a) Secured, Considered Good	46,596.97	26,331.88
	b) Unsecured, Considered Good	-	-
	c) Doubtful	-	-
2	Others		
	a) Secured, Considered Good	-	-
	b) Unsecured, Considered Good	-	-
	c) Doubtful	-	-
	<b>Total</b>	46,596.97	26,331.88

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>15</b>	<b>CASH &amp; CASH EQUIVALENT</b>		
1	Cash-in-Hand		
	Cash Balance	6.02	29.07
	Petty Cash Balance	-	-
	Sub Total (A)	6.02	29.07
2	Bank Balance	3,246.36	1,486.42
	Margin Money	6,918.58	4,705.43
	Sub Total (B)	10,164.94	6,191.85
3	Cheques on Hand (C)	-	36.96
	Total [ A + B + C ]	10,170.97	6,257.88

		Rs. in Lacs	
		Current Year	Previous Year
<b>16</b>	<b>SHORT TERMS LOANS AND ADVANCES</b>		
1	Loans & Advances from related parties		
	a) Secured, Considered Good :		
	Advance to Associate Concerns	-	-
	Diamond Power Transformers Ltd	185.70	1,981.16
	Diamond Power Global Holding Ltd	55.30	14.63
	b) Unsecured, Considered Good :		
	Staff	7.29	6.06
	Other Advances	562.25	562.25
	c) Doubtful	-	-
2	Others		
	Advance Recoverable in cash or in kind or for value to be considered good		
	Advance to Suppliers	93.30	1,152.56
	Advance Income Tax/Refund Due	40.00	0.25
	Balance With Revenue Authorities ( Indirect Taxes)	-	-
	Prepaid Expenses	724.76	936.28
	PLA	0.21	0.21
	Cenvat	3,035.52	2,474.65
	Service Tax	1,594.18	1,086.59
	Tax Deducted at Source	74.00	26.27
	Income Tax	168.70	142.97
	Electricity Duty Refund	2.30	2.30
	Sales Tax Advance	157.52	157.52
	VAT	9.48	43.47
	Interest	46.90	18.06
	Total	6,757.42	8,605.22

# Notes

Schedules Forming Part of the Profit & Loss Accounts as at 31st March, 2013

		Rs. in Lacs	
		Current Year	Previous Year
<b>17</b>	<b>REVENUE FROM OPERATIONS</b>		
1	Domestic Sales (Exclusive of Excise Duty)	2,58,134.71	2,01,823.03
2	Export Sales	-	-
3	Others	-	-
	<b>Total</b>	<b>2,58,134.71</b>	<b>2,01,823.03</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>18</b>	<b>OTHER INCOME</b>		
1	Dividend Received	-	-
2	Interest on FDR	36.01	9.88
3	Interest Received	637.99	319.40
4	Notice Pay Recovered	4.34	2.04
5	Claim Received	0.74	0.48
6	Other Income	812.48	12.86
	<b>Total</b>	<b>1,491.57</b>	<b>344.67</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>19</b>	<b>COST OF MATERIAL CONSUMED</b>		
a)	Purchases of Raw Materials And Stores		
	Conductor	53,598.42	39,606.25
	Cables	1,12,406.41	99,218.02
	EPC	14,540.02	28,675.61
	Transformer	34,208.10	24,632.29
	Tower	25,130.87	8,108.80
	<b>Sub-total (a)</b>	<b>2,39,883.82</b>	<b>2,00,240.98</b>
B)	Direct/Productions Expenses		
	Cartage & Transport	342.08	294.54
	Excise Duty Paid	1,070.61	764.04
	Calibration Expenses	35.38	67.07
	Consumable Stores	380.73	359.58
	Conversion/labour charges	255.21	205.07
	Repair & Maintenance (Plant & Machinery)	26.23	25.86
	Factory Expenses	57.76	37.30
	Insurance Expenses	42.88	27.68
	Guarantee period expenses	0.62	-
	Packing Material	1,441.35	1,309.39
	Detention & Demurrage Charges	35.99	0.04
	Diesel for Generator	-	-
	Electricity Expenses	49.46	91.63
	Security Charges	18.10	15.28
	Survey Charges -- Infrastructure	23.82	6.04
	Air Time Charges	0.14	0.14
	Transmission Charges (Wind Power)	62.33	-
	Job Work Charges	182.00	-
	Workman compensation Premium	-	0.68
	Power & Fuel Expenses	1,248.77	902.78
	<b>Sub-total (b)</b>	<b>5,273.47</b>	<b>4,107.13</b>
	<b>Total</b>	<b>2,45,157.29</b>	<b>2,04,348.10</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>20</b>	<b>CHANGE IN INVENTORIES</b>		
1	Opening Stock of WIP & Finished Goods	50,430.63	21,475.28
2	Closing Stock of WIP & Finished Goods	67,914.93	50,430.63
3	WIP Increase / Decrease Division wise	-	1,645.16
<b>Total</b>		<b>-17,484.29</b>	<b>-30,600.52</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>21</b>	<b>EMPLOYMENT BENEFIT EXPENSES</b>		
1	Bonus	18.25	23.33
2	Director's Remuneration (Net)	171.20	436.47
3	House Rent Allowance	81.56	67.82
4	Leave wages / Salary	0.41	0.03
6	Medical Allowances	1.15	0.38
7	Medical Expenses	52.95	47.89
8	Provident Fund Expenses (P.F. & F.P.F)	49.81	39.28
9	Salary & Wages	1,280.87	931.26
10	Staff & Labour Welfare	69.07	64.86
11	Labour Contract Charges	1,043.91	744.28
12	Stipend	1.52	1.13
13	Telephone Allowance	38.58	29.94
<b>Total</b>		<b>2,809.29</b>	<b>2,386.67</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>22</b>	<b>FINANCIAL COST</b>		
1	Interest on Cash Credit Facility	6,688.70	3,417.96
2	Interest on Term loan	1,183.42	1,361.29
4	Interest on Other loans	192.57	150.72
5	Bank Charges (Including LC, Bank Guarantee & Bill Discounting Charges & Others)	629.17	141.75
6	Bank Guarantee Charges	153.51	245.82
7	Gain/Loss Exchange Rate	350.52	-
<b>Total</b>		<b>9,197.89</b>	<b>5,317.54</b>

