

DIAMOND POWER INFRASTRUCTURE LTD.

"Essen House", 5/9-10, B.I.D.C., Gorwa, Vadodara-390 016, Gujarat, INDIA. T: +91-265-2284328, 2283969, 2280973

23rd Nowember 2016

To,
Deputy General Manager,
Dept. of Corporate Services,
BSE Limited,
P J Towers, Dalal Street,
Mumbai – 400 021

To,
Deputy General Manager,
Dept. of Corporate Services,
National Stock Exchange of India Limited,
Exchange plaza, Bandra, Kurla Complex,
Bandra (East) Mumbai-400 051

Ref.: Scrip Code No.: 522163 (BSE) DIAPOWER (NSE)

Sub.: Annual Report, Notice and Statement on Impact of Audit Qualifications for the Financial Year 2015-16

Dear Sir/Madam,

In light of the above mention subject please find herewith the enclosed Annual Report of Diamond Power Infrastructure Limited, as per the regulation 71 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with Statement on Impact of Audit Qualifications as per regulation 33/52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year 2015-16

Please take note of the above and acknowledge the receipt of same.

Thanking You,

Yours Faithfully,

For Diamond Power Infrastructure Limited

Dr. Sumit Bhatnagar Jt. Managing Director (DIN: 00776129)

Encl.: Annual Report, Notice and Statement on Impact of Audit Qualifications for the financial year 2015-16.



#### DIAMOND POWER INFRASTRUCTURE LIMITED

CIN: L31300GJ1992PLC018198

Registered Office: Phase II, Village: Vadadala, Tal.Savli, Dist. Vadodara-391520, India.

Ph.: 02667-251516, 251354 | Fax: 02667-251202 Email: cs@dicabs.com | Website: www.dicabs.com

#### NOTICE

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the Members of M/s Diamond Power Infrastructure Limited (CIN: L31300GJ1992PLC018198) will be held on Friday, 19th August, 2016 at 10.00 A.M at the Registered Office of the Company situated at Phase II, Village: Vadadala, Tal: Savli, Dist: Vadodara – 391520 to transact the following business:-

#### **ORDINARY BUSINESS:**

- To receive, consider and adopt the audited financial statement including statement of Profit and Loss of the company for the financial year ended 31st March, 2016 together with the Reports of the Directors' and Auditors' thereon.
- 2. To Appoint a Director in place of Shri Sumit Suresh Bhatnagar (DIN: 00776129), who retires by rotation and, being eligible offer himself for re-appointment.
  - "RESOLVED THAT pursuant to the provisions of Section 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the approval of the members of the Company be, and is hereby accorded to the re-appointment of Shri Sumit Suresh Bhatnagar (DIN:00776129) as a whole-time director, to the extent that he is required to retire by rotation."
- 3. To ratify the appointment of the auditors of the Company, and to fix their remuneration and to pass the following resolution as an ordinary resolution:
  - "RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made there under, as amended from time to time, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on 30th September, 2015 the appointment of M/s. B S R & Co., LLP, Chartered Accountants (Firm Registration Number 101248W/W-100022) and ABCJPR & Company (Name Change from A Yadav & Associates), Chartered Accountants (Firm Registration No.: 129725W) as the auditors of the Company to hold office till the conclusion of tenure for which they are appointed be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017 as may be determined by the audit committee in consultation with the auditors.".

#### SPECIAL BUSINESS:

- To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
  - "RESOLVED THAT Shri Shailendra Pal Singh (DIN: 02296585), who was appointed by the Board of Directors as an Additional

Director of the Company with effect from 8th November, 2015 under Section 161 (1) of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act signifying his intention to propose the candidature of Shri Shailendra Pal Singh for the office of Director be and is hereby appointed as a Directors of the Company."

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification or re-enactment(s) thereof for the time being in force) and Listing Obligations, Shri Shailendra Pal Singh (DIN: 02296585), who has submitted a declaration that he meets criteria of independence under Section 149 (6) of the Act and who is eligible for appointment as an Independent Director of the Company to hold the office for a team of Five (5) consecutive years upto 29th Annual General Meeting."

- To Consider and if thought fit with our without modification(s) the following resolution as an ordinary resolution:
  - "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 {including any statutory modification(s) or re-enactment(s) thereof, for the time being in force}, the remuneration payable to M/s. S S Puranik & Associates, Cost Accountants (Firm Registration No. 100133) appointed by the Board to conduct Audit of the cost records of the Company for the Financial Year 2016-17, be paid remuneration of Rs. 90,000 (Rupees Ninety Thousand Only) plus service tax and out of pocket expenses."
  - "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt that may arise in giving effect to this Resolution and to do all acts and take all such steps as may be deemed necessary, proper and expedient to implement this Resolution."
- 6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
  - **RESOLVED THAT** pursuant to the provisions of Section 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the Authorized Share Capital of the Company be and is hereby to be increased from Rs. 80,00,00,000 (Rupees Eighty Crores Only) divided into 7,58,58,500 (Seven Crores Fifty Eight Lacs Fifty Eight Thousand

Five Hundred Only) Equity Shares of Rs.10/- [Rupees Ten] each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- [Rupees Ten] Each to Rs. 2,00,00,00,000 (Rupees Two Hundred Crores Only) divided into 19,58,58,500 (Nineteen Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs.10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- (Rupees Ten) Each ranking paripassu in all respect with the existing Shares.

To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution

**RESOLVED THAT** pursuant to the provisions of Section 13 and 61 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed thereunder the consent of the Members be and is hereby accorded for substituting Clause V of the Memorandum of Association of the Company with the following clause.

"The Authorised Share Capital of the Company is Rs. 2,00,00,00,000 (Rupees Two Hundred Crores Only) divided into 19,58,58,500 (Nineteen Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs.10/-(Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/-(Rupees Ten) each."

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

"RESOLVED THAT pursuant to the provisions of Section 62 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 1956 / Companies Act, 2013 (the "Act") and the rules made thereunder, and in accordance with the Memorandum of Association and Articles of Association of the Company, the Reserve Bank of India's (the "RBI") circular on the "Strategic Debt Restructuring Scheme" vide circular numbered RBI/2014-15/627, dated June 8, 2015 amendments thereto and/ or "Scheme of Sustainable Structuring of Stressed Assets" vide circular numbered RBI/2015-16/422 dated June 13, 2016 and/ or any other Scheme(s) issued by RBI from time to time (the "Circular"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations (as amended from time to time). and subject to all such approval(s), consent(s), permission(s), sanction(s), if any, of appropriate authorities and subject to such condition(s) and modification(s) as may be prescribed or imposed while granting such approval(s), permission(s) etc., consent of the Members be and is hereby granted to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include committee(s) of the Board, constituted or to be constituted, to exercise certain powers of the Board, including the powers accorded by this Resolution), to the extent permitted by law to convert all or part of the outstanding loans / financial assistance granted to the Company from time to time by banks / financial including but not limited to JLF lenders led by Bank of India (as more particularly described under MRA dated May 29, 2015) (hereinafter referred to as the "Lenders", which word shall be deemed to include their successors and assigns, and any such Lenders acting through any authorized

representative, agent, trust etc. appointed by such Lender(s) or any assignee of such Lender(s)), whether disbursed on, after or prior to the date of this Resolution and whether then due or payable or not, as already stipulated or as may be stipulated by such Lenders under the financing documents executed or to be executed in respect of the loans / financial assistance which has already been availed or which may be availed, whether existing or future, whether such loans / financial assistance are designated in foreign currency or in Indian Rupees, into fully paid-up equity shares of the Company ("Equity Shares"), on such terms and conditions as may be stipulated in the financing documents and in the manner specified in notice(s) in writing (the "Notice(s) of Conversion") given by the Lenders (or lead bank acting on behalf of a consortium of lenders), subject to the provisions of applicable laws and specifically in accordance with the conditions given below:

- a) The conversion of debt of the Company into Equity Shares shall be carried out by issuing and allotting to the Lenders, such number of Equity Shares at a price as determined in accordance with the Circular, in one or more tranches, as is required to ensure that the Lenders acquire not less than 51% of the total Equity share capital of the Company post such conversion. The "Reference Date" for the aforesaid purpose is 29th June, 2016;
- b) The conversion right as aforesaid may be exercised by the Lenders on one or more occasions during the tenor of the loans / financial assistance and each loan / financial assistance shall be converted as separate and distinct from the other for the purpose of conversion;
- c) On receipt of any Notice of Conversion, the Company shall immediately, subject to the provisions of the finance documents, the Notice of Conversion and applicable laws, issue and allot the requisite number of Equity Shares to the Lenders on such date as specified in such Notice of Conversion ("Date of Conversion"), and the Lenders may accept the same in satisfaction of the part of the loans / financial assistance so converted;
- d) The Equity Shares so issued and allotted to the Lenders shall carry, from the date of conversion, the right to receive proportionately the dividends and other distributions declared or to be declared in respect of the equity capital of the Company. The said Equity Shares allotted to the Lenders shall rank paripassu with the existing Equity Shares of the Company in all respects; and
- e) In the event that the Lenders exercise the conversion right as aforesaid, the Company shall get the Equity Shares issued to the Lenders as a result of the conversion, listed with such stock exchanges where the existing Equity Shares of the Company are listed.

**RESOLVED FURTHER THAT** the Board of Directors/Committee of the Board, be and are hereby authorized to issue and allot to the Lenders, such number of Shares as may be desired by the Lenders in conversion of all or part of the facilities provided by the Lenders and to ensure that the combined total Equity Shares held by the Lenders at all times is not less than 51% of the total equity share capital of the Company. If any Lender ["Non-Converting Lender"] does not convert its outstanding

amount to equity as, mentioned under Circular, the remaining Lenders have an option to increase their conversion amount subject to the maximum of the non-converted amount of the Non-Converting Lender to achieve their aggregate holding not less than 51% of the total equity share capital of the company."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board/Committee of Board, be and is hereby authorized to do all such acts, matters and things and execute all such deeds and documents as may be necessary, including, but not limited to, accepting such terms and conditions as may be imposed or required by the Lenders which may arise from or are incidental to the aforesaid terms providing for such option to convert; to issue, offer and allot requisite number of fully paid up equity shares of the Company upon conversion of the outstanding portion of the loans / financial assistance, as may be desired by the Lenders; resolve or settle any question, difficulty, dispute or doubt; further delegate the powers /

authorities expressly or impliedly granted under this Resolution to any of it's committees, employees / officers of the Company, authorized representative(s) etc.; hiring any consultants, agents, advisors etc. and generally to do or undertake such activities and execute such documents as the Board may in it's absolute discretion deem fit, without the necessity of seeking any further consent or approval from members unless, obtaining of such further consent / approval is mandatory under the provisions of any law."

**RESOLVED FURTHER THAT** the Board/ Committee of Board be and is hereby authorized to accept such modifications and to accept such terms and conditions as may be imposed or required by the banks / financial institutions arising from or incidental to the aforesaid terms providing for such options and to do all such acts and things as may be necessary to give effect to the above resolution(s)."

#### NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE AT THE MEETING. THE PROXY NEED NOT BE A MEMBER.
- PROXY INSTRUMENT SHOULD BE DULY COMPLETED, STAMPED, SIGNED AND MUST BE DEPOSITED AT THE CORPORATE OFFICE OF THE COMPANY SITUATED AT 5/9-10, "ESSEN HOUSE", BIDC, GORWA, VADODARA, 390016, GUJARAT, INDIA NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 3. No person shall be entitled to attend or vote at the meeting as a duly authorized representative of a company or any corporate which is a shareholder of the company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Corporate office of the company situated at 5/9-10, "Essen House", BIDC, Gorwa, Vadodara, 390 016, Gujarat, India not less than 48 hours before the date of Annual General Meeting.
- Pursuant to Section 91 of the Companies Act 2013, the Register
  of Members and Share Transfer Books of the Company will
  remain closed from Tuesday, 16th August, 2016 to Friday, 19th
  August, 2016 (both days inclusive).
- 5. The Members are requested to make correspondence for any matters relating to Transfer or Dematerialization of Shares, changes in their addresses or bank details, names of the holders with Registrar and Transfer Agent (R & T) M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032.
- As a measure of economy, the Company does not distribute the copies of Annual Report at the meeting. Hence, the members are requested to bring their copies with them.
- As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate

- Affairs, enabling the Company to effect electronic delivery of documents. The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company sent to Members. Members are requested to support this Green Initiative by updating their email addresses with their respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding.
- 8. Members seeking any information on the Accounts of the Company are requested to write to the Shri Pratik Shah (Vice President) Accounts, which should reach to the Company at least one week before the date of Annual General Meeting, so as to enable the management to keep the information ready. However, replies will be provided only at the Annual General Meeting.
- 9. Pursuant to the directives given by the SEBI, trading of our Company's shares in Dematerialized form has been made compulsory for all investors with effect from 26th February, 2001. The Company has entered in to an agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) as an issuer Company for the dematerialization of the Company's Shares. Request for dematerialization of Shares may be sent through respective Depository Participants.
- Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
- 11. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants. The address/bank mandate as furnished to the Company by the respective Depositories viz, NSDL and CDSL will be printed on the dividend warrants.

12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the Annual General Meeting of the Company.

The Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the Annual General Meeting of the Company.

- Members may also note that the Notice of the 24th Annual General Meeting along with Annual Report for the year 2015-16 will also be available on the Company's website www.dicabs.com
- 14. Member's desire of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to send the same to the office of the Registrar and Share Transfer Agent of the Company.
- 15. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.
- 16. In terms of Sections 123 and 124 of the Companies Act, 2013 the amount of dividend remaining unclaimed or 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).
- 17. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Member holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their Demat Accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar & Share Transfer Agent of the Company.
- 18. Voting through electronic means

In accordance with provisions of section 108 of the Companies Act, 2013 read with the Companies [Management and Administration] Rules, 2014 the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members. The Company has engaged the services of M/S Karvy Computershare Pvt.Ltd. to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link https://evoting.karvy.com Commencement of e-voting, From Tuesday, 16th August, 2016 at 10.00 a.m. to Closure of e-voting, Thursday, 18th August, 2016 Upto 05.00 p.m.

The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company along with physical copy of the notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the

login ID and password for e-voting along with process, manner and instructions by e-mail.

Following are the instructions for members voting through electronic system:

- A. Instructions for members whose email IDs are registered with the Company/ their respective Depository participant(s) Member will receive an Email from Karvy:
  - Launch internet browser and log on to the URL: https://evoting.karvy.com
  - Enter the login credentials (i.e. User ID and password mentioned herein below). Your Folio No./ DP ID – Client ID will be your User ID.

However, if you are already registered with Karvy for e – voting, you can use your existing User ID password for casting your vote.

- After entering these details appropriately, Click on "LOGIN"
- 4. In case of new users: You will now reach password change Menu wherein you are required to mandatorily change password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character with (@,#,\$,etc.). The system will prompt you to enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- 5. You need to login again with the new credentials.
- On successful login, the system will prompt you to select the "EVENT" i.e. Diamond Power Infrastructure Limited.
- 7. On the voting page, enter the number of shares (which represents the number of votes) held as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and shares held will not be counter under either head.
- Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
- 9. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- 10. You may then cast your vote by selecting an appropriate option and click on "Submit".

- 11. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(S).
- 12. Corporate/Institutional Members (i.e. other than individuals, HUF, NRI etc.) are also required to send scanned certified true copy (pdf. format) of the Board Resolution/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to Scrutinizer at email csdpatel@gmail.com with a copy marked to evoting@karvy.com and cs@dicabs.com. The scanned image of the above mentioned documents should be in the naming format "Diamond Power Infrastructure Limited AGM 2016".
- B. Instructions for members whose email IDs are not registered with the Company/ their respective Depository participants(s) or who have specifically requested for hard copy - Member will receive physical copy of the Notice of AGM:
  - i. User ID and initial password as provided herein below.
  - ii. Please follow all steps from SI. No. (1) To SI No. (12)
    Mentioned above under (Instructions for members
    whose email IDs are registered with the Company/
    their respective Depository participants(s)), to cast

#### Notes:

- In case of any queries relating to E-Voting please visit Help & FAQ section of http://evoting.karvy.com Closure of e-voting, (Karvy Website).
- II. You can also update your mobile number and email id in the user profile details of the folio which may be used for the sending future communication(s).
- III. The e-voting period commence on Tuesday, 16th August, 2016 at 10.00 a.m. Closure of e-voting, Thursday, 18th August, 2016 Upto 05.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date (record date) being Friday, 12th August, 2016 may cast their vote electronically in the manner and process set out here in above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently. Further the Members who have casted their vote electronically shall not vote by way of poll, if held, at the meeting.
- IV. The voting rights of shareholders shall be in proportion to equity shares of the Company held by them as on the cutoff date (record date) being Friday, 12th August, 2016.
- V. The Board of Director has appointed M/s. D Patel & Associates., Practicing Company Secretaries as the

- Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The results shall be declared on the date of AGM of the Company and the resolution will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
- VIII. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.dicabs. com and on the website of the service provider (https://evoting.karvy.com) within two (2) days of passing the resolution at the AGM of the Company and will also be communicated to National Stock Exchange of India Limited and BSF Limited.

EVENT (E Voting Event Number)	User ID	Password

19. Information required under Listing Obligations (relating to Corporate Governance) with respect to the Directors being appointed and Directors retiring by rotation and being eligible for re-appointment are as under:

Name of the Director	Shri Shailendra Pal Singh (DIN 02296585)		
Position	Independent Director		
Profile	Shri Shailendra Pal Singh was appointed by the Board of Directors of the Company as an Additional Director w.e.f. 8th November, 2015.		
	Shri Shailendra Pal Singh is B.E [Electrical]. He carries a diverse & varied Industry experience with World top Brands/Big Groups, with an overall successful track record of 41 years. He was earlier with NTPC as Director (HR) and also has broad experience in Power Project Implementation. He also served as Chairman of KINESCO Power & Utilities Pvt. Ltd. He also holds personal/Business rapport with top business houses in India and abroad.		
Date of Joining	ate of Joining 8th November, 2015		
No. of Shares held in the Company	Not Applicable		
Directorship in other Companies	Not Applicable		

Name of the Director	Dr. Sumit Bhatnagar (DIN00776129)  Jt. Managing Director		
Position			
Profile	Dr. Sumit Bhatnagar is the Joint Managing Director of our Company since September 2015. 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 22 years. He has more than 17 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 is also a Trustee on the Board of BalBhavan Society of Vadodara, 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.		

Date of Joining	26th August, 1992
No. of Shares held in the Company	10,39,998 (Equity)
Directorship in other Companies	Diamond Infosystems Limited Madhuri Finserve Private Limited Diamond Projects Limited Diamond Power Transformers Limited Diamond Power Transmission Private Limited Maktel Control & Systems Private Limited Maktel Power Limited Apex Power Equipments Private Limited

20. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11.00 a.m to 01.00 p.m on all working days except Holidays and Sunday, up to and including the date of the Annual General Meeting of the Company.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### ITEM NO. 2

Last year, Shri Amit Bhatnagar (DIN: 00775880) and Shri Sumit Bhatnagar (DIN: 00776129) were under the retirement by rotation and were re-appointed by shareholders. Shri Sumit Bhatnagar (DIN: 00776129) also re-appointed as Jt. Managing Director and his term as Jt. Managing Director was from February 1st, 2016 to January 31st, 2019, which was approved by the Shareholders at their 23rd Annual General Meeting held on September 30th, 2015. Since other Directors except Shri Amit Bhatnagar (DIN: 00775880) are Independent and were appointed for the fixed term and also to comply with the provision of Section 152 (6) of the Companies Act, 2013. Shri Sumit Bhatnagar (DIN: 00776129) is under rotation, once his re-appointment approved by the Shareholders his term as Jt. Managing Director shall be continue and there will be no interruption in his position as Jt. Managing Director. Therefore, shareholders are requested to consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary Resolution

None of the Directors and Key Managerial Personnel of the Company or their relatives except Shri Sumit Bhatnagar (DIN: 00776129) and Shri Amit Bhatnagar (DIN: 00775880) is concerned or interested financially or otherwise, in the resolution as set out at item No. 2.

The Board recommends the resolution at Item No. 2 for approval of the members.

#### ITEM NO. 4

Shri Shailendra Pal Singh (DIN: 02296585) is an Independent Director of the Company pursuant to listing obligations. He joined the Board of Directors of your Company in November, 2015 as an Additional Director appointed by Board of Directors.

Shri Shailendra Pal Singh(DIN: 02296585) is B.E (Electrical). He carries a diverse & varied Industry experience with World top Brands/Big Groups, with an overall successful track record of 41 years. He was earlier with NTPC as Director (HR) and also has broad experience in Power Project Implementation. He also served as Chairman of KINESCO Power & Utilities Pvt. Ltd. He also holds personal/Business rapport with top business houses in India and abroad.

He is not holding any shares in the Company. The Company has received declaration from him that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

The Board of Directors of your Company after reviewing the declaration submitted by Shri Singh, are of the opinion that he meets the criteria of independence as per the provisions of Section 149(6) of the Companies Act, 2013 and rules made thereunder and also meets with the requirements of listing obligations with the Stock Exchanges, for his appointment as an Independent Director of the Company and is independent of the management.

However, in terms of Section 149 and any other applicable provisions of the Companies Act, 2013, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director of your Company for 5 (Five) consecutive years for a term upto the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2021. The Company has received a notice in writing

from a member along with the deposit of requisite amount under Section 160 of the Companies Act 2013, proposing Shri Shailendra Pal Singh (DIN: 02296585) as a candidate for the office of Director of the Company.

#### ITEM NO. 5

The Board of Directors at their meeting held on 21st July, 2016, on the recommendations of the Audit Committee had approved the appointment of M/s. S S Puranik & Associates, Practicing Cost Accountants (Firm Registration No. 100133) (Membership No. 7113), as the Cost Auditors for audit of the cost accounting records of the Company for the financial year 2016-17, at a remuneration not exceeding Rs. 90,000 (Rupees Ninety Thousand Only) excluding service tax and reimbursement of out of pocket expenses at actuals, if any, in connection with the audit.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to the Cost Auditor is required to be approved by the members of the Company.

Accordingly, consent of the members is sought for approving the Resolution as set out in Item No. 5 for remuneration payable to the Cost Auditor for conducting the audit of the cost records of the Company for the financial year ending 31st March, 2017.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed Resolution as set out at Item No. 5 of the Notice. The Board recommends the Ordinary Resolution as set out in Item No. 5 of the Notice for your approval.

#### ITEM NO. 6, 7& 8

The Company has from time to time availed financial assistance from banks /other institutions (the Lenders) for the purposes as set forth in the respective financing documents entered between the Company and the Lenders.

The Company's operation were adversely affected due to various reasons viz: delay in realization of Government receivables (claims), slowdown in the sector in last 4 years, slowdown in bidding of new projects, non-release of assessed additional limits/sanctioned limits towards balancing equipment leading to a delay in completion of expansion etc. the lenders in the year 2015 had approved the financial restructuring package of revival of the Company including company including completion of the projects with the cost overrun. Due to various factors including the delay and release of partial limits had resulted into poor capacity utilization and thereby suffering of financial losses. The matter was brought to the notice of the lenders stating that the expected cash generation would not be sufficient for the Company to meet its obligation towards payment of interest and principal which are falling due from July-16 onward. The Company was looking for the strategic investor for infusion of funds into the systems so that the economic viability is improved. However, the infusion of fund alone is not the remedy for the long term solution of the Company which the lenders have recognised and accordingly taken as a decision for invocation of SDR coupled with induction of strategic investor which would give the long term solution to the

Company based on the sustainable debt into the Company. The Company inform the lenders about the indicative term sheet from the proposed investor for the infusion of funds into the Company. The Company is expecting approval from the lenders followed by infusion of fund by the investor into the Company on SDR proposal. Hence in order to preserve the value of the Company, its assets and to provide a long term solution, the core committee meeting held on 29th June, 2016 followed by Joint Lender Forum (JLF) Meeting, decided to implement the provisions of Strategic Debt Restructuring (SDR) in terms of Circular dated June 8, 2015. The Lenders, upon invoking the provision of SDR, have a right to convert whole or part of their debt into equity share capital of the Company so as to collectively hold not less than 51% of the total equity share capital of the Company posts such conversion. SDR will benefit the Company with 18 month (from Reference Date) time to keep account as "Standard" in the banking system without affecting ongoing operation, bidding for new projects & execution of existing projects.

As per Section 62 of the Companies Act, 2013 read with Companies [Management and Administration] Rules, 2014, Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'SEBI (ICDR) Regulations') and other applicable provisions of the applicable laws, approval of shareholders is required for issuance and allotment of aforementioned shares to various lenders as per Strategic Debt Restructuring Scheme and/or Scheme of Sustainable Structuring of Stressed Assets and/or any other Scheme(s) issued by RBI from time to time, pursuant to the provisions of Chapter VII of SEBI (ICDR) Regulations and any other applicable laws

In terms of Section 62 of the Companies Act, 2013, the approval envisaged hereunder requires passing of a Special Resolution by members.

Lenders propose to convert debt into equity of not less than 51% of the total Equity Share Capital of the Company i.e. not less than

7,25,50,830 equity shares of Rs.10 each at a premium Rs. 31.28 per share i.e. 41.28 per share.

By keeping in view of the above proposed Issue of Shares to the lenders of the Company under SDR scheme, The Authorised Share Capital of the Company needs to be increased from Rs. 80,00,00,000 (Rupees Eighty Crores Only) divided into 7,58,58,500 (Seven Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs. 10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- (Rupees Ten) Each to Rs. 2,00,00,000 (Rupees Two Hundred Crores Only) divided into 19,58,58,500 (Nineteen Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs. 10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- (Rupees Ten) each.

Consequent to the increase of Authorized Share Capital, the Authorised Share Capital Clause contained in Clause V of the Memorandum of Association of the Company need to be altered as indicated in Resolution No. 7 respectively contained in the Notice convening the 24th AGM.

A copy of the Memorandum and Articles of Association together with the proposed alterations is available for inspection by the Members at the Corporate Office of the Company between 11:00 a.m. to 01:00 p.m. on all working days from the date here of upto the date of the Meeting.

The Directors recommend Resolution no. 6,7& 8 for approval of Members.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution except to the extent of their shareholding, if any, in the Company

By Order of the Board

Amit Bhatnagar

Managing Director

& Chairman of the Meeting

Date: 21st July, 2016 Place: Vadodara



#### **DIAMOND POWER INFRASTRUCTURE LIMITED**

CIN: L31300GJ1992PLC018198

Corporate Office: "Essen House", 5/9-10, B.I.D.C., Gorwa, Vadodara-390016, (Gujarat) India, Ph.: 0265-2284328, 2283969, Fax: 0265-2280528 Email: cs@dicabs.com Website: www.dicabs.com

Registered Office: Phase II, Village: Vadadala, Tal.Savli, Dist. Vadodara-391520, India. Ph.: 02667-251516, 251354 Fax: 02667-251202

### FORM NO. MGT-11 PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

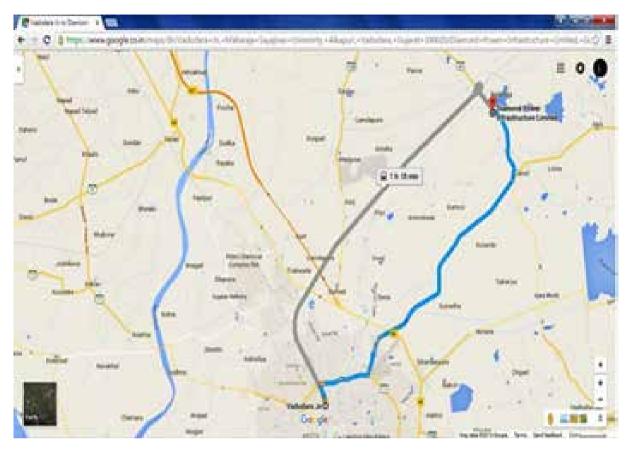
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Regi	istered Address:			
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	D:			
וו וט	D			
I/We	e, being the member (s) of	Shares of the above named Company, hereby ap	point	
1.	Name:	Address:		
	E-mail Id:	Signature:		, or failing him
2.	Name:	Address:		
	E-mail Id:	Signature:		, or failing him
3.	Name:	Address:		
	F-mail Id:	Signature:		
on th		poll) for me/ s and on my/our behalf at the 24th Annual General Meeting . at Vadodara and at any adjournment thereof in respect of such resolut		
on th	he Friday, 19th August, 2016 at 10 a.m s.No Description		ions as are ir	ndicated below:
on th	he Friday, 19th August, 2016 at 10 a.m s.No Description Adoption of Annual Accounts ar	at Vadodara and at any adjournment thereof in respect of such resoluted and Reports thereon for the financial year ended 31st March, 2016.  Of Shri Sumit Suresh Bhatnagar (DIN 00776129), who retires by rotation	ions as are ir	ndicated below:
Res	he Friday, 19th August, 2016 at 10 a.m.  5.No Description  Adoption of Annual Accounts an  To Appoint a Director in place of and, being eligible offer himself  To Consider and ratify the ap  Registration Number 101248W	at Vadodara and at any adjournment thereof in respect of such resolution and Reports thereon for the financial year ended 31st March, 2016. For Shri Sumit Suresh Bhatnagar (DIN 00776129), who retires by rotation for re-appointment of M/s. B S R & Co., LLP, Chartered Accountants (Firm 1/W-100022) and M/s. ABC JPR & Co., Chartered Accountants (Firm 1 (formerly known as A. Yadav & Associates) as Jt. Statutory Auditors of	For*	ndicated below:
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01 02 03 04 05	he Friday, 19th August, 2016 at 10 a.m.  5.No Description  Adoption of Annual Accounts an  To Appoint a Director in place of and, being eligible offer himself  To Consider and ratify the ap  Registration Number 101248W  Registration Number 129725W)  the Company and to fix their rer  To Appoint Shri Shailendra Pal  To fix remuneration of M/s. S S  cost auditor of the Company.	at Vadodara and at any adjournment thereof in respect of such resolution of Reports thereon for the financial year ended 31st March, 2016. For Shri Sumit Suresh Bhatnagar (DIN 00776129), who retires by rotation of for re-appointment of M/s. B S R & Co., LLP, Chartered Accountants (Firm 1/W-100022) and M/s. ABC JPR & Co., Chartered Accountants (Firm 1/Gormerly known as A. Yadav & Associates) as Jt. Statutory Auditors of muneration.  Singh (DIN - 02296585) as Independent Director of the Company.  Puranik & Associates, Cost Accountants (Firm Registration No. 100133) of the Company.	For*	ndicated below:

Signed this \_\_\_\_\_ day of August, 2016

Signature of Shareholder

Affix Revenue

Stamp



\* Source from Google Map



# WHAT IS INSIDE

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#### Forward Looking Statement

In this Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set our anticipated results based on the Management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot, of course, guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

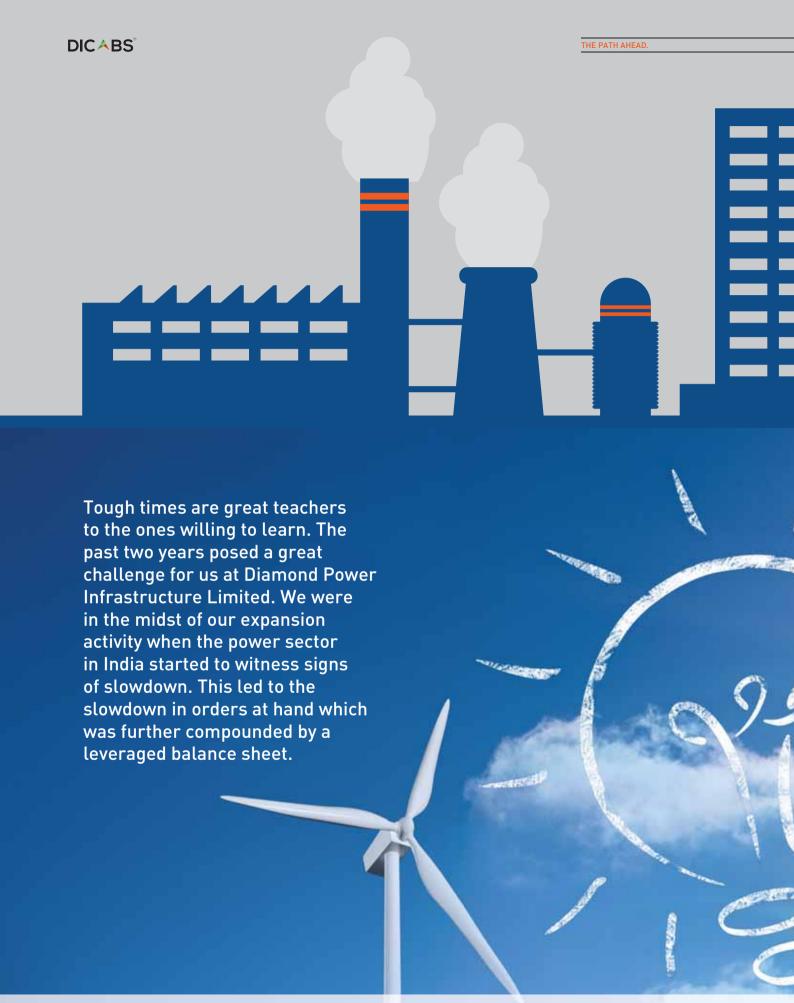
We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

**DICABS**®

# The PATH AHEAD.

The path to success is to take massive, determined action.

Tony Robbins

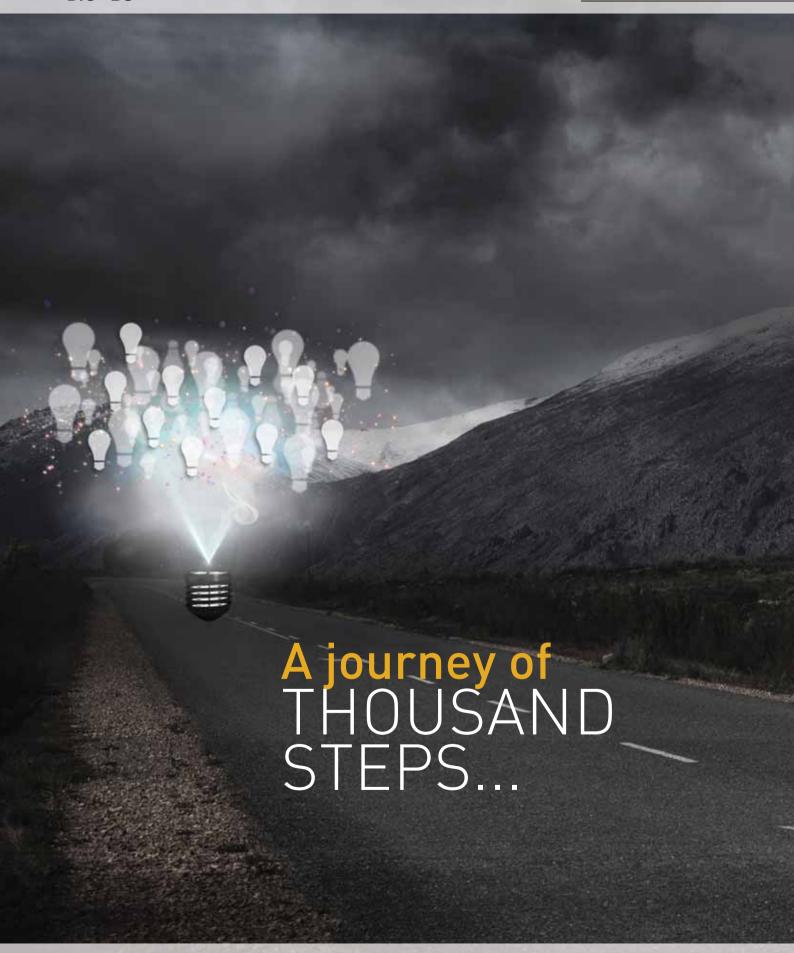


hat followed was a persistent quest to find the light at the end of the tunnel. We continued to do what we do best – think of possibilities that would help us cement the stakeholders' trust and also help us protect the downside while strengthening our foundations to help us grow faster with the impending upturn.

And we did just that. The year 2015-16 was a year of all sweat, focus, efforts and determination. Sure, the impact of which is not visible on the financial results for the year but will surely be felt in the coming years. Our confidence stems from our integrated product and solutions profile, our management quality and long standing client relationships based on quality and service.

India is at a stage of overhauling its power infrastructure and the past two years albeit tough, have borne the testament of government's intent of resolving long term structural bottlenecks. We believe while the slowdown is temporary, the positives will far outlast it in the coming years.

For us, it too has been a period of weighing in new relationships and partnerships which would unfold in the path that lies ahead.

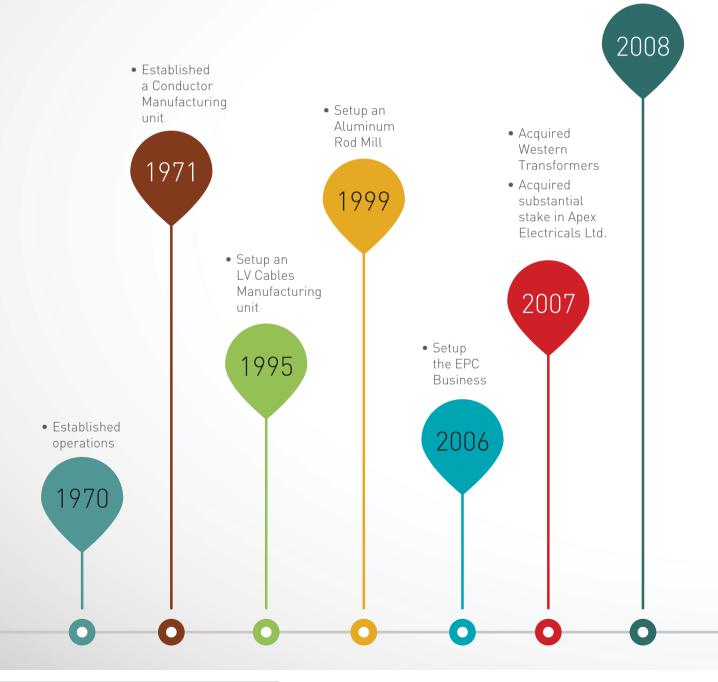




### The milestones

## WE SURPASSED

 Setup HV Cables manufacturing unit up to 132 KV



0

Capacity
 Expansion
 of LV & HV
 Cables units

2010

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

2011

- 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

2012

- Acquired strategic stake in M/s Maktel Control & Systems, India's leading power and control panel manufacturer
- 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

2013

Rejuvenation of the product brand to Dicabs

2015

Successfully commissioned the first phase of ambitious expansion program for 3000 kms of MV cables and 50,000 MTPA of conductors in February 2014

2014

## Our PRODUCT PORTFOLIO

# 01



# Conductors up to 765 KV

- 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







#### Cables up to 550 KV

- LV (1.1KV) grade aluminum/ copper, armored/ unarmored, PVC/FRLS/XLPE cables up to 1000 sq mm in single core & 630 sq mm in multi core conforming to IS1554-I, IS7098-I & other international standards
- Copper control cables up to 61-core with PVC/XLPE/FRLS conforming to international standards & 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 conforming to various standards
- Specialty cables including control & instrumentation cables
- PVC / XLPE insulated ACSR & AAA conductors for special purposes
- Flexible cables with single core and multi core conforming to international standards & BS specifications





# Transformers (Power and Distribution) up to 220 KV

- 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
- Drv type transformers





#### **EPC** services

Plan, design and commission power turnkey transmission and distribution projects

#### Special projects

#### Customisation and execution of:

- Overhead transmission line projects
- Substation projects
- Rural & urban distribution projects
- Cable testing facility up to 500 kV

#### **Existing capacities**

#### Rods

• Aluminum and alloy rods - 32,000 MT

#### Conductors

• Alloy and ASCR conductors - 50,500 MT

#### Power cables

- 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
- EHV cables 220-550 KV 2,500 KMS

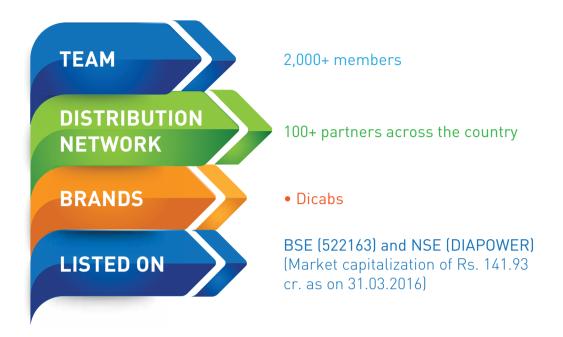
#### Power transformers

- 40-315 MVA up to 220 KV 7500 MVA
- 5-40 MVA up to 220 KV 2500 MVA

#### Distribution transformers

• Up to 5 MVA - 2500 MVA

Transmission towers - 48,000 MT



# Approvals, Certifications and Testing

#### Conductors

- 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

#### Cables

- 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

#### Transformers

- Captive type-testing facilities of up to 1000 KV already installed
- Over 500 type-tests of several sizes done in laboratories all over the world
- R&D facilities have been certified by DSIR, Govt. of India and ISO 9001-2008





# IT ALWAYS TAKES CLOUDY DAYS TO SPOT THE SILVER LINING!

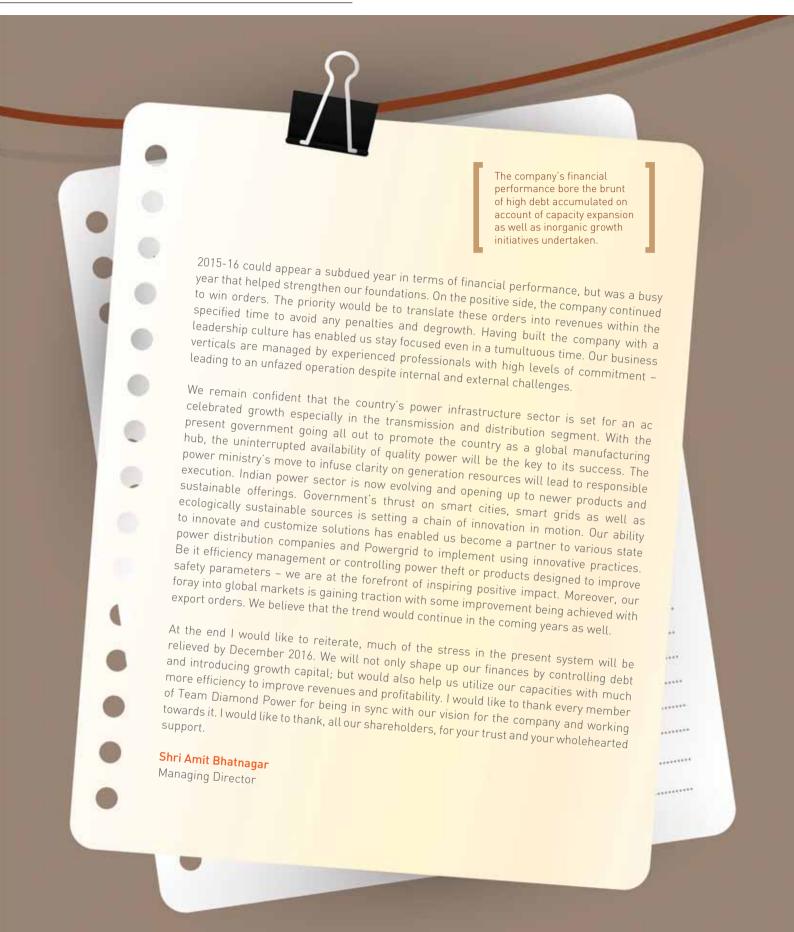




#### Dear Shareholders,

Past two years have been a test in no uncertain terms. Tough enough to test our mettle. Tough enough to make us stretch and keep us nimble footed. And definitely tough enough to help us emerge tougher. With the Indian economy resuming the path of resurgence, the power sector reeled under several foundational issues. The overcapacity in the power generation sector built pre-2014 proved a challenge owing to withering demand from manufacturing sector in the country. This coupled with still high T&D losses, weak financial condition of state distribution companies and uneven demand supply across regions deferred order flows and at the same time, further improved the opportunity perception for future growth. As our Company's founder Shri SN Bhatnagar often said, silver lining is accentuated during the cloudy days. 2015-16 was one such cloudy year.