		Rs. in Lacs	
		Current Year	Previous Year
<b>23</b>	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
1	Depreciation	2,973.63	2,131.86
2	Preliminary Expenses W/O	0.99	0.99
3	Amortisation Expenses	402.40	402.40
<b>Total</b>		<b>3,377.01</b>	<b>2,535.25</b>

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

		Rs. in Lacs	
		Current Year	Previous Year
<b>24</b>	<b>OTHER ADMINISTRATIVE EXPENSES</b>		
1	Audit Fees	18.78	26.32
2	Consultancy Charges	22.05	19.57
3	Conveyance Expenses	21.32	16.05
4	CSR Activities- Donation	9.29	26.17
5	Electricity Expenses	16.52	10.51
6	Legal & Professional charges	234.04	168.67
7	Post, Tele. & Courier Charges	12.57	9.23
8	Rent, Rates & Taxes	120.22	138.53
9	Application Fees	5.67	15.33
10	Repairs & Maintenance Others	94.46	55.14
11	Printing & Stationary Expenses	17.26	14.77
12	Tender fees	2.89	0.96
13	Training Expenses	0.52	-
14	Sundry Expenses	17.77	10.01
15	Travelling Expenses	168.95	136.34
16	Vehicles Expenses	63.96	57.95
17	Office Expenses	46.77	13.58
18	Software Expenses	7.66	12.51
19	Insurance Exp ( Car)	0.35	0.39
20	Mis .Expenses	1.08	1.13
21	Service Tax Expenses	21.20	39.39
22	Documentation Charges	-	-
23	Penalty	0.15	3.72
24	Hospitality Expense	27.34	30.01
25	Loss on Sales of Fixed Asset	1.22	7.48
26	Professional Tax	0.05	0.02
27	Preliminary Expenses Written off	-	-
28	Foreign Travel(Others)	3.68	-
29	House Keeping Expenses	37.20	-
30	Sundry Balances Written off	0.71	50.93
31	Advertising Expenses	271.08	198.12
32	Sales Promotion Expenses	106.69	87.86
33	Commission on Sales	220.54	323.33
34	Marketing Expenses	1,035.70	469.94
35	Deferred Sales Liability	-	-
36	Canteen expenses	4.15	0.90
37	Car hire charges	4.51	3.87
38	Charity /welfare	1.04	2.71
39	Discount /bad debt	-	0.77
40	Subscriptions & Donations	-	-
41	Erp Annual contract	4.91	5.26
42	Franking Charges	3.00	7.34
43	Gratuity	6.47	4.04
44	Portal Charges	0.27	0.05
45	soft ware	-	0.56
46	Vat paid	1,820.76	1,347.00
<b>Total</b>		<b>4,452.80</b>	<b>3,316.47</b>

# Notes

## Notes to Consolidated Financial Statements

### FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2013

#### a) Basis of Accounting :

The Consolidated Financial Statement relate to Diamond Power Infrastructure Ltd ("DPIL" or "the Company") and its subsidiary Diamond Power Transformers Limited. The Consolidated Financial Statements are prepared under the historical cost convention, on accrual basis of accounting to comply in all materials respects ,with the mandatory accounting standards as notified by the Companies ( Accounting Standards) Rules ,2006 as amended ("the Rules") and the related provisions of the Companies Act ,1956 ("the Act") .The accounting policies have been consistently applied by the Company and the accounting policies not referred to otherwise, are in conformity with the Indian Generally Accepted Accounting Principles (Indian GAAP).

#### b) Principles of Consolidation

The consolidated financial statements of the companies are prepared in accordance with Accounting Standard 21- "Consolidated Financial Statements", Accounting Standard 23- "Accounting for Investments in Associates in Consolidated Financial Statements" as notified under the Rules

#### *Subsidiaries*

The Financial Statements of the Company and its subsidiary company's Diamond Power Transformers Limited & Diamond Power Global Holding Ltd are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions.

The Consolidated financial Statements are prepared using the uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

#### Following subsidiary company is considered in the consolidated financial Statements :

Name of the Subsidiary	Country of Incorporations	Proportion of Interests
Diamond Power Transformers Ltd	India	99.60%
Diamond Power Global Holding Ltd	Dubai – UAE	100%
Diamond Power Transmission Pvt Ltd	India	100%

# Notes

## Notes to Consolidated Financial Statements (Contd.)

### 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES

#### A. Statement of Significant Accounting Policy

1. **Method of Accounting:** The consolidated financial statements relate Diamond Power Infrastructure Limited (the Company), its Subsidiaries. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) as specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of section 211(3C) of the Companies Act, 1956.
  2. **Revenue Recognition:** Sales includes inter-divisional transfers, sale of scrap, Sales Outsource Products, Sales related to Engineering Procurement and Contract Services, Excise duty Paid, Value Added tax and Invoices for price escalation as per Contracts with the relevant customers on accrual basis. Sale of goods in books of Subsidiary is recognized at the point of dispatch to the customers. Gross Sales are accounted inclusive of excise duty and sales tax.
  3. **Fixed Assets:** Fixed Assets are stated at cost 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. Fixed Assets are stated at cost less accumulated depreciation.
  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 pro - rata basis. Depreciation in book of Subsidiary is provided on written-down value basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
  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 are 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. Investments in Subsidiary are stated at cost. Provision for diminution in value on long-term investments is made only if such decline is other than temporary in nature.
  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.
    - i) Inventories are valued at lower of cost or net realizable value on FIFO basis.
    - ii) Raw materials, Stores and spares — includes purchase price and freight
    - iii) Work in progress — Material cost plus appropriate share of manufacturing overheads.
    - iv) Finished Goods — Absorption cost basis and includes material, labour and appropriate overheads.
  8. **Provident Fund and Retirement Benefits:** Contribution to Provident Fund is accounted on actual liability basis. Provision for Gratuity and Leave Encashment is made based on actuarial valuation.
  9. **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.
  10. **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 Aerial Bunch Cable Project (ABC Project) have been charged to the revenue for the financial period.

# Notes

## Notes to Consolidated Financial Statements (Contd.)

### 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

11. **Foreign Currency Transactions:** The Company has no Branch offices outside India. The Foreign currency transaction are recorded on initial recognition in the reporting currency by applying the exchange rate prevailing at the date of transaction. Any Income or Expense on account of exchange rate difference is recognized in the Income and Expenditure Account. Transactions in Foreign Currency are recorded at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date and resultant gain or loss is recognized in the profit and loss account. Gain/Loss on settlement of transaction arising on cancellation or renewal of a forward exchange contract is recognized as income or as expense of the period/year.