The company's financial performance bore the brunt of high debt accumulated on account of capacity expansion as well as inorganic growth initiatives undertaken. The high interest expense not only eroded our bottom line but posed a challenge in terms of servicing the debt. We chose to first protect the interests of external stakeholders by proposing structured resolution to the lending banks. We continued to steer our businesses to growth trajectory by competing for and winning new orders. We also considered value unlocking of our subsidiary to reduce the debts. By the end of this year, we successfully crystallized the plan to bring down debts through a three pronged approach - 1. By improving promoters' equity through further investments to propel corporate growth; 2. By converting a part of debt into equity thereby reducing the interest outflow; and 3. By identifying a strategic partner to effectively execute the revival process. In addition, we also rejuvenated our product brand to 'Dicabs' thereby carving a niche in terms of brand recall.



Jt. Managing Directors' review

# THE ROAD TO GREATNESS IS PAVED WITH CHALLENGES

#### Dear Shareholders.

#### ANOTHER TESTING YEAR WENT BY

We are not defined by the opportunities we convert but the challenges we overcome. 2015-16 proved to be a challenging year too like its predecessor. However, sometimes the best way to respond to any challenge is to focus on one's strengths. While the debt resolution topped our agendas for the year, we chose not to lose sight of the greater vision of the company. We are in a capital intensive business and the best way to ensure sustained growth is by tapping into more orders and executing them more efficiently. Towards this, we concentrated our efforts on cost controls, quality improvements and higher efficiency across our units. Small steps conquer long roads. And with each passing day, we chose to think small and continued to persevere.

#### It's just a matter of time

The debt woes aside, it was business as usual with us. We continued to win orders. We continued to improve client experiences. We continued to further improve our value proposition. We continued to implement technology and automation across our business units. We continued to eliminate wastage. We continued to strengthen our green quotient. As Jack Welch once said, "In real life, strategy is actually very straightforward. You pick a general direction and you implement like hell". We continued to do just that – unrelenting execution to help us shape up in more than one ways.

The results are visible. Despite our financial challenges, none of our clients have walked away. Our stakeholders and investors stand beside us – together to contribute towards resolution. Our vendors continue to support us through thick and thin. In the past forty years, we have always believed that the quality of relationships often define the quality of business. To that count, we feel proud and humble. We have built strong foundations in the past four decades and are confident that this phase will not undo the hard work and determination put in by each and every member of the company. It's just a matter of time.

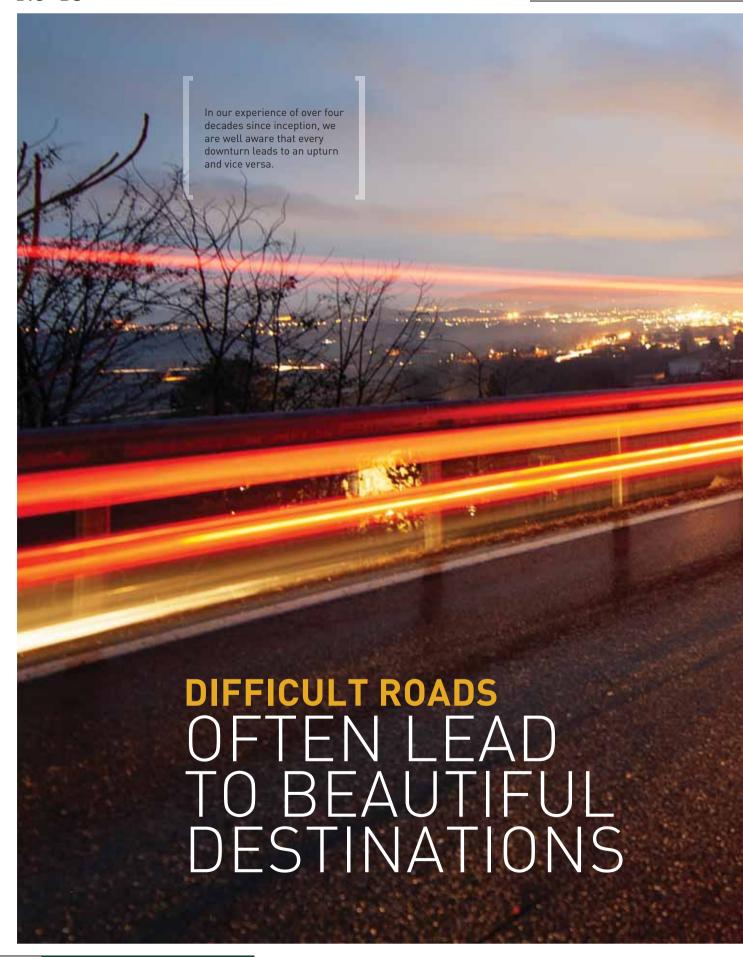
# India is emerging rapidly as a global investment destination. Global companies are eyeing the country to establish their presence and improve reach. They are in constant look out for strategic partners in form of established respected and focused players.

### THE FUTURE BELONGS TO ONE WHO NEVER GIVES UP

India is emerging rapidly as a global investment destination. Global companies are eyeing the country to establish their presence and improve reach. They are in constant look out for strategic partners in form of established respected and focused players. We are one such potential partner having not only an enviable in-house solutions portfolio accounting for 80% of EPC project cost. Besides, the sector appreciates size owing to high capital requirements. The consolidation opportunities will be a key focus area for the company going forward. Besides, Indian growth story is expected to bloom in the coming years. It will too improve the demand scenario and help us expand the margins. We, true to our products, always believe in staying strong and reliable. We are excited about the future and we are working towards it.

# **Shri Sumit Bhatnagar**Joint Managing Director







ope is a good thing but solely relying on hope, isn't. In our experience of over four decades since inception, we are well aware that every downturn leads to an upturn and vice versa. However, the critical factor is preparation. Being prepared is the only reason why some walk and the others soar in wake of an opportunity. At Diamond Power, we chose to be prepared.

Since 2010 we have consistently invested into the capacities and capabilities – graduating from conductors and cables to transformers. Transmission towers, relay/control panels to offering EPC solutions. We not only expanded our horizon in terms of building presence across the transmission solutions value chain, but also focused on creating exhaustive product mix within each segment of presence. In doing so, investments in innovation and capacities played a crucial role – allowing us to improve affordability of our products and thereby build a respectable market share in an otherwise cluttered market-space traditionally dominated by global brands.

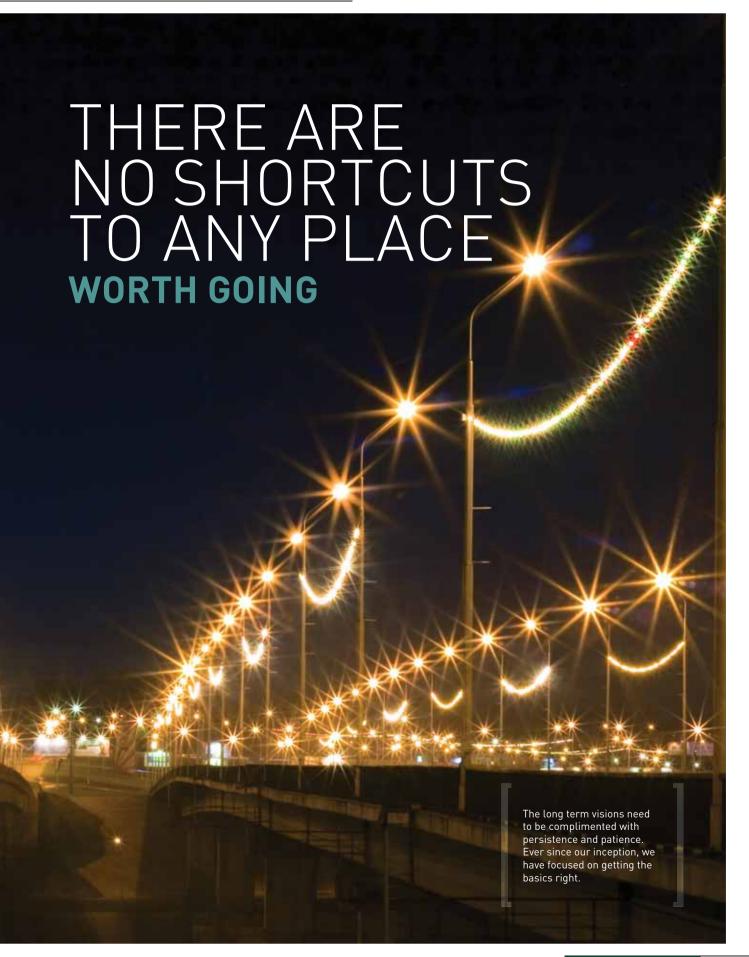
Our zeal to be future proof also resulted in a high debt burden. Add to that, our foray in EPC solutions led to the additional need for capital to satiate security deposit requirements. We did face a challenge in containing the debt with slowdown in receivables from debtors comprising of state electricity boards. However, we have always believed that a company is built for generations and hence its foundations have to be uncompromisingly strong. With a positive demand scenario, infusion of fresh capital and some structured debts, it's a matter of short time that we will be in a better position to capitalize upon our integrated business model. The difficult roads are set to lead to beautiful destinations. We are walking faster.

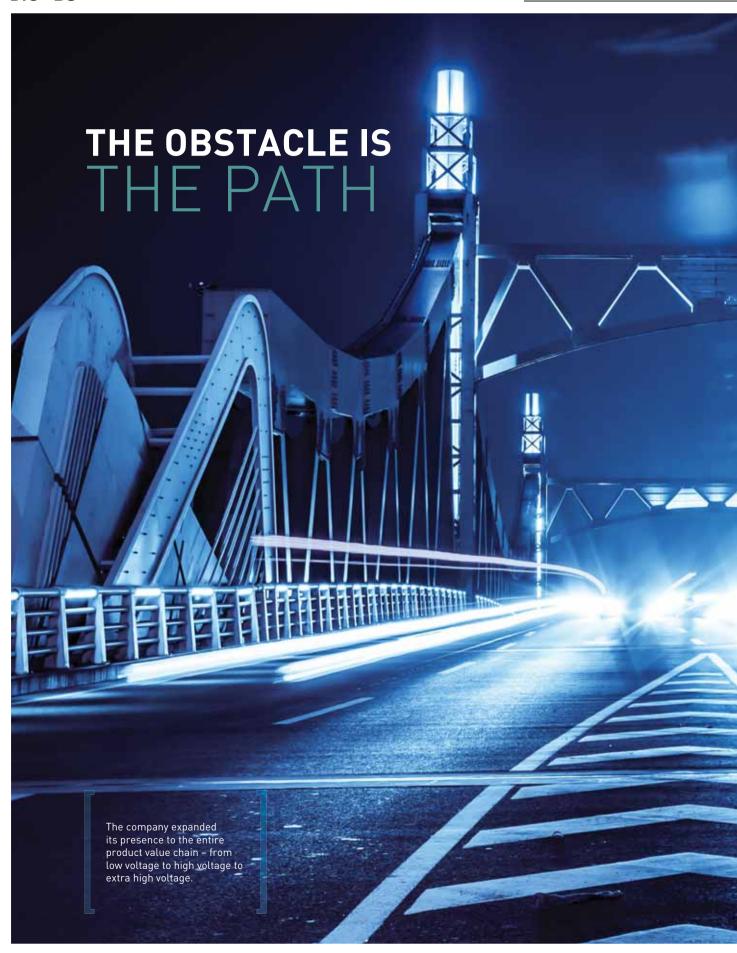
our decades is a long time. Rome wasn't built in a day. The long term visions need to be complimented with persistence and patience. Ever since our inception, we have focused on getting the basics right. Founded by a technocrat with an acute eye for detail, we were shaped to appreciate small steps and perfect the craft of maintaining quality and building goodwill with our customers.

Building reputation in power sector in a competitive market takes unprecedented efforts. On one side, any product shortcoming can lead to damage of unprecedented scale to the communities around; on the other hand, the pressures to maintain margins despite volatility in demand and input costs is too big to ignore. The only remedy therefore is to build a combination of scale, innovation and quality all equal in terms of priority. At Diamond Power, have learned to walk this thin line - took us 40 years but the journey was worth it. While scale was built over time, our obsession with innovation and quality started from day one. We were the first company in India to develop and manufacture alloy conductors and proto-test HSHC (High Strength and High Conductivity) conductors. We were also the first player to achieve BIS certification for alloy conductors in the country. We set-up India's first 'vertical lead extrusion facility' as well as the 'aluminum extrusion facility' for cables, ranging from 66KV onwards. We became the first Indian company and fifth globally to manufacture Extra High Voltage Cables up to 550 KV. Our quality has facilitated the enrollment for our products with all reputed power generation and distribution companies.

We invested into testing infrastructure including a global standard UHV testing laboratory. Our obsession towards quality also empowers us to push our limits to innovate and offer a decade's warranty on our products against manufacturing defects. Small steps go a long way. And we have just begun.









hen the going gets tough, the tough gets growing. As a company that has carved a reputation as a solutions provider, we have often focused on solutions when faced with a challenge. Having started as a conductor manufacturer, we were among the firsts in offering a wide range – from 7-strand to 91-strand for 11KV HVDC lines. The obstacle was to grow faster than the industry and therefore the focus was expanded to cables segment. The company expanded its presence to the entire product value chain – from low voltage to high voltage to extra high voltage. The company inorganically expanded its footprints into transformer segment – going on to strengthen its presence in power, distribution and dry type.

With growing presence came a challenge of handling its risks of losing sight of the customer relationships, serviceability and customization. We rose to the challenge and implemented an organization-wide ERP network, which not only enabled us to gain greater control on delivery schedules but improved efficiency of the processes manifolds. Having expanded our presence across the transmission value chain, we then forayed into EPC segment as a solutions provider. Our edge - 80% of the products (in terms of project value) needed to execute the EPC projects, were being manufactured in-house. Add to that the quality certifications and approvals with various State power distribution companies; we were looking at a self-sustaining business opportunity to take us to the next level. In the EPC division, we developed an edge in terms of executing turnkey projects including overhead transmission lines, rural & urban distribution projects as well as substation projects. Besides, our ability to execute projects in difficult regions and complex situations has led to sustained order flows from our clients.

We also chose to expand our presence in terms of markets we cater to. Presently, our products are available across the country through 100+ dealers. We also forayed into global markets like Middle East and Africa through our products. With global companies setting sights on the Indian markets, it is going to be an exciting time to collaborate and not compete alone. The obstacles will always come and go. What would remain, is our passion to keep walking.

t always pays well to keep a good company. Ever since we began our operations, we have believed in an open and transparent workplace. Owing to our founder being a technocrat, merit always was the key trait to consider for each position. Today, we have a team of most talented and renowned professionals in the country across our units. The focus on cultivating the entrepreneurial mindset within the organization has led us not only to empower the aspirations of our people but also, implement innovative solutions through efficient decision making. Today the company employs 2000+ people across its units and has emerged among the preferred places to work for talents in the power sector.

We also consider our vendors, suppliers and customers a vital part of the team. Our decision of not compromising on margins made us a preferred partner to like-minded organisations who appreciate uncompromising attitude in quality and timely delivery. Surely, it kept us out of the cluttered competitive landscape, but not falling for low hanging fruits helped us to play a larger role as a solutions consultant to our clients. We collaborated with renowned European vendors despite the low cost Chinese alternatives. We utilized the associations to imbibe the best practices and train our people.

It is said, that the like minded always meet. Holds true in terms of our stakeholders as well. Be it bankers or investors – they have stood by us through thick and thin owing to their belief in our foundations and our ability. Even with the current debt situation, the investors have remained patient and in full support of the management's ability to turn the situations around. It is always great to be in a good company.



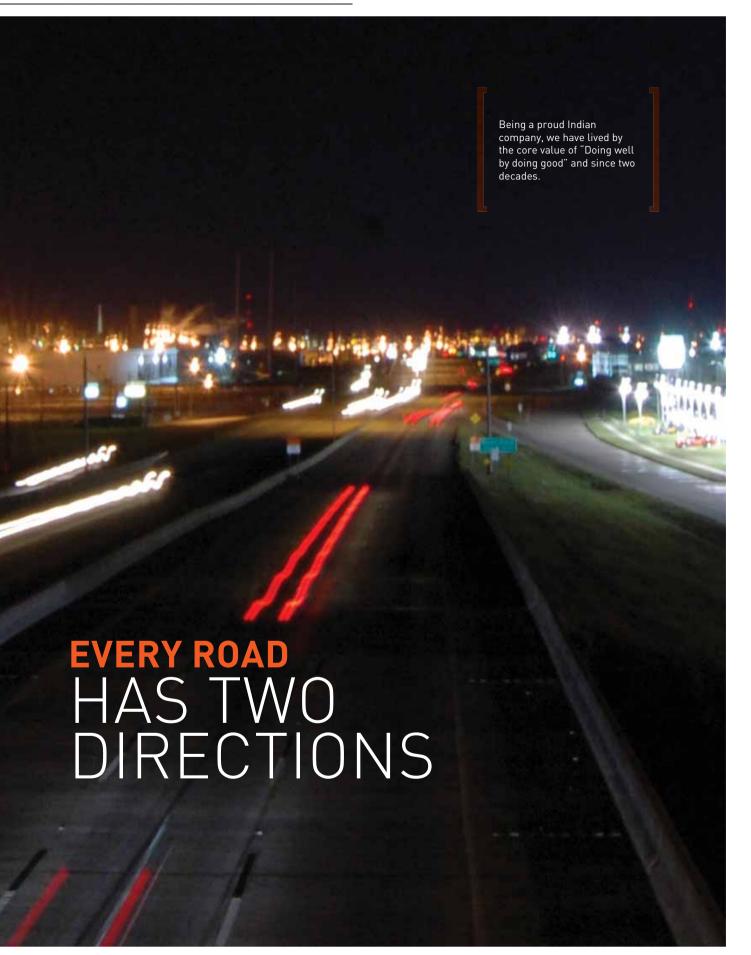


very business has two priorities – to create value for its stakeholders and to play a constructive role towards betterment of lives of the communities it engages with. Sometimes it's hard to walk the thin line. But balance is an art perfected with patience, perspective and performance. Being a proud Indian company, we have lived by the core value of "Doing well by doing good" and since two decades, our management and people have played a key role in improving the lives of people in the city of Vadodara by contributing towards multiple causes including education, healthcare, environment and cultural activities

We have commissioned primary school in Vadodara which educates the children from nearby villages. We have also played an active role in formation of 'Bal Gokulam Society' – a first of its kind children home in the country – involved in caring for, nurturing and empowering to orphans and 'Divyang' children. The centre offers every child, formal and non-formal education and empowers them to lead a better life by educating them on health, first aid, cleanliness, general knowledge and computers, thereby aiding their all-round development. Besides, the company regularly holds health camps as well as blood donation camps in the city. We have also adopted and support the Ambulance Seva – a valuable service catering to poor and needy citizens in the city.

In 2015, The Government of India nominated our Managing Director Shri Amit Bhatnagar as one of the national brand ambassador for Swaccha Bharat - the flagship cleanliness campaign instituted by Hon. Prime Minister Shri Narendra Modi. As a responsible citizen, Amit Bhatnagar has been actively involved in social integration initiatives, cleanliness and upkeep of the city of Vadodara, since the past two decades. He has been a source of inspiration for us to cater to both the objectives – business and social responsibility with acute focus.





# BOARD OF DIRECTORS PROFILE



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 1992. 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 26 years of experience in Managing the Company. He also has a varied experience in the power equipment industry, which includes businessto-business selling via the dealer and industrial marketing route. Shri Bhatnagar was also awarded the 'UdyogRatan' 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 BalGokulam, a children shelter established by the Government.



**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 22 years. He has more than 17 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 is also a Trustee on the Board of Balbhavan Society of Vadodara, 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.



SHRI JAIDEEP NIGAM\*
Independent Director

Jaideep Nigam is B.E
Mechanical, with M.B.A
in International Business,
He carries a diverse &
varied Industry experience
with World top Brands/
Big Groups of 24 years
based in Dubai with an
overall successful track
record of 29 years. He
holds personal/Business
rapport with Eminent
Arabs, Top Businessmen
/ Industry professionals &
Government Institutions
across Middle East, Africa
& India.

His strong Networking/P.R Skills coupled with brilliance in Marketing has helped establish Brand Diatron across M.E. & Africa in a very short span of time with a long term Dealer relationships. & penetrative ongoing sales in Region.

\* passed away from 01.04.2016



SHRI RANVIR SINGH SHEKHAWAT

Independent Director

Mr R S Shekhawat is a renowned name in Power, Communication & Special application Cable Industry. He is a technocrat having more than 49 years of rich experience in cable manufacturing and has worked at top 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. He has also helped many, in product development and stream lining operations through his consulting.



SHRI ASHOK KUMAR GAUTAM

Independent Director

Shri Ashok Kumar
Gautam is one of the
leading consultants for
many Corporates. He
has a vast experience in
Tax administration and
is presently one of the
top professional in Tax
Matters in the country. He
was with Reserve Bank
of India in 1976 and after
Joining IRS (Income Tax)
in 1977, served around 36
years in Indian Revenue
Service in 6 different
states in the country.



SHRI ASHOK KUMAR SINGH

Independent Director

Shri Ashok Kumar Singh is having massive experience of over 37 years with Government of Uttar Pradesh and Government of India, he is retired I.A.S Officer and served with many prestigious government organizations, he also served as Magistrate and Dy. Labour Commissioner. He was Secretary for P. Government. Other than above, he was awarded for the best performance as Dist. Magistrate and honored with President of India's Silver Medal for the best work on census operation as Dist. Magistrate Basti.



**MS. NIVEDITA PANDYA** Woman Director

Ms. Nivedita Pandva - Is a Graduate in Mechanical Engineering from S.P University - V.V Nagar, with wide technocommercial experience in industries majorly in cable industry. She has been Instrumental in the execution of several prestigious Green field projects including setting up of state of art HV-EHV cable plants , Tower manufacturing plant etc. UHV Laboratory & R & D centre etc. Is also doing extensive work in the field of Machinery design & its Manufacturing since last over 16 years and travelled extensively to Europe & China for technology selection

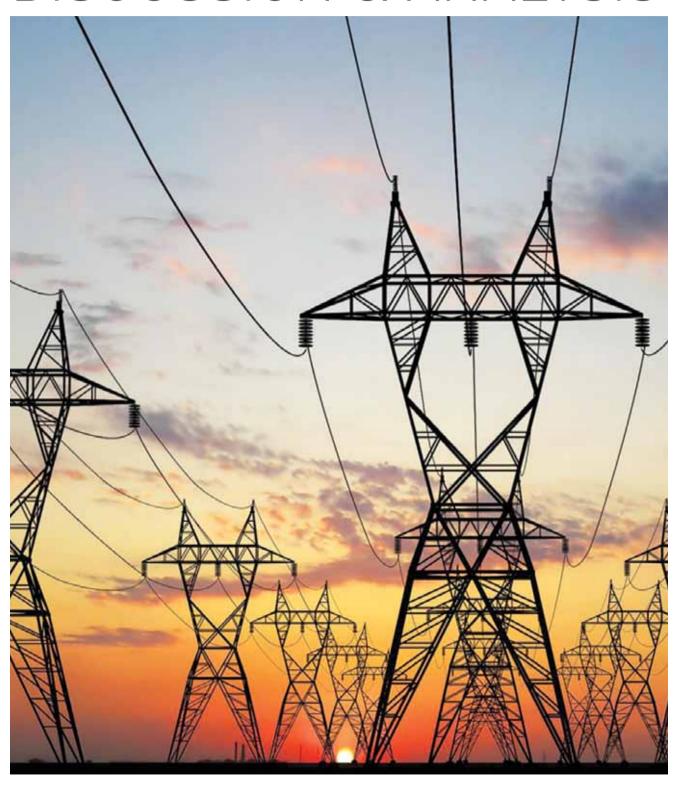
sourcing etc.



SHRI SHAILENDRA PAL SINGH Additional Director

Shri Shailendra Pal Singh was appointedby the Board of Directors of the Companyas an Additional Director w.e.f. 8thNovember, 2015. Shri Shailendra Pal Singh is B.E(Electrical). He carries a diverse &varied Industry experience with Worldtop Brands/ Big Groups, with an overallsuccessful track record of 41 years. Hewas earlier with NTPC as Director (HR)and also has broad experience in PowerProject Implementation. He also served asChairman of KINESCO Power & UtilitiesPvt. Ltd. He also holds personal/ Businessrapport with top business houses in Indiaand abroad.

## MANAGEMENT DISCUSSION & ANALYSIS



#### **GLOBAL ECONOMY OVERVIEW**

The world economy continued its descend in calendar year 2015. Global economic growth rates continued to decelerate, triggered by slowing growth in emerging and developing markets as they contribute to about 70% of the global growth. Global GDP fell to 2.3% in the last quarter of the calendar year 2015, below the threshold of 2.5%, which indicates recessionary trends thereby prompting Morgan Stanley to commensurately raised their global recession risk probability from 20% to 30%.

The Chinese economy is being hampered by a slowdown in imports and exports and declining investments and manufacturing activity. This is causing a spillover effect on other economies linked with trade channels. Japan received the single-biggest downgrade for any country with GDP declining by half to just 0.6% in financial year 2016 as compared with 1.2% in FY2015. Moreover, oil prices have fallen dramatically, which has further widened the production-consumption gap. Lower oil prices have strained the financial position of oil exporters, impacted investments in oil and gas extraction and did not effect any substantial increase in consumption by oil importers, estimated to be so because of deleveraging and negligible pass-through of price reductions to consumers in developing economies. Unlike expected, consumers in advanced economies also failed to spend the windfall from reduced prices, opting to pay debt and save instead, further reducing consumption and affecting the economy.

## **INDIAN ECONOMY**

## IN 2015-16

GDP
GROWTH
7 / 0/ *

FOODGRAIN PRODUCTION (Mn tonnes)

N INDUSTRIAL
ON GROWTH
(Base 04-05 = 100)

SERVICE SECTOR GROWTH

7.6%\* 253.2\*

**3.1%** (Apr.-Dec)

9.2%\*

INFLATION	
CPI	4.9%
(Apr-Jan)	4.7 /0
WPI	-2.8%
(Apr-Jan)	2.0 /0

Export (Apr-Jan) -17.6%
Imports (Apr-Jan) -15.5%

INDIA'S FOREIGN TRADE US\$ (%)

## FOREX RESERVES (US\$BN) as at end January 2016 - 349.6





RATE OF GROWTH PER CAPITA INCOME

Per Capita Income at current prices `.93,231\*

Rate of Growth (NNI) (In real terms at **2011-12** prices) **2015-16 6.2%\*** 

#### \*Advance Estimates #Budget Estimates

Source: ECONOMIC SURVEY 2015-16

#### **INDIAN ECONOMY REVIEW**

Indian economy was considered to be the beacon of hope in an otherwise gloom global economy. As per the advance estimates report dated 8th February 2016 of the Central Statistics Office (CSO), the growth in GDP during 2015-16 is estimated at 7.6% as compared with the growth rate of 7.2% in financial Year 2015-16. Manufacturing growth for 2015-16 is likely to be at 9.5%, much higher than the 5.5% growth in financial Year 2015-16. The sectors that are likely to register growth rate of over 7% include financial, real estate and professional services, trade, hotels, transport, communication and services related to broadcasting and manufacturing. Notwithstanding weak monsoons, the agricultural sector grew by 1.1%, helped by strong growth in livestock. The growth in mining and quarrying is estimated to be 6.9%.

India's GDP grew by an annual rate of 7.4% in the July- to-September quarter of 2015-16, putting it firmly ahead of China, where growth slowed to 6.9% during the same period. Declining oil prices have helped raise the GDP, as corporate margins increased, household purchasing power improved, tax collections increased and subsidy bills declined.

#### Outlook

India continues to remain a bright spot in the otherwise bleak global economic forecast of the International Monetary Fund (IMF). India will be the fastest growing major economy in 2016-17 growing at 7.5%, ahead of China, at a time when global growth is facing increasing downside risks, as per the World Economic outlook released by the IMF. As per IMF, India's growth will continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes.

The April 2016 World Economic outlook titled 'Too slow for too long' retained India's growth forecast while lowering global growth projections pointing out that volatility in financial markets and non-economic risks posed by migration and terrorism are increasing risks of a derailed recovery.

#### **POWER FOR ALL BY 2019**

Segment	Expected investment till FY19 (in thousand crore INR)		
Generation	338.7		
Transmission	146.3		
Distribution	192.9		

Energy is one of the key elements necessary for the socio-economic development of any country. Uninterrupted availability of quality energy will be the key to success of initiatives such as 'Make in India', along with growing urbanisation and social upliftment of rural India. In June 2014, the Government of India [GoI] launched the 'Power for All' programme with the objective of providing electricity supply to the un-electrified population of the country, and providing uninterrupted quality power to all consumer categories and adequate electricity to agricultural consumers. Availability, affordability, reliability and quality of electricity supply are recognised as the key pillars for successfully achieving the programme objectives.

One of the priorities for the success of the 'Power for All' programme is the availability of adequate electricity to the grid. By 2019, more than Rs. 67,780 crore will be set aside for investment in the Indian electricity sector, and installed generation capacity is expected to



increase to 372 gigawatts (GW). Investment in the generation sector shall be followed by the development of a supporting transmission and distribution (T&D) system. India's losses are above 20%, resulting in a significant loss of energy resources and revenue realisation for distribution companies (DISCOMs). Efforts towards reducing losses will not only improve financial health of DISCOMs but will also boost generation. Rural electrification is another key focus area for the present government. The country has already achieved 92.3% of village electrification and effective implementation of a GoI scheme like DeendayalUpadhyaya Gram JyotiYojana (DDUGJY) and Integrated Power Development Scheme (IPDS) will remain the focus of DISCOMs.

#### **INDUSTRY OVERVIEW**

Rapid economic growth in India has led to a surge in energy demand in the country. India, the fourth largest producer of electricity in the world, has witnessed a transformational change in the energy sector, with supportive policy interventions as well as sector reforms. Despite the phenomenal growth in generation capacity over the past years, India is grappling with a power defcit situation. Over 15.5 million below poverty line (BPL) households and 9,500 villages are still devoid of electricity. The per capita electricity consumption in India is much below the global average.

On the Indian government's index of core sectors, electricity generation has a weightage of 10.32%, compared to say coal, which is at 4.38%, and cement at 2.41%. Between 2005 and 2015, India's electricity generation capacity more than doubled with coal-based plants accounting for more than 60% of the new capacity. In May 2016 the installed capacity surpassed 300,000 MW according to the Central Electricity Authority. The capacity utilization remained a challenge owing to slowdown in industrial demand as well as supply constraints including ailing distribution companies and a leaky transmission infrastructure. All this lead to the average plant load factor at 63% in major generating units. Add to this, the Government of India also focused on renewable energy - solar, wind and hydro thereby further strengthening the narrative of high power generation capacities in the country. At the same time, merging the coal and energy ministry portfolio coupled with transparency in coal auction process led to assurance of sustained availability for thermal power plants for the coming years.

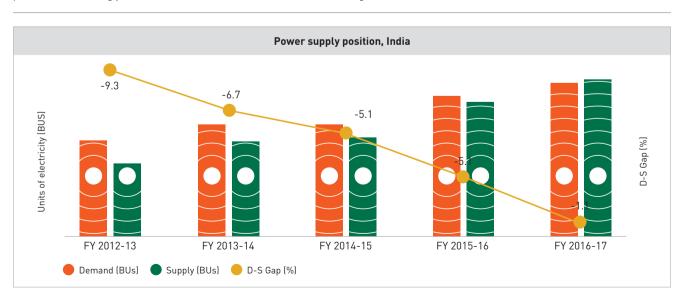
Rapid economic growth in India has led to a surge in energy demand in the country. India, the fourth largest producer of electricity in the world, has witnessed a transformational change in the energy sector, with supportive policy interventions as well as sector reforms.

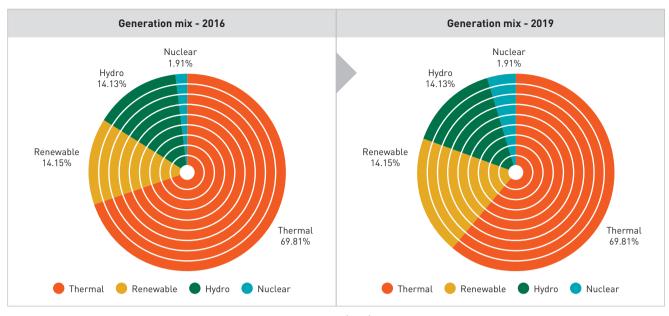
In the last few years, India has consistently improved its power supply position. The demand-supply mismatch declined from -9.3% to -2.1% between FY 2012–13 and FY 2015–16, and it is expected to decline further. The Overall generation in the country has been increased from 1048.673 during 2015–16 to 1107.386 BU\* during the year 2015–16.

According to Load Generation Balance Report (LGBR) 2016-17, India is expected to have a power surplus in FY2016-17, although northern, eastern and northeastern states will continue to face a power deficit.

#### **Energy potential**

The Indian power sector has an investment potential of Rs 15 trillion (US\$ 223.67 billion) in the next 4–5 years, thereby providing immense opportunities in power generation, distribution, transmission, and equipment, as per the power ministry. The government's immediate goal is to generate two trillion units (kilowatt hours) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use.





Source : Strategy for Providing 24X7 power supply, Forum of Regulatory (FOR)

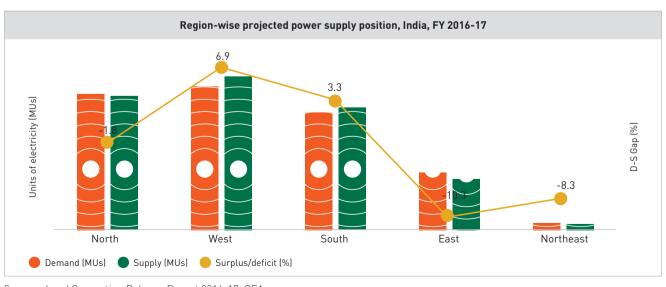
Owing to the global mission to cut fossil fuel based energy sources, India too has stepped up its focus on renewable energy segment. With a number of steps and initiatives like 10-year tax exemption for solar energy projects, etc., India is on-course to achieve its ambitious renewable energy targets of adding 175 GW, including addition of 100 GW of solar power, by the year 2022. The government has also sought to restart the stalled hydropower projects and increase the wind energy production target to 60 GW by 2022 from the current 20 GW. Owing to this, the thermal capacities may witness growth in terms of numbers but may see de-growth in terms of additional capacities year on year.

#### Transmission& distribution

According to MoP, the per capita electricity consumption in India during FY 2015–16 was 1,075 kWh (provisional). In the last five years, the per capita electricity consumption in India has witnessed growth at a CAGR of 5.02%.

With the generation capacities already peaking, the focus of the government remains upon the transmission and distribution of power. India ranks first among emerging nations on losses due to power theft. Add to that, complex regulatory processes and high costs of financing upcoming projects lead to cost overruns, resulting in high tariffs. Populist tariff schemes impaired by operational inefficiencies and aggregate technical and commercial (AT&C) losses estimated at 22.70% (in FY14) further affect the financial viability of state DISCOMs, which are already grappling with huge debts. The distribution sector accounts for nearly 20% of the losses. A 10% reduction in distribution losses per annum can augment the supply of electricity by nearly 100 BU per year.

The government's mission to ensure electricity supply to the unelectrified BPL households numbering over 15.7 million, along with 9,529 un-electrified villageshas led to some key initiatives as smart grid, IT enablement and process automation, high-voltage distribution system (HVDS), demand side management (DSM), PPPs, power trading and various energy efficiency (EE) initiatives.



Source : Load Generation Balance Report 2016-17, CEA



#### Integrated Power Development Scheme (IPDS)

- Strengthening of sub-T&D network: Augmentation of existing substations, creation of new substations, installation of new distribution transformers and capacitors, high voltage distribution system, aerial bunched cables, enterprise resource planning (ERP), implementation etc.
- Metering: Replacement of faulty meters and electro-mechanical meters, installation of suitable static meters for feeders and existing un-metered connections, boundary meters for ring fencing of non-RAPDRP towns with a population above 5,000
- IT enablement of distribution sector and distribution network strengthening
- Completion of optical fibre missing links to connect all distribution grid substations under the establishment of the National Optical Fibre Network (NOFN)

GoI, under the flagship scheme of DDUGJY, has an estimated outlay of Rs. 43,033 crore, including budgetary support of Rs. 33,453 crore. The RGGVY scheme, as approved by CCEA for continuation in the 12th and 13th plans, has been embodied in this scheme as a separate rural electrification component for which CCEA has already approved the scheme cost of Rs. 39,275 crore, including budgetary support of Rs. 35,447 crore. This outlay will be carried forward to the new scheme of DDUGJY in addition to the outlay of Rs. 43,033 crore.

Highest investment in distribution segment has been planned in western region, whereas north-eastern region will see the least investment. The smart grid initiatives are given due focus in the northern and southern regions as compared to other regions.

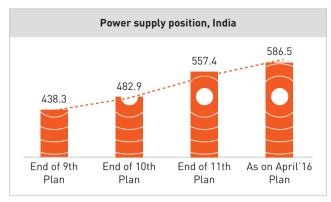
#### **COMPANY OVERVIEW**

#### About the Company

Diamond Power infrastructure Limited is an integrated solutions provider in Power T&D space in India. Established in 1970 by Mr. SN Bhatnagar, a first generation technocrat, Diamond Power long stood as a leading conductor manufacturer. In 2010-11, the company underwent an expansion and ventured towards an integrated product portfolio. Presently, Diamond Power commands presence across the value chain - in the last mile from substation to home. The company manufactures conductors, cables (LT, HT&EHV), transformers (power and distribution), transmission towers and also offers EPC services. The company has 9 manufacturing units - all along with its headquarters, situated in Vadodara, Gujarat. The company's products are available across India through 100+ distributors across 16 states. Besides it also exports its products and solutions to 20+ countries across the globe. The Company sells its products under 'Dicabs' brand, which was changed from 'Diatron' in 2016 itself. In 2015-16, the company received the Make In India award for its EHV Cables from Govt. of India.

Diamond Power infrastructure Limited is an integrated solutions provider in Power T&D space in India.

#### **RURAL ELECTRIFICATION**



Source: Power for All, MoP



Source: Power for All, MoP

#### Performance review

2015-16 remained a challenging year for the company like the previous two years before it. The old adage 'the night is darkest before the dawn' continued to hold true with the power sector still reeling under overcapacity, low industrial demand and transition phase for the policies implemented and awaiting to set in. Having increased our capacities at the time of low demand was both a challenge and an opportunity for us. The challenge being the management of the cost of debt with the topline receding due to lower demand; and the opportunity in terms of utilising the downturn to improve implementation dynamics – both in terms of savings in project costs as well as expediting execution time. The trade-off had a cost but when looked from a long term perspective will lead to significant value addition to the stakeholders.

However, sensing the need to urgently resolve the debt conundrum, the company proposed to undergo the debt structuring process in the previous year. However, the under review witnessed delays in implementation owing to procedural issues. The company overcame that and proposed a strategic debt restructuring while taking the lenders into full confidence. To ensure an effective transition, the company has also identified a strategic investor who would play a pivotal role in strengthening the financial condition as well as ensuring faster resolution of lender dues. The company's management continues to be fully invested and attuned to the current process of resolution.

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.

In 2015-16, the company registered a total income on a standalone basis of Rs. 2052.29 Crore, as compared to Rs. 2379.52 Crore in 2014-15. The company registered a negative EBIDTA at Rs. 109.76 crore in 2015-16 against a positive EBIDTA of Rs. 110.33 crore in 2014-15. The company net loss increased to Rs. 324.52 Crorein 2015-16 from Rs. 115.74 Crore in 2014-15.