12. **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.

13. **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. Provision for Current Income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

14. **Deferred Tax :** 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.

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. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount.

16. **Expenses:** All expenses booked on accrual basis. Any deduction by customers on account of contractual deductions is worked out in each year and debited to Profit & Loss A/c.

17. **Derivative Contracts:** Company as such in the current financial year has not entered into any such Derivative Contracts.

18. **Operating Cycle:** Assets and liabilities other than those relating to long-term contracts (i.e. supply or turnkey contracts) are classified as current if it is expected to realise or settle within 12 months after the balance sheet date. In case of long-term contracts, the time between acquisition of assets for processing and realisation of the entire proceeds under the contracts in cash or cash equivalent exceeds one year. Accordingly for classification of assets and liabilities related to such contracts as current, duration of each contract is considered as its operating cycle.

The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated.

#### Part B Notes to Accounts

##### 1. Contingent Liabilities

- Letter of Credit opened Rs.3879.16 Million Previous Year Rs 2001 Million; materials under all letters of credit have been received and accounted for as Creditors.
- Outstanding Bank Guarantees as of March 31, 2013 is Rs. 1775 Million (Previous Year Rs.1226.37 Million).
- Income tax demands being in appeal not provided for Rs. Nil (previous year Rs Nil).
- There are no outstanding Claims against the Company.
- Corporate guarantees issued to wholly owned subsidiary – Diamond Power Transformers Ltd. In favour of Indian Overseas Bank

# Notes

## Notes to Consolidated Financial Statements (Contd.)

### 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

- (f) Corresponding figures of the previous year have been regrouped wherever necessary.
- (g) There are no Contingent liabilities as at the date of the Balance Sheet. Total Amount of Outstanding Bank Guarantee in Book of Subsidiary Stands to Rs.31.17 Million ( Previous Year 31.17 ). And Letter of Credit Rs. Nil (Previous Year Nil)
- (h) The balance of advances, debtors and creditors are taken on the basis of book figures and are subject to confirmation. However, in the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The provision made in the accounts for depreciation and for all other known liabilities is considered adequate and not in excess of the amounts reasonably necessary
- (i) The Financial Statements of Diamond Power Transformers Ltd & Diamond Power Global Holding Ltd reflect a total income of Rs 4635.14 Mn and a total expenditure of Rs 4494.24 Mn for the period ended March 31, 2013 and total assets of Rs 1640.14 Mn and total liabilities of Rs 1132.03 Mn as of March 31, 2013. The Financial Statements of Diamond Power Transformers Ltd & Diamond Power Global Holding Ltd is prepared as per Indian Generally Accepted Accounting Principles (Indian GAAP).

- 1 The company has been sanctioned the fund based and non-fund based working capital facilities of
- 2 Rs. 1650 Millions from the Axis Bank Ltd. ; Rs. 3500 Million from the Bank of India ; Rs. 1980 Million from the ICICI Bank Ltd.; Rs. 2200 Million from the Bank of Baroda , Rs 1620 Million from Allahabad Bank & Rs 660 Millions from Dena Bank , Rs 552 Millions from Indian Overseas Bank & Rs 500 Mn from State Bank of Mysore against the security of first pari passu charge on the entire current assets of the company by way of Hypothecation agreement and the second pari passu charge on the entire fixed assets of the company. For Subsidiary having the Fund based and Non Fund Based Working Capital facilities of Rs 400 Millions from Indian Overseas Bank and Rs 400 Millions from UCO Bank Ltd against the security of first pari passu charge on the entire current assets of the company by way of Hypothecation agreement and the second pari passu charge on the entire fixed assets of the company

2. Balance confirmation letters were sent out to various debtors and creditors. The confirmation of most of the Debtors and creditors is received.
3. 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.
4. 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.
5. **Segmental Reporting:**

The company is primarily engaged in the manufacture of conductors, cables and selling out- sourced products and EPC Contracts. As the company's manufacturing facilities are inter woven/ inter- mix due to the nature of its business with the EPC business, it is not possible to directly and specifically attribute or allocate on a reasonable basis, the expenses, assets & liabilities in different Segments. The segmental Sales product wise are as follows:

	(Rs in Millions)					
Gross Segment Revenue	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Conductor	5,942.54	4,501.85	4,615.04	3,431.98	3,539.72	3,775.05
Cables ( LT & HT )	11,829.37	10,239.69	5,125.28	2,031.53	817.59	666.18
Power Infrastructure –Turnkey Project [EPC]	1,597.84	2,923.45	4,231.67	3,291.48	1,800.00	649.45
Transmission Tower	2,736.02	858.42	-	-	-	-
Diamond Power Transformer Ltd	3,762.3	2,809.89	2,543.11	1,365.11	979.04	446.59
Diamond Power Global Holding Ltd.	882.2	-	-	-	-	-
Total Gross Sales	26,750.3	21,333.30	16,515.09	10,120.10	7,136.35	5,537.27
Less: Inter Segment Sales	-	761.92	1,121.25	1,400.82	-	-
Gross Sales	26,750.3	20,571.38	15,393.84	8,719.28	7,136.35	5,537.27
Less: Excise Duty	936.8	398.08	184.98	117.97	157.31	231.90
Net Sales	25,813.5	20,182.30	15,208.86	8,601.31	6,979.04	5,305.37

# Notes

## Notes to Consolidated Financial Statements (Contd.)

### 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

#### 6. Share Holding in Various Companies:

The Company holds the following shares

1. 99.60% in its Subsidiary Diamond Power Transformer Ltd.
2. 100% in its Subsidiary Diamond Power Global Holding Ltd – Dubai
3. 100% in its Subsidiary Diamond Power Transmission Pvt Ltd .

#### 7. Related Party Disclosures:

##### a) Particulars of Associates of the Company:

Name of the Related Party	Nature of Relationship
Diamond Info systems Ltd.	Associate Company of DPIL
Diamond Projects Ltd.	Associate Company of DPIL

##### b) Subsidiary Company:

Name of the Subsidiary
Diamond Power Transformer Ltd
Diamond Power Global Holding Ltd
Diamond Power Transmission Pvt Ltd

##### c) Key Management Personnel and their Relatives:

Key Management Personnel and their Relatives	Nature of Relationship
Mr. S.N. Bhatnagar	Chairman
Mr. Amit Bhatnagar	Managing Director
Mr. Sumit Bhatnagar	Jt. Managing Director

##### d) Relatives of Key Management Personnel:

Key Management Relatives
Smt Madhurilata Bhatnagar
Smt Mona Bhatnagar
Smt Richa Bhatnagar

##### e) Enterprise under Significant influence of Key Management Personnel: None

##### f) Summary of the Transaction with related Parties and it's Associate Companies:

(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	27339.58	Nil	Nil	Nil	27339.58
Receipts/ Rendering of services	Nil	Nil	Nil	Nil	Nil
Rent (Paid)/ Recd.	6.18	Nil	Nil	Nil	6.18
Advances Recd/(Given)	2843.65	Nil	Nil	Nil	2843.65
Directors Remuneration	Nil	171.20	Nil	Nil	171.20
Outstanding Receivable as on 31.03.2013	Nil	Nil	Nil	Nil	Nil

**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. Enterprise under the same management include Wholly Owned Subsidiary Diamond Power Transformers Ltd & Diamond Power Global Holding Ltd

# Notes

## Notes to Consolidated Financial Statements (Contd.)

### 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

#### 8. Earnings Per Share (EPS):

		(Rs in Millions)	
Earnings Per Share (EPS)		March 31, 2013	March 31, 2012
I	Profit Computation for both Basic and Diluted Earnings Per Share of Rs.10 each		
	Net Profit as per Profit & Loss Account available for Equity Shareholders	1,040.68	1,255.54
II	Weighted average number of equity shares for Earnings per share computation		
A.	For Basic Earnings per Share	37,206,371	37,206,371
B.	For Diluted Earnings per Share No. of shares for Basic EPS as per II A	37,206,371	37,206,371
	Add: Weighted Average outstanding Option / Shares deemed to be issued for no consideration		
	No. of shares for Diluted Earnings per share	-	-
III	Earnings per Share (Weighted Average)	37,206,371	37,206,371
	Basic	27.97	33.75
	Diluted	27.97	33.75

#### 10. Dues to micro, small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated. After filing of the Memorandum in accordance with the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 has been made in the financial statements based on information received and available with the Company. Detail of the Small Scale Industries (SSI) units which have supplied the materials to the company and to whom the company owes a sum exceeding RS 1.00 Lacs and which is outstanding for more than 30 days is Nil

In Book of Subsidiary 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. Based on the information available with the Company, there are no Creditors as on 31st March 2012 registered under the MSME Act, 2006

**Note:** The above Information regarding Small Scale Industrial undertaking has been determined to the extent such parties has been identified on the basis of information available with the company. The same has been relied upon by the Auditors. To confirm names/figures.