However amidst the financial constraints, the company chose to once again focus on the possibilities rather than the visible challenges. The company improved its efficiencies by rationalising resources as well as exploring exports markets. Having used the downturn to strengthen our products, processes and firming our insights, the company is confident of growing faster in the coming years.

#### **SWOT ANALYSIS**

#### Strengths

- An 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
- 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.

#### Weakness

- Operates in capital-intensive segments
- Key raw materials are prone to volatility
- Directly prone to economic cycles

#### **Opportunities**

- Indian economy is expected to wake up from slumber in the next two years with the current Government's relentless focus
- Power sector is going to be among the first ones to see capital investments
- 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 31.03.2016 the number of employees were 3000+. 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



The Members.

Your Directors are pleased to present the 24th Annual Report together with the Audited Financial Statements of the Company for the year ended on 31st March, 2016.

#### **FINANCIAL RESULTS**

(Rs. in Lacs)

(NS. III LdCS)				
Particulars	ticulars Standalone		Consolidated	
	Year Ended	Year Ended	Year Ended	Year Ended
	on 31.03.2016	on 31.03.2015	on 31.03.2016	on 31.03.2015
Income	2,05,229.89	2,37,952.80	2,24,948.54	2,79,425.03
Expenditure	2,16,206.67	2,26,919.60	2,34,887.88	2,73,676.49
EBITDA	-10,976.78	11,033.20	-9,939.34	5,748.54
Less: Finance Costs	18,084.78	14,249.06	19,216.56	15,555.31
Less: Depreciation	4,853.02	4,796.42	4,922.82	5,086.62
Profit /(Loss) before Exceptional Items & Tax	-33,914.58	-8,012.28	-34,078.72	-14,893.39
Exceptional Items	-	3,000.00	10.86	3,001.34
Profit /(Loss) before Tax	-33,914.58	-11,012.28	-34,089.58	-17,894.73
Less: Provision for taxation / Deferred Tax	-1,462.00	562.00	-1,462.00	548.00
Profit after tax	-32,452.58	-11,574.28	-32,627.58	-18,442.73
Share Capital	6,114.20	5,814.20	6,114.20	5,814.20
Reserves & Surplus	45,796.66	75,142.23	45,898.07	75,589.13
EPS				
Basic	-57.99	-21.43	-58.61	-34.15
Diluted	-57.99	-21.43	-58.61	-34.15

#### **IMPORTANT PERFORMANCE PARAMETERS**

(Rs. in Lacs)

Particulars	2015-16		<b>2015-16</b> 2014-15		
	Standalone	Consolidated	Standalone	Consolidated	
Gross Profit Margin (%)	(5.35)	10.73	(3.38)	6.31	
Asset Turnover (times)	0.61	0.67	0.80	0.89	
Interest Coverage (times)	(0.61)	1.26	0.55	0.45	
Earning per Shares (diluted) (Rs.)	(57.99)	(58.61)	(21.43)	(34.15)	

## RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The year under review continued to be challenging one for your Company. It was informed in the previous year that the Company underwent through debt restructuring process with its lenders under JLF Mechanism. However, due to various factors coupled with the economic slowdown of the country and more so in the Power Sector and delay on procedural parts with the lenders, the restructuring package could not be implemented as envisaged. For the long term solutions it was felt necessary to work out a mechanism to address the infusion of fund and sustainable debt in to the system. For infusion of funds, the Company has identified a prospective investor who has shared the terms sheet which is based on the sustainable debt. The same is being shared with the lenders and it is under their considerations. Based on the development and the future scenario, the lenders have decided to adopt the strategic debt restructuring mechanism which the Company believes that the same will protect the interest of the esteemed investors and stakeholders. The Company is also working on various alternatives to come out from the situation.

As explained above that the market scenario along with the high interest cost has led to another year of loss. This is primarily due to delay in completion of the supply commitment, denial of price variation claims and the provisions of debtors which are under recovery for quite some time. This is to further inform that our total income for the financial year 2015-16 on a standalone basis decreased to INR 2,05,229.89 Lacs from INR 2,37,952.80 Lacs in the previous year and the loss suffered is Rs. 32,452.58 Lacs Compared to past years loss Rs. 11,574.28 Lacs.

## FOR AUDIT QUALIFICATION(S) WHERE THE IMPACT IS NOT QUANTIFIED BY THE AUDITOR

#### (i) Management's estimation on the impact of audit qualification:

Management would like to inform that entire sales, purchase and consumption during the F.Y. 15-16 have been accounted for and hence there is no financial impact on the standalone financial statements. However, we are in process to have all the data of item wise production, sales and consumption and listing of purchase order of capital goods in our ERP system in near future to have all the desired information available as per the requirement of the Companies Act, 2013.



#### (ii) If management is unable to estimate the impact, reasons for the same:

The Company does not have adequate details of cost of each assets, its significant component and capital work in progress capitalized during the year and in earlier years. As a result of which, the Company is unable to calculate the correct depreciation and hence the management is unable to estimate the impact on the profit for the year, reserves at the year end and the value of the net assets carried forward in the standalone financial statements. The Company is in process of updating its fixed assets register having all the required details to calculate the impact of depreciation which will be adjusted in the books of accounts on completion.

The Company has noted the Auditor's observations with respect to internal control over financials reporting. The Company has taken the cognition of the control aspect and is in the process of evaluating suitable measures to be adopted to implement the internal control system wherever it is lacking and needs improvement for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013

#### (iii) Auditors' Comments on (i) or (ii) above:

Auditors agree with management view as mentioned in point (i) and (ii) above

#### **CONSOLIDATED ACCOUNTS**

The consolidated financial statements of your Company for the financial year 2015-16, are prepared in compliance with applicable provisions of the Companies Act, 2013, Accounting Standards and Listing Agreement as prescribed by the Securities and Exchange Board of India (SEBI). The consolidated financial statements have been prepared on the basis of audited financial statements of the Company, its subsidiary and associate companies, as approved by their respective Board of Directors.

## FOR AUDIT QUALIFICATION(S) WHERE THE IMPACT IS NOT QUANTIFIED BY THE AUDITOR:

#### (i) Management's estimation on the impact of audit qualification:

Management would like to inform that entire sales, purchase and consumption during the F.Y. 15-16 have been accounted for and hence there is no financial impact on the consolidated financial statements. However, we are in process to have all the data of item wise production, sales and consumption and listing of purchase order of capital goods in our ERP system in near future to have all the desired information available as per the requirement of the Companies Act, 2013.

#### (ii) If management is unable to estimate the impact, reasons for the same:

The Company does not have adequate details of cost of each assets, its significant component and capital work in progress capitalized during the year and in earlier years. As a result of which, the Company is unable to calculate the correct

depreciation and hence the management is unable to estimate the impact on the profit for the year, reserves at the year end and the value of the net assets carried forward in the consolidated financial statements. The Company is in process of updating its fixed assets register having all the required details to calculate the impact of depreciation which will be adjusted in the books of accounts on completion.

Apex Electricals Limited('Apex') has applied for restructuring under BIFR since 2011, and since the matter is currently sub-judice and pending before the BIFR committee for final outcome, the management of Apex have not prepared the financial statements. In absence of the financial statements of Apex, the management of the Company is unable to estimate the impact on the consolidated financial statements.

The Company has noted the Auditor's observations with respect to internal control over financials reporting. The Company has taken the cognition of the control aspect and is in the process of evaluating suitable measures to be adopted to implement the internal control system wherever it is lacking and needs improvement for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### (iii) Auditors' Comments on (i) or (ii) above:

Auditors agree with management view as mentioned in point (i) and (ii) above

#### **SUBSIDIARIES & ASSOCIATE COMPANIES**

M/s. Diamond Power Global Holdings Limited is wholly owned subsidiary of your company. However, M/s. Diamond Power Transformers Limited is now associate company from 12th January, 2016.

Please refer **Annexure [A]** to the Board Report.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

In terms of the provisions of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's Discussion and analysis is set out in this Annual Report.

#### DIVIDEND

Looking into the long term interest of the Company, your Directors have not recommended any dividend for the financial year ended on 31st March, 2016.

#### TRANSFER TO RESERVES

Since Company incurred negative profit during the financial year under review, there is no amount transferred to general reserve.

#### **PUBLIC DEPOSITS**

During the financial year 2015-16, your Company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read together with the Companies (Acceptance of Deposits) Rules, 2014.

#### **CORPORATE GOVERNANCE REPORT**

A separate report on Corporate Governance along with a certificate from Practicing Company Secretaries on its compliance forms an integral part of this Report.

#### **INDUSTRIAL RELATIONS**

The Company is having its presence in middle east countries and planning to expand its business in overseas countries too. Further Company has strong dealer network to accelerate growth of the Company. Company's ambitious project is expected to complete around end of 2016 and after completion Company will backed up with additional production capacity.

#### DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Directors/employees of your Company is set out in "Annexure [B]".

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

#### Appointments:

During the financial year 2015-16, in compliance with the provisions of Sections 149, 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 Shri Amit Bhatnagar (DIN: 00775880) and Shri Sumit Bhatnagar (DIN: 00776129) were re-appointed on 30th September, 2015 Ms. Nivedita Pandya (DIN: 02992638) was regularized from Additional Director on 30th September, 2015 and Shri Shailendra Pal Singh (DIN: 02296585) was appointed as an Additional Director of the Company on 08th November, 2015.

#### Resignations/Retirements:

During the year Shri Jaideep Nigam (DIN: 07253279) was heavenly aborted due to his bad health. Shri Nigam was one of the core members of the Board and during his tenure Company nailed down many great opportunities. The Board places on record its appreciation for his valuable contribution during his association with the Company.

Shri Bhavin Shah, Director of the Company resign as on 12th August, 2015. Shri Bhavin Shah one of the core member of the Board and during his tenure Company nailed down many great opportunities. the Board places on record its appreciate for his valuable contribution during his association with the company.

Shri Aswini Sahoo, Director of the Company resign as on 29th May, 2015. Shri Aswini Sahoo one of the core member of the Board and during his tenure Company nailed down many great opportunities. the Board places on record its appreciate for his valuable contribution during his association with the company.

#### **DIRECTORS RETIRE BY ROTATION**

Shri Sumit Bhatnagar (DIN: 00776129) is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible have offered himself for the reappointment. However, this is to be noted that Shri Sumit Bhatnagar

is also Jt. Managing Director of the Company and his position was discussed and approved by the members in their AGM held on 30th September, 2015, Hence on being re-appointed as Director under retire by rotation Shri Sumit Bhatnagar will be also designated as Jt. Managing Director on the same terms and conditions as approved by the Members and there is not any interruption in his appointment as Jt. Managing Director.

Appropriate resolution for his re-appointment is being placed for your approval at the ensuing AGM. The brief resume of the Director and other related information has been detailed in the Notice convening the 24th AGM of your Company. Your Directors recommend his reappointment.

#### **EVALUATION OF BOARD'S PERFORMANCE:**

In terms of the provisions of the Companies Act, 2013 read with Rules issued thereunder and Listing Obligations, the Board of Directors on recommendation of the Nomination and Remuneration Committee, have evaluated the effectiveness of the Board/Director(s) at their meeting held on 11th February, 2016.

#### NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

The details of the number of Board and Audit Committee meetings of your Company are set out in the Corporate Governance Report which forms part of this Report.

#### **DECLARATION OF INDEPENDENCE**

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 read with the Schedules and Rules issued thereunder as well as SEBI (LODR) Regulations, 2015.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- a) in the preparation of the annual accounts for the financial year 2015-16 the applicable accounting standards and Schedule III of the Companies Act, 2013 have been followed and there are no material departures from the same;
- b) the Directors have 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 state of affairs of your Company as at 31st March, 2016 and of the profit and loss of the Company for the financial year ended 31st March, 2016.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a 'going concern'
- e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of



all applicable laws were in place and that such systems were adequate and operating effectively.

#### **AUDITORS AND AUDITORS' REPORT**

#### Auditors

At the Annual General Meeting held on 30th September, 2015 M/S. B S R & Co. LLP, Chartered Accountants [Firm Registration Number 101248W/W-100022] and ABCJPR & Company (Name Change from A Yadav & Associates), Chartered Accountants [Firm Registration Number 129725W] were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the fifth year from the date of appointment. In terms of the first proviso to Section 139 of the Act, the appointment of the auditors shall be placed for ratification at ever Annual General Meeting. Accordingly, the appointment of M/S. B S R & Co. LLP, Chartered Accountants [Firm Registration Number 101248W/W-100022] and ABCJPR & Company (Name Change from A Yadav & Associates), Chartered Accountants [Firm Registration Number 129725W), as statutory auditors of the Company, is placed for ratification by the shareholders.

The Auditors' Report for is enclosed with the financial statements in this Annual Report.

#### **Cost Auditor**

The Board of Directors had appointed M/s. S. S. Puranik & Associates., Cost Accountants (Firm Registration No 100133) as the Cost Auditor of your Company for the financial year 2016-17 to conduct the audit of the cost records of your Company. As per Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors)Rules, 2014 the Board of Directors of your Company has appointed M/s. S. S. Puranik & Associates., Cost Accountants (Firm Registration No. 100133) as the Cost Auditor for the financial year 2016-17 on the recommendations made by the Audit Committee. The remuneration proposed to be paid to the Cost Auditor, subject to the ratification by the members at the ensuing AGM, would be not exceeding Rs. 90,000 (Rupees Ninety Thous and only) excluding taxes and out of pocket expenses, if any.

Your Company has received consent from M/s. S. S. Puranik & Associates., Cost Accountants, to act as the Cost Auditor of your Company for the financial year 2016-17 along with a certificate confirming their independence.

#### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 M/s. Devesh Vimal & Co., Practicing Company Secretaries was appointed to conduct the Secretarial Audit of your Company for the financial year 2015-16. The Secretarial Audit Report is annexed herewith as "Annexure - [C]" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has appointed M/s. Devesh Vimal & Co., Practicing Company Secretaries as a Secretarial Auditor of the Company for the Financial year 2016-17.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Devesh Vimal & Co., Practicing Company Secretaries to conduct the Secretarial Audit of your Company.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form

MGT- 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, are set out herewith as "Annexure [D]" to this Report.

#### **RELATED PARTY TRANSACTIONS**

During the financial year 2015-16, your Company has entered into transactions with related parties as defined under Section 2[76] of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, which were in the ordinary course of business and on arms' length basis and in accordance with the provisions of the Companies Act, 2013 Rules issued thereunder and SEBI (LODR) Regulations 2015. During the financial year 2015-16, there were no transactions with related parties which qualify as material transactions.

The details of the related party transactions as required under Accounting Standard - 18 are set out in Notes to the financial statements forming part of this Annual Report.

The Form AOC- 2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as "Annexure [E]" to this Report.

#### LOANS AND INVESTMENTS

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

## A. Details of investments made by the Company as on 31st March, 2016 (including investments made in the previous years):

#### (i) Investments in equity shares:

Amount in Rs.

Name of entity	As at 31st March, 2016
Diamond Power Transformers Ltd.	1,006.45 lacs
Diamond Power Global Holdings Ltd.	12.88 lacs

\*considering 1 AED = Rs. 18.04656 on 31st March, 2016 (as per http://aed.fxexchangerate.com/inr-2016\_03\_31-exchange-rates-history.html)

#### (ii) Investment in debt instrument:

Amount in Rs

	AITIOUITE III NS.
Name of entity	As at
	31st March, 2016
Not Applicable	Nil
	Nil



#### B. Details of loan given by the Company are as follow:

Amount in Rs.

As at 31st March, 2016	As at 31st March, 2015		
1229.45	1,229.46		
54.55	54.55		
1265.70	1,188.7		
58.94	341.25		
166.15	166.15		
2774.79	2,980.18		
	31st March, 2016 1229.45 54.55 1265.70 58.94		

**C.** There are no guarantees issued by your Company in accordance with Section 186 of the Companies Act, 2013 read with the Rules issued thereunder except for subsidiary Company.

#### **RISK MANAGEMENT**

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. Your Company periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans.

Your Company, through its risk management process, strives to contain impact and likelihood of the risks within the risk appetite as agreed from time to time with the Board of Directors.

#### **VIGIL MECHANISM**

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act, 2013 and SEBI (LODR) Regulations 2015. The policy provides for a framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. More details on the vigil mechanism and the Whistle Blower Policy of your Company have been outlined in the Corporate Governance Report which forms part of this report.

#### **CORPORATE SOCIAL RESPONSIBILITY**

In accordance with Section 135 of the Companies Act, 2013 the Board of Directors of the Company at their meeting held on 30th May, 2014 framed CSR Committee, on the recommendations of the Board. The CSR Policy outlines the CSR vision of your Company which is based on embedded tenets of trust, fairness and care.

The initiatives undertaken by your Company during the financial year 2015-16 in CSR have been detailed in this Annual Report.The Annual Report on CSR activities in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out herewith as "Annexure [F]" to this Report.

SHARE CAPITAL DURING THE YEAR UNDER REVIEW

Your Company in the financial year 2013-14 has increased its Authorised Share Capital from 5,58,58,500 (Five Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs.10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- (Rupees Ten) Each Rs. 10/- (Rupees Ten) Each to 8,00,00,000 (Eight Crores Only) divided into 7,58,58,500 (Seven Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs. 10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Share of Rs. 10/- (Rupees Ten).

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is set out herewith as "Annexure [G]" to this Report.

## DETAILS OF INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

Your Company has put in place adequate internal financial controls with reference to the financial statements, some of which are outlined below:

Your Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 1956 to the extent applicable. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Auditors.

#### SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

#### **GENERAL**

- Your Company has not issued equity shares with differential rights as to dividend, voting or otherwise; and
- b) Your Company does not have any ESOP scheme for its employees/Directors.

#### **APPRECIATION**

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year. Your Directors sincerely convey their appreciation to customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

For & on Behalf of the Board

Shri Amit Bhatnagar

Chairman & Managing Director of the Meeting

Date: 21st July, 2016 Place: Vadodara



### ANNEXURE [A] TO BOARD' REPORT

The financial performance of each of the subsidiary and associate companies included in the consolidated financial statement are detailed below:

(Rs. in Lacs)

Sr.	Particulars	Turnover Profit (Loss) Before Tax		rnover Profit (Loss) Before Tax Profit (Loss) After Tax		s) After Tax	
No.		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
A)	Diamond Power Global Holdings Ltd (Foreign Subsidiary)*	_	-	_	_	_	-
B)	Associate Companies**						
	Diamond Power Transformers Ltd	20111.50	33336.21	(847.99)	(5618.51)	(568.96)	(5604.52)

<sup>\*</sup> Commencing from 1st January, 2015 to 31st December, 2015

#### AOC-I

[Pursuant to first proviso to sub-section [3] of Section 129] read with rule 5 of Companies (Accounts) Rule, 2014] Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### PART A: SUBSIDIARIES

#### (INFORMATION IN RESPECT OF EACH SUBSIDIARY TO BE PRESENTED.)

Sr.	Particulars	Name of the Subsidiary
No.		
1	Name of the Subsidiary	Diamond Power Global Holdings Ltd.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2016
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year	1 AED = INR
	in the case of foreign subsidiaries.	As on 31stMarch, 2016 @ Rs. 18.04656
4	Share Capital	AED 36,70,000
5	Total Assets	AED 33,64,343
6	Total Liabilities	AED 33,64,343
7	Investments	AED 12.88
8	Turnover	-
9	Profit/ (Loss) before taxation	(AED 744)
10	Deferred Tax(Asset)	-
11	Profit/ (Loss) after taxation	(AED 744)
12	Proposed dividend	NIL
13	% of shareholding	100%

**Notes:** The following information shall be furnished at the end of the statement:

- 1. Names of subsidiaries which are yet to commence operation.
- 2. Names of subsidiaries which have been liquidated or sold during the year.

<sup>\*\*</sup>Associate Companies of Diamond Power Infrastructure Limited

#### PART B: ASSOCIATES AND JOINT VENTURES

#### STATEMENT PURSUANT TO SECTION 129(3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

Sr. No.	Name of Associates/Joint Ventures	Diamond Power Transformers Limited
1.	Latest audited Balance Sheet Date	31st March, 2016
2.	Shares of Associate/Joint Ventures held by the company on the year end	
	No of Shares	Eq. Shares 99,60,000
	Amount of Investment in Associates/Joint Venture	Rs. 9,96,00,000/-
	Extent of Holding %	45.32%
3.	Description of how there is significant influence	Share Purchase Agreement
4.	Reason why the associate/joint venture is not consolidated	NA
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	29,08,85,538
6.	Profit/Loss for the year	-
	i. Considered in Consolidation	(5,68,96,239)
	ii. Not Considered in Consolidation	-

<sup>1.</sup> Names of associates and joint ventures which are yet to commence operations.

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

<sup>2.</sup> Names of associates and joint ventures which have been liquidated or sold during the year.



### ANNEXURE [B] TO BOARD' REPORT

Information required under Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

## A. Ratio of remuneration of each Director to the median remuneration of all the employees of your Company for the financial year 2015-16 is as follow:

(Amount in Rs.)

	(Attrount III 183)						
Sr.	Name of the Director	Designation	Total Remuneration	Ratio of remuneration of			
No.				Director to the Median			
				remuneration			
1	Shri Amit Bhatnagar	Managing Director	60,00,000	3.33%			
2	Dr. Sumit Bhatnagar	Jt. Managing Director	60,00,000	3.33%			
3	Shri Ranvir Singh Shekhawat	Independent Director	NIL	NIL			
4	Ms. Nivedita Pandya	Women Director	NIL	NIL			
5	Shri Ashok Kumar Gautam	Independent Director	NIL	NIL			
6	Shri Ashok Kumar Singh	Independent Director	NIL	NIL			
7	Shri Shailendra Pal Singh	Independent Director (additional)	NIL	NIL			
8	Shri Jaideep Nigam*	Independent Director	NIL	NIL			

<sup>\*</sup> passed away from 01.04.2016

## B. Details of percentage increase in the remuneration of each Director and Company Secretary in the Financial Year 2015-16 are as follow:

(Amount in Rs.)

_	l.,		_		
Sr.	Name	Designation	Remun	eration	Increase %
No.			2015-16	2014-15	
1	Shri Amit Bhatnagar	Managing Director	60,00,000	2,17,87,234	(72.46%)
2	Dr. Sumit Bhatnagar	Jt. Managing Director	60,00,000	2,17,87,234	(72.46%)
3	Shri Ranvir Singh Shekhawat	Independent Director	NIL	NIL	NIL
4	Ms. Nivedita Pandya	Women Director	NIL	NIL	NIL
5	Shri Ashok Kumar Gautam	Independent Director	NIL	NIL	NIL
6	Shri Ashok Kumar Singh	Independent Director	NIL	NIL	NIL
7	Shri Shailendra Pal Singh	Independent Director	NIL	NIL	NIL
8	Shri Jaideep Nigam*	Independent Director	NIL	NIL	NIL
9	Shri Nishant Javlekar	Company Secretary	6,47,833	6,59,616	(1.79%)

<sup>\*</sup> Deceased on 01.04.2016

#### C. Percentage increase in the median remuneration of all employees in the financial year 2015-16:

(Amount in Rs.)

Particulars	2015-16	2014-15	Increase (%)
Median Remuneration of all employees per annum	2629,19,460.38	2320,93,486.46	13.28%

#### D. Number of permanent employees on the rolls of the Company as on 31st March, 2016:

Particulars	Numbers
Executive/Manager Cadre	65
Staff	208
Operators/Workmen	44
Total	317

<sup>-</sup> Median remuneration of the Company for all its employees is Rs.18,00,49,390.64 for the financial year 2015-16.

#### E. Explanation on the relationship between average increase in remuneration and Company Performance:

The increase in average remuneration of all employees in the financial year 2015-16 as compared to the financial year 2014-15 was 13.28%.

The key indices of Company's performance are:

(Amount in Rs.in Lacs)

Sr.	Particular	2015-16	2014-15
No.			
1	Net Revenue From Operation	2,04,482.80	2,36,953.39
2	Profit Before Tax and Exceptional Item	(33,914.58)	(11,012.28)
3	Profit After Tax	(32,452.58)	(11,574.28)

Your Company is committed in ensuring fair pay and a healthy work environment for all its employees. Your Company offers competitive compensation to its employees. The pay also incorporates external factors like cost of living to maintain concurrence with the environment. Your Company maintains a simple compensation structure which allows the employees to have flexibility in the way in which they realize their salaries. Internal equity is ensured by appropriate fitment at the time of the employee joining a particular cadre and grade. The fixed pay for an employee depends on his/ her performance against the objectives set for the year. The variable pay is paid out to the employee on the basis of the performance of your Company and the corresponding business unit or function. Regular communication on methods adopted by your Company is made and published throughout the year to ensure transparency and a better understanding of the applicable compensation policy and practices.

Thus, there will be a positive correlation in the increase in remuneration of employees and your Company's performance; however, a perfect correlation will not be visible given the dependency on the other factors stated above.

#### F. Comparison of the remuneration of the Key Managerial Personnel against the performance of your Company:

The remuneration of Key Managerial Personnel increased/Decreased by around Rs. 6,47,833 in 2015-16, Rs.6,59,616 compared to 2014-15, whereas the Profit/(Loss) Before Tax increased by (207.97%) in 2015-16, compared to 2014-15.

#### G. Details of Share price and market capitalization:

The details of variation in the market capitalization and price earnings ratio as at the closing date of the current and previous financial years are as follows:

(Amount in Rs.in Lacs)

Sr. No.	Particular	As on 31st March, 2016	As on 31st March, 2015	Growth (%)
1	Price Earnings Ratio	(0.43)	(2.10)	79.52%
2	Market Capitalization	141.93	242.57	(41.49%)

Comparison of share price at the time of first public offer and market price of the share of 31st March, 2016:

Sr. No.	Particulars	Amount in Rs.
1	Market Price as on 31st March, 2016	25.32
2	Price at the time of Initial Public offer	10
3	% increase of Market Price over the price at the time of IPO	253.20%

#### Note:

1. Closing share price on National Stock Exchange of India Limited (NSE) has been used for the above tables. The above does not consider the various bonus share issues made after the initial public offer.



## H. Comparison of average percentage increase in salary of employees other than the key managerial personnel and the percentage increase in the key managerial remuneration:

(Amount in Rs. Per month basis)

Sr.	Particular	2015-16	2014-15	Growth (%)
No.				
1	Average Salary of all Employees (Other than Key Managerial Personnel)	2,05,59,558.45	1,56,54,950.21	31.33%
2	Salary of MD & JMD	10,00,000.00	36,31,205.67	(72.46%)
3	Salary of CS	53,986.08	54,968.00	(1.79%)

The increase in remuneration of employees other than the managerial personnel is in line with the increase in remuneration of managerial personnel.

#### I. Key parameters for the variable component of remuneration paid to the Directors:

The key parameters for the variable component of remuneration to the Directors are decided by the Nomination and Remuneration Committee. However, No variable component of remuneration paid by the Company to any Director of the Company.

- J. There are no employees of the Company who receive remuneration in excess of the highest paid Director of the Company.
- K. Affirmation:

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Policy of your Company.

## L. Statement containing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

List of employees of the Company employed throughout the financial year 2015-16 and were paid remuneration not less than Rs. 60 lakhs

Sr. No.		Designation	Remuneration in Rs.	Qualification	Experience	Joining	Age	Last Employment
-	-	-	-	-	-	-	-	-

2. Employees employed for the part of the year and were paid remuneration during the financial year 2015-16 at a rate which in aggregate was not less than Rs. 5 lakhs per month:

Sr	Name	Designation	Remuneration	Qualification	Experience	Joining	Age	Last
No			in Rs.					Employment
-	-	-	-	-	-	-	-	-

#### FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members.

#### **Diamond Power Infrastructure Limited**

Phase-II, Village-Vadadala, Ta. Savli, Baroda, Gujarat.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DIAMOND POWER INFRASTRUCTURE LIMITED (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the DIAMOND POWER INFRASTRUCTURE LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 materially complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Having regard to the products, processes and locations of the Company as also having regard to the Compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check, we further report that laws specifically applicable to the Company
  - (a) The Electricity Act, 2003
  - (b) The Environment (Protection) Act, 1986
  - (c) The water (Prevention and Control of Pollution) Act, 1981
  - (d) Indian Boiler Regulations Act, 1950
  - (e) The Hazardous Wastes (Management and Handling) Rules, 1989 .

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Ltd. (BSE). and National Stock Exchange of India Ltd. (NSE)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observations:

- (i) Vacancy of Chief financial Officer (CFO) is to be filled up consequent to resignation of Mr. Naba Kumar Mukherjee as CFO wef 15th February, 2016.
- (ii) In view of losses incurred during the year, excess remuneration paid to Managing Director & Joint Managing Director aggregating to Rs. 213.01 lakhs is recoverable.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



We further report ( by way of information) that during the audit period:

- (a) The Company has not issued and offered any debt securities to the public during the period under review and accordingly, The Securities and Exchange board of India (Issue and Listing of Debt Securities) Regulations, 2008 were not applicable during the period under review.
- (b) The Company has neither got delisted its Equity Shares nor bought back any security of the Company and accordingly,
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
  - The Securities and Exchange Board of India (Buyback of Securities ) Regulations, 1998 were not applicable during the audit period.
- (c) The Company has earlier made application for voluntary delisting of is equity shares from Vadodara Stock Exchange Ltd. Subsequently, in view of exit order of Vadodara Stock Exchange Limited. as a Stock Exchange by SEBI vide order no WTM/RKA/ MRD/144/2015 dated and 9th November, 2015 the Company stands delisted from Vadodara Stock Exchange Limited.
- (d) Shareholders through Postal ballot approved on 3rd August, 2015 following Special resolution:

- Adoption of new set of Articles of Association pursuant to Section 14 and other applicable provisions, if any of the Act.
- Authority to Board of Directors to issue and allot Convertible Warrants into Equity Shares of the value (including premium) not more than Rs 66.14 crores to Diamond Power Transmission Ltd. And Diamond Projects Ltd., promoter & Associate Co. on Preferential basis pursuant to Section 62 and other applicable provisions, if any of the Act.
- Authority to the Board o Directors to allot Equity shares on the terms and conditions contained in Master Restructuring Agreement (MRA) of such no. of Equity shares to the lenders not exceeding the amount o principal and interest outstanding as on the date of conversion pursuant to Section 62 and other applicable provisions, if any, of the Act.
- 30,00,000 Equity warrants were converted into 30,00,000 Equity shares of Rs 10/- each at a premium of Rs. 84 per share on 6th August, 2015. Accordingly, paid up Equity share capital of the Company stood increased from Rs. 54,00,04,950 (excluding forfeited share capital) to Rs. 57,00,04,950 (excluding forfeited share capital) as at 31st March, 2016
- (e) The Board of Directors at its meeting held on 11th January, 2016 have forfeited 25,00,000 fully convertible warrants due to unpaid calls during the year.

For Devesh Vimal & Co. Practicing Company Secretaries

CS Devesh A. Pathak
Partner
FCS: 4559
CP No. 2306

Date: 21st July, 2016 Place: Vadodara

Note: This report is to be read with our letter of even date which is enclosed as per Annexure forming integral part of this report.

Τo,

The Members,

#### **Diamond Power Infrastructure Limited**

Phase-II, Village-Vadadala, Ta. Savli,

Baroda, Gujarat.

Ref: Secretarial Audit Report dated 21st July, 2016 pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- 1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and the practices we followed provided reasonable basis for our opinion.
- 3. We have not verified the correctness and appropriateness of financial records and books of Accounts of the Company and have relied upon the reports of designated professionals including Statutory Auditors for the purpose.
- 4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, regulations and happenings of events etc.
- 5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards, is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6. Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Devesh Vimal & Co. Practicing Company Secretaries

CS Devesh A. Pathak
Partner
FCS: 4559
CP No. 2306

Date: 21st July, 2016 Place: Vadodara

#### ANNEXURE [D] TO BOARD' REPORT

#### FORM NO. MGT.9

#### EXTRACT OF ANNUAL RETURN as on the financial year ended on 31-03-2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

1	CIN	L31300GJ1992PLC018198
2	Registration Date	26/08/1992
3	Name of the Company	Diamond Power Infrastructure Limited
4	Category / Sub-Category of the Company	Public Company
5	Address of the Registered office	Phase-II, Village-Vadadala, Ta.Savli, Dist.:Vadodara 391520 Contact details: Ph. No.: 02667-251516,251354 Fax No.: 02667-251202
6	Address of the Corporate office	5/9-10, "Essen House", BIDC, Gorwa, Vadodara – 390016 Contact Details: 0265-2284328, 2283969 Fax No.: 0265-2280528
7	Whether listed company Yes / No:-	YES BSE: 522163 NSE:DIAPOWER
8	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032 Ph: 040 - 6716 1565

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of	NIC Code of	% to total
main products/services	the Product/	turnover of
	service	the company
Transmission and Distribution of Power (T&D)	3610	99.02%
Total		99.02%

<sup>\*</sup>In accordance with its business and organization structure and internal financial reporting, the Company has concluded that Transmission and Distribution of Power (T&D) related business is its primary business segment. As the Company's revenue is mainly from T&D business, no separate information in line with Accounting Standard (AS) 17 "Segment Reporting" is given.

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY COMPANIES -

Sr. No.	Name and address of the Company	Company Identification Number / Global Location Number	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section of Companies Act, 2013
1	Diamond Power Global Holdings Limited P.O.Box 17398, Dubai U.A.E	NA	Subsidiary	100.00%	2 (87)
2	Diamond Power Transformers Limited 101/B/7, G I D C Estate, Ranoli, Baroda- 390350. Gujarat	U31102GJ2007PLC052486	Associate	45.32 %	2 (6)



#### III. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i. Category-wise Share Holding

	Category of Shareholders				the beginn 01.04.2015		No. of shares held at the end of the year (As on 31.03.2016)				% Change
			Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	during the year
A	Pro	moters									
	1)	Indian									
	а.	Individuals/ HUF	5483393	-	5483393	10.15	5483393	_	5483393	9.62	(0.53)
	b.	Central Government	-	-	-	-	_	_	_	_	-
	С.	State Government	-	_	_	_	_	_	_	_	_
	d.	Bodies Corporates	13261955	_	13261955	24.56	13261955	_	13261955	23.27	[1.29]
	е.	Bank/FI	-	_	_	_	_	_	_	_	=
	f.	Any Other(Specify)	-	_	_	_	_	_	_	_	-
		o-Total (A) (1)	18745348	_	18745348	34.71	18745348	_	18745348	32.89	(1.82)
	2)	Foreign									,,,,,
	a.	NRI Individuals	_	-	_	_	_	_	_	_	
	b.	Other Individuals	_	_	_	_	_	_	_	_	_
_	C.	Bodies Corporate	_	_	_	_	_	_	_	_	
_	d.	Banks/ FI	_		_	_	_	_	_	_	
_	e.	Any other (specify)	_	_	_	_	_	_	_	_	
		o-Total (A) (2)	_	_	_	_	_	_	_	_	_
		al Shareholding	18745348	_	18745348	34.71	18745348	_	18745348	32.89	(1.82)
		Promoter(s)	10740040		10740040	04.71	10740040		10740040	02.07	(1.02)
	(A):	=(A) (1) + (A) (2)									
В	Pul	olic Shareholding									
	1)	Institutions									
	a.	Mutual Fund	-	-	-	-	_	-	-	_	-
	b.	Bank/FI	80258	888	81146	0.15	36000	888	36888	0.06	(0.09)
	C.	Central Government	-	-	-	-	_	_	_	-	-
	d.	State Government	-	-	-	-	_	-	_	_	-
	e.	Venture Capital Fund	2944066	-	2944066	5.45	_	_	_	_	(5.45)
	f.	Insurance Companies	-	-	-	-	_	-	-	_	-
	g.	FIIs Foreign Portfolio	8612899	-	8612899	15.95	3002602	-	3002602	5.27	(10.68)
		Investor									
	h.	Foreign Venture Capital funds	-	-	-	-	_	-	_	-	-
	i.	Any other NBFCs Registered with RBI	-	-	-	-	854582	-	854582	1.50	1.50
	Sub	o-Total (B) (1)	11637223	888	11638111	21.55	3893184	888	3894072	6.83	(14.72)
	2)	Non-Institutions									******
_	<b>-</b> -	Body Corporates									
_	<u> </u>	i. Indian	7047093	_	7047093	13.05	10100861	738362	10839223	19.02	5.97
		ii. Overseas	-	_	-	-	_	-	-	- 17.02	
_	b.	Individuals									
		i. Individual	7269281	1351143	8620424	15.96	9840971	1348167	11189138	19.63	3.67
		Shareholders holding nominal share capital upto Rs.2 lakh	7207201	1001140	0020424	13.70	7040771	1340107	11107100	17.00	3.07

Category of Shareholders			t the beginn 01.04.2015	9	No. of sha		t the end of .03.2016)	the year	% Change
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	during the year
ii. Individual Shareholders holding nominal share capital in excess of Rs.2 lakh	4307445	12266	4319711	8.00	4864687	-	4864687	8.53	0.53
c. Others (specify)									
i. Non-Resident Indian	2420990	-	2420990	4.48	1083960	147610	1231570	2.16	(2.32)
ii. Foreign Bodies	884872	149674	1034546	1.92	472776	-	472776	0.83	(1.09)
iii. Clearing Members	173918	-	173918	0.32	4395093	-	4395093	7.71	7.39
iv. Trust	354	-	354	0.00	1368588	_	1368588	2.40	2.40
Sub-Total (B) (2)	22103953	1513083	23617036	43.73	32126936	2234139	34361075	60.28	16.55
Total Public Shareholding (B)=(B) (1) + (B) (2)	33741176	1513971	35255147	65.29	36020120	2235027	38255147	67.11	1.82
C Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	52486524	1513971	54000495	100	54765468	2235027	57000495	100	-

#### ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	beginning of the year (As on 01.04.2015) (As			shares held nd of the yea on 31.03.20	% change in share holding during the		
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encum- bered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encum- bered to total shares	year
1.	Diamond Infosystems Limited	3704732	6.86	-	3704732	6.50	100	(0.36)
2.	Suresh N Bhatnagar	2064116	3.82	-	2064116	3.62	100	(0.20)
3.	Sumit Suresh	1039998	1.93	-	1039998	1.83	100	(0.10)
4.	Amit Suresh	998483	1.85	-	998483	1.75	100	(0.10)
5.	Madhurilata Bhatnagar	523021	0.97	-	523021	0.92	100	(0.05)
6.	Diamond Projects Ltd	1868673	3.46	-	1868673	3.28	100	(0.18)
7.	Richa Bhatnagar	207110	0.38	-	207110	0.36	100	(0.02)
8.	Mona Bhatnagar	206221	0.38	-	206221	0.36	100	(0.02)
9.	Madhuri Finserve Private Limited (Formerly Known As Diamond Telecabs Pvt. Ltd )	6224550	11.52	-	6224550	10.92	100	(0.60)
10.	S N Bhatnagar	444444	0.82	-	444444	0.78	100	(0.04)
11.	Signature Electricals Private Limited	732000	1.36	-	732000	1.28	100	(0.08)
12.	Pinnacle Cables Private Limited	732000	1.36	-	732000	1.28	100	(0.08)



#### iii. Change in Promoters' shareholding:

Sr. No.	Shareholder's Name	Shareho	olding	Date*	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Diamond Infosystems Limited	3704732 3704732	6.86 6.50	01.04.2015 31.03.2016	-	-	3704732	6.50
2.	Suresh N Bhatnagar	2064116 2064116	3.82 3.62	01.04.2015 31.03.2016	-	-	2064116	3.62
3.	Sumit Suresh	1039998 1039998	1.93 1.83	01.04.2015 31.03.2016	-	-	1039998	1.83
4.	Amit Suresh	998483 998483	1.85 1.75	01.04.2015 31.03.2016	-	-	998483	1.75
5.	Madhurilata Bhatnagar	523021 523021	0.97 0.92	01.04.2015 31.03.2016	-	-	523021	0.92
6.	Diamond Projects Ltd	1868673 1868673	3.46 3.28	01.04.2015 31.03.2016	-	-	1868673	3.28
7.	Richa Bhatnagar	207110 207110	0.38 0.36	01.04.2015 31.03.2016	-	-	207110	0.36
8.	Mona Bhatnagar	206221 206221	0.38 0.36	01.04.2015 31.03.2016	-	-	206221	0.36
9.	Madhuri Finserve Private Limited (Formerly Known As Diamond Telecabs Pvt. Ltd)	6224550 6224550	11.52 10.92	01.04.2015 31.03.2016	-	-	6224550	10.92
10.	S N Bhatnagar	444444 444444	0.82 0.78	01.04.2015 31.03.2016	-	-	444444	0.78
11.	Signature Electricals Private Limited	732000 732000	1.36 1.28	01.04.2015 31.03.2016	-	-	732000	1.28
12.	Pinnacle Cables Private Limited	732000 732000	1.36 1.28	01.04.2015 31.03.2016	-	-	732000	1.28

#### iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Share Holder	No. of Shares on 01.04.2015	% of total Shares of the Company	No. of Shares on 31.03.2016	% of total Shares of the Company
1.	Clearwater Capital Partners Cyprus Ltd	1302248	2.41	-	-
2.	Macquarie Bank Limited	3868606	7.16	-	-
3.	Kotak Mahindra Trusteeship Services Limited- A/C K	2944066	5.45	1368134	2.40
4.	Clearwater Capital Partners Singapore Pvt. Ltd A/C	1654114	3.06	-	-
5.	Orange Mauritius Investments Limited	1975000	3.66	1975000	3.46
6.	Kotak India Private Equity Fund	1118742	2.07	-	-
7.	Antique Finance Private Limited	851000	1.58	851000	1.49
8.	Vikas Ferro Private Limited	732000	1.36	2232000	3.92
9.	Manacles Enterprises Private Limited	732000	1.36	732000	1.28

Sr. No.	Name of Share Holder	No. of Shares on 01.04.2015	% of total Shares of the Company	No. of Shares on 31.03.2016	% of total Shares of the Company
10.	Rhombus Cables Private Limited	732000	1.36	732000	1.28
11.	Vikas Coating Private Limited	732000	1.36	2232000	3.92
12.	Nirmal Bang Securities Ltd	-	-	1003672	1.76
13.	Citibank N.A.	-	-	3868606	6.79
14.	Emerging India Focus Funds	-	-	475179	0.83

#### v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Shareholding				Increase/ (Decrease) In shareholding		Cumulative Shareholding during the year (01.04.15 to 31.03.16)	
		No. of shares at the beginning of the year (01.04.15)/end of the year (31.03.16)	% of total shares of the Company				No. of Shares	% of total Shares of the Company	
Dire	ctors								
1.	Amit Bhatnagar	998483	1.85	01.04.2015	-	-	998483	1.75	
		998483	1.75	31.03.2016					
2.	Sumit Bhatnagar	1039998	1.93	01.04.2015	-	-	1039998	1.83	
		1039998	1.83	31.03.2016					
Key	Managerial Personnel:								
1.	Nishant Javlekar (CS)	-	-	-	-	-	-	-	

#### vi. Indebtedness

(Rs. In Lacs)

	Secured Loans (excluding deposits)	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the				
financial year (As on 01.04.2015)				
i. Principal Amount	983.01	79.98	-	1,062.99
ii. Interest due but not paid	-	=	=	=
iii. Interest accrued but not due	-	-	=	-
Total (i+ii+iii)	983.01	79.98	-	1,062.99
Change in Indebtedness during the financial year				
Addition	204.00	33.48	-	237.48
Reduction	-	-	-	-
Net Change	204.00	33.48	-	237.48
Indebtedness at the end of the financial year (As on 31.03.2016)				
i. Principal Amount	1,187.01	113.46	-	1,300.47
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,187.01	113.46	-	1,300.47



#### vii. Remuneration of Directors and Key Managerial Personnel

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of the Managing Director	Name of the Jt. Managing Director
		Amit Bhatnagar	Sumit Bhatnagar
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60,00,000	60,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit		
	- others, specify		
5.	Others, please specify		
	Total (A)	60,00,000	60,00,000
	Ceiling as per the Act	60,00,000	60,00,000

#### B. Remuneration to other Directors:

#### 1. Independent Directors:

Name of Director	Fee for attending Board/ committee meetings	Commission	Others#	Total
Shri Ranvir Singh Shekhawat	1,20,000	-	40,000	1,60,000
Shri Ashok kumar Singh Gautam	75,000	-	30,000	1,05,000
Shri Ashok Kumar Singh	50,000	-	20,000	70,000
Ms. Nivedita Pandya	-	-	-	-
Shri Shailendra Pal	20,000	-	10,000	30,000
Shri Jaideep Nigam*	60,000	-	30,000	90,000
Shri Aswini Sahoo**	30,000	-	10,000	40,000
Shri Bhavin Shah***	-	-	-	-
Total (1)	3,55,000	-	1,40,000	4,95,000
2. Other Non-Executive:				
Total (2)	-	-	-	-
Total (1+2)	3,55,000	-	1,40,000	4,95,000
Ceiling as per the Act	-	-	-	-

<sup>\*</sup>passed away on 01.04.2016 \*\* Resign on 29.05.2015 \*\*\* Resign on 12.08.2015

#### 2. Other Non-Executive:

Name of Director	Fee for attending Board/ committee meetings	Commission	Others#	Total
	-	-	-	-
Total (2)	-	-	-	-
Total (1+2)		-		
Ceiling as per the Act	-	_	-	-

#### C. Remuneration

Sr. No.	Particulars of Remuneration	Name of the Company Secretary
		Shri Nishant Javlekar
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,47,833.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	
	- others, specify	
5.	Others, please specify	
	Total (A)	6,47,833.00
	Ceiling as per the Act	

#### viii. Penalties/Punishment/Compounding of offences:

Тур	oe	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
Α.	COMPANY			N.A		
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	=
	Compounding	-	-	-	-	-
В.	DIRECTORS	N.A				
	Penalty	-	-	-	-	=
	Punishment	-	-	-	-	=
	Compounding	-	-	-	-	-
C.	OTHER OFFICERS IN DEFAULT	EFAULT		N.A		
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-

For and on behalf of the Board

Date: 21st July, 2016 Place: Vadodara Shri Amit Bhatnagar

Managing director and Chairman of the Board



#### ANNEXURE [E] TO BOARD' REPORT

#### FORM AOC - 2

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014) Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

#### 1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:

Sr	Particulars	Amount in Rs.
No.		
Α	Name(s) of the related party and nature of relationship	
В	Nature of contracts/arrangements/transactions	
С	Duration of the contracts / arrangements/transactions	
D	Salient terms of the contracts or arrangements or transactions including the value, if any	
Е	Justification for entering into such contracts or arrangements or transactions	
F	date(s) of approval by the Board	NIL
G	Amount paid as advances, if any	
Н	Date on which the special resolution was passed	
I	Amount paid as advances, if any	
J	Date on which (a) the special resolution was passed in general meeting as required under first proviso to Section 188 of the Companies Act, 2013	

#### 2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS:

Rs. in lacs

-		A 1: D
Sr.	Particulars	Amount in Rs.
No.		
Α	Name(s) of the related party and nature of relationship	
	Diamond Projects Ltd. *	0.10
	Diamond Infosystems Ltd.*	102.02
	Diamond Power Transformers Limited	102.90
	Ruby Cables Ltd	2615.00
В	Nature of contracts/arrangements/transactions	
	Diamond Projects Ltd.	Supply of Machinery for
		Projects
	Diamond Infosystems Ltd.	ERP service contract
	Diamond Power Transformers Limited	Supply of transformers
	Ruby Cables Ltd	Supply of cables
С	Duration of the contracts/arrangements/transactions	Every 5 years
D	Salient terms of the contracts or arrangements or transactions including the value, if any	
	Diamond Projects Ltd	Supply of Machinery for
		Projects
	Diamond Infosystems Ltd.	Provides ERP Services
E	Date(s) of approval by the Board, if any	Not Applicable
F	Amount paid as advances, if any	Not Applicable

<sup>\*</sup>promoter group company

For and on behalf of the Board

Shri Amit Bhatnagar Managing Director & Chairman of the Meeting

Date: 21st July, 2016 Place: Vadodara

#### ANNEXURE [F] TO BOARD' REPORT

#### CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

#### 1. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY:

The primary focus of CSR activities of Diamond primarily has been Environmental Sustainability, Education, Health and supporting missions like "Swacha Bharat Abhiyan". The intention of integrating these objectives with the operations and growth of each entity in Diamond is to pursue a higher level of performance in the CSR, which will create sound systems for purposeful contribution to societal causes. However, the Board of Directors at their Meeting held on 13th August, 2015 made provisions for the CSR and Company is under process to identify sectors in which Company can spent money.

#### 2. THE COMPOSITION OF THE CSR COMMITTEE:

The composition of the CSR Committee as on 31st March, 2016 is as follows:

Ms. Nivedita Pandya	Chairman & Independent Director		
Shri Amit Bhatnagar	Managing Director		
Shri Sumit Bhatnagar	Jt. Managing Director		

- AVERAGE NET PROFIT/(LOSS) OF THE COMPANY FOR THE LAST 3 FINANCIAL YEARS: RS. (11,209.99) LACS
- 4. PRESCRIBED CSR EXPENDITURE (2% OF THIS AMOUNT AS IN SR. NO. 3 ABOVE): NA
- 5. DETAILS OF CSR SPEND FOR THE FINANCIAL YEAR:
  - a. Total amount spent for the financial year: NA
  - b. Amount unspent, if any: NA
  - c. Manner in which the amount spent during the financial year is detailed below:

Sr.	CSR Project/	Sector in which	Location where	Amount outlay	Amount spent on	Cumulative	Amount
No.	activities	the project	project is	(budget) project/	the projects or	Expenditure upto	spent: District
		covered	undertaken:	program wise	programs	the reporting	or through
			State (Local			period	implementing
			Area/District)				agency

6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PERCENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD'S REPORT:

The Company has incurred losses during the period under review. However company has spend Rs. 92.49 lacs to ward CSR activities.

For and on behalf of the Board

Date: 21st July, 2016

Amit Bhatnagar

Place: Vadodara

Amit Bhatnagar

Managing Director

Chairman of the Committee



#### ANNEXURE [G] TO BOARD' REPORT

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

#### **CONSERVATION OF ENERGY**

#### (i) Steps taken for Conservation of Energy:

DPIL is very much conscious about conducting all its production operations very efficiently keeping in view the major contribution and importance of Energy Conservation in achieving optimum and best possible performance levels in operations.

Energy Conservation is a continuous ongoing process. The company is having regular control & monitoring through its well established QMS within organization, over energy consumption and identification of areas wherever still further better can be done for saving over energy consumption and thereby reducing the emission of hazardous gases e.g CO2 in environment.

Global Warming is the burning problem and biggest challenge worldwide now a days and how to minimize or overcome the foreseen risks of the same remains the main subject for actions for all industries.

DPIL is committed to follow operational practices & production process technologies which are energy efficient.

To have continual improvement in energy conservation efforts, internal & external audits are being conducted at regular intervals. Specific roles and responsibilities are defined & assigned to various level employees for control and monitoring of energy consumption & conservation.

## Major Energy Conservation initiatives taken during FY-2015-16:-

- Replacing Air conditioners by AHU systems for Battery bank rooms of UPSs for saving over power consumption.
- Installation of Heat recovery wheels in Dehumidifiers of Clean rooms for maximum possible heat recovery.
- Replacing the Gland seals of pumps by mechanical seals.
- Installation of Oil filtration machines for periodic filtration of oils to keep the oil clean, to increase its life with better viscosity parameters and thus in turn reducing power consumption for its pumping.
- Replacing conventional drive pulleys & belts by Poly V type pulleys & power efficient belts for better Power transmission without slippage losses.
- Installation of VFD type Compressors to optimize & fine tune its running Hrs as per actual requirement of Air at use point.

- Clariflocculator is replaced by sludge filter in Transmission
   Tower plant to improve the sludge filtration and its time
   cycle without use of extra pumps.
- Diverting the bypass/ overflow steam condensate of steam boiler to hot water curing tank to heat the water used for curing.
- Replacement of fluid coupling type conventional drive systems to energy efficient AC variable frequency drives.
- Enhancement of APFC panel for further improvement in power factor.
- Installation of exclusive lighting transformer for individual unit to achieve better control & monitoring of plant lighting loads & with better control of voltage etc. to get enhanced life of spares of lighting accessories & equipment.

#### (ii) The capital investment on energy conservation equipment:

Sr	. Division or	Capital	Energy	Financial
No	. Manufacturing	Investment	savings	savings
	unit	on energy	( in Gcal/ Hr)	in INR
		conservation		lacs/
		equipments /		Annum
		activities		
		( in INR lacs)		
	Nil	Nil	Nil	Nil

#### **TECHNOLOGY ABSORPTION**

## A. The efforts made by the Company towards technology absorption

A State- Of- Art, "ESSEN ULTRA HIGH VOLTAGE RESEARCH AND DEVELOPMENT CENTRE AND TEST LABORATORY" at DPIL is NABL accredited & is accelerating internal product development & process improvement requirement programmes by its continual efforts with the use of its highly accurate and ultra modern facilities to perform various trials & tests.

#### DPIL is all time active in -

- Innovations and absorption of upcoming latest technologies related to various products & its ultimate usages.
- Innovations and improvements in area of processing technologies to make it productive, qualitative and cost efficient.
- Thus enhancing strength of existing business and upcoming expansion projects.

#### Major efforts made towards Technology Absorption:-

- Installation of online, automatic dryers and compound gradual conveying / feeding system on PVC extruders.
- Installation of High speed Double line multi purpose RBD machines.
- In House production of color master batch for PVC with properties of reduced consumption ratio .
- Indigenous design & development of EHV cables.
- Revamping plan put up in action for existing conductor plant machines for productivity enhancement and introduction of automation in their operations.
- Design & Development of specialty conductors for overhead transmission lines.
- Study, analysis and comparative evaluation of various processing techniques for HV- EHV cables.
  - Information regarding imported technology (imported during last four years)

#### (iii) The capital investment on energy conservation equipment:

•	٠,		
Details of technology Imported	Technology imported from	Year of Import	Current status
Triple extrusion DCDC process for EHV cables upto 500 KV on CCV line	Maillefer – Finland	2010- 11	Commissioned
Continuous – Horizontal lead extrusion for HV- EHV cables	HFSAB - Sweden	2010-11	Commissioned
Project for setting up R&D centre&Multi purpose test set up for electrical testingsupto 765 KV of various electrical products	Hongkong Hippo - China	2011-12	Commissioned

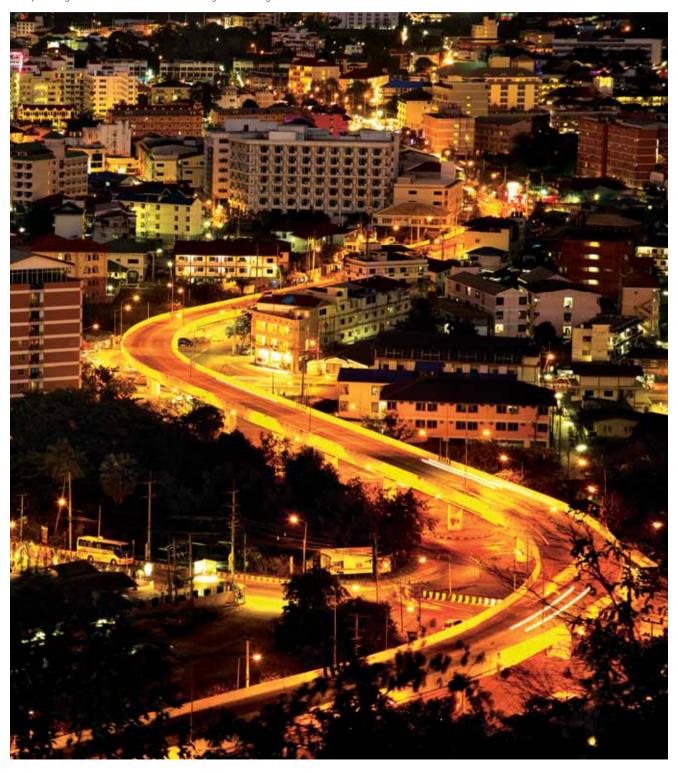
#### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign exchange earned in terms of actual inflows during the year 2015-16 was Rs. 136.58 LACS.

Foreign exchange outgo in terms of actual outflows during the year 2015-16 was Rs. 674.94 LACS.

# REPORT ON CORPORATE GOVERNANCE

"Corporate governance is not a matter of right or wrong -'it is more nuanced than that."



Your Company is proud to belong to a Group whose visionary founders paved the way for path breaking governance over a century ago and made it an integral element of the business. Corporate governance in the Company is a value-based framework to manage the Company affairs in a fair and transparent manner, which has assisted in evolving guidelines and best practices over the years to ensure timely and accurate disclosure of information.

Strong and improved Corporate Governance practices are indispensable in today's competitive world and complex economy.

Diamond's philosophy is to view Corporate Governance from the viewpoint of business strategy rather than mere compliance norms. Strong governance practices of the Company have been rewarded in terms of improved share valuations, stakeholder's confidence, market capitalization, high credit ratings and environmental protection, etc. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfil its overall responsibilities and to provide the management with the strategic direction catering to exigency of long term shareholders value.

It's initiatives towards adhering to highest standards of governance include self-governance, professionalization of the Board, fair and transparent processes and reporting systems and going beyond the mandated Corporate Governance Code requirements of SEBI. Being a value driven organization the Company envisages attainment of the highest level of transparency, accountability and equity in all facts of its operations including everyone it works with, the community it is in touch with and the environment it has an impact on.

The Securities and Exchange Board of India (SEBI) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) on September 2, 2015, replacing the earlier listing agreement (w.e.f. December 1, 2015) and is aimed to consolidate and streamline the provisions of earlier listing agreements for different segments of the capital market viz. equity, debentures, debt instruments, etc. The LODR regulations have incorporated the principles for corporate governance in line with the Organisation for Economic Co-operation and Development (OECD) principles and provide broad principles for periodic disclosures by listed entities in line with the International Organization of Securities Commissions (IOSCO) principles.

#### **BOARD OF DIRECTORS**

The Diamond's Board plays a pivotal role in ensuring that the Company runs on sound and ethical business practices and that its resources are utilized for creating sustainable growth and societal wealth. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company; ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.

#### A. COMPOSITION OF BOARD OF DIRECTORS

As on March 31, 2016, Diamond's Board consists of 8 members. Besides the Chairman of the Meeting, who is an Executive Promoter Director, the Board comprises of two Executive Directors and six Non-Executive Independent Directors. The composition of the Board is in conformity with the Listing regulations, 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.

#### Composition of Board of Directors as on 31st March 2016

Name of The Directors	Executive / Non Executive Directors	Independent / Non-Independent Director
Shri Amit Bhatnagar	Executive	Non-Independent
Shri Sumit Bhatnagar	Executive	Non-Independent
Shir Ranvir Singh Shekhawat	Non-Executive	Independent
Shri Shailendra Pal Singh	Non-Executive	Independent
Shri Ashok Kumar Singh	Non-Executive	Independent
Shri Ashok Kumar Gautam	Non-Executive	Independent
Shri Jaideep Nigam*	Non-Executive	Independent
Ms. Nivedita Pandya	Non-Executive	Independent

<sup>\*</sup>Deceased on 01st April, 2016

#### Chairman of the Board

Shri S N Bhatnagar stepped down as Chairman last year and Shri Amit Bhatnagar, Managing Director of the Company took over as Chairman of the Meeting since 1st April, 2015.

#### Information Flow to the Board Members

Information is provided to the Board Members on a continuous basis for their review, inputs and approval from time to time. More specifically, we present our annual Strategic Plan and Operating Plans of our business to the Board for their review, inputs and approval. Likewise, our quarterly financial statements and annual financial statements are represented to the Audit Committee and subsequently to the Board of Directors for their approval. In addition, special cases of acquisitions, important managerial decisions, material positive/negative developments and statutory matters are presented to the Committees of the Board and later with the recommendation of Committee to the Board of Directors for their approval.

As a system, in most cases, information to Directors is submitted along with the agenda papers well in advance of the Board meeting. Inputs and feedback of Board Members are taken and considered while preparation of agenda and documents for the Board meeting.

We regularly schedule meetings of our business heads and functional heads with the Directors. These meetings facilitate Directors to provide their inputs and suggestions on various strategic and operational matters directly to the business and functional heads. The following information, as may be applicable and required, is provided to the Board as a part of the agenda papers.

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the listed entity and its operating divisions or business segments.



- Minutes of meetings of audit committee and other committees of the board of directors.
- The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the listed entity.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the listed entity or taken an adverse view regarding another enterprise that may have negative implications on the listed entity.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards qoodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions.
   Any significant development in Human Resources/

- Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as nonpayment of dividend, delay in share transfer etc.

#### NUMBER OF BOARD MEETINGS

We decide about the Board meeting dates in consultation with Board Members based on the practices of earlier years. Once approved by the Board Members the schedule of the Board meeting and Board Committee meetings is communicated in advance to the Directors to enable them attend the meetings. Our Board meetings are normally scheduled over one or two days.

In addition, every quarter, Independent Directors meet amongst themselves exclusively.

Minimum four per-scheduled Board Meetings are held every year. During the financial year 2015-16 the Board of Directors met four times on 30th May, 2015, 13th August, 2015, 8th November, 2015 and 11th February, 2016. The maximum gap between any two meetings was less than four months.

# DIRECTORS' ATTENDANCE RECORD AND THEIR OTHER DIRECTORSHIPS/ COMMITTEE MEMBERSHIPS

As mandated by Listing Obligations none of the Directors is a member of more than ten Board level Committees or chairman of more than five Committees across companies in which he is a Director. Relevant details of the Board as on March 31, 2016 are given as follows:

Name	Name Category / Position/ relationship with other		No. of Board Meetings			other orship		ner Board nittees	Whether having any pecuniary
	director	Held	Attended		Member	Chairman	Member	Chairman	or business relation with the Company.
Shri Amit Bhatnagar	Promoter/Executive Director	4	4	Yes	9	1	2	-	
Shri Sumit Bhatnagar	Promoter/Executive Director	4	4	Yes	9	-	3	-	
Shri RS Shekhawat	Independent Director	4	4	Yes	1	-	3	2	
Shri Ashok Kumar Gautam	Independent Director	4	3	No	3	-	7	3	
Shri Ashok Kumar Singh	Independent Director	4	2	No	3	-	8	2	
Shri Shailendra Pal Singh	Independent Director	4	1	No	1	-	-	-	
Ms. Nivedita Pandya	Woman Director	4	4	Yes	5	-	3	1	
Shri Jaideep Nigam*	Independent Director	4	3	No	1	-	-	-	

<sup>\*</sup>Deceased on 01st April, 2016

#### **POST-MEETING FOLLOW-UP SYSTEM**

After the Board meeting, we have formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and sub - committees of the Board.

#### **APPOINTMENT OF DIRECTORS**

The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect from April 1, 2014. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of maximum of 5 years each and shall not be liable to retire by rotation.

Your Board has adopted the provisions with respect to appointment and tenure of Independent Directors consistent with the Companies Act, 2013 and the Listing Regulations.

Details of Directors proposed for re-appointment/appointment at the ensuing Annual General Meeting is forming part of the Board's Report and the notice of the 24th Annual General Meeting.

# POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Nomination and Remuneration Committee has adopted a charter which, inter alia, deals with the manner of selection of Board of Directors and payment of their remuneration.

# **CRITERIA OF SELECTION OF INDEPENDENT DIRECTORS**

The Nomination and Remuneration Committee considers the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Independent Director:

- Qualification, expertise and experience of the Directors in their respective fields such as expertise or experience in Information Technology Business, Scientific Research & Development, International Markets, Leadership, Risk Management and Strategic Planning etc.
- Personal, professional or business standing
- Diversity of the Board.

In case of appointment of Independent Directors, the Board Governance, Nomination and Remuneration Committee satisfies itself with regard to the independence of the Directors vis-à-vis the Company so as to enable the Board to discharge its functions and duties effectively.

The Nomination and Remuneration Committee ensures that the candidates identified for appointment as Directors are not disqualified for appointment under Section 164 and other applicable provisions of the Companies Act, 2013.

In case of re-appointment of Independent Directors, the Board takes into consideration the performance evaluation of the Independent Directors and their engagement level.

## **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Board is responsible for overall supervision of the Company. To achieve this, Board undertakes periodic review of various matters including business wise performance, risk management, borrowings, internal audit/external audit reports etc. In order to

enable the Directors to fulfil the governance role, comprehensive presentations are made on the various businesses, business models, risk minimization procedures and new initiatives of the Company. Changes in domestic/overseas corporate and industry scenario including their effect on the Company, statutory and legal matters are also presented to the Directors on a periodic basis, the link is **www.dicabs.com** 

# INDEPENDENT DIRECTOR'S MEETING

In accordance with the provisions of Schedule IV (code for Independent Directors) of the Companies Act, 2013 and Listing Obligations, a meeting of the Independent Directors of the Company was held on 11th February, 2016 without the attendance of Non Independent Directors and members of the Management.

#### **EVALUATION OF BOARD EFFECTIVENESS**

In terms of provisions of the Companies Act,2013 read with Rules issued there under and Listing Obligations, the Board of Directors, on recommendation of the Nomination and Remuneration Committee, have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended 31st March, 2016. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, understanding of their roles and responsibilities, business of the Company along with the environment and effectiveness of their contribution.

# **CODE OF CONDUCT**

In line with the listing obligations, 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.

Besides this, every employee of the Company is committed to 'Diamond Code of Ethics', as applicable to all Diamond Group Companies, Senior Management Confirms the Compliance with the Code of Conduct of the Company.

Ethic's 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**

The committees constituted by the Board play an important role on the governance structure of the Company. The committees are in line with the Listing Obligations and Companies Act, 2013. The minutes of the Committee meetings are tabled at the Board Meetings and the chairperson of each Committee brief the members about the important deliberations and discussion.

The Minutes of Board Meeting and other committees are captured in accordance with the provisions of the Companies Act, 2013.

# COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETINGS

Diamond has the following Board Level Committees:

- Al Audit Committee
- B) Nomination and Remuneration Committee
- C) Stakeholders Grievances and Relationship Committee
- D) Corporate Social Responsibility Committee
- E) Share Transfer Committee

Various Committees of Directors have been appointed by the Board for taking informed decisions in the best interest of the Company. These Committees monitor the activities falling within their respective terms of reference. The Board's Committees are as follows:

# A) AUDIT COMMITTEE

The Audit Committee has played an important role in ensuring the financial integrity of the Company. The Audit Committee's role includes the financial reporting process, Audit process, Related Party Transactions and other applicable laws.

The Composition of the Audit Committee is in line with the provisions of section 177 of Companies Act, 2013 and Listing Obligations. Further the Committee invites the Managing Director, CFO, VP – Accounts, Statutory and Internal Auditor and various departmental heads of the Company to attend the Audit Committee Meetings.

Shri Nishant Javlekar, Company Secretary acts as Secretary to the Committee.

The Composition of the Audit Committee along with the details of the meetings held and attended during the financial year as on March 31, 2016, are given below the Audit Committee comprises of five Directors.

# Members, Meetings and Attendance

#### Members of the Audit Committee

Shri Ranvir Singh Shekhawat (Chairman), Shri Ashok Kumar Singh (Member) Shri Amit Bhatnagar (Member) Ms. Nivedita Pandya (Member)

# Meetings & Attendance

During the financial year 2015-16 the Audit Committee held four meetings on 30th May, 2015, 13th August, 2015, 8th November, 2015 and 11th February, 2016. The time gap between any two meetings was less than four months.

The details of attendance of Audit Committee meetings are as under:

Name of	Category	status	No. of Meeting		
Member			held	attended	
Shri Ranvir	Independent	Chairman	4	4	
Singh	Director				
Shekhawat					
*Shri Aswini	Independent	Member	4	1	
Kumar Sahoo	Director				
Shri Amit	Managing	Member	4	4	
Bhatnagar	Director				
Shri Ashok	Independent	Member	4	2	
Kumar Singh	Director				
Shri Sumit	Jt. Managing	Member	4	3	
Bhatnagar	Director				
Ms. Nivedita	Women	Member	4	4	
Pandya	Director				

<sup>\*</sup>Resigned on 29.05.2015

The Chairman of the Audit Committee was present at the last AGM held on 30th September, 2015.

# The Role of the Audit Committee includes the following:

- A. The role of the audit committee shall include the following:
  - oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
  - (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
    - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of subsection (3) of Section 134 of the Companies Act, 2013;

- (b) changes, if any, in accounting policies and practices and reasons for the same;
- (c) major accounting entries involving estimates based on the exercise of judgment by management;
- (d) significant adjustments made in the financial statements arising out of audit findings;
- (e) compliance with listing and other legal requirements relating to financial statements;
- (f) disclosure of any related party transactions:
- (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the guarterly financial statements before submission to the board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offerdocument / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up thereon;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

- (16) discussion with statutory auditors before the audit commences, about the natureand scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- [19] approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- The audit committee shall mandatorily review the following information:
  - management discussion and analysis of financial condition and results of operations;
  - (2) statement of significant related party transactions (as defined by the auditcommittee), submitted by management;
  - (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
  - (4) internal audit reports relating to internal control weaknesses: and
  - (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
  - (6) statement of deviations:
    - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - (b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

# **NOMINATION AND REMUNERATION COMMITTEE** (FORMERLY TERMED AS REMUNERATION COMMITTEE)

In accordance with Section 178 of the Companies Act, 2013 and as per the requirements of SEBI Circular dated 17th April, 2014 for amendment to Equity Listing Agreement (which is effective from 1st October, 2014), the Board of Directors of the Company at their meeting held on 30th May, 2014 have approved the change in nomenclature of the Remuneration Committee to Nomination and Remuneration Committee and have revised their role as under:



The revised role of the Nomination and Remuneration Committee, inter-alia, includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Devising a policy on Board diversity;

# The Nomination and Remuneration Committee comprises of the following Directors:

Sr.	Name of	Position	Category
No.	the Director		
1	Shri Ranvir Singh	Chairman	Independent
	Shekhawat		Director
2	Shri Ashok Kumar	Member	Independent
	Singh		Director
3	Ms. Nivedita Pandya	Member	Women Director

The objectives of the Remuneration policy are to motivate employees to excel in their performance, recognize their contribution and retain talent in the organization and record merit, based on the performance of the employees as well as based on recommendations of the Head of Departments in case of sub-ordinate and in case of Head of Departments Managing and Joint Managing Directors of the Company the Remuneration Committee take its decisions.

#### Remuneration to Directors

The Table below gives the details of remuneration paid to Directors for the year ended on March 31st, 2016.

The Company has not given any advances and loans to any of its Directors during year 2015-16.

The Details of remuneration and sitting fees for Board and other committee meetings paid to the Directors for the year ended 31st March, 2016:

5		3 1	,	
Category / Position	Salary (Rs.)	Sitting Fees (Rs.)	Other Allowances	No. of Shares/
			(Rs.)	convertible
				securities held
MD/ED	-	-	-	9,98,483
JMD/ED	-	-	-	10,39,998
NE-ID	-	1,20,000	40,000	-
NE-ID	-	75,000	30,000	-
NE-ID	-	50,000	20,000	-
NE-ID	-	20,000	10,000	-
WD	-	-	-	-
NE-ID	-	60,000	30,000	-
	-	30,000	10,000	-
	-	-	-	-
	MD/ED JMD/ED NE-ID NE-ID NE-ID NE-ID WE-ID WE-ID	MD/ED -  JMD/ED -  NE-ID -  NE-ID -  NE-ID -  NE-ID -  WE-ID -  WE-ID -	MD/ED	MD/ED     -     -     -       JMD/ED     -     -     -       NE-ID     -     1,20,000     40,000       NE-ID     -     75,000     30,000       NE-ID     -     50,000     20,000       NE-ID     -     20,000     10,000       WD     -     -     -       NE-ID     -     60,000     30,000

<sup>\*</sup> pass away from 01.04.2016, \*\* resign on 29.05.2015, \*\*\* resign on 12.08.2015

# 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, 2013 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 29th December, 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 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 Director and Joint Managing Directors. 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 197 of the Companies Act 2013. 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.

# C. STAKEHOLDERS GRIEVANCES AND RELATIONSHIP COMMITTEE

The Composition of the Stakeholders Relationship Committee is in compliance with the provision of section 178 of Companies Act, 2013 and Listing Obligations.

The Committee meet 4 times during the financial year ended on 31st March, 2016. The constitution of the Stakeholders Grievances and Relationship Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the committee during the financial year ended 31st March, 2016 is detailed below.

Shri Nishant Javlekar, Company Secretary acts as Secretary to the Committee.

# Members, Meetings And Attendance

# Members of the Stake Holder Grievances and Relationship Committee

Shri Ashok Kumar Gautam (Chairman) Shri Ranvir Singh Shekhawat (Member) Shri Sumit Bhatnagar (Member)

# Meetings & Attendance

During the financial year 2015-16 the Stake Holders Grievances & Relationship Committee held four meetings on 30th May, 2015, 13th August, 2015, 8th November, 2015 and 11th February, 2016. The time gap between any two meetings was less than four months.

The details of attendance of Stake Grievances and Relationship Committee Meetings are as under:

Name of	Category	status	No. of Meeting		
Member			held	attended	
Shri Ashok Kumar Gautam	Independent Director	Chairman	4	3	
Shri Ranvir Singh Shekhawat	Independent Director	Member	4	4	
Shri Sumit Bhatnagar	Executive Director	Member	4	4	
Shri Ashwini Sahoo*	Independent Director	Member	4	1	

<sup>\*</sup>Resigned

#### D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on 30th May, 2014, has approved the Constitution of the CSR Committee.

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

	Name of the Director	Position	Category
1	Ms. Nivedita Pandya	Chairman	Women Director
2	Shri Amit Bhatnagar	Member	Executive Director
3	Shri Sumit Bhatnagar	Member	Executive Director

The Board also defined the role of the Committee, which is as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy
- Monitor the CSR Policy of the Company and its implementation from time to time
- · Such other functions as the Board may deem fit.

Apart from the above Committees Board of Directors also constituted Shares Allotment Committee and Preferential Issue Committee

## E) SHARE TRANSFER COMMITTEE

The reference is mandate by our 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 members during the year are as follows:

Sr.	Name of	Position	Category	No. Of	Meeting	
No.	Members			Held	Attended	
1.	Shri Amit Bhatnagar	Chairman	Executive Director	11	11	
2.	Shri Sumit Bhatnagar	Member	Executive Director	11	11	
3.	Ms. Nivedita Pandya	Member	Non- Executive Director	11	11	

Eleven (11) numbers of meetings were held by Share Transfer Committee during the year, as per Memorandum of Transfer provided by M/s Karvy Computershare Private Limited i.e Independent Share Transfer Agent. The following meetings given were held during the year.

22nd April, 2015, 30th May, 2015, 20th July, 2015, 31st July, 2015, 20th August, 2015, 25th August, 2015, 31st August, 2015, 29th September, 2015, 02nd November, 2015, 30th December, 2015, 29th January, 2016.



# Management Discussion and Analysis Report

Management Discussion and Analysis is given in a separate section forming part of the Directors' Report in this Annual Report.

# **Subsidiary Companies**

The Subsidiary of the Company function independently, with an adequately empowered Board of Directors and necessary management resources.

For effective governance, the Company overview the performance of its subsidiaries, inter alia, in the following manner:

- The financial statements, in particular, the investments made by the unlisted subsidiary companies, are reviewed by the Audit Committee and the Board of Directors of the Company.
- The Minutes of the Board Meetings of the subsidiary companies are placed before the Board of Directors of the Company for their review.

Details of all significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.

#### **DISCLOSURES**

## (a) Related Party Transactions

Details of materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their subsidiaries or relatives, etc. are presented under Notes of the Balance Sheet. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested Directors neither participate in the discussion, nor vote on such matters. During 2015-16, there were related party transaction of material nature that may have a potential conflict with the interests of the Company.

# (b) Accounting treatment in preparation of Financial Statements

The Company has followed the Accounting standards notified by The Companies (Accounting Standards) Rules, 2006, as amended from time to time, in preparation of its financial statements.

# (c) Risk Management

The Company has established a well-documented and robust risk management framework. Under this framework, risks are identified across all business processes of the Company on continuous basis. Once identified, these risks are systematically categorised as strategic risks, business risks or reporting risks.

The former looks at all risks associated with the longer term interests of the Company. The latter look at risks associated with the regular functioning of each of the processes and the risks associated with incorrect or untimely financial and non-financial reporting.

To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this framework, Company has set in place various procedures for Risk Management.

### (d) Code For Prevention of Insider Trading Practices

The Company has instituted a comprehensive code for prevention of Insider Trading, for its Directors and designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

# (e) CEO/CFO Certification

As required under listing obligations, the Managing Director and Jt. Managing Director of the Company have certified to the Board regarding the Financial Statements for the year ended on 31st March, 2016 which is annexed to this Report.

# (f) Disclosure Regarding The Board of Directors

# General Body Meetings:

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

Sr.	AGM Particulars	Venue	Time	Special Resolution Passed in The AGM
No. 1	& Date  23rd Annual General Meeting (2014-15) held on 30th September, 2015	Registered office	10.00 a.m.	other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the said Act as amended from time to time and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, the consent of the shareholders of the Company be and is hereby accorded to re-appoint Shri Amit Bhatnagar as Managing Director of the Company for a period of three years with effect from February 1st, 2016 with a remuneration of Rs. 21,78,723/- (Rupees Twenty One Lacs Seventy Eighty Thousand Seven Hundred Twenty Three Only) per month and on such other terms and conditions as mentioned in the explanatory statement to this notice."  **RESOLVED FURTHER THAT subject to the approval of the Central Government and notwithstanding anything contain in the provisions of Part II of Schedule V to the Act, if in any financial year during the tenure of Shri Amit Bhatnagar as Managing Director, the Company has no profits or its profits are inadequate, he shall be entitled to receive and be paid the same remuneration in that year as set out in this Resolution."  **FURTHER RESOLVED THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government, as may be required in this regard."  2. "RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the said Act as amended from time to time and Arti



Sr. No.	AGM Particulars & Date	Venue	Time	Special Resolution Passed in The AGM
	22nd Annual General Meeting (2013-14) held on 30th September, 2014	Registered office	10.00 a.m.	1. "RESOLVED THAT in super session of the ordinary resolution passed at the Extraordinary General Meeting held on 21st November, 2009 under section 293(1)[a] of the Companies Act, 1956 and pursuant to the provisions of section 180(1)[a] of the Companies Act 2013 and all other applicable provisions if any, or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) and in terms of Articles of Association of the Company, the consent of the members be and is hereby accorded to the Board of Directors of the Company for mortgaging / charging all or any of the immovable and movable properties of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to between the Board and Lender(s) to secure the loans / borrowings obtained or as may be obtained, which may exceed the paid-up capital and free reserves in the ordinary course of business but not exceeding 3500 Crores (Rupees Three Thousand Five Hundred Crores only) at any one time."  "RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion may deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."  2. "RESOLVED THAT in super session of the Ordinary Resolution approved at the Annual General Meeting held on 28th September, 2012 and pursuant to the provisions of Section 180(1)(c) and any other applicable provisions of the Company end all other provisions of applicable laws, the consent of the Company be and is hereby accorded to the Board of Directors (herein

	AGM Particulars & Date	Venue	Time	Special Resolution Passed in The AGM
3	21st Annual General Meeting (2012- 13) held on 30th September, 2013	Registered Office	10.00 a.m	1. pursuant to the provisions of Sections 94 [1] (a) and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from existing Rs.50,00,00,000 (Rupees Fifty Crores Only) divided into 5,00,00,000 (Five Crores Only) Equity Shares of Rs.10/- (Rupees Ten) each to 5,58,58,500 (Five Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs.10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- (Rupees Ten) Each.
			2	2. Pursuant to the provision of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, issue Equity Warrant of 43, 92,000 to Independent Corporate Body on preferential basis.
				3. Pursuant to Article 9 of the Articles of Association and Section 80 and Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, to issue 41, 41,500 Redeemable Cumulative Preference Shares of Rs. 10 each to be issued at premium of Rs. 171 each to promoter group Company.

# Resolution through Postal Ballot in past 3 years

Sr	Sr. Time Person who Resolution Passed through Postal Ballot								
No.	Time	conducted the	The Social of Transaction Tran						
		Postal Ballot							
1.	30.06.2014	Postal Ballot M/s. Devesh Vimal & Co., Practicing Company Secretaries	<ol> <li>INCREASE IN AUTHORISED CAPITAL OF THE COMPANY RESOLVED THAT pursuant to the provisions of Section 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under, the Authorized Share Capital of the Company be and is hereby authorized to be increased from Rs.60,00,00,000 (Rupees Sixty Crores Only) divided into 5,58,58,500 (Five Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs. 10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- (Rupees Ten) Each to Rs. 80,00,00,000 (Rupees Eighty Crores Only) divided into 7,58,58,500 (Seven Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs.10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- (Rupees Ten) Each ranking paripassu in all respect with the existing Shares.</li> <li>ALTERATION OF CAPITAL CLAUSE CONTAINED IN THE MEMORANDUM OF ASSOCIATION:  RESOLVED THAT pursuant to the provisions of Section 13 and 61 and other applicable provisions of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed thereunder the consent of the Members be and is hereby accorded for substituting Clause V a) of the Memorandum of Association of the Company with the following clause.</li> <li>V. "The Authorised Share Capital of the Company is Rs. 80,00,00,000 (Rupees Eighty Crores Only) divided into 7,58,58,500 (Seven Crores Fifty Eight Lacs Fifty Eight Thousand Five Hundred Only) Equity Shares of Rs. 10/- (Rupees Ten) each and 41,41,500 (Forty One Lacs Forty One Thousand Five Hundred Only) Preference Shares of Rs. 10/- (Rupees Ten)</li> </ol>						



Sr.	Time	Person who	Resolutio	n Passed through Postal Ballot				
No.		conducted the Postal Ballot						
		FUSIAL DALLOL	3. ISSU	JANCE OF WARRANTS CONVERTIBLE	IN TO EQUITY SHARES O	N PREFERENTIAL		
				OTMENT BASIS.				
			notified till date, ("New Act") and all other applicable provisions of the Companies act, effective till date ("Old Act") (including any statutory modification(s) or re-enactmentth for the time being in force), and Companies (Share Capital and Debentures) Rules, Companies (Prospectus and Allotmentof Securities) Rules, 2014 and other applicable circulars, press notes, clarifications issued by Foreign Investment Promotion Boar provisions of Foreign Exchange Management Act, 1999 and rules and regulations for there under and subject to the provisions of Chapter VII of the Securities and Exchange date of India (Issue of Capital and Disclosure Requirements) Regulations, 200 amended from time to time ("SEBI ICDR Regulations"), and subject to other applicable, regulations and guidelines of Securities and Exchange Board of India (Reserve Bank of India (RBI), or any other statutory authorities, institutions and benabling provisions of the Memorandum and Articles of Association of the Companthe listing agreements entered into between the Company and National Stock Exchof India Limited & BSE Limited (together "Stock Exchanges"), where the shares of India Limited & BSE Limited (together "Stock Exchanges"), where the shares of India Limited & BSE Limited (together "Stock Exchanges"), where the shares of Sanctions if any, of SEBI, the Stock Exchanges, RBI, Foreign Investment Promotion (FIPB), Central Government, Registrar of Companies and other appropriate autho as may be required and subject to such conditions as may be prescribed by any of while granting any such approvals, consents, permissions, and/ or sanctions and may be agreed to by the Board of Directors of the Company (hereinafter referred to a "Board" which term shall be deemed to include any committee which the Board may constituted or hereinafter constitute to exercise its powers including the powers confidency in the provision of the Company ("Warrants"), convertible into equity shares of Rs. 10 each Company, at any time within 18 months from the date of allotmen					
			rega		•	,		
			Sr. No.	Name of Proposed Allottees	Number of Warrants	Category		
			1.	Fidelity Multitrade Pvt. Ltd	5,00,000	Independent		
			2.	Gyanmay Investment Advisors LLP	16,65,000	Independent		
			3.	Smt. Usha H Parekh	3,35,000	Independent		
			4.	Vikas Ferro Pvt Ltd.	15,00,000	Independent		
			5. Vikas Coating Pvt. Ltd 15,00,000 Independent					
			acco Date 30th Mee	<b>RESOLVED FURTHER THAT</b> the Exercise Price of the Warrants has been calculated in accordance with the provisions of Chapter VII of the SEBI ICDR Regulations. The "Relevant Date" for the determination of issue price of the Warrants issued on preferential issue is 30th May, 2014. The Relevant Date is 30 days prior to the date of the Extraordinary General Meeting which is proposed to be held on 30th June, 2014. As the 30th day prior to date of the proposed Extraordinary General Meeting falls on a weekend, the day preceding				
				weekend has been reckoned to be the re	-	levant Date for the		

purposes of calculating the price of issue of Warrants is 30th May, 2014.