- Sales include an amount of Rs Nil Million (Net of Duty) of inter- unit Transfer (Previous year Rs 761.92 Million).
- Aggregate directors' remuneration is Rs. 17.12 Million (previous year Rs. 43.65 Million). The remuneration of directors is 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.
- Aggregate Auditor's remuneration is fixed at Rs. 1.87 Million (previous year Rs 2.64 Million). Which includes Rs 1.52 Million as Audit Fees (Previous year Rs 2.52 Millions).
- As per Accounting Policy (10) on excise duty, the excise duty payable on finished goods in stocks at works amounting to Rs 104.90 Million (previous year Rs 75.87 Million) has been included in the expenditure and in such stocks. However, the same has no impact on the profit for the year.
- There are no amounts due and outstanding to be credited to investor Education and Protection Fund.
- Details of Licensed, Installed Capacities and Production:

Goods Manufactured	Licensed Capacity	Installed Capacity	Production Current Year 12 Months	Production Previous Year 12 Months
All Aluminum Alloy Conductors & ACSR Conductor (Excluding Conductors used In Cables)	NA	50,500 MTPA.	43,035	32,496
LT Electric Power Cables & Control Cables	NA	34,300 Kms	30,589 Kms	26,860 Kms
HT Cables	NA	5,600 Kms	5,485 Kms	5,320 Kms
EHV Cables	NA	2,000 Kms	1,035 Kms	598 Kms
Transmission Towers	NA	48,000 MT	47,031 MT	15,450 MT
Transformer	NA	5,000 mva	5,985 (Nos.)	6,769 (Nos.)

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 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 Quantity are usually taken as per relevant IS standards.

# Notes

Forming Integral Part of the Financial Statements as at 31st March, 2013 (Contd.)

## 25 SIGNIFICANT ACCOUNTING POLICIES, CONTINGENT LIABILITIES AND NOTES (Contd.)

### 20. Details of Raw Materials Consumed (including captive consumption):

Description of Item	U.O.M	Quantity For the year 2012-13	Quantity For the year 2011-12
Aluminium	M.Ts.	84,646	72,892
Copper	M.Ts.	2861	2,321
Transformer	Nos	5985	6769

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

(Rs in Millions)				
Raw Materials	Current year (2012-13)	Previous year (2011-12)	Current year % (2012-13)	Previous year % (2011-12)
Imported	507.91	770.00	2.57	4.58
Indigenous	19266.42	16,052.86	97.43	95.42

### 22. Particulars of Sales and Stocks:

Item	U.O.M	Opening Stock	Sales	Closing Stock
Conductors	Kms.	1052.35	109630	1908.35
Cables	Kms.	2015.40	36908	2216.40
Transmission Tower	MT	2905.00	49923	23.00
Transformer	Nos	13	5981	17

### 23. Expenditure in Foreign Currency:

(Rs in Millions)		
	2012-13	2011-12
Import on CIF Basis	827.28	770.00
Travelling Expenses	5.05	-
Others	1.63	-

### 24. Income in Foreign currency:

(Rs in Millions)		
	FOB Value of Export 2012-13	FOB Value of Export 2011-12
Exports	Nil	Nil
Foreign exchange fluctuation	Nil	Nil

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

For Vijay. N. Tewar & Co.

(Chartered Accountants)

Vijay N. Tewar

Proprietor

Membership no. 040676

Date : 22nd May, 2013

Place : Vadodara

For & On Behalf of The Board of Directors

S. N. Bhatnagar

Chairman

Amit Bhatnagar

Managing Director

Sumit Bhatnagar

Joint Managing Director

Nishant Javlekar

Company Secretary





DIAMOND POWER INFRASTRUCTURE LIMITED  
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