Sr. No.	Time	Person who conducted the	Resolution Passed through Postal Ballot			
		Postal Ballot				
			<b>RESOLVED FURTHER THAT</b> the issue of Warrants shall be subject to the following terms and conditions:			
			a. The Warrants shall be allotted within a period of 15 days from the date of receipt of shareholders approval for the preferential issue of Warrants, provided that where the allotment of the said Warrants is pending on account of pendency of any approval for such allotment by any regulatory authority, the allotment shall be completed within a period of 15 days from the date of such approval;			
			<ul> <li>The equity shares allotted pursuant to conversion of Warrants allotted to independent investors will be subject to lock-in for a period of 1 year from the date of trading approval or as required under SEBI ICDR;</li> </ul>			
			c. The Warrants to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company. The equity shares arising on conversion of Warrants shall rank paripassu with the existing equity shares of the Company in all respects; and			
			d. Each Warrant shall be convertible into 1 (one) equity share of nominal value of Rs. 10/- each at the Exercise Price of Rs. 94 per Warrant which is not less than the price calculated in accordance with the SEBI ICDR Regulations. The total number of equity shares to be allotted on conversion of the Warrants shall not exceed 55,00,000 equity shares. The Warrants are convertible into the equity shares at any time after allotment at the option of the Allottees, in one or more tranches, subject to a maximum period of 18 months from the date of their allotment.			
			e. If the entitlement against the Warrants to apply for the equity shares is not exercised within the specified period of 18 months, such entitlement shall lapse and the amount paid on such Warrants shall stand forfeited;			
			f. The warrant holder(s) shall, on or before the date of allotment of Warrants, pay an amount equivalent to atleast 25% of the total consideration per Warrant.			
			g. The warrant holder(s) shall, on or before the date of allotment of equity shares pursuant to the exercise of option against each such Warrant, pay the balance 75% or any other amount, as may be remaining unpaid, of the consideration per Warrant.			
			h. The amount referred to in (d) above shall be non-interest bearing.			
			<b>RESOLVED FURTHER THAT</b> for the purpose of giving effect to any offer, issue or allotment of the Warrants or equity shares arising on conversion of Warrants, the Board be and are hereby authorised to take necessary steps to give effect to this resolution and to do all such acts, deeds, matters and things as it may in their absolute discretion, deem necessary and desirable for such purpose, including without limitation, issuing clarifications on the issue and allotment of the Warrants, resolving any difficulties, effecting any modification to the foregoing (including any modifications to the terms of the issue), preparing, signing and filing applications with the appropriate authorities for obtaining requisite approvals, liaison with appropriate authorities to obtain the requisite approvals, entering into contracts, arrangements, agreements, memoranda, documents for appointment of agencies for managing, listing and trading of equity shares arisingon conversion of Warrants, to appoint such consultants, legal advisors, advisors and all such agencies as may be required for the issuance of the Warrants.			
			<b>RESOLVED FURTHER THAT</b> all actions taken by the Board or a Committee duly constituted for this purpose in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and they are hereby approved, ratified and confirmed in all respects."			



Sr. No.	Time	Person who conducted the Postal Ballot	Resolution Passed through Postal Ballot
			4. ISSUANCE OF EQUITY SHARES TO QUALIFIED INSTITUTIONAL BUYERS THROUGH QUALIFIED INSTITUIONAL PLACMENT
			"RESOLVED THAT pursuant to the provisions of Section 42, 62 of Companies Act, 2013, notified till date, ("New Act") and all otherapplicable provisions of the Companies act, 1956, effective till date ("Old Act") (including any statutory modification(s) or re-enactment thereof, for the time being in force), and Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotmentof Securities) Rules, 2014 and other applicable rules, regulations and guidelines of the Securities and Exchange Board of India ("SEBI"), the applicable provisions of the Foreign Exchange Management Act, 1999 ("FEMA"), Foreign Exchange Management (Transfer or issueof Security by a Person Resident Outside India) Regulations, 2000, Issue of QIP (Qualified Institutions Placement) under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("ICDR Regulations"), theenabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into between the Company and National Stock Exchange of India Limited & BSE Limited (together "Stock Exchanges") where the shares of the Companyare listed, and subject to all requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank ofIndia ("RBI"), the Department of Industrial Policy and Promotion, Ministry of Commerce ("DIPP"), the Foreign Investment PromotionBoard ("FIPB"), and all other authorities as may be required, whether in India or outside India, (hereinafter collectively referred to as "Appropriate Authorities"), and subject to such conditions and modifications as may be prescribed or imposed by any authority whilegranting any such approval, consent, permission, and/or sanction (hereinafter referred to as "Requisite Approvals") and as agreed to by theBoard of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereofwhich the Board may have constituted or may he
			purposes of calculating the price of issue of Warrants is May 30, 2014.  g) Undertaking that the Company shall re-compute the price of the specified securities in terms of the provisions of SEBI ICDRRegulations, where it is required to do soAs the equity shares of the Company have been listed on the stock exchanges for more than six months, the conditions relating to re computing the price and other matters connected therewith referred to in the SEBI ICDR Regulations are not applicable to the Company.  h) Undertaking that if the amount payable on account of re-computation of price is not
			paid within the time stipulated in SEBI ICDR Regulations, the specified securities shall continue to be locked in till the time such amount is paid by the allottee – Not applicable.
			i) Lock in - The equity shares allotted pursuant to conversion of Warrants to independent Investor will be subject to lock-in for a period of one year from the date of trading approval or as required under SEBI ICDR Regulations. The entire pre preferential allotment shareholding of the Allottees, if any, shall be locked-in from the relevant date up to a period of six months from the date of trading approval.
			j) Auditor's Certificate
			As required under the SEBI (ICDR) Regulations, a certificate from the statutory auditors of the Company, certifying that the proposed preferential issue is being made in accordance with the SEBI ICDR Regulations will be available for inspection at the Registered Office of the Company after the relevant date on all working days except Saturdays and Sundays and public holidays between 10.00 a.m. and 5.00 p.m. until 15 days after the date of EGM.

Sr. No.	Time	Person who conducted the Postal Ballot	Resolution Passed through Postal Ballot
			Further, under section 62 of the Companies Act, 2013, approval of the members is required for allotment of securities on preferential basis. Accordingly, the consent of the shareholders is being sought, pursuant to the applicable provisions of the Companies Act, 2013, and SEBI ICDR Regulations to issue and allot equity shares on preferential basis as stated in the resolutions.
2.	03.08.2015		1. ADOPTION OF NEWLY SUBSTITUTED SET OF ARTICLES OF ASSOCIATION AS
			CONTAINING REGULATIONS IN LINE WITH COMPANIES ACT,2013.
			"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed there under, the Articles of Association of the Company be and are hereby altered by replacing all the existing articles with the new set of articles in consonance with the Companies Act, 2013.
			FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, Shri Amit Bhatnagar (DIN 00775880)Managing Director or Shri Sumit Bhatnagar (DIN 00776129) Jt. Managing Director of the Company be and are hereby authorised, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to signand execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary E-form with the Registrar of Companies Gujarat.
			2. TO CONSIDER TO ISSUE EQUITY WARRANTS ON PREFERENTIAL BASIS TO THE
			PROMOTERS OF THE COMPANY.
			"RESOLVED THAT Pursuant section 62 of the Companies Act, 2013 and all other applicable provisions, if any of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, the Security and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations 2009 as Amended (ICDR Regulations) the SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 2011, as Amended (the "Takeover Regulation") and any other Rules/ Regulations/ Guidelines if any prescribed by the SEBI, Reserve Bank of India, Stock Exchanges and/ or any other Statutory (Regulatory Authority, the Listing Agreement entered into by the Company with the Stock Exchanges where the Securities of the Company are listed and subject to the approval(s), if any, of the appropriate authorities, institutions, or bodies as may be required and subject to such other conditions as may-prescribed by any of them while granting any such approval(s) and which may be agreed to by the Board of Directors of the Company (hereinafter refer to as 'the Board' which terms shall deem to include any Committee which the Board may have constituted or hereinafter constitute to exercise its power including the powers conferred by the Resolutions) and in terms of furtherance to, the restructuring scheme approved by the Lenders of the Company under the Joint Lender Forum Mechanism (JLF Mechanism) the Board be and is hereby authorized-to create, offer, issue and allot such number of warrants, convertible into equity shares of face value of Rs. 10/- each, fully paid up, at such price (including premium) being not less thanthe price determined in accordance with Chapter VII of SEBI ICDR Regulations, on a preferential basis, so that the total value of the number of shares so issued at a price determined in accordance with Chapter VII of SEBI ICDR Regulations aggre
			RESOLVED FURTHER THAT
			a) the Relevant Date, as per the SEBI ICDR Regulations for the determination of issue price of the Warrants to be allotted pursuant to the preferential allotment is fixed as 3rd July, 2015 i.e. 30 days prior to the date of declaration of result of postal ballot which is 3rd August, 2015, to approve the proposed preferential issue, in terms of the provisions of the Companies Act, 2013



Sr. No.	Time	Person who conducted the Postal Ballot	Resolution Passed through Postal Ballot
			b) The offer, issue and allotment of the aforesaid warrants shall be made at such time or times as the Board/Committee may in its absolute discretion decide.
			c) The warrants, convertible into equity shares of face value of Rs. 10/- each, fully paid up, at such price (including premium) being not less than the price determined in accordance with Chapter VII of SEBI ICDR Regulations, on a preferential basis, so that the total value of the number of shares so issued at a price determined in accordance with Chapter VII of SEBI ICDR Regulations aggregates to not more Rs. 66,14,00,000 (Rupees Sixty Six Crores and Fourteen Lacs Only).
			<ul> <li>e) The warrants shall be convertible into Equity Shares of the Company at the discretion of the holders, without any further approval of the shareholders prior to or at the time of conversion.</li> </ul>
			f) The tenure of the Warrants shall not exceed 18 months from the date of its allotment.
			g) The warrants by itself do not give to the holder thereof any rights of the shareholders of the Company.
			h) The allotment of Warrants is proposed to be completed within a maximum period of 15 days from the date of passing of the resolution at Postal Ballot. In case the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority including SEBI or Stock Exchanges where the shares of the Company are listed or the Central Government then the allotment shall be completed within 15 days from the date of receipt of such approval.
			i) In the event of the company making a bonus issue of shares or marking rights issue of shares/ convertible debentures or any other securities or any other corporate restructuring or arrangement including merger/demerger/acquisitions, in whatever proportion prior to the exercise of the rights attached to the Warrants, the entitlement of the holders shall stand augmented in the same proportion in which the equity share capital of the company increases as a consequences of such bonus/ rights issues/corporate restructuring and that the exercise price of the Warrants be adjusted accordingly, subject to such approvals as may be required.
			j) The Equity Shares allotted, pursuant to conversion of Warrants allotted to Promoters & Associates will be subject to lock-in for a period of 3 years from the date of trading approval or as required under SEBI ICDR.
			k) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Warrants and also shall be entitled to vary, modify or alter any of the terms and conditions, including the size of the issue, as it may deem expedient.
			I) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of directors or any other officer or officers of the Company to give effect to the aforesaid resolution.
			m) The Equity Shares allotted on conversion of Warrants in terms of this resolution shall rank paripassuin all respects including as to dividend with the existing fully paid Equity Shares of the face value of Rs.10/- each of the Company subject to the relevant provisions contained in Articles of Association, as amended, of the Company.
			n) The Warrant holder(s) shall, on or before the date of allotment of Warrant, pay an amount equivalent to atleast 25% of the total consideration per Warrant.
			o) The Warrant holder(s) shall, on or before the date of allotment of Equity Shares pursuant to the exercise of option against each such warrant, pay the balance 75% or any other amount, as may be remaining unpaid, of the consideration of warrant.
			p) the amount so paid shall be non-interest bearing.

Sr. No.	Time	Person who conducted the	Resolution Passed through Postal Ballot			
		Postal Ballot				
			<b>RESOLVED FURTHER THAT</b> for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Warrants against the Unsecured loan of Promoters & Associates."			
			3. TO PROVIDE OPTION TO LENDERS TO CONVERT LOANS INTO EQUITY SHARES.			
			"RESOLVED THAT pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactmentthereof for the time being in force), and any modifications thereto, which the Board of Directors of Diamond Power Limited ("the Company"), (hereinafter referred to as "theBoard" which term shall be deemed to include any Committee thereof), be and is hereby authorized to accept, and the consent of the Company be and is hereby accorded to the Board forthe allotment, on the terms and conditions contained in Master Restructuring Agreement (MRA), of such number of Equity Shares of the face value of Rs. 10/- (Rupees Ten) each to theLender(s) which shall not exceed the amount of principal and interest outstanding as on the date of conversion, at a price determined as per the SEBI rules and regulations and theapplicable provisions of the Companies Act, 2013 as amended from time to time.			
			The conversion by the Lender(s) shall be in accordance with the following conditions:			
			<ul> <li>i. On receipt of the Notice of Conversion, the Company shall issue and allot the requisite number of fully paid-up Equity Shares to the Lender(s) or such other person identified by the them as from the date of conversion and such Lender(s) shall accept the same in satisfaction of the loans of the lenders so converted, as envisaged under the Restructuring Scheme;</li> </ul>			
			ii. The part of the said loans so converted shall cease to carry interest from the date of conversion and the said loans shall stand accordingly reduced. Upon such conversion, therepayment instalments payable after the date of conversion as per the Restructuring Scheme shall stand reduced proportionately by the amounts of the said loan so converted or asdecided by the Lender(s);			
			iii. The Equity Shares so issued and allotted to the Lenders or such other person identified by the Lenders shall rank paripassu with the existing Equity Shares of the Company in allrespects, interalia, the dividends and other distributions declared or to be declared in respect of the equity capital of the Company. The Company shall, at all times, maintainsufficient un-issued equity share capital for the above purpose; and			
			iv. In the event of exercising the aforesaid conversion right by the Lenders or such other person identified by the Lenders, the Company shall, at its cost, immediately apply to the stock exchanges where the shares of the Company are listed for the listing of the Equity Shares issued to the Lenders or such other person identified by the Lenders as a result of theconversion and for the said purpose the Company shall take all such steps as may be necessary to the satisfaction of the Lenders or such other persons identified by the Lenders.			
			<b>RESOLVED FURTHER THAT</b> the Board be and are hereby authorized to issue and allot to the lenders such number of Equity Shares for conversion of the said portion of the Convertible Facilities, as may be desired by the Lenders.			
			<b>RESOLVED FURTHER THAT</b> the Board shall comply with the provisions of the Companies Act, 2013, SEBI and all other laws as applicable thereon including rules and other regulation framed thereunder.			
			<b>RESOLVED FURTHER THAT</b> the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to theabove resolution."			

The details of the voting pattern, name of the scrutinizer and the procedure adopted for postal ballot is available on the Company's website www.dicabs.com.



# Material Disclosures:

- There are no matters pertaining to non-compliance by the company, penalties 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 vigil mechanism, affirmation is hereby given that no personnel has been denied access to the audit committee.

# Means Of Communication

# 1. Publication of quarterly financial results:

Quarterly, half-yearly, nine-monthly and annual financial results of the Company were published in leading English and vernacular language newspaper.

# 2. Website and News Releases:

A separate dedicated section under 'Investors' on the Company's website www.dicabs.com gives information on various announcements made by the Company, status of unclaimed dividend, stock quotes, Annual Report, Quarterly/Half yearly/ Nine-monthly and Annual financial results along with the applicable policies of the Company. The Company's official news releases and presentations made to the institutional investors and analysts are also available on the Company's website.

# 3. Stock Exchange:

Your Company makes timely disclosures of necessary information to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) in terms of the Listing Agreement(s) and other rules and regulations issued by SEBI.

# 4. NEAPS (NSE Electronic Application Processing System):

NEAPS are a web-based application designed by NSE for corporates. All periodical compliance filings, inter alia, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others are also filed electronically through NEAPS.

# 5. BSE Corporate Compliance & Listing Centre:

BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, inter alia, Shareholding pattern, Corporate Governance Report, Corporate announcements, amongst others are also filed electronically on the Listing Centre.

# General Shareholder Information:

#### i. 24th Annual General Meeting:

- Date: 19th August, 2016

- Time: 10.00

Venue: Registered Office of the Company Phase II, Village Vadadala, Taluka: Savli, Dist. Vadodara, Gujarat, India

## ii. Financial Year:

Commencing from 1st April, 2015 to 31st March, 2016

#### iii. Date of Book Closure:

Tuesday, 16th August, 2016 to Friday, 19th August, 2016 (both days inclusive).

# iv. Dividend Payment Date: N.A.

#### vi. Listed on:

## 1. BSE Limited

Address: P J Towers, Dalal Street, Mumbai - 400 021

# 2. National Stock Exchange of India Limited

Address :Exchange plaza, Bandra, Kurla Complex, Bandra (East) Mumbai-400 051

The Listing Fees to National Stock Exchange of India Ltd and BSE Limited has already been paid for the year 2015-16.

## vii. Stock Code:

BSE: - 522163 NSE: - DIAPOWER

## vii. A. 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 01.04.2015 to 31.03.2016 are given below:

Stock Exchange	BSE NSE			NSE		
Month & Year	High (Rs)	Low (Rs)	No of Shares	High (Rs)	Low (Rs)	No of Shares
			traded during			traded during
			the month			the month
April, 2015	60.40	42.10	10,27,178	60.20	41.95	29,43,652
May, 2015	55.00	43.50	4,72,945	54.80	43.20	19,81,001
June, 2015	47.65	36.30	9,57,194	47.50	36.45	26,05,201
July, 2015	47.00	38.80	8,01,988	48.00	38.55	22,26,879
August, 2015	52.00	33.45	12,43,618	52.10	33.10	32,38,673
September, 2015	46.40	36.85	4,71,433	46.60	37.15	12,35,090
October, 2015	45.00	37.35	4,22,509	42.45	37.65	9,48,641
November, 2015	47.25	32.70	8,06,602	47.50	31.00	28,99,748
December, 2015	47.25	36.50	22,55,625	47.30	36.50	75,70,930
January, 2016	45.15	32.55	7,09,653	45.50	32.40	28,99,564
February, 2016	37.80	23.25	5,87,745	37.90	23.80	9,70,626
March, 2016	27.50	22.05	11,96,250	27.85	21.90	68,03,974

# B. PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES:

# viii. Registrar and Transfer Agent:

# M/s Karvy Computershares Private Limited

Address: Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032

# ix. Share Transfer System:

Share Transfers in physical form can be lodged with Karvy Computer share 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, Registrar, in consultation with Share Transfer Committee, is empowered to approve transfers, in addition to the powers with the Members of the Stakeholders' Grievance & Relationship Committee.

Details of investors' complaints received during 1st April, 2015 to 31st March, 2016 are as follows:

Sr. No.	Nature of Complaint*	Receipt	Disposed	Pending	Remarks
1	Non- receipt of dividend warrant	10	10	-	-
2	Excess/ Short payment of Dividend Warrant	-	-	-	-
3	Non-receipt of Annual Reports	1	1	-	-
4	Legal Notice	-	-	-	-
5	Non- receipt of refund order	-	-	-	-
6	Correction of name on securities	2	2	-	-
7	Non Receipt of Security- Complaint relating to transfer of Shares	13	13	-	-
8	Clarification regarding shares	37	37	-	-

<sup>\*</sup> Information is based on reports prepared by Independent Share Transfer Agent.

# xi. Shareholding Pattern and Distribution of Shareholding

Shareholding pattern as on 31st March, 2016

Category	No. of Holders	Total Shares	% of Equity
PROMOTERS BODIES CORPORATE	8	1,32,61,955	23.27
RESIDENT INDIVIDUALS	20248	14790912	25.95
PROMOTERS	8	54,83,393	9.62
FOREIGN CORPORATE BODIES	1	472776	0.83
FOREIGN INSTITUTIONAL INVESTORS	4	2752602	4.83
FOREIGN PORTFOLIO INVESTORS	1	250000	0.44
TRUST	3	1368588	2.40
BODIES CORPORATES	454	10839223	19.02
NON-RESIDENT INDIANS	477	1231570	2.16
HUF	552	1262913	2.22
CLEARING MEMBERS	97	4395093	7.70
NBFC	3	854582	1.50
INDIAN FINANCIAL INSTITUTION/BANK	3	36888	0.06
Total	21859	5,70,00,495	100



# Distribution Schedule - Consolidated as on 31.03.2016.

Sr.	Category	Cases	% of Cases	Total shares	Amount	% of Amount
No.						
1	1-5000	16682	76.32	2911061	29110610.00	5.11
2	5001- 10000	2654	12.14	1970991	19709910.00	3.46
3	10001- 20000	1217	5.57	1828162	18281620.00	3.21
4	20001-30000	416	1.90	1062807	10628070.00	1.86
5	30001- 40000	196	0.90	700620	7006200.00	1.23
6	40001- 50000	147	0.67	679582	6795820.00	1.19
7	50001- 100000	256	1.17	1871695	18716950.00	3.28
8	100001& Above	291	1.33	45975577	459755770.00	80.66
	Total			57000495	570004950.00	100.00

The Shareholders are requested to follow exact ISIN for the purpose of dealing in the respected securities. Presently the Equity Shares and Preference Shares of the Company are held in electronic and physical mode. The status of Equity Shares of the Company as of 31st March, 2016 is as follows:

Particulars Number of Shares % of total Equity Share

# Control Report as on 31/03/2016

Sr. No.	Description	No of Holders	Shares	% to Equity
1	DLIVCIOAL		0005007	3.92
	PHYSICAL	4550	2235027	3.92
2	NSDL	10930	44926782	78.82
3	CDSL	SL 6379		17.26
	Total	21859	57000495	100.00

# Name, designation & address of Compliance Officer:

Shri Nishant Javlekar Company Secretary

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

## Plant Location

Phase II, Village Vadadala, Tal. Savli, Dist. Vadodara, Gujarat

# COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

## i) The Board

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

# ii) 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.

# iii) 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.

# iv) 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.

# v) 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.

## vi) Vigil Mechanism/Whistle Blower Policy

The Company has adopted a Vigil Mechanism (i.e. 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 Companies 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.

- 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.
- 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 servicina:-

- any change in their address/mandate/bank details, and 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 SenapatiBapatMarg, 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**

# PhirozeJeejeebhoy 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**

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. SH-4 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).

# **E-VOTING FACILITY TO MEMBERS**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 24thAnnual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

Pursuant to the amendments made in clause 35B of the Listing Agreement by SEBI, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

# **UPDATE ADDRESS/ E-MAIL ADDRESS/BANK DETAILS**

To receive all communications/corporate actions promptly, members holding shares in dematerialised form are requested to please update their address/email address/bank details with the respective DPs and in case of physical shares, the updated details have to be intimated to the Registrar & Share Transfer Agents.



# ELECTRONIC SERVICE OF DOCUMENTS TO MEMBERS AT THE REGISTERED EMAIL ADDRESS

As a responsible corporate citizen, your Company has been continuously supporting the "Green Initiatives" taken by the Ministry of Corporate Affairs, Government of India (MCA) and Securities and Exchange Board of India (SEBI).

Accordingly, in respect of Members / Members who have registered their email addresses, the Company have been dispatching all documents vide electronic form since May 2011.

In accordance with Rule 18 of the Companies (Management and Administration) Rules, 2014 notified under the Companies Act, 2013, the Companies may give Notice of the General Meetings through electronic mode. Further, the said Rule provides that advance opportunity should be given at least once in a financial year to the Members / Members for registering their email address and changes therein, as may be applicable. Further Rule 11 of the Companies (Accounts) Rules, 2014 notified under the Companies Act, 2013 provides that in case of listed companies, financial statements may be sent by electronic mode to such members / members whose shareholding is in dematerialized form and whose email lds are registered with the Depository for communication purposes. As regards Members / Members whose shareholding is held in physical form, the financial statements may be sent in electronic mode to those members who have positively consented in writing for receiving by electronic mode.

In view of the above, the Company shall send all documents to Members like General Meeting Notices (including AGM), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other future communication (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those members, whose email address is registered with Depository Participant (DP)/Registrars & Share Transfer Agents (RTA) (hereinafter "registered email address") and made available to us, which has been deemed to beThe member's registered email address for serving the aforesaid documents. To enable the servicing of documents electronically to the registered email address, we request the members to keep their email addresses validated/updated from time to time. We wish to reiterate that Members holding shares in electronic form are requested to please inform any changes in their registered e-mail address to their DP from time to time and Members holding shares in physical form have to write to our RTA, M/s Karvy Computer shares Private Limited at their specified address, so as to update their registered email address from time to time.

Please note that the Annual Report of the Company will also be available on the Company's website www.dicabs.com for ready reference. Members are also requested to take note that they will be entitled to be furnished, free of cost, the aforesaid documents, upon receipt of requisition from the member, any time, as a member of the Company.

For and On Behalf of the Board of Directors

**Shri Amit Bhatnagar** Chairman & Managing Director

Date: 21st July, 2016 Place: Vadodara

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Memhers of

#### **Diamond Power Infrastructure Limited**

Phase II, Village- Vadadala, Tal. Savli, Dist. Vadodara, Gujarat

I have examined the compliance of conditions of Corporate Governance by Diamond Power Infrastructure Limited ("the company) for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the company with the Stock Exchanges for the period April 01, 2015 to November 30, 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of Listing Regulations for the period December 01, 2015 to March 31, 2016.

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of Company.

In my opinion and to the best of my information and according to the explanations and information furnished to me and representation made by the Directors and the Management, I certify that Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

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

For **D Patel & Associates**Company Secretary in Practice

Divyesh Patel ACS: 33921 CP No.: 15027

14th July, 2016 Vadodara

# CEO and CFO Certification

Τo,

The Board of Directors

# **Diamond Power Infrastructure Limited**

Vadodara

We Amit Bhatnagar, Managing Director and Sumit Bhatnagar Jt. Managing Director to the best of our knowledge and belief, certify that:

- 1. We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2016 and based on our knowledge and belief, we state that:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
  - (b) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- 2. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- 3. We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- 4. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- 5. We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee
  - (a) significant changes, if any, in the internal control over financial reporting during the year;
  - (b) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having 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

Date: 21st July, 2016 Place: Vadodara

# CURRENT ACTIVITIES OF THE COMPANIES

At present your 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.

# DICABS

STANDALONE FINANCIAL STATEMENTS 2015-16



# **Independent Auditors' Report**

# TO THE MEMBERS OF Diamond Power Infrastructure Limited

# REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Diamond Power Infrastructure Limited ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

# MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

# **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made the regulator.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit procedures that are appropriate in the circumstances. An audit procedures used and the reasonableness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

# **BASIS FOR QUALIFIED OPINION**

 As stated in note 45 to the standalone financial statements, the Company does not have system of maintaining material wise details of sales, purchases and consumption. Accordingly, breakup of amount of major sales, purchases and major raw materials consumed under broad heads is not disclosed in the standalone financial statements as required by Schedule III of the Act. Further, the Company does not have system of maintaining listing of purchase order for capital goods. Accordingly, the details of capital commitment is not disclosed in the standalone financial statements and the impact of which is not ascertainable at this stage.

2. As stated in note 48 to the standalone financial statements, the Company does not have a cost of each of the assets, its significant component and capital work in progress capitalized during the year and in earlier years. The depreciation charge for the year is worked out on the basis of the gross value of assets as classified in the standalone financial statements. The depreciation charge calculated on the said basis could be different, if worked out on the basis of the cost of individual asset. The aforesaid matters can have an impact on the profit for the year, reserves as the year end and the value of net assets carried forward in the standalone financial statements.

## Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph which is unascertainable at this stage, the aforesaid standalone 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 of the state of affairs of the Company as at 31 March 2016, its loss and its 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, 2016 ('the Order'), issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order

As required by sub-section [3] of Section 143 of the Act, we report that:

- (a) except for the possible effects of the matter described in paragraph 1 and 2 of Basis for Qualified Opinion, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) except for the possible effects of the matter described in paragraph 1 and 2 of Basis for Qualified Opinion, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books:
- (c) except for the possible effects of the matter described in paragraph 1 and 2 of Basis for Qualified Opinion, the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
- in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse impact on the functioning of the Company;
- f) on the basis of the written representations received from the Directors as on 31 March 2016 taken on record by the Board



- of Directors, none of the Directors are disqualified as on 31 March 2016 from being appointed as a Director in terms of Section 164(2) of the Act;
- (g) the qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) the with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in the Annexure B; and
  - (i) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 34 to the financial statements;
  - the Company did not have long-term contracts including derivative contracts for which there were any material foreseeable losses; and

 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2016.

# For BSR & Co. LLP

#### For ABCJPR & CO.

(Name changed from A Yadav & Associates)

Chartered Accountants

Firm's Registration No:

101248W/W-100022

Chartered Accountants

Firm's Registration No:

129725W

Vijay Bhatt Arvind Yadav

Partner Partner
Membership No: 036647 Membership No: 047422

Vadodara Vadodara 21 July 2016 21 July 2016

# **Annexure A**

# TO THE INDEPENDENT AUDITORS' REPORT - 31 MARCH 2016

(Referred to our report of even date)

- (i) (a) The Company is in the process of updating the fixed assets register showing full particulars of its fixed assets.
  - (b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which the all fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, land, building and significant plant and machinery has been physically verified by the management along with an independent valuer during the year. The discrepancy between the physical verification and book record, if any, would be dealt with on updation of fixed assets register.
  - (c) As informed to us, the title deeds of all lands owned by the Company are deposited with debentures trustee. We have received confirmations from the debenture trustee confirming of holding of title deeds. With respect to buildings, we have verified the same with the property tax payment challans. The Company would reconcile the title deeds of all immoveable properties which are lying with debenture trustee with the fixed asset register.
- (iii) The inventory, other than goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In respect of stocks lying with third parties at some of the location, the management has performed joint physical verification with such third parties as at the year end. The discrepancies noticed on verification between the physical stocks and the book records (including stocks as recorded on the basis of joint verification) were not material and the same have been properly dealt with in books of account.
- (iii) The Company has granted unsecured interest free loans to associate companies covered in the register maintained under section 189 of the Act.
  - In our opinion, the terms and conditions of such loans considering the purpose for which it was given except not recovering the interest till the transactions fructifies

- is not prejudicial to the interest of the Company.
- The terms and conditions of these loans are without any stipulation for repayment as such loans are given for specific purpose.
- c. According to the information and explanation given to us, the Company has not demanded any amount for repayment of principal or interest for loans granted. Hence, there are no overdue amounts.
- (iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loan, made any investment or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year with the appropriate authorities though there have been few delays in case of tax deducted at source, professional tax, employee state insurance corporation, provident fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became

According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise and Value added tax as at 31 March 2016, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of Statute	Nature of Dues	Amount Demanded (Rs.)	Amount unpaid (Rs.)	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	10.08	10.08	2015-16	Commissioner of Excise and Customs
Central Excise Act, 1944	Excise duty	12.82	11.41	2014-15	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	8.80	8.14	2014-15	Commissioner of Excise and Customs
Central Excise Act, 1944	Excise duty	86.25	78.82	2013-14	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	8.33	8.33	2012-13	Commissioner of Excise and Customs
Central Excise Act, 1944	Excise duty	11.21	11.21	2012-13	Custom Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	39.29	21.88	2011-12	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	45.04	45.04	2008-09	Custom Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	11.85	-	2008-09	Custom Excise & Service Tax Appellate Tribunal

- (viii) In our opinion and according to the information and explanations given to us pursuant to approval of restructuring with respective banks as per master re-structuring agreement, the Company has not defaulted in repayment of dues to any banks or financial institutions or its debenture holders. The Company does not have any loans or borrowings from government.
- According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. As the Company has not provided the information correlating the funds raised to the end use of term loan, we are unable to comment whether the money raised through term loans have been applied for the purpose for which they
- According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- In our opinion and according to the information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties and the details of such related party transactions have been disclosed in the financial statements as required by Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the

- Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. However, in absence of adequate documentation, we are unable to comment whether transactions with related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable.
- According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For BSR&Co.LLP

For ABCJPR & CO.

(Name changed from A Yadav & Associates)

**Chartered Accountants** Chartered Accountants Firm's Registration No: Firm's Registration No: 101248W/W-100022

129725W

Vijay Bhatt

**Arvind Yadav** 

Partner Partner Membership No: 047422 Membership No: 036647

Vadodara Vadodara 21 July 2016 21 July 2016



# Annexure B

# TO THE INDEPENDENT AUDITORS' REPORT - 31 MARCH 2016

(Referred to our report of even date)

# REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT. 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

# MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

# MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# **QUALIFIED OPINION**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2016:

- a) The Company has not updated fixed asset register giving breakup of cost of each class of assets and its component and Capital Work in Progress, so as to enable reconciliation of physical verification with financial records and ascertainment of depreciation/impairment. This may have an effect on incorrect reporting of profit/ loss, net fixed assets, including Capital Work in Progress and the reserves at the end of the year.
- b) The Company needs to maintain records of movement of inventories at third party site to ensure control over the same. This may have an effect of incorrect reporting to banks and internal MIS to the management.
- The Company should maintain adequate documentation to directly support the arm's length price for transactions with related party to ensure compliance with the requirement of the Accounting Standard and the Act.
- d) The Company needs to strengthen its documentation over

- purchase and sales of bought out components to ensure adequate internal checks and correct accounting of the transactions.
- e) The Company needs to maintain material wise details of sales, purchases and consumption. Further, the Company needs to maintain listing of purchase order for capital goods to determine capital commitment. This will ensure compliance with the disclosure requirement of the Act.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over

Financial Reporting issued by the Institute of Chartered Accountants of India. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2016 financial statements of the Company, and these material weaknesses except to the extent as reported in our opinion of even date does not affect our opinion on the financial statements of the Company.

# For BSR&Co.LLP

## For ABCJPR & CO.

(Name changed from A Yadav & Associates)

Chartered Accountants

Firm's Registration No:

101248W/W-100022

Chartered Accountants

Firm's Registration No:

129725W

Vijay Bhatt Arvind Yadav

Partner Partner
Membership No: 036647 Membership No: 047422

Vadodara Vadodara 21 July 2016 21 July 2016



# **Balance sheet**

# AS AT 31 MARCH 2016

Rs. in lakhs

	Note	31 March 2016	31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,114.20	5,814.20
Reserves and surplus	4	45,796.66	75,142.23
Money received against share warrants		-	3,407.50
Non-current liabilities			
Long term borrowings	5	122,987.79	106,299.62
Deferred tax liabilities (net)	6	-	1,462.00
Other long term liabilities	7	2,671.25	55.34
Long-term provisions	8	2,591.43	2,072.07
Current liabilities			
Short-term borrowings	9	101,894.44	82,476.40
Trade payables	10		
Total outstanding dues of micro enterprises and small enterprises		37.15	111.06
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,592.00	2,345.41
Other current liabilities	11	45,866.21	17,596.86
Short-term provisions	12	156.40	26.55
		334,707.53	296,809.24
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	13	101,920.89	43,705.93
Capital work-in-progress	13	12,494.52	67,875.59
Non-current investments	14	1,670.22	1,670.68
Long-term loans and advances	15	7,974.79	12,379.84
Other non-current assets	16	1,801.02	-
Current assets			
Current Investments	17	33.40	50.00
Inventories	18	80,542.67	107,639.41
Trade receivables	19	107,915.91	51,040.95
Cash and bank balances	20	8,868.77	5,316.17
Short-term loans and advances	21	10,828.07	6,252.96
Other current assets	22	657.27	877.71
		334,707.53	296,809.24
Significant accounting policies	2		
Notes to the financial statements	3-51		

The notes referred to above form an integral part of the Standalone Financial Statements As per our report of even date attached.

For B S R & Co. LLP For B S R & Co. LLP

(Name changed from A Yadav & Associates)

Chartered Accountants Chartered Accountants

Firm's Registration No: 101248W/W-100022 Firm's Registration No: 129725W

Vijay BhattArvind YadavPartnerPartner

Amit Bhatnagar Managing Director & Chief Financial Officer DIN: 00775880

CIN:L31300GJ1992PLC018198

Sumit Bhatnagar

Solint Managing Director DIN: 00776129

Nishant Javlekar

Company Secretary

Financial Officer DIN: 00776

For and on behalf of Board of Directors of

**Diamond Power Infrastructure Limited** 

Membership No: 036647 Vadodara Membership No: 047422

21 July 2016

# **Statement of Profit and loss**

# FOR THE YEAR ENDED 31 MARCH 2016

Rs. in lakhs

	Note	31 March 2016	31 March 2015
REVENUE FROM OPERATIONS	23		
Sale of products (gross)		202,640.41	240,361.40
Less: Excise Duty		(3,860.53)	(4,559.26)
Sale of products (net)		198,779.88	235,802.14
Sale of services		4,445.53	494.71
Other operating revenues	24	1,257.39	656.54
Revenue from operations (net)		204,482.80	236,953.39
Other income	25	747.09	999.41
Total revenue		205,229.89	237,952.81
EXPENSES			
Cost of materials consumed	26	163,732.35	207,850.86
Changes in inventories of finished goods and work-in-progress	27	28,500.03	9,670.46
Employee benefits expense	28	2,629.19	2,320.93
Finance costs	29	18,084.78	14,249.06
Depreciation	30	4,853.02	4,796.42
Other expenses	31	21,345.10	7,077.35
Total expenses		239,144.47	245,965.09
Loss before exceptional items and tax		(33,914.58)	(8,012.28)
Exceptional Items		-	3,000.00
Loss before tax		(33,914.58)	(11,012.28)
Provision for tax			
Tax expense		-	-
Deferred tax (credit) / charge			
for current year		-	562.00
for earlier year		(1462.00)	=
Loss for the year		(32,452.58)	(11,574.28)
"Earnings per equity share [Nominal value of share Rs.10 each]"	33		
Basic		(57.99)	(21.43)
Diluted		(57.99)	(21.43)
Significant accounting policies	1		
Notes to the financial statements	3-51		

The notes referred to above form an integral part of the Standalone Financial Statements As per our report of even date attached.

For BSR&Co.LLP

For ABCJPR & CO. (Name changed from A Yadav & Associates)

Membership No: 047422

Chartered Accountants Chartered Accountants For and on behalf of Board of Directors of Diamond Power Infrastructure Limited

Firm's Registration No: 101248W/W-100022 Firm's Registration No: 129725W

CIN:L31300GJ1992PLC018198

Vijay Bhatt Arvind Yadav Partner

Amit Bhatnagar Managing Director & Chief Financial Officer DIN: 00775880

Sumit Bhatnagar Nishant Javlekar Joint Managing Director DIN: 00776129 Company Secretary

Partner

Membership No: 036647 Vadodara

21 July 2016



# **Cash flow statement**

# FOR THE YEAR ENDED 31 MARCH 2016

Rs. in lakhs

KS. In lakn:		
	31 March 2016	31 March 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before tax	(33,914.58)	(11,012.28)
Adjustments:		
Depreciation	4,853.02	4,796.42
Finance costs	18,084.78	14,249.06
Provision for dimunition in value of investments	16.60	-
Unrealised exchange (gain) / loss (net)	(94.20)	[47.67]
Interest income	(598.18)	(951.75)
Provision for doubtful debts	6,524.98	-
Provision for doubtful advances	1,453.52	-
Provision no longer required written back	(109.14)	-
Amortisation of premium on forward exchange contracts	753.36	-
Capital work-in-progress written off	569.84	506.44
Exceptional item	-	3,000.00
Loans and advances written off	228.42	-
Operating cash flow before changes in working capital	(2,231.58)	10,540.22
(Increase) in trade receivables	(63,310.57)	(26,998.68)
(Increase) / Decrease in loans and advances, current assets and non-current assets	(2,574.38)	10,989.67
Decrease in inventories	27,096.74	4,314.29
Increase / (decrease) in long-term liabilites, current liabilities and provisions	24,105.84	(24,705.37)
Increase / (decrease) in trade payables	4,172.68	[4,649.81]
Cash used in operations	(12,741.28)	(30,509.68)
Income tax paid (net of refunds)	(191.19)	(1,708.73)
Net cash used from operating activities (A)	(12,932.46)	(32,218.41)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress and capital advances	(10,151.04)	(22,609.00)
Loans given (net)	(304.64)	-
(Investment) / proceeds from fixed deposits with banks	(2,582.97)	3,779.63
Interest received	966.93	951.75
Net cash used in investing activities (B)	(12,071.72)	(17,877.62)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings (net)	23,747.52	38,400.85
Proceeds from short term borrowings (net)	19,418.03	22,476.40
Finance costs paid	(17,191.73)	(14,249.06)
Proceeds from money received against share warrants	-	3,407.50

# **Cash flow statement**

# FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

Rs. in lakhs

	31 March 2016	31 March 2015
Net cash generated from financing activities (C)	25,973.82	50,035.69
Net increase / (decrease) in cash and cash equivalents (A + B +C)	969.64	(60.34)
Cash and cash equivalents at the beginning of year	477.48	537.82
Cash and cash equivalents at the end of year (refer note below)	1,447.12	477.48

# Notes:

The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 ('AS 3') on Cash Flow Statement prescribed in Companies (Accounting Standard) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

Rs. in lakhs

	31 March 2016	31 March 2015
Components of cash and cash equivalents (Refer Note 20)		
Cash on hand	0.76	1.92
Balances with banks:		
- Current accounts	1,446.36	474.96
- Deposit accounts	-	0.60
	1,447.12	477.48

The notes referred to above form an integral part of the Standalone Financial Statements As per our report of even date attached.

For BSR & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022 Firm's Registration No: 129725W

Vijay Bhatt Partner

Membership No: 036647

Vadodara 21 July 2016 For ABCJPR & CO.

(Name changed from A Yadav & Associates)

Chartered Accountants

**Arvind Yadav** Partner

Membership No: 047422

For and on behalf of Board of Directors of Diamond Power Infrastructure Limited CIN:L31300GJ1992PLC018198

Amit Bhatnagar Managing Director & Chief Financial Officer

DIN: 00775880

Sumit Bhatnagar Joint Managing Director DIN: 00776129

Nishant Javlekar Company Secretary



# Notes to the financial statements

# FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian rupees in lakhs)

## 1 Background

Diamond Power Infrastructure Limited is a public limited company domiciled and headquartered in India and incorporated on 26 August 1992 under the provisions of the Companies Act,1956. Its shares are listed on two stock exchanges in India. The Company is engaged in manufacturing and selling of conductor, cables and transmission towers.

# 2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

### 2.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ['Indian GAAP'] under the historical cost convention on the accrual basis. Indian GAAP comprises mandatory Accounting Standards ['AS'] as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Operating cycle is the time from acquisition of asset for processing / start of the project to their realisation in cash or cash equivalents.

# 2.2 Going concern

The Company had undertaken its expansion project which got delayed due to land acquisition and various other factors. The adverse economic scenario of the country and more particularly in the power sector, coupled with delay in expansion project led to serious financial dent in the company. The lenders in the year 2015, had approved financial restructuring package for revival of the company including completion of the project with cost overrun. The lenders have recognised the challenges faced by the Company and taken a decision to invoke Strategic Debt Restructuring (SDR) coupled with induction of strategic investor which would give long term solution to the financial requirements of the Company. The Company got such investor and informed the lenders about the term sheet signed with the proposed investor. The investors are in the process of taking approval from their respective authorities and the Company is hopeful of receiving the same shortly. Considering all the facts stated above, the accounts for the year ended 2016 are prepared on a going concern basis.

# 2.3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and

assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

# 2.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Assets under installation or under construction as at the Balance Sheet date are shown as capital work in progress.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components), plant and equipment.

Assets costing up to Rupees five thousand are fully depreciated in the year of purchase

# 2.5 Depreciation

Depreciation is charged on straight line basis as per useful life prescribed under schedule II to the Companies Act, 2013. With effect from 1 April 2014, pursuant to the requirements of Schedule II to the Companies Act, 2013, the Company has reassessed the useful life of the assets.

# 2.6 Impairment of assets

In accordance with AS 28 on 'impairment of assets', fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in statement of profit

# Notes to the financial statements

# FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

(Currency: Indian rupees in lakhs)

or loss. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. The impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the statement of profit or loss; however, in the case of revalued assets, the reversal is credited directly to revaluation surplus except to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of profit or loss.

# 2.7 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

# 2.8 Revenue recognition

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue from services is recognised under the proportionate completion method provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection of the consideration.

The amount recognised as revenue is exclusive of sales tax, value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Discount or premium on debt securities held is accrued over the period to maturity.

## 2.9 Inventories

Inventories which comprise raw materials, work-in-

progress, finished goods, stock-in-trade, stores and spares are carried at lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The Company follows weighted average cost method for its valuation purpose.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on item-by-item basis.

# 2.10 Operating leases

Lease where the lessor effectively retains substantially all the risks and benefit of ownership of the leased item are classified as operating lease. Operating lease payments are recognised as an expense on a straight-line basis over the non cancellable period of the lease term and charged to the statement of profit and loss unless other systematic basis is more representative of the time pattern of the benefit. Any modifications in respect of lease terms or assumptions are recorded prospectively.

# 2.11 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are stated at cost. Provision for diminution in value is made only when in the opinion of the management there is a diminution other than temporary in the carrying value of such investments determined separately for each investment. Current investments are valued at lower of cost and market value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to statement of profit and loss.

# 2.12 Employee benefits

# Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include salaries and wages, bonus, ex-gratia and compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered



### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

(Currency: Indian rupees in lakhs)

by employees is recognised as an expense during the period.

#### Long term employment benefits:

#### (i) Defined contribution plans:

The Company's Employee State Insurance and Provident fund schemes are defined contribution plans.

The Company's contribution paid/payable under the Schemes is recognised as expense in the statement of profit and loss during the period in which the employee renders the related service. The Company makes specified monthly contributions towards employee provident fund and Employees' State Insurance Scheme.

#### (ii) Defined benefit plans:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary at each balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

#### (iii) Other long term employment benefits:

Company's liabilities towards compensated absences to employees are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the statement of profit and loss.

#### 2.13 Earnings per share (EPS)

Basic EPS is computed by dividing the net profit

attributable to shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

#### 2.14 Foreign Currency Transactions

Foreign exchange transactions are recorded into Indian rupees using the average of the opening and closing spot rates on the dates of the respective transactions.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date. The resultant exchange differences are recognised in the statement of profit and loss except that:

- a. exchange differences pertaining to long term foreign currency monetary items are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA), and are amortised over the balance period of the relevant foreign currency item.
- exchange differences arising on other long-term foreign currency monetary items are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA), and are amortised over the balance period of the relevant foreign currency item.

A foreign currency monetary item is classified as long-term if it has original maturity of one year or more.

Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the accumulated amount is recognised as income or expense.

The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset / liability is recognised over the period of the contract. The amount so recognised in respect of forward exchange contracts which are taken to hedge long-term foreign currency monetary items is added to / deducted from the carrying amounts of depreciable assets or accumulated in FCMITDA as discussed above. In respect of other forward exchange contracts, it is recognised in the Statement of Profit and Loss

The forward exchange contracts taken to hedge existing assets or liabilities are translated at the

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

(Currency: Indian rupees in lakhs)

closing exchange rates and resultant exchange differences are recognised in the same manner as those on the underlying foreign currency asset or liability.

#### **Derivative Instruments**

Apart from forward exchange contracts are taken to hedge existing assets or liabilities, the Company also uses derivatives to hedge its foreign currency risk exposure relating to firm commitments and highly probable transactions. In accordance with the relevant announcement of the Institute of Chartered Accountants of India, the company provides for losses in respect of such outstanding derivative contracts at the balance sheet date by marking them to market. Net gain, if any, is not recognised. The contracts are aggregated category-wise, to determine net gain/loss.

#### 2.15 Taxes on income

#### Income tay

Income tax expense comprises current tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions, in accordance with the Income tax Act, 1961.

#### Deferred tax

Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/ losses as per the financial statements. Deferred tax assets and liabilities are measured using

the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

#### 2.16 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision are measured on an undiscounted basis.

A Contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.



### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

3 Share capital		Rs. in lakhs
	31 March 2016	31 March 2015
Authorised		
8,00,00,000 (Previous year : 8,00,00,000) equity shares of Rs.10 each	8,000.00	8,000.00
41,41,500 (Previous year : 41,41,500) preference shares of Rs. 10 each	414.15	414.15
Issued and subscribed		
5,76,80,245 (Previous year : 5,46,80,245) equity shares of Rs.10 each	5,768.02	5,468.02
41,41,500 (Previous year : 41,41,500) 0.1% redeemable cumulative	414.15	414.15
preference shares of Rs. 10 each		
Paid up		
5,70,00,495 (Previous year : 5,40,00,495) equity shares of Rs.10 each fully paid-up	5,700.05	5,400.05
41,41,500 (Previous year : 41,41,500) 0.1% Cumulative	414.15	414.15
Redeemable Preference shares of Rs. 10 each fully Paid-up		
	6,114.20	5,814.20

#### (A) Reconciliation of shares outstanding at the beginning and at the end of the year

	31 Mar	rch 2016	31 March 2015		
	Number	Amount (In Lakhs)	Number	Amount (In Lakhs)	
Equity shares					
Shares outstanding at the beginning of the year	54,000,495	5,400.05	54,000,495	5,400.05	
Add : Share issued on exercise of share warrants during	3,000,000	300.00	-	-	
the year					
Shares outstanding at the end of the year	57,000,495	5,700.05	54,000,495	5,400.05	
0.1% Redeemable cumulative preference shares					
Shares outstanding at the beginning of the year	41,41,500	414.15	41,41,500	414.15	
Add : shares issued during the year	-	-	-	-	
Shares outstanding at the end of the year	41,41,500	414.15	41,41,500	414.15	

#### (B) Rights, preferences and restrictions attached to equity shares

- (i) The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of shareholders are in proportion to its share of paid up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.
- (ii) Failure to pay any amount called up on shares may lead to forfeiture of shares
- (iii) On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.
- (iv) Each holder of Equity share is entitled to one vote for share.

#### 0.1% Redeemable cumulative preference shares

- (i) 0.1 % Cumulative redeemable Preference Shares of Rs. 10 each were privately placed with Diamond Projects Limited and Madhuri Finserve Private Limited on 30 September 2013 at a premium of Rs. 171 per share. These shares are redeemable after 10 years from the date of issue. The holders of these shares are entitled to a cumulative dividend of 0.1%.
- (ii) Preference shares carry a preferential right as to dividend over equity shareholders. Where dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward. The preference shares are entitled to one vote per share at meetings of the Company on any resolutions of the Company directly affecting their rights. However, a cumulative preference shareholder acquires voting rights on par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years. In the event of liquidation, preference shareholders have a potential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

#### 3 Share capital (Contd.)

#### (C) Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 M	arch 2016	As at 31 March 2015		
	No. of Shares	% of	No. of Shares	% of	
	held	total shares	held	total shares	
Equity shares of Rs. 10 each fully paid up held by -					
Madhuri Fin serve Private Limited	6,168,413	10.82	6,224,550	11.52	
Diamond Infosystems Limited	3,293,739	5.78	3,704,732	6.86	
Macquarie Bank Limited	-	-	3,868,606	7.16	
Citibank N.A.	3,868,606	6.79	-	-	
Kotak Mahindra Trusteeship Services- A/C K	1,368,134	2.40	2,944,066	5.45	
0.1% Cumulative redeemable preference shares of					
Rs. 10 each fully paid up held by -					
Diamond Project Limited	2,070,750	50.00	2,070,750	50.00	
Madhuri Fin serve Private Limited	2,070,750	50.00	2,070,750	50.00	

#### (D) Shares reserved for issue under warrants

	As at 31 M	larch 2016	As at 31 March 2015		
	No. of	Amount	No. of	Amount	
	Shares held		Shares held		
For warrants to be converted into equity shares of Rs. 10 each (refer note f)	-	-	5,500,000	55,000,000	

### (E) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

#### During the five year period ended 31 March 2016

- a) 12,402,124 equity shares of Rs. 10 each, fully paid up have been allotted as bonus shares in financial year 2013-14.
- b) No shares have been allotted pursuant to a contract without payment being received in cash.
- c) No shares have been bought back

#### (F) Forfeited shares

Out of total 5,500,000 share warrants, the company has issued equity shares against 3,000,000 share warrants and the balance 2,500,000 share warrants are forfeited due to unpaid call during the year.

#### (G) Shares pledged (refer note 5)

18,745,449 (previous year 18,745,449) unencumbered equity shares and 4,141,500 (previous year 4,141,500) preference shares of the Company are pledged in favour of all existing lenders by directors, relatives of directors and enterprises over which such directors and their relatives exercise significant influence.



FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

4 Reserves and surplus		Rs. in lakhs
	31 March 2016	31 March 2015
Capital Reserves		
At the commencement of the year	1,784.94	1,784.94
Add: Forfeiture of application money received for issue of warrants	587.50	-
At the end of the year	2,372.44	1,784.94
Securities premium account		
At the commencement of the year	37,142.29	37,142.29
Add : Securities premium on issue of equity shares	2,520.00	-
At the end of the year	39,662.29	37,142.29
Debenture Redemption Reserve		
At the commencement of the year	6,940.00	6,940.00
Less : Transferred to Surplus in statement of Profit and Loss	[4,592.50]	=
At the end of the year	2,347.50	6,940.00
General reserve		
At the commencement of the year	15.00	15.00
At the end of the year	15.00	15.00
Surplus in the Statement of Profit and Loss		
At the commencement of the year	29,260.00	40,834.76
Add: Loss for the year	(32,452.58)	(11,574.28)
Less: Proposed preference dividend	(0.41)	(0.41)
Less: Tax on proposed preference dividend	(0.08)	(0.07)
Add: Transfer from debenture redemption reserve	4,592.50	-
At the end of the year	1,399.43	29,260.00
	45,796.66	75,142.23

5 Long-term borrowings				Rs. in lakhs	
	Non-Curre	nt Portion	Current Portion *		
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	
Secured					
a) 939 (Previous year : 944) Non-convertible debentures of Rs. 100,000 each (Refer note a below)	8,263.20	9,440.00	1,126.80	-	
b) Vehicle loans (Refer note b below)					
- From bank	0.39	4.45	2.14	-	
- From financial institution	23.61	40.30	8.90	-	
c) Term loans from banks (Refer note c below)					
- From banks	97,658.41	83,571.94	5,096.36	-	
- From financial institution	5,617.36	5,215.42	810.10	-	
- From funds	78.96	29.33	15.04	-	
Unsecured					
- Loans from related parties (Refer note d below)	11,345.86	7,798.18	-	-	
- Loans from others (Refer note e below)	-	200.00	-	-	
	122,987.78	106,299.62	7,059.34	-	

<sup>\*</sup> Amount disclosed under other current liabilities

Note: Nature of security, interest rate, repayment terms and other information for secured long term borrowings

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

- 5 Long-term borrowings (Contd.)
- a. Non-convertible debentures

		31	March 20	16	31 March 2015				
Note	Particulars	Closing Balance	Non- Current	Current	Closing Balance	Non- Current	Current	Repayment terms	Security
	Redeemable non-convertible secured debentures issued to							Repayable in 18 structured	a. First pari-passu charge in favour of
1	L & T Finance Limited	3,000.00	2,640.00	360.00	3,000.00	3,000.00	-	quarterly installments	term lenders by way of mortgage on all
2	CESB Gratuity & Pension Fund	640.00	563.20	76.80	640.00	640.00	-	beginning from	immovable properties
3	Syndicate Bank	950.00	836.00	114.00	1,000.00	1,000.00	-	30 September	and hypothecation of
4	Dena Bank Employee Gratuity Fund	400.00	352.00	48.00	400.00	400.00	-	2016. Interest on debentures	movable fixed assets of the company.
5	Corporation Bank	800.00	704.00	96.00	800.00	800.00	-	are payable on quarterly basis	b. Second pari-passu charge by way of
6	Bank of Maharshtra	1,000.00	880.00	120.00	1,000.00	1,000.00	-	at interest rate	hypothecation and/
7	Dena Bank Employee Pension fund	900.00	792.00	108.00	900.00	900.00	-	of Bank of India (lead bank) base	or pledge of current assets including all
8	Tata Capital Limited	1,700.00	1,496.00	204.00	1,700.00	1,700.00	-	rate ranging from 9.70% to 10.20% plus 0.80% p.a.	receivables. c. Personal guarantee of Mr. Suresh Bhatnagar
		9,390.00	8,263.20	1,126.80	9,440.00	9,440.00	-	plus 0.80% p.a.	(relative of Directors), Mr. Amit Bhatnagar (Managing Director) and Mr.Sumit Bhatnagar (Joint Managing Director) jointly & severally. d. Corporate Guarantee of Madhuri Finserve Private Limited and Diamond Projects Limited (enterprises over which the above key managerial personnel and their relatives exercise significant control) e. Additional collateral for all facilities- Unencumbered 18,745,449 equity shares of directors, relatives of directors and enterprises over which the above key managerial personnel and their relatives exercise significant control are pledged in favour of all existing lenders.

Note: Nature of security, interest rate, repayment terms and other information for secured long term borrowings



FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

5 Long-term borrowings (Contd.)

#### b. Vehicle loans

		31		16	31 March 2015				
Note	Particulars	Closing Balance	Non- Current	Current	Closing Balance	Non- Current	Current	Security	Repayment terms
	Vehicle loan from bank								
1	Axis Bank Limited	2.53	0.39	2.14	4.45	4.45	-	The loan is secured by hypothecation of vehicle aquired under the loan.	Loan is taken during the financial year 2014-15 which carries interest rate of 10.75% per annum. It is repayable in 36 equal monthly instalments of Rs 19,246 each commencing from June 2014.
	Vehicle loan from Financial Institution								
2	Volkswagen Finance Private Limited	32.51	23.61	8.90	40.30	40.30	-	The loan is secured by hypothecation of vehicle aquired under the loan.	Loan is taken during the financial year 2014-15 which carries interest rate of 10.08% per annum. It is repayable in 60 equal monthly instalments of Rs 97,918 each commencing from July 2014. The term loan is secured by hypothecation of vehicle aquired under the loan.
		35.04	24.00	11.04	44.75	44.75	-		

Note: Nature of security, interest rate, repayment terms and other information for secured long term borrowings

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

5 Long-term borrowings (Contd.)

#### c. Term loans

	31 March 2016 31 March 2015												
Sr. No.	Name of the bank / financial institution	Closing Balance	Non- Current	Current	Closing Balance	Non- Current	Current	Facility types	Security Reprinterm	payment ms	Interest rate		
	Loan from banks												
1	Bank of India	23,552.66	22,395.14	1,157.52	18,579.27	18,579.27	-	The facilities		to 32	All facilities		
2	Allahabad Bank	5,659.75	5,444.83	214.92	5,128.84	5,128.84	-	comprises of various		rterly uctured	carries interest rate		
3	Axis Bank	11,671.43	10,774.23	897.20	10,209.80	10,209.80	-	types of term		talments.	of Bank of		
4	Bank of Baroda	9,134.32	8,788.72	345.60	8,275.00	8,275.00	-	loans futher	loans futher		hypothecation of movable Repa	payments	India (lead
5	Corporation bank	10,707.62	10,353.06	354.56	6,870.44	6,870.44	-	bi-furcated into additional		ins from 30 ie 2016 to	bank) base rate ranging		
6	Dena Bank	6,944.71	6,718.39	226.32	4,736.91	4,736.91	-	term loans,		December	from 9.70%		
7	Export-Import Bank of India	7,983.20	7,714.10	269.10	6,874.85	6,874.85	-	corporate term loan,	or pledge of current assets including all receivables.	6	to 10.20% plus 0.80%		
8	ICICI Bank	18,008.03	16,622.39	1,385.64	16,107.96	16,107.96	-	working	c. Personal guarantee of Mr. Suresh Bhatnagar		p.a computed		
9	State Bank of Hyderabad	1,922.06	1,878.68	43.38	1,740.23	1,740.23	-	capital term loans, funded interest	(relative of Directors), Mr. Amit Bhatnagar (Managing		on a monthly basis on actual		
10	State Bank of Mysore	6,864.29	6,710.89	153.40	4,949.15	4,949.14	-	on term loans, non-	Director) and Mr.Sumit Bhatnagar (Joint Managing		amount utilised.		
11	Syndicate Bank	159.69	133.98	25.71	54.70	54.70	-	convertible debentures,	Director) jointly & severally. d. Corporate Guarantee of				
	Maharshtra	400 857 / 857	08/50/4	F.00/ 2/	00 574 07	00 574 07		and external commercial borrowings.	Madhuri Finserve Private Limited and Diamond Projects Limited lenterprises over which the above key managerial personnel and their relatives exercise significant control) e. Additional collateral for all facilities - Unencumbered 18,745,449 equity shares of directors, relatives of directors and enterprises over which the above key managerial personnel and their relatives exercise significant control are pledged in favour of all existing lenders.				
		102,754.77	97,658.41	5,096.36	83,571.94	83,571.94	-						
	Loan from financial institutions												
1	IFCI Limited	5,737.46	5,019.86	717.60	5,000.00	5000	-						
2	L & T Finance Limited	440.00	370.00	70.00	137.50	137.50	-						
3	Tata Capital Limited	250.00	227.50	22.50	77.92	77.92	-						
		6,427.46	5,617.36	810.10	5,215.42	5,215.42	-						
	Loan from fund												
1	CESB Gratuity & Pension Fund	94.00	78.96	15.04	29.33	29.33	-						
		94.00	78.96	15.04	29.33	29.33	-						
		109,276.23	103,354.73	5,921.50	88,816.69	88,816.69	-						

**Note :** The above bifurcation of current and non-current repayment of loan is made as per master re-structuring agreement dated 29 May 2015 irrespective of amount disbursed by the respective banks.



### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

#### 5 Long-term borrowings (Contd.)

#### d. Unsecured loans

Unsecured loans of Rs. 11,345.86 lakhs (Previous year: 7,998.18 lakhs) are from the directors, their relatives and enterprises over which the above directors and their relatives exercise significant influence are interest free and the same are not repayable within next twelve months as agreed between the parties. The loans are received from the following parties:

Name of the related party	31 March 2016	31 March 2015
From Directors		
Mr. Amit Bhatnagar	-	39.94
Mr. Sumit Bhatnagar	-	41.60
Mr. Suresh Bhatnagar	-	100.34
	-	181.88
From relatives of directors		
Madhurilata Bhatnagar (shareholder)	-	20.92
Mona Bhatnagar (shareholder)	-	8.25
Richa Bhatnagar (shareholder)	-	8.28
	-	37.45
From companies in which directors and their relatives exercise significant influence		
Daimond Power Transmission Private Limited	3,982.00	1,770.00
Mayfair Spaces Limited	337.00	2,345.00
Diamond Projects Limited (shareholder)	6,566.20	3,003.19
Diamond Infosystems Private Limited (shareholder)	131.68	131.68
Madhuri Finserve Private Limited (shareholder)	328.98	328.98
	11,345.86	7,578.85
Total	11,345.86	7,798.18

e. Loan taken from others is interest free and is not repayable within next twelve months as agreed with the parties

6 Deferred tax liabilities (net)		Rs. in lakhs
	31 March 2016	31 March 2015
Deferred tax liabilities		
Excess of depreciation allowable under books over depreciation as per income tax laws	-	5,205.00
	-	5,205.00
Deferred tax assets		
Excess of depreciation as per income tax laws over depreciation allowable under books	3,560.49	-
Carried forward business loss	11,517.76	3,743.00
Unabsorbed depreciation	4,980.83	-
Provision for employee benefits	317.02	-
Provision for expenses under section 40 (a)	303.55	-
Provision for doubtful trade receivables	2,217.84	-
Provision for dimunution in value of investments	5.64	
Provision for doubtful advances	494.05	-
	23,397.18	3,743.00
Net deferred tax (assets) / liability	(23,397.18)	1,462.00
Net deferred tax (assets) / liability recognised *	-	1,462.00

<sup>\*</sup>The deferred tax assets of Rs. 23,397.18 lakhs for the current year are not recognised as they are not considered to be virtually certain of realisation. Deferred tax liability recognised till 31 March 2015 has been re-evaluated and charged off during the current year.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

7 Other long term liabilities		
	31 March 2016	31 March 2015
Security deposits from customers and vendors	56.10	55.34
Other liabilities - forward contract payable	2,615.15	-
	2,671.25	55.34

8 Long term provisions Rs. in la					
	Long	term	Short	term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	
Provision for employee benefits					
Gratuity (refer note 36)	454.12	115.58	86.08	-	
Leave encashment (refer note 36)	240.67	123.38	69.33	26.07	
Other provisions					
Provision for mark to market on forward contract	331.65	-	-	-	
Provision for tax (net of advance tax : Rs. 171.24 lakhs (Previous year : 171.24))	1,564.99	1,833.11	-	-	
	2,591.43	2,072.07	155.41	26.07	

9 Short-term borrowings		Rs. in lakhs
	31 March 2016	31 March 2015
Cash credits with banks (secured) (refer note below)	101,894.44	82,476.40
	101,894.44	82,476.40

 $\textbf{Note:} \ \text{Nature of security, interest rate, repayment terms and other information for secured short-term borrowings}$ 



FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

9 Short-term borrowings (Contd.)

Note	Particulars	31 March 2016	31 March 2015	Security	Repayment terms
	Secured cash credit from :				
(i)	Bank of India	33,224.62	25,733.73	First pari-passu charge	Cash credit facilities from
(ii)	Bank of Baroda	21,193.84	14,405.08	by way of hypothecation	bank carry interest rate of
(iii)	State Bank of Mysore	3,634.61	3,008.97	and / or pledge of Current Assets of the borrower	Bank of India (lead bank) ranging from 9.70% to
(iv)	State Bank of Hyderabad	8,039.70	8,331.81	including all receivables.	10.20% (base rate) plus
(v)	Indian Overseas Bank	4,870.77	4,035.32	2. Second pari-passu charge	0.80% p.a computed on a
(vi)	Dena Bank	7,607.92	6,422.91	by way of mortgage over	monthly basis on actual amount utilised. The loans
(vii)	Axis Bank	5,502.19	4,361.19	all immovable properties and hypothecation over	are repayable on demand.
(viii)	Allahabad Bank	15,399.93	14,287.94	movable fixed assets.	
(ix)	ICICI Bank	2,420.86	1,889.45	3. Unencumbered Redeemable cumulative preference shares of Diamond Power Infrastructure Limited aggregating to Rs. 74.96 Crore (41,41,500 Preference shares of Rs.10 each share with premium of Rs.171 per share available with promoters' group companies) pledged in favour all existing lenders.  4. First pari-passu charge on factory land and industrial shed admeasuring 15,100 Sq Mts. and construction of 3,000 Sq mts. owned by Diamond Projects Limited at Village Gardia, Taluka Savli, District Vadodara.  5. First pari-passu charge by way of residential properties of Flat. No. 102 and 103 owned by Mr. Amit Bhatnagar respectively.  6. Personal guarantee of Mr. Suresh Bhatnagar (relative of Directors), Mr. Amit Bhatnagar (relative of Director) and Mr.Sumit Bhatnagar (Joint Managing Director) and Mr.Sumit Bhatnagar (Joint Managing Director) jointly and severally.  7. Corporate Guarantee of Madhuri Finserve Private Limited and Diamond Projects Limited	
		101,894.44	82,476.40		

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

10 Trade payables		Rs. in lakhs
	31 March 2016	31 March 2015
Trade payables		
Total outstanding dues to micro enterprises and small enterprises (refer note 35)	37.15	111.06
Total outstanding dues of creditors other than micro entrprises and small enterprises	6,592.00	2,345.41
	4 420 15	2 /54 /7

11 Other current liabilities		Rs. in lakhs
	31 March 2016	31 March 2015
Current maturities of long-term debt (refer note 5)	7,059.34	
Bills payable	29,573.76	12,549.16
Employee liabilities	299.45	238.16
Accrued expenses	87.27	43.96
Creditors for capital goods	1,324.66	1,526.17
Creditors for expenses	3,111.34	2,635.40
Advances from customers	236.79	488.55
Statutory dues payable		
Service tax payable	30.85	-
Excise duty payable	2,591.58	-
TDS payable	101.02	73.49
VAT / CST payable	544.04	-
Provident fund payable	10.87	4.83
ESIC payable	0.05	0.41
Profession tax payable	0.51	0.59
Other statutory dues	1.64	-
Interest accrued but not due on loans	893.04	-
Other payables	-	36.14
	45,866.21	17,596.86

12 Short term provisions		Rs. in lakhs
	31 March 2016	31 March 2015
Provision for employee benefits		
Current portion of gratuity (refer note 36)	86.08	-
Current portion of leave encashment (refer note 36)	69.33	26.07
Other provisions		
Provision for proposed preference dividend	0.83	0.41
Provision for tax on proposed preference dividend	0.16	0.07
	156.40	26,55



### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

13 Fixed Assets Rs. in lakhs

#### Tangible fixed assets

Particulars	Freehold Land	Buildings	Plant & Machinery	Electric installations	Office Equipments	Furniture & Fixtures	Vehicles	Computers	Total
Gross block (at cost)									
Balance as at 1 April 2015	796.68	6,275.33	51,499.47	1,960.68	136.88	118.05	508.34	209.52	61,504.95
Additions	641.87	9,982.83	49,290.21	3,121.17	0.10	0.46	1.35	30.00	63,067.99
Balance as at 31 March 2016	1,438.55	16,258.16	100,789.68	5,081.85	136.98	118.51	509.69	239.52	124,572.94
Accumulated depreciation									
Balance as at 1 April 2015	-	1,044.81	15,554.28	569.14	124.53	50.02	246.74	209.51	17,799.03
Depreciation for the year	-	322.86	4,137.98	332.30	3.18	8.94	44.06	3.70	4,853.02
Balance as at 31 March 2016	-	1,367.67	19,692.26	901.44	127.71	58.96	290.80	213.21	22,652.05
Net Block									
As at 31 March 2016	1,438.55	14,890.49	81,097.42	4,180.41	9.27	59.55	218.89	26.31	101,920.89

#### Capital work in progress

Particulars	Total
Balance as at 1 April 2015	67,875.59
Additions	7,581.44
Less:Assets capitalised during the year	62,392.67
Less : Capital Work - in - Progress written off	569.84
Balance as at 31 March 2016	12,494.52

#### Tangible fixed assets

langible fixed assets									
Particulars	Freehold	Buildings	Plant and	Electric	Office	Furniture &	Vehicles	Computers	Total
	Land		Machinery	installations	Equipments	Fixtures			
Gross block (at cost)									
Balance as at 1 April 2014	796.68	6,275.33	51,499.47	1,960.68	136.70	118.05	521.61	209.52	61,518.04
Additions	-	-	-	-	0.18	-	79.82	-	80.00
Disposals	-	-	-	-	-	-	93.08	-	93.08
Balance as at 31 March 2015	796.68	6,275.33	51,499.47	1,960.68	136.88	118.05	508.35	209.52	61,504.96
Accumulated depreciation									
Balance as at 1 April 2014	-	849.21	11,283.75	358.02	102.33	38.92	182.73	203.41	13,018.37
Depreciation for the year	-	195.60	4,270.53	211.12	22.20	11.10	79.76	6.11	4,796.42
Accumulated depreciation on	-	-	-	-	-	-	15.76	-	15.76
deduction									
Balance as at 31 March 2015	-	1,044.81	15,554.28	569.14	124.53	50.02	246.73	209.52	17,799.03
Net Block									
As at 31 March 2015	796.68	5,230.52	35,945.19	1,391.54	12.35	68.03	261.62	-	43,705.93

With effect from 1 April 2014, cosidering the requirements of Schedule II of the Act, the management has reassessed the remaining useful life of its fixed assets. Accordingly additional depreciation charge on account of this change amounts to Rs. 1,793 lakhs on assets whose life has been reassessed. Further as required by Note 7(b) to Part C of Schedule II, amount of Rs. 6.11 lakhs representing the carrying amount of the assets as on 1 April 2014 where the remaining useful life of the asset is nil after retaining the residual value, is charged as depreciation expense in the Statement of profit and loss.

#### Capital work in progress

_ ' _ ' _	
Particulars	Total
Balance as at 1 April 2014	44,518.00
Additions	23,864.03
Assets capitalised during the year	-
Less: Capital work-in-progress written off	506.44
Balance as at 31 March 2015	67,875.59

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

Non-current investments (Valued at cost unless stated otherwise)		Rs. in lakhs
	31 March 2016	31 March 2015
Unquoted investments		
Trade investments		
Considered good		
Investment in equity instruments of subsidiaries		
1,00,000 (Previous year: 100,000) equity shares of Rs.10 each fully paid up of	12.88	12.88
Diamond Power Global Holdings Limited		
98,89,674 (Previous year: 98,89,674) equity shares of Rs. 10 each fully paid up of Diamond	-	1006.44
Power Transformer Ltd (refer note: a)		
Investments in associates	-	
98,89,674 (Previous year: 98,89,674) equity shares of Rs.10 each fully paid up of	1,006.44	-
Diamond Power Transformers Limited (refer note: a)		
6,444,265 (Previous year: 6,444,265) equity shares of Rs.10 each fully paid up of	650.90	650.90
Apex Electricals Limited (Refer note b)		
Other investment	-	0.46
	1,670.22	1,670.68

**Note a:** On 12 January 2016, Company's wholly owned subsidiary Diamond Power Transformers Limited ('DPTL') has allotted 11,977,054 equity shares to Diamond Power Transmission Private Limited whereby DPTL ceases to be a wholly owned subsidiary of the Company. Post allotment of the said equity shares, the Company's shareholding in DPTL changes from 99.60% to 45.32%.

**Note b:** The Company has applied for structuring under BIFR since 2011. The financial statement of the Company are not prepared post the date of filing. Considering that the Company is in possession of huge land reserves, management is of the view that no dimunution in the value of investments is required.

Rs. in lakhs

	31 March 2016	31 March 2015
To parties other than related parties		
Advance paid to vendors	-	3,199.25
Capital advances	4,366.24	4,040.56
Security deposits	237.56	648.86
Advance tax recoverable (net of provision of tax : Nil (Previous year : Nil))	329.47	406.40
	4,933.27	8,295.07
To related parties		
Capital advances (refer note 1 below)	3,041.52	1,104.59
Loans given (refer note 2 below)	-	2,980.18
	3,041.52	4,084.77
	7,974.79	12,379.84

The Company has given interest free loans to subsidiary, associate companies and enterprises over which directors and their relatives exercise significant control for operational purpose. The details of the same is as below:

1.	Capital advances		
	Diamond Projects Limited	3,041.52	1,104.59
2.	Loans given		
	Diamond Power Transformers Limited	-	1,188.77
	Apex Power Equipment Private Limited	-	1,229.46
	Diamond Power Global Holding Limited	-	341.25
	Maktel Power Limited	-	54.55
	Madhuri Finserve Private Limited	-	166.15
		3,041.52	4,084.77

16	Other non-current assets
----	--------------------------

	31 March 2016	31 March 2015
Deferred premium on forward contracts	1,801.02	-
	1,801.02	-



### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

17 Current investments (At lower of cost or realisable value)		Rs. in lakhs
	31 March 2016	31 March 2015
Traded investments, quoted		
Investments in mutual funds		
500,000 (Previous year : 500,000) units at face value of	50.00	50.00
Rs. 10 each of Baroda Pioneer PSU Equity fund		
Less : Provision for dimunition in value of investments	(16.60)	-
	33.40	50.00
The aggregate book value and market value of quoted current investment is as follows :		
Quoted current investments		
Aggregate book value	50.00	50.00
Aggregate market value	33.40	41.65

18 Inventories (valued at the lower of cost and net realisable value)		Rs. in lakhs
	31 March 2016	31 March 2015
Raw materials and components (including goods-in-transit Rs. 2,537.70 lakhs (Previous year: Rs.234.89 lakhs))	5,406.12	3,669.17
Work-in-progress	38,555.03	85,643.21
Finished goods	36,123.14	17,535.00
Stores and spares	382.50	761.53
Packing materials	69.76	11.41
Fuel and gases	6.12	19.09
	80,542.67	107,639.41

19 Trade receivables		Rs. in lakhs
	31 March 2016	31 March 2015
Unsecured		
Trade receivables outstanding for a period exceeding		
six months from the date they became due for payment		
Considered good	24,024.57	9,387.12
Considered doubtful	6,524.98	-
Less: Provision for doubtful receivables	(6,524.98)	-
Sub Total A	24,024.57	9,387.12
Other receivables		
Considered good	83,891.34	41,653.83
Considered doubtful	-	-
Sub Total B	83,891.34	41,653.83
Total (A+B)	107,915.91	51,040.95
Note: Trade receivables includes due from private company in which director(s) of the Cor	mpany is a director or a n	nember
Ruby Cables Limited	2,019.38	2,750.51
Diamond Power Transformer Limited	43.98	-
Apex Electricals Limited	0.21	0.21
Mayfair Leisure Limited	10.53	-
Mayfair Spaces Limited	372.13	-

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

20 Cash and bank balances		Rs. in lakhs
	31 March 2016	31 March 2015
Cash and cash equivalents		
Cash on hand	0.76	1.92
Balances with banks		
On current accounts	1,446.36	474.96
On deposit accounts (with original maturity of 3 months or less)	-	0.60
	1,447.12	477.48
Other bank balances		
Deposits with banks due to mature within 12 months from the reporting date *	7,421.65	4,838.69
	8,868.77	5,316.17

<sup>\*</sup>Fixed deposits aggregating to Rs 7,421.65 lakhs (Previous year: Rs 4,838.69 lakhs) represents fixed deposit placed with the Company's bankers as securites against letter of credit and bank guarantee. The physical custody of the fixed deposit receipts is with the banks.

	31 March 2016	31 March 2015
To parties other than related parties		
Advance to vendors	2,523.49	
Less : Provision on doubtful advances	(758.21)	
	1,765.28	
Advances to employees	291.92	130.28
Less: Provision on doubtful advances	(185.27)	
	106.65	130.28
Loans to employees	5.79	6.35
Balance with government authorities		
- Excise receivable	4,588.69	4,435.00
- VAT receivable	2.26	-
- Service tax receivable	1,193.95	1,386.06
- Works contract tax receivable	114.38	49.93
Prepaid expenses	63.27	245.34
To related parties		
Loans to related parties	3,284.82	-
Less : Provision on doubtful advances	(510.03)	-
	2,774.79	
Managerial remuneration receivable (refer note 47)	213.01	-
<u> </u>	10,828.07	6,252.96
The Company has given interest free loans to subsidiary, associate companie significant control for operational purpose. The details of the same is as bel		neir relatives exercis
Loans to related parties		
Diamond Power Transformers Limited	1,265.70	-
Apex Power Equipment Private Limited	1,229.45	-
Diamond Power Global Holding Limited	58.94	-
Maktel Power Limited	54.55	-
Madhuri Finserve Private Limited	166.15	-
	2,774.79	-
Managerial remuneration receivable		
Mr. Amit Bhatnagar	106.51	-
Mr. Sumit Bhatnagar	106.50	-
	213.01	



FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

22 Other current assets (Unsecured, considered good)		Rs. in lakhs
	31 March 2016	31 March 2015
Interest accrued on fixed deposits	508.97	877.71
Interest receivable from customers	87.53	-
Deferred premium on forward contract	60.77	-
	457 27	877 71

23 Revenue from operations		Rs. in lakhs
	31 March 2016	31 March 2015
Sale of products *#		
Finished goods	202,640.41	240,361.40
Less: Excise duty	(3,860.53)	(4,559.26)
Sale of products (net)	198,779.88	235,802.14

<sup>\*</sup> Sale of products includes bought-out materials sold to customers under the joint bidding arrangement.

# refer note 45

24 Other operating revenues		Rs. in lakhs
	31 March 2016	31 March 2015
Scrap sales	170.50	51.27
Sale of electricity	439.90	411.27
Freight on sales recovered	372.13	173.19
Insurance on sales recovered	274.56	0.61
Others	0.30	20.20
	1,257.39	656.54

25 Other income		Rs. in lakhs
	31 March 2016	31 March 2015
Interest income on fixed deposits	598.18	951.75
Interest income from customers	87.53	-
Provisions no longer required written back	54.49	-
Prior period income (refer note 32)	6.89	-
Foreign exchange gain (net)	-	47.66
	747.09	999.41

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

26 Cost of materials consumed *#		Rs. in lakhs
	31 March 2016	31 March 2015
Inventory of materials at the beginning of the year	3,680.58	2,929.34
Purchases	165,527.65	208,602.10
Inventory of materials at the end of the year	5,475.88	3,680.58
	163,732.35	207,850.86

<sup>\*</sup> Cost of materials consumed includes bought-out materials purchased for supplies to customers under the joint bidding arrangement # refer note 45

#### 27 Changes in inventories of finished goods and work-in progress

3		1 3				
Particulars	For the year ended 31 March 2016		For the	year ended 31 Mar	rch 2015	
	Opening	Closing	(Increase)/	Opening	Closing	(Increase)/
	inventory	inventory	Decrease in	inventory	inventory	Decrease in
			inventory			inventory
Finished goods	17,534.99	36,123.14	(18,588.15)	505.34	17,535.00	(17,029.66)
Work-in-progress	85,643.21	38,555.03	47,088.18	112,343.33	85,643.21	26,700.12
Total	103,178.20	74,678.17	28,500.03	112,848.67	103,178.21	9,670.46

28 Employee benefits		Rs. in lakhs
	31 March 2016	31 March 2015
Salaries, wages and bonus	2,085.11	2,216.22
Contributions to provident and other funds	539.98	98.51
Staff welfare expenses	4.10	6.20
	2,629.19	2,320.93

29 Finance costs		Rs. in lakhs
	31 March 2016	31 March 2015
Interest on :		
- Loan from banks	16,292.48	12,026.62
- Loan from financial institution	1,011.34	710.39
Other finance charges	780.96	1,512.05
	18 084 78	14 249 06

30 Depreciation		Rs. in lakhs
	31 March 2016	31 March 2015
Depreciation on tangible assets	4,853.02	4,796.42
	4,853.02	4,796.42



FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

31 Other expenses Rs. ii		
	31 March 2016	31 March 2015
Consumption of stores and spare parts	28.78	2.55
Power and fuel	738.24	997.45
Freight, clearing and forwarding	1,534.35	910.81
Rent (refer note 37)	134.72	172.97
Repairs and maintenance		
Building	0.20	0.79
Machinery	15.66	3.17
Others	119.21	117.67
Insurance	226.62	157.04
Rates and taxes	10.31	3.69
Travelling expenses	209.21	199.72
Legal and professional fees	765.59	355.85
Auditors' remuneration (Refer note below)	50.84	18.95
Contract labour cost	1,804.16	990.63
Advertising and sales promotion	410.70	145.20
Vehicle running expenses	163.66	191.72
Telephone and other communication expenses	8.37	6.95
	14.91	15.88
Printing and stationery  Provision for doubtful debts	6,524.98	13.00
Provision for doubtful debts  Provision for doubtful advances	,	<del>-</del>
	1,453.52	- / / F
Board sitting fees	4.05	4.45
Capital work-in-progress written off	569.84	506.44
Loans and advances written off	180.66	
Software charges	11.47	4.39
Transmission charges	76.79	74.89
Discount on sales	384.36	18.17
Membership and subscription	99.80	85.81
Site expenses	157.41	170.29
Bank charges	3,874.09	1,658.54
Brokerage paid	0.14	1.15
Commission on sales	219.57	37.21
Foreign exchange fluctuations (net)	303.37	-
Liquidated damages	14.02	72.58
Office expenses	33.40	61.18
Service tax expenses	27.50	48.18
Provision for diminution in value of investments	16.60	-
Amortisation of premium on forward contracts	753.36	-
Miscellaneous expenses	404.64	43.04
Total	21,345.10	7,077.35
Note: Auditors' remuneration		
Statutory audit	50.00	16.80
Other services	0.71	0.90
Reimbursement of expenses	0.13	1.25
Total	50.84	18.95

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

32 Prior period item		Rs. in lakhs
	31 March 2016	31 March 2015
Prior period income		
Insurance claim payable written back	36.21	-
Service tax payable written back	18.44	-
	54.65	-
Prior period expense		
Advances written off	47.76	
	6.89	

33 Earnings Per Share (EPS)		Rs. in lakhs
	31 March 2016	31 March 2015
Loss after tax for current year	(32,452.58)	(11,574.28)
Less : Dividends on preference shares and tax there on	(0.50)	(0.49)
Net loss attributable to equity shareholders for calculation of basic and diluted EPS	(32,453.08)	(11,574.77)
Calculation of weighted average number of equity shares for basic earnings per share :		
Number of equity shares at the beginning of the year	54,000,495	54,000,495
Equity shares issued during the year	3,000,000	-
Weighted average number of equity shares outstanding at the year end for calculation of basic EPS	55,959,511	54,000,495
Effect of dilutive potential equity shares		
- convertible warrants	-	2,151,370
"Weighted average number of equity shares outstanding at the year end for calculation of diluted EPS "	55,959,511	56,151,865
Nominal value of share (In Rs.)	10.00	10.00
Earnings per share basic (In Rs.)	(57.99)	(21.43)
Earnings per share diluted (In Rs.) *	(57.99)	(21.43)

<sup>\*</sup> As at 31 March 2015, the outstanding potential equity shares had an anti-dilutive effect on EPS. Hence there was no dilution of EPS for that year.

34 Contingent liability Rs. in lakhs 31 March 2016 31 March 2015 Contingent liabilities Claims against the company not acknowledged as debts represent : 177.00 Suits filed against the Company by M/s. Sardar Sarovar Nigam Limited 63.02 ii) Disputed demand of sales tax against which the Company has preferred an appeal 43.60 43.60 iii) Disputed demand of excise and service tax against which the 233.66 54.40 Company has preferred an appeal 12,727.44 2,178.16 i) Guarantees given to third parties ii) Corporate guarantees given on behalf of Diamond Power Transformers Limited 12,000.00 12,000.00



### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

#### 35 Dues to micro and small suppliers

The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2 October 2006. Based on the confirmations received till date, the disclosure as required by section 22 of the MSMED Act are given below:

Rs. in lakhs

Par	ticulars	31 March 2016	31 March 2015
а.	Principal amount payable to suppliers as at year-end	37.15	111.06
	Interest due thereon as at year end	-	-
b.	The amount of interest actually paid as per MSMED Act, 2006	-	-
	Amount of delayed payment actually made to suppliers during the year	-	-
C.	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the MSMED Act, 2006"	-	-
d.	Interest accrued and remaining unpaid at the end of the year	-	-
e.	The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to small enterprise for the purpose of disallowance as deductible expenditure under the MSMED Act, 2006."	-	-

### 36 Employee benefits expenses

#### Disclosure pursuant to Accounting standard - 15 'Employee Benefits'

#### 1. General description

#### a) Contribution to Provident fund (defined contribution):

The Company's provident fund scheme is a defined contribution plan. The expense charged to the Statement of profit and loss under the head contribution to provident and other funds is Rs. 86.56 lakhs (Previous year : Rs 66.16 lakhs).

#### b) Contribution to ESIC (defined contribution):

The Company is contributing towards Employees State Insurance Contribution Scheme in pursuance of ESI Act, 1948 (as amended). The expense charged to the statement of profit and loss is Rs. 1.35 lakhs (Previous year : Rs. 1.24 lakhs).

#### c) Compensated leave absences:

The leave encashment benefit scheme is a defined benefit plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation. The long term employee benefits in the form of leave encashment have been determined using the projected unit credit method as at the balance date on the basis of and actuarial valuation.

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement

#### Principal actuarial assumptions for compensated absences:

	31 March 2016	31 March 2015
Discount rate	7.60%	7.96%
Rate of return on plan assets	-	=
Salary escalation	8.33%	10.00%
Mortality Rate	100.00%	100.00%
Withdrawal rate (per annum)	15.00%	2.00%
Rate of leave availment (per annum)	1.00%	0.00%

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

#### 36 Employee benefits expenses (Contd.)

#### d) Gratuity

The Company operates another post-employment defined benefit plan that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit

	Gratuity	
	31 March 2016	31 March 2015
(i) Principal actuarial assumptions :		
Discount rate	7.60%	7.96%
Rate of return on plan assets	-	-
Salary escalation	8.33%	10.00%
Attrition rate	15.00%	2.00%
Mortality Rate	100.00%	100.00%
(ii) Reconciliation of Benefit Obligation:		
Liability at the beginning of the year	115.58	79.23
Interest cost	9.22	7.38
Current service cost	60.86	18.20
Benefit paid	(34.32)	(1.38)
Actuarial loss / (gain) on obligations	388.86	12.15
Liability at the end of the year	540.20	115.58
(iii) Reconciliation of Fair value of Plan Assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Actuarial gain / loss on plan assets	-	-
Fair value of plan assets at the end of the year	-	-
(iv) Actual Return on Plan Assets		
Expected Return on Plan Assets	-	-
Actuarial Gain / (Loss) on plan assets	-	-
Actual Return on Plan Assets	-	-
(v) Net Liability Recognised in the Balance Sheet		
Present value of obligations	540.20	115.58
Fair value of plan assets	-	-
Net (liability) / assets recognised in balance sheet	(540.20)	(115.58)
(vi) Expenses recognised in the Statement of Profit and Loss under the head		
Employee benefits expense:		
Current Service Cost	60.86	18.20
Net Interest Cost	9.22	7.38
Expected Return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognised	388.86	12.15
Expenses recognised in Statement of Profit and Loss	458.94	37.72

Rs. in lakhs

	2016	2015	2014	2013	2012
(vii) Experience adjustments					
Defined benefit obligation	540.20	115.58	79.23	69.51	-
Plan assets	-	-	-	-	-
Deficit	540.20	115.58	79.23	69.51	-
Experience adjustment on plan liabilities	388.86	12.15	16.81	-	-
Experience adjustment on plan assets	-	-	-	-	-

#### 37 Leases

The Company has taken office premises at various locations under cancellable operating lease. The period of such lease ranges from less than one year to four years. Lease expenditure for operating leases is recognised on a straight-line basis over the period of lease. The aggregate lease payments recognised in the statement of profit and loss for the year are Rs 134.72 lakhs (Previous year: Rs 172.97 lakhs) in respect of cancellable leases.



### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

#### 38 Related party disclosures

#### A. Names of related parties

Related parties with whom transactions have taken place during the year

I Subsidiaries Diamond Power Global Holdings Limited

Diamond Power Transformers Limited (upto 10 January 2016)

II Associate companies Apex Electricals Limited

Diamond Power Transformers Limited (w.e.f. 11 January 2016)

III Key managerial personnel (KMP) Mr. Suresh Bhatnagar (Chairman and Director upto 31 March 2015)

Mr. Amit Bhatnagar (Managing Director)
Mr. Sumit Bhatnagar (Joint Managing Director)

VI Enterprises over which KMP and their

relatives exercise significant influence Mayfair Leisure Limited

Diamond Projects Limited
Diamond Infosystems Limited
Madhuri Finserve Private Limited

Maktel Power Limited

Mayfair Spaces Limited

Maktel Control & Systems Private Limited
Diamond Power Transmission Private Limited

Apex Power & Equipments Limited

Ruby Cables Limited

V Relatives of KMP Mrs. Madhurilata Bhatnagar (wife of Mr. Suresh Bhatnagar)

Mrs. Mona Bhatnagar (wife of Mr. Amit Bhatnagar) Mrs. Richa Bhatnagar (wife of Mr. Sumit Bhatnagar)

Mr. Suresh Bhatnagar (father of Mr. Amit Bhatnagar and Mr. Sumit Bhatnagar)

#### B. Related party transactions for the year ended 31 March 2016

Nature of Transactions			31 Marc	:h 2016					31 Marc	ch 2015		
	Subsidi- aries	Associate companies	Enterpris- es over which KMP and their relatives exercise significant influence	КМР	Relatives of KMP	Total	Subsidi- aries	Associate companies	Enterprises over which KMP and their relatives exercise significant influence	KMP	Relatives of KMP	Total
Purchase of goods												
Diamond Projects Limited	-	-	0.10	-	-	0.10	-	-	2,982.50	-	-	2,982.50
Diamond Power Transformers Limited	55.65	47.25	-	-	-	102.90	687.63	-	-	-	-	687.63
Ruby Cables Limited	-	-	2,615.00	-	-	2,615.00	-	-	-	-	-	-
Diamond Infosystems Limited	-	-	-	-	-	-	-	-	1,853.02	-	-	1,853.02
Sale of products												
Diamond Power Transformers Limited	16.58	27.40	-	-	-	43.98	-	-	-	-	-	-
Ruby Cables Limited	-	-	2,624.26	-	-	2,624.26	-	-	-	-	-	-
Mayfair Leisure Limited	-	-	10.80	-	-	10.80	-	-	-	-	-	-
Mayfair Spaces Limited	-	-	0.18	-	-	0.18	-	-	-	-	-	-
Sale of services	iale of services											
Mayfair Spaces Limited	-	-	372.13	-	-	372.13	-	-	-	-	-	-

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

38 Related party disclosures (Contd.)

Nature of Transactions			31 Marc	ch 2016					31 Man	ch 2015		s. in lakhs
Trace of Transactions	Subsidi- aries	Associate companies	Enterpris- es over	КМР	Relatives of KMP	Total	Subsidi- aries	Associate companies	Enterpris- es over	KMP	Relatives of KMP	Total
			which KMP and their relatives exercise significant influence						which KMP and their relatives exercise significant influence			
Professional fees												
Mr. Suresh Bhatnagar	-	-	-	-	232.76	232.76	-	-	-	-	-	-
Remmuneration												
Mr. Suresh Bhatnagar	-	-	-	-	-	-	-	-	-	228.69	-	228.69
Mr. Amit Bhatnagar	-	-	-	264.48	-	264.48	-	-	-	203.28	-	203.28
Mr. Sumit Bhatnagar	-	-	-	264.48	-	264.48	-	-	-	203.28	-	203.28
Annual maintenance charges and other services												
Diamond Infosystems Limited	-	-	93.67	-	-	93.67	-	-	33.92	-	-	33.92
Purchase of assets												
Diamond Infosystems Limited	-	-	2.24	-	-	2.24	-	-	-	-	-	-
Rent expenses												
Diamond Infosystems Limited	-	-	6.12	-	-	6.12	-	-	6.12	-	-	6.12
Mr. Suresh Bhatnagar	-	-	-	-	-	-			-	24.43	-	24.43
Mr. Amit Bhatnagar	-	-	-	3.00	-	3.00	-	-	-	2.25	-	2.25
Mr. Sumit Bhatnagar	-	_	-	3.00	_	3.00	-	-	-	4.77	-	4.77
Loan given												
Diamond Power	66.37	11.50	_		_	77.87	-	_	_	_	-	
Transformers Limited		11.50										
Diamond Power Global Holding Limited	227.42	-	-		-	227.42	-	-	-	-	-	-
Loans repaid by related parties								1				
Diamond Power Transformers Limited	-	0.94	-		-	0.94	-	-	-	-	-	-
Loans taken												
Diamond Projects Limited	-	-	3,563.00		-	3,563.00	-	-	-	-	-	-
Diamond Power Transformers Limited	-	-	2,212.00		-	2,212.00	-	-	-	-	-	-
Loans repaid												
Mr. Amit Bhatnagar	_	_	-	39.94	-	39.94	-	_	_	-	-	_
Mr. Suresh Bhatnagar	_	_	-	_	100.34	100.34	_	_	_	-	-	_
Mr. Sumit Bhatnagar	-	_	-	41.60	_	41.60	-	_	-	-	-	-
Mayfair Spaces Limited	-	-	2,800.00	_	-	2,800.00	_	-	-	-	-	_
Mrs. Madhurilata Bhatnagar	_	_	-	_	20.92	20.92	-	-	-	-	-	-
Mrs. Mona Bhatnagar	-	-	_	_	8.25	8.25	-	-	_	_	_	-
Mrs. Richa Bhatnagar	_	_	_	-	8.28	8.28	-	-	-	-	-	-
Capital advance given	I	I	1		5.20	20	I	I	I		I	
Diamond Projects Limited	_	_	1,936.94	_	-	1,936.94	_	_	_	_	-	
Preference dividend for the year			.,,,,,,,,,			.,,,,,,,,,,,						
Diamond Projects Limited	-	-	0.21	-	-	0.21	-	-	0.21	-	-	0.21
Madhuri Finserve Private Limited	-	-	0.21	-	-	0.21	-	-	0.21	-	-	0.21
Closing balance Receivable / (payable)	I	1						1	1			
Trade receivables												
Ruby Cables Limited	_	_	2,019.38	_	_	2,019.38	_	_	2,750.51	_	_	2,750.51
Diamond Power Transformers Limited	-	43.98	-	-	-	43.98	-	-	-	-	-	-
	_	0.21		_	_	0.21	0.21	_	_	_	_	0.21
Apex Electricals Limited  Mayfair Leisure Limited	-	0.21	10.53	-	-	10.53	U.Z1 -	-	-	-	-	U.Z I
												-
Mayfair Spaces Limited	-	-	372.13	-	-	372.13	-	-	-	-	-	-



FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

38 Related party disclosures (Contd.)

Nature of Transactions			31 Mar	ch 2016					31 Marc	ch 2015		
	Subsidi- aries	Associate companies	Enterpris- es over which KMP and their relatives exercise significant influence	КМР	Relatives of KMP	Total	Subsidi- aries	Associate companies	Enterpris- es over which KMP and their relatives exercise significant influence	КМР	Relatives of KMP	Tota
Trade payables												
Diamond Power Transformers Limited	-	916.55	-	-	-	916.55	869.30	-	-	-	-	869.30
Loans receivables												
Diamond Power Transformers Limited	-	1,265.70	-	-	-	1,265.70	1,188.77	-	-	-	-	1,188.77
Apex Power Equipment Private Limited	-	-	1,229.45	-	-	1,229.45	-	-	1,229.46	-	-	1,229.46
Diamond Power Global Holding Limited	58.94	-		-	-	58.94	341.25	-	-	-	-	341.25
Maktel Power Limited	-	-	54.55	-	-	54.55	-	-	54.55	-	-	54.55
Madhuri Finserve Private Limited	_	_	166.15	-	-	166.15	-	-	166.15	-	-	166.15
Loans payable		1					1	1				
Mr. Amit Bhatnagar	_	_	_	_	_	_	_	_	_	39.94	_	39.94
Mr. Sumit Bhatnagar	_	_	_		_	_	_	_	_	41.60	_	41.60
Mr. Suresh Bhatnagar		_	_	_	_	_	_	_	_	100.34	_	100.34
Madhurilata Bhatnagar		_	_	_	_	_	_	_	_	100.04	20.92	20.92
Mona Bhatnagar		_	_	_	_	_	_	_	_	_	8.25	8.25
Richa Bhatnagar		_		_	_	_	_	_		_	8.28	8.28
Diamond Projects Limited		_	6,566.20	_	_	6,566.20	_	_	3,003.19	-	3,003.19	3,003.19
Diamond Infosystems Limited		_	131.68	_	_	131.68	_	_	131.68	-		131.68
Madhuri Finserve Private Limited		_	328.98	_	_	328.98	_	_	328.98	_	_	328.98
Daimond Power Transmission Private Limited	-	-	3,982.00	-	-	3,982.00	-	-	1,770.00	-	-	1,770.00
Mayfair Spaces Limited		_	337.00	_	_	337.00	_	_	2,345.00	-	-	2,345.00
Managerial remuneration receivable (refer note 47)			337.00			337.00			2,043.00			2,040.00
Mr. Amit Bhatnagar	_	_	_	106.51	_	106.51		_	_	_	_	_
Mr. Sumit Bhatnagar		_	_	106.50	_	106.50		_	_		_	_
Capital advance (receivable)												
Diamond Projects Limited	_	_	3,041.52	_	_	3,041.52		-	_	1,104.59	_	1,104.59
Dividend payable			.,			.,				,		,
Madhuri Finserve Private Limited	_	_	0.41	_	_	0.41		-	_	0.21	-	0.21
Diamond Projects Limited	_	_	0.41	-	-	0.41		-	-	0.21	-	0.21
Outstanding guarantees given by the Company at the year end												
Diamond Power Transformers Limited	-	12,000.00	-	-	-	12,000.00	12,000.00	-	-	-	-	12,000.00
Outstanding guarantees given on behalf of the Company at the year end		I	1			<u> </u>	I	I	1			
Personal guarantee												
Mr. Amit Bhatnagar	-	-	-	*	-	-	-	-	-	*	-	
Mr. Sumit Bhatnagar	-	-	-	*	-	-	-	-	-	*	-	
Mr. Suresh Bhatnagar	_	_	-	-	*	_	-	-	-	*	-	
Corporate guarantee	_	-	-	-	-	-	-	-	-	-	-	
Madhuri Finserve Private Limited	_	_	*	_	_	_	_	_	*	_	-	
Diamond Projects Limited	_	_	*	_	_	_	_	_	*	_	_	
		L					<u> </u>	<u> </u>				

<sup>\*</sup> Guarantees given by KMP, relatives of KMP, enterprise over which KMP has significant influence in favour of bank against loan obtained by the Company has been disclosed in Note 5 and 9

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

#### 39 Expenditure in foreign currency (on accrual basis)

Rs. in lakhs

	31 March 2016	31 March 2015
T		
Travelling expense	45.20	37.80
Sales promotion	10.75	-
Interest	80.63	-
Others	-	222.60
	136.58	260.40

#### 40 Earnings in foreign currency

Rs. in lakhs

	31 March 2016	31 March 2015
Export on F.O.B. basis	674.94	357.40
	674.94	357.40

#### 41 Segment reporting

In accordance with its business and organization structure and internal financial reporting, the Company has concluded that Transmission and Distribution of Power (T&D) related business is its primary business segment. As the Company's revenue is mainly from T&D business, no separate information in line with Accounting Standard (AS) 17 "Segment Reporting" is required. The performance of the Company is mainly driven by the sales made locally which is approximately 99.66% and hence, no separate geographical segment is identified. Accordingly, revenue, carrying amount of segment assets and addition to fixed assets during the year are all reflected in the financial statements as of and for the year ended 31 March 2016.

#### 42 Value of imprts on CIF basis

Rs. in lakhs

	31 March 2016	31 March 2015
Raw materials	55.32	-
Capital goods	80.57	135.66
	135.89	135.66

#### 43 Derivative instruments

The company uses forward exchange contracts to hedge its exposure to movements in foreign exchange rates.

Rs. in lakhs

		Currency hedged	31 March 2016	31 March 2015
I.	Outstanding derivative instruments			
	Category			
	Forward exchange contracts (to hedge principal repayments of external commercial borrowings)	USD	159.55	91.67
	Forward exchange contracts (to hedge LIBOR interest on external commercial borrowings)	USD	159.55	176.30

		31 Mar	ch 2016	31 March 2015		
		Amount	Amount	Amount	Amount	
		(in USD)	(in INR)	(in USD)	(in INR)	
II.	Unhedged foreign currency exposure					
	Trade receivables	27.74	1,840.11	-	=	
	Advances given	0.89	58.94	5.45	341.25	
		28.63	1,899.05	5.45	341.25	



### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

#### 44 Transfer pricing

The Company's domestic transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2015. The company is in the process of obtaining independent accountant's report for its international transactions. Management believes that the Company's international and domestic transactions with related parties post 31 March 2015 continues to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

- The Company does not have system of maintaining material wise details of sales, purchases and consumption. Accordingly, breakup of amount of major sales, purchases and major raw materials consumed under broad heads is not disclosed in the financial statements as required by Schedule III of the Companies Act, 2013. Further the Company does not have system of maintaining listing of purchase order for capital goods. Accordingly, the details of capital committment is not given.
- In the previous year, the Company has incurred loss amounting to Rs. 3,000.00 lakhs due to flood at vadadala factory and the stock amounting to the same got destroyed. The same has been shown as exceptional loss in previous year.
- The remuneration to managing director and joint managing director was fixed at Rs. 21.78 lakhs (each) plus perguisites vide resolution passed in Annual General Meeting held on 30 September, 2015. In view of the loss incurred during the current year, the remuneration is limited to Rs. 120 lakhs p.a. (to both) under the provision of schedule XIII to the Companies Act. 2013. The excess remuneration amounting to Rs 213.01 lakhs paid to managing director and joint managing director has been shown as receivables as at the year
- The Company has maintained fixed asset register up to the year 2002. Thereafter, the Company has not updated the same and assets capitalised (including the overheads and interest) as per the financial records. The breakup of the cost of each assets / component including capital work-in-progress as at the year-end as the same is under compilation. The depreciation charge is calculated on the basis of gross value of each class of assets, as per the financial statements. The depreciation so calculated could be different, if worked out on the basis of the cost of individual asset. Management is not expecting any significant impact on account of this.
- Considering the financial stress of the company, on 29 June 2016 the lenders invoked the Strategic Debt Restructuring (SDR) under the extant RBI quidelines. Now the process of implementation of SDR including the restructuring and debt re-alignment process is in progress.

#### 50 Corporate social responsibility

The provisions under section 135 and the rules thereof pertaining to Corporate social responsibility are not applicable to the Company during the year.

#### 51 Prior year comparatives

Prior year figures have been audited by a firm of Chartered Accountants other than B S R & Co. LLP and ABCJPR & Company (name changed from A Yadav & Associates). The previous year figures have been regrouped / reclassified to conform current years' classification.

As per our report of even date attached.

For BSR&Co.LLP

Chartered Accountants Firm's Registration No: 101248W/W-100022 Firm's Registration No: 129725W

Vijay Bhatt Partner

Membership No: 036647 Vadodara

21 July 2016

For ABCJPR & CO.

Partner

(Name changed from A Yadav & Associates)

Chartered Accountants

**Arvind Yadav** 

Membership No: 047422

For and on behalf of Board of Directors of Diamond Power Infrastructure Limited CIN:L31300GJ1992PLC018198

Amit Bhatnagar Sumit Bhatnagar Managing Director & Chief Financial Officer

DIN: 00775880

Joint Managing Director DIN: 00776129

Nishant Javlekar Company Secretary





## Independent Auditors' Report

### TO THE MEMBERS OF Diamond Power Infrastructure Limited

#### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Diamond Power Infrastructure Limited ('the Holding Company') its subsidiary and its associate company (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (particularly Accounting Standard 21 -Consolidated Financial Statements and Accounting Standard 23 -Accounting for Investments in Associates in Consolidated Financial Statements). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether

due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of the report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

#### **BASIS FOR QUALIFIED OPINION**

- 1. As stated in note 45 to the consolidated financial statements, the Holding Company does not have system of maintaining material wise details of sales, purchases and consumption. Accordingly, breakup of amount of major sales, purchases and major raw materials consumed under broad heads is not disclosed in the consolidated financial statements as required by Schedule III of the Act. Further, the Holding Company does not have system of maintaining listing of purchase order for capital goods. Accordingly, the details of capital commitment is not disclosed in the consolidated financial statements and the impact of which is not ascertainable at this stage.
- 2. As stated in note 46 to the consolidated financial statements, the Holding Company does not have a cost of each of the assets, its significant component and capital work in progress capitalized during the year and in earlier years. The depreciation charge for the year is worked out on the basis of the gross value of assets as classified in the consolidated financial statement. The depreciation charge calculated on the said basis could be different, if worked out on the basis of the cost of individual asset. The aforesaid matters can have an impact on the profit for the year, reserves as the year end and the value of net assets carried forward in the consolidated financial statements.
- 3. As explained in note 14(b) to the consolidated financial statements, Apex Electricals Limited ("Apex"), an associate company, has applied for restructuring under BIFR since 2011. As the financial statements of Apex are not prepared post the date of filing, the Holding Company's share in the profit/loss in Apex is not included in the consolidated financial statements of the Group. Consequently, the adjustment, if any, would be made on receipt of financial statements of Apex.

#### **QUALIFIED OPINION**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph which is unascertainable at this stage, the aforesaid consolidated 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 of the state of affairs of the Group as at 31 March 2016, its loss and its cash flows for the year ended on that date.

#### **OTHER MATTERS**

- i. We did not audit the financial statement/financial information of Diamond Power Global Holding Limited (DPGHL) and Diamond Power Transformer Limited (DPTL) (upto 11 January 2016), subsidiary companies, included in these consolidated financial statements, whose financial statements/financial information reflect total assets of Rs. 22.43 lakhs as at 31 March 16 and total revenue of Rs. 19,195.02 lakhs and net cash inflow of Rs. 3.96 lakhs for the year ended 31 March 2016, as considered in the consolidated financial statements. The financial statements of this subsidiaries has been furnished to us by the management and our report on these consolidated financial statements in so far as it relates to the amounts included in respect of these subsidiaries is solely based on those management accounts.
- iii. We also did not audit the financial statement/financial information of DPTL, an associate considered in these consolidated financial statements, whose financial statements reflect Group's share of net loss of Rs. 170.49 lakhs for the year ended 31 March 2016 after it became an associate. The financial statements of this associate has been audited by other auditors whose report has been furnished to us by the management and our opinion on these consolidated financial statements in so far as it relates to the share of loss in respect of this associates is solely based on report of such other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by sub-section (3) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on the separate financial statements of a subsidiary, we report, to the extent applicable, that:

- (a) except for the possible effects of the matter described in paragraph 1, 2 and 3 of Basis for Qualified Opinion, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) except for the possible effects of the matter described in paragraph 1, 2 and 3 of Basis for Qualified Opinion, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) except for the possible effects of the matter described in paragraph 1, 2 and 3 of Basis for Qualified Opinion, the consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse impact on the functioning of the Group;
- (f) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on 31 March 2016 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act:
- (g) the qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) the internal financial controls over financial reporting is not applicable to Diamond Power Global Holding Limited, overseas subsidiary of the Company. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in Annexure A; and
- (i) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors, as noted in the 'Other Matters' paragraph:
  - the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 34 to the consolidated financial statements;
  - the Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group during the year ended 31 March 2016.

#### For BSR & Co. LLP

For ABCJPR & CO.

(Name changed from A Yadav & Associates)

Chartered Accountants Chartered Accountants
Firm's Registration No: Firm's Registration No:
101248W/W-100022 129725W

Vijay Bhatt Arvind Yadav

Partner Partner

Membership No: 036647 Membership No: 047422

Vadodara Vadodara 21 July 2016 21 July 2016

### Annexure A

#### TO THE INDEPENDENT AUDITORS' REPORT - 31 MARCH 2016

(Referred to our report of even date)

## REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Diamond Power Infrastructure Limited (the Holding Company) as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Holding Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and he Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and

testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **QUALIFIED OPINION**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2016:

 The Holding Company has not updated fixed asset register giving breakup of cost of each class of assets and its component and Capital Work in Progress, so as to enable reconciliation of physical verification with financial records and ascertainment of depreciation/impairment. This may have an effect on incorrect reporting of profit/ loss, net fixed assets, including Capital Work in Progress and the reserves at the end of the year.

- b) The Holding Company needs to maintain records of movement of inventories at third party site to ensure control over the same. This may have an effect of incorrect reporting to banks and internal MIS to the management.
- c) The Holding Company should maintain adequate documentation to directly support the arm's length price for transactions with related party to ensure compliance with the requirement of the Accounting Standard and the Act.
- d) The Holding Company needs to strengthen its documentation over purchase and sales of bought out components to ensure adequate internal checks and correct accounting of the transactions.
- e) The Holding Company needs to maintain material wise details of sales, purchases and consumption. Further, the Holding Company needs to maintain listing of purchase order for capital goods to determine capital commitment. This will ensure compliance with the disclosure requirement of the Act

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weaknesses described above, the Holding Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2016 consolidated financial statements of the Company, and these material weaknesses except to the extent as reported in our opinion of even date does not affect our opinion on the consolidated financial statements of the Company.

#### For BSR & Co. LLP

#### For ABCJPR & CO.

**Arvind Yadav** 

(Name changed from A Yadav & Associates)
Chartered Accountants
Firm's Registration No:
Firm's Registration No:
101248W/W-100022
129725W

Vijay Bhatt

Partner Partner Partner Membership No: 036647 Membership No: 047422

Vadodara Vadodara 21 July 2016 21 July 2016

### CONSOLIDATED Balance sheet AS AT 31 MARCH 2016

Rs. in lakhs

			NS. III takiis
	Note	31 March 2016	31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	6,114.20	5,814.20
Reserves and surplus	4	45,898.07	75,589.13
Money received against share warrants		-	3,407.50
Non-current liabilities			
Long term borrowings	5	123,130.32	113,469.09
Deferred tax liabilities (net)	6	-	1,462.00
Other long term liabilities	7	2,671.25	55.34
Long-term provisions	8	2,591.43	2,072.07
Current liabilities			
Short-term borrowings	9	101,894.44	87,887.39
Trade payables	10		
Total outstanding dues of micro enterprises and small enterprises		37.15	111.06
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,592.00	5,192.27
Other current liabilities	11	45,894.74	20,088.60
Short-term provisions	12	156.40	26.55
		334,980.00	315,175.20
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	13	101,930.28	45,909.35
Capital work-in-progress	13	12,494.52	69,372.64
Non-current investments	14	1,978.88	1,154.13
Long-term loans and advances	15	7,974.79	13,970.07
Other non-current assets	16	1,801.02	-
Current assets			
Current Investments	17	33.40	50.00
Inventories	18	80,542.67	113,056.91
Trade receivables	19	107,915.91	56,852.53
Cash and bank balances	20	8,877.69	6,434.18
Short-term loans and advances	21	10,773.57	7,159.58
Other current assets	22	657.27	1,215.81
		334,980.00	315,175.20
Significant accounting policies	2		
Notes to the financial statements	3-49		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For ABCJPR & CO.

For BSR & Co. LLP (Name changed from A Yadav & Associates)

Chartered Accountants

Chartered Accountants Firm's Registration No: 101248W/W-100022 Firm's Registration No: 129725W

**Arvind Yadav** Vijay Bhatt Partner Partner

Amit Bhatnagar Managing Director & Chief Financial Officer DIN: 00775880

CIN:L31300GJ1992PLC018198 Sumit Bhatnagar Nishant Javlekar Joint Managing Director Company Secretary DIN: 00776129

For and on behalf of Board of Directors of

Diamond Power Infrastructure Limited

Membership No: 036647

Vadodara 21 July 2016 Membership No: 047422

## CONSOLIDATED **statement of Profit and loss**

### FOR THE YEAR ENDED 31 MARCH 2016

Rs. in lakhs

			RS. IN Lakins
	Note	31 March 2016	31 March 2015
REVENUE FROM OPERATIONS	23		
Sale of products (gross)		221,803.70	282,974.95
Less: Excise Duty		(4,027.13)	(6,237.78)
Sale of products (net)		217,776.57	276,737.17
Sale of services		4,445.54	494.71
Other operating revenues	24	1,257.39	656.54
Revenue from operations (net)		223,479.50	277,888.42
Other income	25	1,469.04	1,536.61
Total revenue		224,948.54	279,425.03
EXPENSES			
Cost of materials consumed	26	182,314.74	248,687.30
Changes in inventories of finished goods and work-in-progress	27	27,561.18	12,243.68
Employee benefits expense	28	3,031.04	3,186.01
Finance costs	29	19,216.56	15,555.31
Depreciation	30	4,922.82	5,086.62
Other expenses	31	21,980.92	9,559.50
Total expenses		259,027.26	294,318.42
Loss before exceptional items note no 43		(34,078.72)	(14,893.39)
Exceptional Items		10.86	3,001.34
Loss before tax		(34,089.58)	[17,894.73]
Provision for tax			
Tax expense		-	-
Deferred tax (credit) / charge			
- for current year		-	548.00
- for earlier years		(1,462.00)	-
Loss for the year		(32,627.58)	(18,442.73)
Share of loss in associate		(170.49)	-
Loss attributable to owners of the Company		(32,798.07)	[18,442.73]
"Earnings per equity share (Nominal value of share Rs.10 each)"	33		
Basic		(58.61)	(34.15)
Diluted		(58.61)	(34.15)
Significant accounting policies	2		
Notes to the financial statements	3-49		

The notes referred to above form an integral part of the financial statements As per our report of even date attached.

For BSR & Co. LLP

For ABCJPR & CO. (Name changed from A Yadav & Associates) Chartered Accountants

Chartered Accountants

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Firm's Registration No: 129725W

m's Registration No: 129725W

Vijay Bhatt Partner Arvind Yadav Partner Amit Bhatnagar Managing Director & Chief Financial Officer DIN: 00775880 Sumit Bhatnagar Nishant Javlekar

Joint Managing Director
DIN: 00776129

Nishant Javlekar
Company Secretary

For and on behalf of Board of Directors of

Diamond Power Infrastructure Limited

CIN:L31300GJ1992PLC018198

Membership No: 036647

Vadodara 21 July 2016 Membership No: 047422

# CONSOLIDATED Cash flow statement FOR THE YEAR ENDED 31 MARCH 2016

		RS. IN LAKINS
	31 March 2016	31 March 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before tax	(34,089.58)	(17,894.73)
Adjustments:		
Depreciation	4,922.82	5,086.62
Finance costs	19,216.56	15,555.31
Provision for dimunition in value of investments	16.60	-
Unrealised exchange (gain) / loss (net)	(77.22)	=
Interest income	(723.81)	(988.05)
Provision for doubtful debts	6,524.98	=
Provision for doubtful advances	943.49	-
Provision no longer required written back	(109.14)	=
Amortisation of premium on forward exchange contracts	753.36	-
Capital work-in-progress written off	1,408.95	506.65
Gain on conversion of subsidiary into associate	(602.71)	=
Exceptional item	10.86	3,001.34
Loans and advances written off	325.44	-
Operating cash flow before changes in working capital	(1,479.40)	5,267.13
(Increase ) in trade receivables	(57,498.99)	(24,452.14)
(Increase) / decrease in loans and advances, current assets and non-current assets	1,550.94	11,977.70
Decrease in inventories	32,503.38	4,952.37
Increase / (decrease) in long-term liabilites, current liabilities and provisions	21,588.00	(24,079.65)
Increase / (decrease) in trade payables	1,325.83	(8,706.09)
Cash used in operations	(2,010.24)	(35,040.69)
Income taxes refund/(paid) (net of refunds)	(116.32)	(1,196.48)
Net cash used in operating activities (A)	(2,126.56)	(36,237.17)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress and capital advances	(7,938.71)	(24,087.68)
Loans given (net)	(895.17)	-
(Investment) / proceeds from fixed deposits with banks	(1,785.47)	3,655.32
Movement in investments in associates (net)	(392.54)	-
Interest received	1,392.37	1,248.68
Net cash used in investing activities (B)	(9,619.52)	(19,183.68)

## CONSOLIDATED Cash flow statement

FOR THE YEAR ENDED 31 MARCH 2016 (CONTD.)

Rs. in lakhs

	31 March 2016	31 March 2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings (net)	16,720.57	42,180.45
Proceeds from short term borrowings (net)	14,007.05	23,859.10
Finance costs paid	(18,323.52)	[14,036.10]
Proceeds from money received against share warrants	-	3,407.50
Net cash generated from financing activities (C)	12,404.10	55,410.95
Net increase / (decrease) in cash and cash equivalents (A + B +C)	658.02	(9.90)
Cash and cash equivalents at the beginning of year	798.00	807.90
Cash and cash equivalents at the end of year (refer note below)	1,456.04	798.00

#### Notes:

The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 ('AS 3') on Cash Flow Statement prescribed in Companies (Accounting Standard) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

Rs. in lakhs

	31 March 2016	31 March 2015
Components of cash and cash equivalents		
Cash on hand	0.92	10.95
Balances with banks:		
- Current accounts	1,455.12	786.45
- Deposit accounts	-	0.60
	1,456.04	798.00

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For ABCJPR & CO.

For B S R & Co. LLP (Name changed from A Yadav & Associates)

Chartered Accountants

Chartered Accountants

Firm's Registration No: 101248W/W-100022 Firm's Registration No: 129725W

Vijay Bhatt Arvind Yadav

Partner Partner Man

Membership No: 036647 Membership No: 047422

Vadodara 21 July 2016 For and on behalf of Board of Directors of

Diamond Power Infrastructure Limited

CIN:L31300GJ1992PLC018198

Shatnagar Sumit Bhatnagar Nishant Jaylekar

Amit Bhatnagar

Managing Director & Joint Managing Director DIN: 00776129

Sumit Bhatnagar

Nishant Javlekar

Company Secretary

DIN: 00776129

DIN: 00775880

### FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian rupees in lakhs)

#### 1 Background

Diamond Power Infrastructure Limited ('the Holding Company') is a public limited company domiciled and headquartered in India and incorporated on 26 August 1992 under the provisions of the Companies Act,1956. Its shares are listed on two stock exchanges in India. The Company is engaged in manufacturing and selling of conductor, cables and transmission towers.

These consolidated financial statements include the financial statements of Diamond Power Infrastructure Limited and its subsidiary and associate which is mentioned below.

Name of the Subsidiary	Relation- ship	Country	Proportion of ownership interest 31 March 2016
Diamond Power Transformers Limited (subsidiary upto 11 January 2016)	Associate	India	45.32%
Diamond Power Global Holdings Limited*	Subsidiary	UAE	100%

<sup>\*</sup> Represent figures of consolidated financial statements (as per Indian Generally Accepted Accounting Principles) of Diamond Cables Trading LLC.

#### 2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

#### 2.1 Basis of consolidation

The consolidated financial statements consist of financial statements of Diamond Power Infrastructure Limited ('the Holding Company' or 'the Company'), its subsidiary and associate company. The Holding Company, its subsidiary and associate company constitute "the Group".

### 2.2 Principles of consolidation

The consolidated financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with rule 7 of the Companies (Accounts) Rules 2014.

The consolidated financial statements are prepared in accordance with Accounting Standard 21 (AS) 'Consolidated Financial Statements' notified by the Companies (Accounting Standard) Rules, 2006. The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary, combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealised gain / loss. The consolidated financial statements are prepared by applying uniform accounting policies for similar transactions and other events in similar circumstances. Minority interests if any, have been excluded. Minority interests represent that part of the net profit or loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the Company. The financial

statements are presented in Indian rupees rounded off to the nearest lakhs.

The consolidated foreign subsidiary have been identified as non integral operations in accordance with the requirements of AS-11 "The Effect of Changes in Foreign Exchange Rates" which is effective for the accounting periods commencing on or after 1 April 2004. In accordance with AS-11, the financial statements of such non-integral foreign operations are translated into Indian rupees as follows:

- All assets and liabilities, both monetary and non monetary, are translated using the closing rate.
- The resulting net exchange difference is credited or debited to foreign currency translation reserve.

#### 2.3 Going concern

The Holding Company had undertaken its expansion project which got delayed due to land acquisition and various other factors. The adverse economic scenario of the country and more particularly in the power sector, coupled with delay in expansion project led to serious financial dent in the holding company. The lenders in the year 2015, had approved financial restructuring package for revival of the holding company including completion of the project with cost overrun. The lenders have recognised the challenges faced by the Holding Company and taken a decision to invoke Strategic Debt Restructuring (SDR) coupled with induction of strategic investor which would give long term solution to the financial requirements of the holding company. The Holding Company got such investor and informed the lenders about the term sheet signed with the proposed investor. The investors are in the process of taking approval from their respective authorities and the holding company is hopeful of receiving the same shortly. Considering all the facts stated above, the accounts for the year ended 2016 are prepared on a going concern basis.

### 2.4 Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

(Currency: Indian rupees in lakhs)

#### 2.5 Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Operating cycle is the average time from start of the project to their realisation in cash or cash equivalents.

#### 2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use

Assets under installation or under construction as at the Balance Sheet date are shown as capital work in progress. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components), plant and equipment.

Assets costing up to Rupees five thousand are fully depreciated in the year of purchase

#### 2.7 Depreciation

Depreciation is charged on straight line basis as per useful life prescribed under schedule II to the Companies Act, 2013. With effect from 1 April 2014, pursuant to the requirements of Schedule II to the Companies Act, 2013, the Company has reassessed the useful life of the assets.

#### 2.8 Impairment of assets

In accordance with AS 28 on 'impairment of assets', fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the statement of profit or loss. However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. The impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the statement of profit or loss; however, in the case of revalued assets, the reversal is credited directly to revaluation surplus except to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of profit or loss.

#### 2.9 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.10 Revenue recognition

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue from services is recognised under the proportionate completion method provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection of the consideration.

The amount recognised as revenue is exclusive of sales tax, value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Discount or premium on debt securities held is accrued over the period to maturity.

### 2.11 Inventories

Inventories which comprise raw materials, work-inprogress, finished goods, stock-in-trade, stores and spares are carried at lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The Company follows weighted average cost method for its valuation purpose.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

(Currency: Indian rupees in lakhs)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on item-by-item basis.

#### 2.12 Operating leases

Lease where the lessor effectively retains substantially all the risks and benefit of ownership of the leased item are classified as operating lease. Operating lease payments are recognised as an expense on a straight-line basis over the non cancellable period of the lease term and charged to the statement of profit and loss unless other systematic basis is more representative of the time pattern of the benefit. Any modifications in respect of lease terms or assumptions are recorded prospectively.

#### 2.13 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are stated at cost. Provision for diminution in value is made only when in the opinion of the management there is a diminution other than temporary in the carrying value of such investments determined separately for each investment. Current investments are valued at lower of cost and market value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to statement of profit and loss.

### 2.14 Employee benefits

### Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include salaries and wages, bonus, ex-gratia and compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period.

#### Long term employment benefits:

### i) Defined contribution plans:

The Company's Employee State Insurance and Provident fund schemes are defined contribution plans.

The Company's contribution paid/payable under the Schemes is recognised as expense in the statement of profit and loss during the period in which the employee renders the related service. The Holding Company makes specified monthly contributions towards employee provident fund and Employees' State Insurance Scheme.

### ii) Defined benefit plans:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary at each balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

#### iii) Other long term employment benefits:

The Company's liabilities towards compensated absences to employees are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the statement of profit and loss.

### 2.15 Earnings per share (EPS)

Basic EPS is computed by dividing the net profit attributable to shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti dilutive.

#### 2.16 Foreign Currency Transactions

Foreign exchange transactions are recorded into Indian rupees using the average of the opening and closing spot rates on the dates of the respective transactions.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

(Currency: Indian rupees in lakhs)

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date. The resultant exchange differences are recognised in the statement of profit and loss except that:

- exchange differences pertaining to long term foreign currency monetary items are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA), and are amortised over the balance period of the relevant foreign currency item.
- exchange differences arising on other long-term foreign currency monetary items are accumulated in 'Foreign Currency Monetary Item Translation Difference Account' (FCMITDA), and are amortised over the balance period of the relevant foreign currency item.

A foreign currency monetary item is classified as long-term if it has original maturity of one year or more.

Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the accumulated amount is recognised as income or expense.

The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset / liability is recognised over the period of the contract. The amount so recognised in respect of forward exchange contracts which are taken to hedge long-term foreign currency monetary items is added to / deducted from the carrying amounts of depreciable assets or accumulated in FCMITDA as discussed above. In respect of other forward exchange contracts, it is recognised in the Statement of Profit and Loss

The forward exchange contracts taken to hedge existing assets or liabilities are translated at the closing exchange rates and resultant exchange differences are recognised in the same manner as those on the underlying foreign currency asset or liability.

### **Derivative Instruments**

Apart from forward exchange contracts are taken to hedge existing assets or liabilities, the Company also uses derivatives to hedge its foreign currency risk exposure relating to firm commitments and highly probable transactions. In accordance with the relevant announcement of the Institute of Chartered Accountants of India, the company provides for losses in respect of such outstanding derivative contracts at the balance sheet date by marking them to market. Net gain, if any, is not recognised. The contracts are aggregated categorywise, to determine net gain/loss.

#### 2.17 Taxes on income

#### Income tax

Income tax expense comprises current tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions, in accordance with the Income tax Act, 1961.

#### Deferred tax

Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised for timing differences between the profits/losses offered for income taxes and profits/ losses as per the consolidated financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

#### 2.18 Provisions and contingencies

A provision is recognised if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision are measured on an undiscounted basis.

A Contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

3 Share capital		Rs. in lakhs
	31 March 2016	31 March 2015
Authorised		
8,00,00,000 (Previous year : 8,00,00,000) equity shares of Rs.10 each	8,000.00	8,000.00
41,41,500 (Previous year : 41,41,500) preference shares of Rs. 10 each	414.15	414.15
Issued and subscribed		
5,76,80,245 (Previous year : 5,46,80,245) equity shares of Rs.10 each	5,768.02	5,468.02
41,41,500 (Previous year : 41,41,500) 0.1% redeemable cumulative	414.15	414.15
preference shares of Rs. 10 each		
Paid up		
5,70,00,495 (Previous year : 5,40,00,495) equity shares of Rs.10 each fully paid-up	5,700.05	5,400.05
41,41,500 (Previous year : 41,41,500) 0.1% Cumulative	414.15	414.15
Redeemable Preference shares of Rs. 10 each fully Paid-up		
	6,114.20	5,814.20

### (A) Reconciliation of shares outstanding at the beginning and at the end of the year

	31 Mar	rch 2016	31 Mar	ch 2015	
	Number	Amount (In Lakhs)	Number	Amount (In Lakhs)	
Equity shares					
Shares outstanding at the beginning of the year	54,000,495	5,400.05	54,000,495	5,400.05	
Add : Share issued on exercise of share warrants during	3,000,000	300.00	-	-	
the year					
Shares outstanding at the end of the year	57,000,495	5,700.05	54,000,495	5,400.05	
0.1% Redeemable cumulative preference shares					
Shares outstanding at the beginning of the year	4,141,500	414.15	4,141,500	414.15	
Add : shares issued during the year	-	-	-	-	
Shares outstanding at the end of the year	4,141,500	414.15	4,141,500	414.15	

### (B) Rights, preferences and restrictions attached to equity shares Equity shares

- (i) The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The voting rights of shareholders are in proportion to its share of paid up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.
- (ii) Failure to pay any amount called up on shares may lead to forfeiture of shares
- (iii) On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.
- (iv) Each holder of Equity share is entitled to one vote for share.

### 0.1% Redeemable cumulative preference shares

- (i) 0.1 % Cumulative redeemable Preference Shares of Rs. 10 each were privately placed with Diamond Projects Limited and Madhuri Finserve Private Limited on 30 September 2013 at a premium of Rs. 171 per share. These shares are redeemable after 10 years from the date of issue. The holders of these shares are entitled to a cumulative dividend of 0.1%.
- (ii) Preference shares carry a preferential right as to dividend over equity shareholders. Where dividend on cumulative preference shares is not declared for a financial year, the entitlement thereto is carried forward. The preference shares are entitled to one vote per share at meetings of the Company on any resolutions of the Company directly affecting their rights. However, a cumulative preference shareholder acquires voting rights on par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years. In the event of liquidation, preference shareholders have a potential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 3 Share capital (Contd.)

### (C) Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 Ma	rch 2016	As at 31 March 2015		
	No. of Shares	% of	No. of Shares	% of	
	held	total shares	held	total shares	
Equity shares of Rs. 10 each fully paid up held by -					
Madhuri Fin serve Private Limited	6,168,413	10.82	6,224,550	11.52	
Diamond Infosystems Limited	3,293,739	5.78	3,704,732	6.86	
Macquarie Bank Limited	-	-	3,868,606	7.16	
Citibank N.A.	3,868,606	6.79	-	=	
Kotak Mahindra Trusteeship Services	1,368,134	2.40	2,944,066	5.45	
0.1% Cumulative redeemable preference shares of					
Rs. 10 each fully paid up held by -					
Diamond Project Limited	2,070,750	50.00	2,070,750	50.00	
Madhuri Fin serve Private Limited	2,070,750	50.00	2,070,750	50.00	

#### (D) Shares reserved for issue under warrants

	As at 31 M	larch 2016	As at 31 March 2015		
	No. of	Amount	No. of	Amount	
	Shares held		Shares held		
For warrants to be converted into equity shares of Rs. 10 each (refer note f)	-	-	5,500,000	55,000,000	

### (E) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

### During the five year period ended 31 March 2016

- a) 12,402,124 equity shares of Rs. 10 each, fully paid up have been allotted as bonus shares in financial year 2013-14.
- b) No shares have been allotted pursuant to a contract without payment being received in cash.
- c) No shares have been bought back

#### (F) Forfeited shares

Out of total 5,500,000 share warrants, the company has issued equity shares against 3,000,000 share warrants and the balance 2,500,000 share warrants are forfeited due to unpaid call during the year.

### (G) Shares pledged (refer note 5)

18,745,449 (previous year 18,745,449) unencumbered equity shares and 4,141,500 (previous year 4,141,500) preference shares of the Company are pledged in favour of all existing lenders by directors, relatives of directors and enterprises over which such directors and their relatives exercise significant influence.

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

4 Reserves and surplus		Rs. in lakhs
	31 March 2016	31 March 2015
Capital Reserves		
At the commencement of the year	1,784.94	1,784.94
Add: Forfeiture of application money received for issue of warrants	587.50	=
At the end of the year	2,372.44	1,784.94
Securities premium account		
At the commencement of the year	37,142.29	37,142.29
Add : Securities premium on issue of equity shares	2,520.00	-
At the end of the year	39,662.29	37,142.29
Debenture Redemption Reserve		
At the commencement of the year	6,940.00	6,940.00
Less : Transferred to Surplus in statement of Profit and Loss	(4,592.50)	-
At the end of the year	2,347.50	6,940.00
General reserve		
At the commencement and at the end of the year	15.00	15.00
At the end of the year	15.00	15.00
Surplus in the Statement of Profit and Loss		
At the commencement of the year	29,706.90	48,150.13
Add: Loss for the year	(32,798.07)	[18,442.73]
Less: Proposed preference dividend	(0.41)	(0.41)
Less: Tax on proposed preference dividend	(0.08)	(0.08)
Add: Transfer from debenture redemption reserve	4,592.50	-
At the end of the year	1,500.84	29,706.90
	45,898.07	75,589.13

5	Long-term borrowings				Rs. in lakhs	
		Non-Curre	nt Portion	Current Portion *		
		31 March 2016	31 March 2015	31 March 2016	31 March 2015	
Se	cured					
a)	939 (Previous year : 944) Non-convertible debentures of Rs. 100,000 each (refer note a below)	8,263.20	9,440.00	1,126.80	-	
b)	Vehicle loans (refer note a below)					
	- From bank	0.39	4.45	2.14	-	
	- From financial institution	23.61	40.30	8.90	-	
c)	Term loans from banks (refer note a below)					
	- From banks	97,658.41	86,913.22	5,096.36	-	
	- From financial institution	5,617.36	8,502.06	810.10	-	
	- From funds	78.96	29.34	15.04	-	
Un	secured					
- L	oans from related parties (refer note a below)	11,345.86	7,798.18	-	-	
- L	oans from others (refer note a below)	142.53	741.54	-	-	
		123,130.32	113,469.09	7,059.34	-	

<sup>\*</sup> Amount disclosed under other current liabilities

Note: Nature of security, interest rate, repayment terms and other information for secured long term borrowings

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

- 5 Long-term borrowings (Contd.)
- a. Non-convertible debentures

		31	March 20	16	31 March 2015				
Note	Particulars	Closing Balance	Non- Current	Current	Closing Balance	Non- Current	Current	Repayment terms	Security
	Redeemable non-convertible secured debentures issued to							Repayable in 18 structured	a. First pari-passu charge in favour of
1	L & T Finance Limited	3,000.00	2,640.00	360.00	3,000.00	3,000.00	-	quarterly installments	term lenders by way of mortgage on all
2	CESB Gratuity & Pension Fund	640.00	563.20	76.80	640.00	640.00	-	beginning from	immovable properties
3	Syndicate Bank	950.00	836.00	114.00	1,000.00	1,000.00	-	30 September	and hypothecation of
4	Dena Bank Employee Gratuity Fund	400.00	352.00	48.00	400.00	400.00	-	2016. Interest on debentures	movable fixed assets of the company.
5	Corporation Bank	800.00	704.00	96.00	800.00	800.00	-	are payable on quarterly basis	b. Second pari-passu charge by way of
6	Bank of Maharshtra	1,000.00	880.00	120.00	1,000.00	1,000.00	-	at interest rate	hypothecation and/
7	Dena Bank Employee Pension fund	900.00	792.00	108.00	900.00	900.00	-	of Bank of India (lead bank) base	or pledge of current assets including all
8	Tata Capital Limited	1,700.00	1,496.00	204.00	1,700.00	1,700.00	-	rate ranging from 9.70% to 10.20% plus 0.80% p.a.	receivables. c. Personal guarantee of Mr. Suresh Bhatnagar
		9,390.00	8,263.20	1,126.80	9,440.00	9,440.00	_		Mr. Amit Bhatnagar (Managing Director) and Mr. Sumit Bhatnagar (Joint Managing Director) jointly & severally. d. Corporate Guarantee of Madhuri Finserve Private Limited and Diamond Projects Limited (enterprises over which the above key managerial personnel and their relatives exercise significant control) e. Additional collateral for all facilities—Unencumbered 18,745,449 equity shares of directors, relatives of directors and enterprises over which the above key managerial personnel and their relatives exercise significant control are pledged in favour of all existing lenders.

Note: Nature of security, interest rate, repayment terms and other information for secured long term borrowings

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

5 Long-term borrowings (Contd.)

### b. Vehicle loans

		31	31 March 2016			31 March 2015			
Note	Particulars	Closing Balance	Non- Current	Current	Closing Balance	Non- Current	Current	Security	Repayment terms
	Vehicle loan from bank								
1	Axis Bank Limited	2.53	0.39	2.14	4.45	4.45	-	The loan is secured by hypothecation of vehicle aquired under the loan.	Loan is taken during the financial year 2014-15 which carries interest rate of 10.75% per annum. It is repayable in 36 equal monthly instalments of Rs 19,246 each commencing from June 2014.
	Vehicle loan from Financial Institution								
2	Volkswagen Finance Private Limited	32.51	23.61	8.90	40.30	40.30	-	The loan is secured by hypothecation of vehicle aquired under the loan.	Loan is taken during the financial year 2014-15 which carries interest rate of 10.08% per annum. It is repayable in 60 equal monthly instalments of Rs 97,918 each commencing from July 2014. The term loan is secured by hypothecation of vehicle aquired under the loan.
		35.04	24.00	11.04	44.75	44.75	-		

Note: Nature of security, interest rate, repayment terms and other information for secured long term borrowings

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

5 Long-term borrowings (Contd.)

### c. Term loans

		31	March 201	16	31	March 201	15					
Sr. No.	Name of the bank / financial institution	Closing Balance	Non- Current	Current	Closing Balance	Non- Current	Current	Facility types	Sed	curity	Repayment terms	Interest rate
	Loan from banks											
1	Bank of India	23,552.66	22,395.14	1,157.52	18,579.27	18,579.27	-	The facilities	a.	First pari-passu charge	16 to 32	All facilities
2	Allahabad Bank	5,659.75	5,444.83	214.92	5,128.84	5,128.84	-	comprises		in favour of term lenders	quarterly	carries
3	Axis Bank	11,671.43	10,774.23	897.20	10,209.80	10,209.80	-	of various types of term		by way of mortgage on all immovable properties and	structured instalments.	interest rate of Bank of
4	Bank of Baroda	9,134.32	8,788.72	345.60	8,275.00	8,275.00	-	loans futher		hypothecation of movable	Repayments	India (lead
5	Corporation bank	10,707.62	10,353.06	354.56	6,870.44	6,870.44	-	bi-furcated		fixed assets of the company.	begins from 30	bank) base
6	Dena Bank	6,944.71	6,718.39	226.32	4,736.91	4,736.91	-	into additional term loans,	b.	Second pari-passu charge by way of hypothecation and/	June 2016 to 31 December	rate ranging from 9.70%
7	Export-Import Bank of India	7,983.20	7,714.10	269.10	6,874.85	6,874.85	-	corporate term loan,		or pledge of current assets including all receivables.	2016	to 10.20%
8	ICICI Bank	18,008.03	16,622.39	1,385.64	16,107.96	16,107.96	-	working	C.	Personal guarantee of		p.a computed
9	State Bank of Hyderabad	1,922.07	1,878.69	43.38	1,740.23	1,740.23	-	capital term loans, funded interest on		Mr. Suresh Bhatnagar (relative of Directors), Mr. Amit Bhatnagar (Managing		on a monthly basis on actual
10	State Bank of Mysore	6,864.29	6,710.89	153.40	4,949.14	4,949.14	-	term loans and external		Director) and Mr.Sumit Bhatnagar (Joint Managing		amount utilised.
11	Syndicate Bank	159.69	133.98	25.71	54.70	54.70	-	commercial borrowings.		Director) jointly and severally.		
12	Maharshtra Indian Overses	147.00	123.99	23.01	1,661.45	1,661.45			e.	Madhuri Finserve Private Limited and Diamond Projects Limited (enterprises over which the above key managerial personnel and their relatives exercise significant control) e. Additional collateral for all facilities - Unencumbered 18,745,449 equity shares of directors, relatives of directors and enterprises over which the above key managerial personnel and their relatives exercise significant control are pledged in favour of all existing lenders.		
13	Bank	_	_	-	1,001.40	1,001.40	-					
14	UCO Bank	-	-	-	1,355.00	1,355.00	-	1				
15	Other Bank	-	-	-	324.84	324.84	-					
		102,754.77	97,658.41	5,096.36	86,913.22	86,913.22	-					
	Loan from financial institutions											
1	IFCI Limited	5,737.46	5,019.86	717.60	5,000.00	5000	-					
2	L & T Finance Limited	440.00	370.00	70.00	137.50	137.50	-					
3	Tata Capital Limited	250.00	227.50	22.50	77.92	77.92	-					
4	SICOM Ltd	-	-	-	3,286.64	3,286.64	-					
		6,427.46	5,617.36	810.10	8,502.06	8,502.06	-					
	Loan from others											
1	CESB Gratuity & Pension Fund	94.00	78.96	15.04	29.34	29.34	-					
		94.00	78.96	15.04	29.34	29.34	-		L			
		109,276.23	103,354.73	5,921.50	95,444.62	95,444.62	-					

**Note :** The above bifurcation of current and non-current repayment of loan is made as per master re-structuring agreement dated 29 May 2015 irrespective of amount disbursed by the respective banks.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 5 Long-term borrowings (Contd.)

#### d. Unsecured loans

Unsecured loans of Rs. 11,345.85 lakhs (Previous year: 7,998.18 lakhs) are from the directors, their relatives and enterprises over which the above directors and their relatives exercise significant influence are interest free and the same are not repayable within next twelve months as agreed between the parties. The loans are received from the following parties:

Name of the related party	31 March 2016	31 March 2015
From Directors		
Mr. Amit Bhatnagar	-	39.94
Mr. Sumit Bhatnagar	-	41.60
Mr. Suresh Bhatnagar	-	100.34
	-	181.88
From relatives of directors		
Madhurilata Bhatnagar (shareholder)	-	20.92
Mona Bhatnagar (shareholder)	-	8.25
Richa Bhatnagar (shareholder)	-	8.28
	-	37.45
From companies in which directors and their relatives exercise significant influence		
Daimond Power Transmission Private Limited	3,982.00	1,770.00
Mayfair Spaces Limited	337.00	2,345.00
Diamond Projects Limited (shareholder)	6,566.20	3,003.19
Diamond Infosystems Private Limited (shareholder)	131.68	131.68
Madhuri Finserve Private Limited (shareholder)	328.98	328.98
	11,345.86	7,578.85
Total	11,345.86	7,798.18

e. Loan taken from others is interest free and is not repayable within next twelve months as agreed with the parties

6 Deferred tax liabilities (net)		Rs. in lakhs
	31 March 2016	31 March 2015
Deferred tax liabilities		
Excess of depreciation allowable under books over depreciation as per income tax laws	-	5,205.00
	-	5,205.00
Deferred tax assets		
Excess of depreciation as per income tax laws over depreciation allowable under books	3,560.49	=
Carried forward business loss	11,517.75	3,743.00
Unabsorbed depreciation	4,980.83	-
Provision for employee benefits	317.02	=
Provision for expenses under section 40 (a)	303.55	-
Provision for doubtful trade receivables	2,217.84	=
Provision for dimunution in value of investments	5.64	-
Provision for doubtful advances	320.69	=
	23,223.82	3,743.00
Net deferred tax (assets) / liability	(23,223.82)	1,462.00
Net deferred tax (assets) / liability recognised *	-	1,462.00

<sup>\*</sup>The deferred tax assets of Rs. 23,223.82 lakhs for the current year are not recognised as they are not considered to be virtually certain of realisation. Deferred tax liability recognised till 31 March 2015 has been re-evaluated and charged off during the current year.

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

7 Other long term liabilities		Rs. in lakhs
	31 March 2016	31 March 2015
Security deposits from customers and vendors	56.09	55.34
Other liabilities - forward contract payable	2,615.15	-
	2,671.25	55.34

8 Long term provisions Rs. in lakh							
	Long	Long term Short term					
	31 March 2016	31 March 2015	31 March 2016	31 March 2015			
Provision for employee benefits							
Gratuity (refer note 36)	454.12	115.58	86.08	-			
Leave encashment (refer note 36)	240.67	123.38	69.33	26.07			
Other provisions							
Provision for mark to market on forward contract	331.65	-	-	-			
Provision for tax (net of advance tax : Rs. 171.24 lakhs (Previous year : 171.24))	1,564.99	1,833.11	-	-			
	2,591.43	2,072.07	155.41	26.07			

9 Short-term borrowings		Rs. in lakhs
	31 March 2016	31 March 2015
Cash credits with banks (secured) (refer note below)	101,894.44	87,887.39
	101,894.44	87,887.39

 $\textbf{Note:} \ \text{Nature of security, interest rate, repayment terms and other information for secured short-term borrowings}$ 

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

9 Short-term borrowings (Contd.)

Note	Particulars	31 March 2016	31 March 2015	Security	Repayment terms
	Secured cash credit from :				
(i)	Bank of India	33,224.62	25,733.73		Cash credit facilities from
(ii)	Bank of Baroda	21,193.84	14,405.08	by way of hypothecation	bank carry interest rate of
(iii)	State Bank of Mysore	3,634.61	3,008.97	and / or pledge of Current Assets of the borrower	Bank of India (lead bank) ranging from 9.70% to
(iv)	State Bank of Hyderabad	8,039.70	8,331.81	including all receivables.	10.20% (base rate) plus
(v)	Indian Overseas Bank	4,870.77	5,696.77	2. Second pari-passu charge	
(vi)	Dena Bank	7,607.92	6,422.91	by way of mortgage over all immovable properties	monthly basis on actual amount utilised. The loans
(vii)	Axis Bank	5,502.19	4,361.19		are repayable on demand.
(viii)	Allahabad Bank	15,399.93	14,287.94	movable fixed assets.	
(ix)	ICICI Bank	2,420.86	1,889.45	3. Unencumbered Redeem-	
(x)	UCO Bank	_	3,749.54	able cumulative prefer- ence shares of Diamond	
				Power Infrastructure Limited aggregating to Rs. 74.96 Crore (41,41,500 Preference shares of Rs.10 each share with premium of Rs.171 per share available with promoters' group compa- nies! pledged in favour all existing lenders. 4. First pari-passu charge on factory land and industrial shed admeas- uring 15,100 Sq Mts. and construction of 3,000 Sq mts. owned by Diamond Projects Limited at Vil- lage Gardia, Taluka Savli, District Vadodara. 5. First pari-passu charge by way of residential properties of Flat. No. 102 and 103 owned by Mr. Amit Bhatnagar and Mr.Sumit Bhatnagar (rela- tive of Directors), Mr. Amit Bhatnagar (Managing Director) and Mr.Sumit Bhatnagar (Joint Manag- ing Director) jointly and severally. 7. Corporate Guarantee of	
		101.894.44	87.887.39	Madhuri Finserve Private Limited and Diamond Projects Limited	

10 Trade	e pavables	Rs in	n Ial	khs

	31 March 2016	31 March 2015
Trade payables		
Total outstanding dues to micro enterprises and small enterprises (refer note 35)	37.15	111.06
Total outstanding dues of creditors other than micro entrprises and small enterprises	6,592.00	5,192.27
	6,629.15	5,303.33

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

11 Other current liabilities Rs. i			
	31 March 2016	31 March 2015	
Current maturities of long-term debt (refer note 5)	7,059.34	-	
Bills payable	29,573.77	13,896.01	
Employee liabilities	319.17	238.16	
Accrued expenses	87.27	132.78	
Creditors for capital goods	1,324.66	1,526.17	
Creditors for expenses	3,111.34	2,635.40	
Advances from customers	236.79	488.55	
Statutory dues payable			
Service tax payable	30.85	-	
Excise duty payable	2,591.58	387.97	
TDS payable	101.02	73.49	
VAT / CST payable	544.04	105.21	
Provident fund payable	10.87	4.83	
ESIC payable	0.05	0.41	
Profession tax payable	0.51	0.59	
Other statutory dues	1.64	-	
Interest accrued but not due on loans	893.04	-	
Other payables	8.80	599.04	
	45,894.74	20,088.60	

12 Short term provisions		Rs. in lakhs
	31 March 2016	31 March 2015

Provision for employee benefits		
Current portion of gratuity (refer note 36)	86.08	-
Current portion of leave encashment (refer note 36)	69.33	26.07
Other provisions		
Provision for proposed preference dividend	0.83	0.41
Provision for tax on proposed preference dividend	0.16	0.07
	156.40	26.55

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 13 Fixed Assets

Tangible fixed assets

Rs. in lakhs

Postinulars Planting Planting

Particulars	Freehold	Buildings	Plant and	Electric	Office	Furniture &	Vehicles	Computers	Total
. a. a.cata. s	Land	Danamgo	Machinery	installations	Equipments	Fixtures	70000	Compators	10101
Gross block (at cost)	23114		, madimiery	motattations	Equipments	T IXCOTOS			
Balance as at 1 April 2015	1,399.83	7,349.80	52,448.96	2,002.95	148.48	268.24	580.43	290.77	64,489.46
Additions	641.87	9,982.83	49,290.20	3,121.17	0.10	9.85	1.35	30.00	63,077.37
Less:	603.15	1,074.47	949.48	42.27	11.60	150.19	72.09	81.25	2,984.50
Adjustment for subsidiary **									
Balance as at 31 March 2016	1,438.55	16,258.16	100,789.68	5,081.85	136.98	127.90	509.69	239.52	124,582.33
Accumulated depreciation									
Balance as at 1 April 2015	-	1,272.49	15,850.69	588.93	131.61	132.32	331.22	272.85	18,580.11
Depreciation for the year	-	322.86	4,207.78	332.30	3.18	8.94	44.06	3.70	4,922.82
Less:	-	227.68	366.21	19.79	7.08	82.30	84.48	63.34	850.88
Adjustment for subsidiary **									
Balance as at 31 March 2016	-	1,367.67	19,692.26	901.44	127.71	58.96	290.80	213.21	22,652.05
Net Block									
As at 31 March 2016	1,438.55	14,890.49	81,097.42	4,180.41	9.27	68.94	218.89	26.31	101,930.28

### Capital work in progress

Particulars	Total
Balance as at 1 April 2015	69,372.64
Additions	7,581.44
Less : Assets capitalised during the year	62,392.67
Less : Adjustment for subsidiary **	657.94
Less : Capital work-in-progress of earlier years written off (refer note 32)	839.11
Less : Capital work-in-progress written off	569.84
Balance as at 31 March 2016	12,494.52

<sup>\*\*</sup> During the year, Diamond Power Transformers Limited which was subsidiary until 11 January 2016 has become associate w.e.f. 12 January 2016. Accordingly fixed assets (net) and capital work-in-progress amounting to Rs 2,133.63 lakhs and Rs. 657.94 lakhs respectively has been adjusted.

#### Tangible fixed assets

Particulars	Freehold	Buildings	Plant and	Electric	Office	Furniture &	Vehicles	Computers	Total
	Land	, and the second	Machinery	installations	Equipments	Fixtures		·	
Gross block (at cost)									
Balance as at 1 April 2014	1,399.83	7,331.46	52,398.90	1,999.03	148.30	265.22	587.37	284.22	64,414.33
Additions	-	18.34	50.06	3.92	0.18	3.02	73.37	6.55	155.44
Disposals	-	-	-	-	-	-	80.31	-	80.31
Balance as at 31 March 2015	1,399.83	7,349.80	52,448.96	2,002.95	148.48	268.24	580.43	290.77	64,489.46
Accumulated depreciation									
Balance as at 1 April 2014	-	999.02	11,456.14	371.28	108.68	88.03	232.40	244.96	13,500.51
Depreciation for the year	-	273.47	4,394.55	217.65	22.93	44.29	105.83	27.89	5,086.61
Accumulated depreciation on	- 1	-	-	-	-	-	7.01	-	7.01
deduction									
Balance as at 31 March 2015	- 1	1,272.49	15,850.69	588.93	131.61	132.32	331.22	272.85	18,580.11
Net Block									
As at 31 March 2015	1,399.83	6,077.31	36,598.27	1,414.02	16.87	135.92	249.21	17.92	45,909.35

With effect from 1 April 2014, cosidering the requirements of Schedule II of the Act, the management has reassessed the remaining useful life of its fixed assets. Accordingly additional depreciation charge on account of this change amounts to Rs. 1,793 lakhs on assets whose life has been reassessed. Further as required by Note 7(b) to Part C of Schedule II, amount of Rs. 6.11 lakhs representing the carrying amount of the assets as on 1 April 2014 where the remaining useful life of the asset is nil after retaining the residual value, is charged as depreciation expense in the Statement of profit and loss.

#### Capital work in progress

Particulars	Total
Balance as at 1 April 2014	44,971.93
Additions	25,136.43
Assets capitalised during the year	229.07
Less: Capital work-in-progress written off	506.65
Balance as at 31 March 2015	69,372.64

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

Non-current investments (Valued at cost unless stated otherwise)		Rs. in lakhs
	31 March 2016	31 March 2015
Unquoted investments		
Trade investments		
[Considered good]		
Investments in associates		
98,89,674 (Previous year: 98,89,674) equity shares of Rs.10 each fully paid up of Diamond Power Transformers Limited (refer note a)	1,327.98	-
6,444,265 (Previous year: 6,444,265) equity shares of Rs.10 each fully paid up of Apex Electricals Limited (refer note b)	650.90	650.90
Nil (Previous year: 1,555,605) equity shares of Rs.10 each fully paid up of Maktel Power and Control Systems Private Limited	-	502.77
Other investment	-	0.46
	1,978.88	1,154.13

**Note a:** On 12 January 2016, Company's wholly owned subsidiary Diamond Power Transformers Limited ('DPTL') has allotted 11,977,054 equity shares to Diamond Power Transmission Private Limited whereby DPTL ceases to be a wholly owned subsidiary of the Company. Post allotment of the said equity shares, the Company's shareholding in DPTL changed from 99.60% to 45.32%. Pursuant to this, DPTL has become an associate of the Company and gain on conversion of subsidiary to associate amounting to Rs. 602.71 lakhs has been included in other income for the year ended 31 March 2016.

**Note b:** Apex Electricals Limited ("Apex"), an associate company, has applied for restructuring under BIFR since 2011. As the financial statements of Apex are not prepared post the date of filing, the Holding Company's share in the profit/loss in Apex is not included in the consolidated financial statements of the Group. Consequently, the adjustment, if any, would be made on receipt of financial statements of Apex. Considering that the Company is in possession of huge land reserves, management is of the view that no dimunution in the value of investments is required.

15 Long term loans and advances (Unsecured, considered go	od)	
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Rs. in lakhs

	31 March 2016	31 March 2015
To parties other than related parties		
Advance paid to vendors	-	5,670.41
Capital advances	4,366.24	4,040.56
Security deposits	237.56	852.56
Advance tax recoverable (net of provision of tax : Nil (Previous year : Nil))	329.47	481.27
	4,933.27	11,044.80
To related parties		
Capital advances (refer note 1 below)	3,041.52	1,104.59
Loans given (refer note 2 below)	-	1,820.68
	3,041.52	2,925.27
	7,974.79	13,970.07

The Company has given interest free loans to subsidiary, associate companies and enterprises over which directors and their relatives exercise significant control for operational purpose. The details of the same is as below:

1.	Capital advances		
	Diamond Projects Limited	3,041.52	1,104.59
2.	Loans given		
	Apex Power Equipment Private Limited	-	1,229.98
	Apex Electricals Limited	-	366.26
	Maktel Power Limited	-	54.55
	Madhuri Finserve Private Limited	-	169.90
		3,041.52	2,925.27

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

16 Other non-current assets		Rs. in lakhs
	31 March 2016	31 March 2015
Deferred premium on forward contracts	1,801.02	-
	1,801.02	-

17 Current investments (At lower of cost and realisable value)		Rs. in lakhs
	31 March 2016	31 March 2015
Investments in mutual funds - Quoted		
500,000 (Previous year : 500,000) units at face value of	50.00	50.00
Rs. 10 each of Baroda Pioneer PSU Equity fund		
Less : Provision for dimunition in value of investments	(16.60)	-
	33.40	50.00
The aggregate book value and market value of quoted current investment is as follows :		
Quoted current investments		
Aggregate book value	50.00	50.00
Aggregate market value	33.40	41.65

18 Inventories (valued at the lower of cost and net realisable value)		Rs. in lakhs
	31 March 2016	31 March 2015
Raw materials and components (including goods-in-transit Rs. 2,537.70 lakhs (Previous year: Rs.234.89 lakhs))	5,406.12	10,025.53
Work-in-progress	38,555.03	84,702.19
Finished goods	36,123.14	17,537.16
Stores and spares	382.50	761.53
Packing materials	69.76	11.41
Fuel and gases	6.12	19.09
	80,542.67	113,056.91

19 Trade receivables		Rs. in lakhs
	31 March 2016	31 March 2015
Unsecured		
Trade receivables outstanding for a period exceeding six months		
from the date they became due for payment		
Considered good	24,024.57	13,959.38
Considered doubtful	6,524.98	-
Less: Provision for doubtful receivables	(6,524.98)	-
	24,024.57	13,959.38
Other receivables		
Considered good	83,891.34	42,893.15
Considered doubtful	-	-
	83,891.34	42,893.15
Total	107,915.91	56,852.53
Note: Trade receivables includes due from private company in which director(s)		
of the Company is a director or a member		
Ruby Cables Limited	2,019.38	2,750.51
Diamond Power Transformer Limited	43.98	-
Apex Electricals Limited	0.21	0.21
Mayfair Leisure Limited	10.53	-
Mayfair Spaces Limited	372.13	-

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

20 Cash and bank balances		Rs. in lakhs
	31 March 2016	31 March 2015
Cash and cash equivalents		
Cash on hand	0.92	10.95
Balances with banks		
On current accounts	1,455.12	786.45
On deposit accounts (with original maturity of 3 months or less)	-	0.60
	1,456.04	798.00
Other bank balances		
Deposits with banks due to mature within 12 months from the reporting date *	7,421.65	5,636.18
	8,877.69	6,434.18

<sup>\*</sup>Fixed deposits aggregating to Rs 7,421.65 lakhs (Previous year: Rs 5,636.18 lakhs) represents fixed deposit placed with the Company's bankers as securites against letter of credit and bank guarantee. The physical custody of the fixed deposit receipts is with the banks.

21 Short term loans and advances (Unsecured, considered good unless otherwise state		Rs. in lakhs
	31 March 2016	31 March 2015
To parties other than related parties		
Advance to vendors	2,523.49	732.89
Less : Provision on doubtful advances	(758.21)	-
	1,765.28	732.89
Advances to employees	291.92	156.70
Less: Provision on doubtful advances	(185.27)	-
	106.65	156.70
Security deposits	4.45	-
Loans to employees	5.79	6.35
Balance with government authorities		
- Excise receivable	4,588.69	4,490.08
- VAT receivable	2.26	24.38
- Service tax receivable	1,193.95	1,430.43
- Works contract tax receivable	114.38	49.95
Prepaid expenses	63.26	268.80
To related parties		
Loans to related parties	2,715.85	-
Managerial remuneration receivable (refer note 42)	213.01	-
-	10,773.57	7,159.58
The company has given interest free loans to subsidiary, associate companies and enterprises over which directors and their relatives exercise significant control for operational purpose. The details of the same is as below:		
Loans to related parties		
Diamond Power Transformers Limited	1,265.70	-
Apex Power Equipment Private Limited	1,229.45	
Maktel Power Limited	54.55	-
Madhuri Finserve Private Limited	166.15	-
	2,715.85	-
Managerial remuneration receivable		
Mr. Amit Bhatnagar	106.51	-
Mr. Sumit Bhatnagar	106.50	-
	213.01	

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

22 Other current assets (Unsecured, considered good)		Rs. in lakhs
	31 March 2016	31 March 2015
Interest accrued on fixed deposits	508.97	1,177.53
Interest receivable from customers	87.53	38.28
Deferred premium on forward contract	60.77	-
	657.27	1,215.81

23 Revenue from operations		Rs. in lakhs
	31 March 2016	31 March 2015
Sale of products *#		
Finished goods	221,803.70	282,974.95
Less: Excise duty	(4,027.13)	(6,237.78)
Sale of products (net)	217,776.57	276,737.17

<sup>\*</sup> Sale of products includes bought-out materials sold to customers under the joint bidding arrangement.

# refer note 45

24 Other operating revenues		Rs. in lakhs
	31 March 2016	31 March 2015
Scrap sales	170.50	51.27
Sale of electricity	439.90	411.27
Freight on sales recovered	372.13	173.19
Insurance on sales recovered	274.56	0.61
Others	0.30	20.20
	1,257.39	656.54

25 Other income		Rs. in lakhs
	31 March 2016	31 March 2015
Interest income on fixed deposits	723.81	988.05
Interest income from customers	87.53	-
Provisions no longer required written back	54.49	-
Rental income	-	47.66
Gain on conversion of subsidiary into associate	602.71	
Others	0.50	500.90
	1,469.04	1,536.61

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

26 Cost of materials consumed *#		Rs. in lakhs
	31 March 2016	31 March 2015
Inventory of materials at the beginning of the year	3,913.42	3,176.79
Purchases	184,047.26	250,492.25
Inventory of materials at the end of the year	5,645.94	4,981.74
	182,314.74	248,687.30

<sup>\*</sup> Cost of materials consumed includes bought-out materials purchased for supplies to customers under the joint bidding # refer note 45

### 27 Changes in inventories of finished goods and work-in progress

Rs. in lakhs

3						
Particulars	For the year ended 31 March 2016		For the y	ear ended 31 Mar	rch 2015	
	Opening	Closing	(Increase)/	Opening	Closing	(Increase)/
	inventory	inventory	Decrease in	inventory	inventory	Decrease in
			inventory			inventory
Finished goods	17,537.16	36,123.14	(18,585.98)	508.97	17,537.16	(17,028.19)
Work-in-progress	84,702.19	38,555.03	46,147.16	113,974.06	84,702.19	29,271.87
Total	102,239.35	74,678.17	27,561.18	114,483.03	102,239.35	12,243.68

### 28 Employee benefits expenses

Rs. in lakhs

	31 March 2016	31 March 2015
Salaries, wages and bonus	2,476.79	3,033.71
Contributions to provident and other funds	547.21	132.82
Staff welfare expenses	7.04	19.48
	3,031.04	3,186.01

29	Finance costs	Rs. in lakhs

	31 March 2016	31 March 2015
Interest on :		
- Loan from banks	16,941.10	12,731.92
- Loan from financial institution	1,468.48	1,304.20
Other finance charges	806.98	1,519.19
	19,216.56	15,555.31

30		Rs. in lakhs

	31 Mai Cii 2016	31 Mai Cii 2013
Depreciation on tangible assets	4,922.82	5,086.62
	4,922.82	5,086.62

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

31 Other expenses		Rs. in lakhs
	31 March 2016	31 March 2015
Consumption of stores and spare parts	28.78	53.08
Power and fuel	738.24	1,114.26
Freight, clearing and forwarding	1,534.35	939.67
Rent (refer note 37)	157.26	172.97
Repairs and maintenance		
Building	0.20	0.79
Machinery	15.66	17.07
Others	121.05	130.61
Insurance	226.62	172.25
Rates and taxes	25.57	46.80
Travelling expenses	245.77	274.39
Legal and professional fees	788.91	418.09
Auditors' remuneration (Refer note below)	54.31	31.58
Contract labour cost	1,804.16	1,349.92
Advertising and sales promotion	453.84	186.54
Vehicle running expenses	166.13	219.19
Telephone and other communication expenses	14.27	29.58
Printing and stationery	15.31	22.51
Provision for doubtful debts	6,524.98	-
Provision for doubtful advances	943.49	-
Board sitting fees	4.05	4.45
Capital work-in-progress written off	569.84	506.65
Loans and advances written off	180.66	-
Software charges	23.17	95.23
Transmission charges	76.79	18.17
Discount on sales	384.36	85.81
Membership and subscription	99.80	11.50
Bad debts	_	0.35
Site expenses	157.41	181.41
Bank charges	3,874.09	2,130.99
Brokerage paid	0.14	1.15
Commission on sales	251.17	148.49
Foreign exchange fluctuations (net)	303.42	
Liquidated damages	14.02	955.86
Office expenses	51.56	79.58
Service tax expenses	27.68	110.49
Provision for diminution in value of investments	16.60	-
Amortisation of premium on forward contracts	753.36	
Prior period expenses (net) (refer note 32 below)	832.22	
Miscellaneous expenses	501.68	50.07
Total	21,980.92	9,559.50
Note: Auditors' remuneration	21,700.72	7,007.00
Statutory audit	53.46	29.43
Other services	0.72	0.90
Reimbursement of expenses	0.13	1.25
Total	54.31	31.58

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

32 Prior period item		Rs. in lakhs
	31 March 2016	31 March 2015
Prior period expenses		
Advances of earlier years written off	47.76	-
Capital work-in-progress of earlier years written off	839.11	
	886.87	-
Prior period income		
Insurance claim payable written back	36.21	-
Service tax payable written back	18.44	-
	54.65	-
	832 22	_

33 Earnings Per Share (EPS)		Rs. in lakhs
	31 March 2016	31 March 2015
Loss after tax for current year	(32,798.07)	(18,442.73)
Less : Dividends on preference shares and tax there on	(0.50)	(0.50)
Net loss attributable to equity shareholders for calculation of basic and diluted EPS	(32,798.57)	(18,443.23)
Calculation of weighted average number of equity shares for basic earnings per share :		
Number of equity shares at the beginning of the year	54,000,495	54,000,495
Equity shares issued during the year	3,000,000	-
Weighted average number of equity shares outstanding at the year end for calculation of basic EPS	55,959,511	54,000,495
Effect of dilutive potential equity shares		
- convertible warrants	-	2,151,370
"Weighted average number of equity shares outstanding at the year end for calculation of diluted EPS "	55,959,511	56,151,865
Nominal value of share (In Rs.)	10.00	10.00
Earnings per share basic (In Rs.)	(58.61)	(34.15)
Earnings per share diluted (In Rs.) *	(58.61)	(34.15)

<sup>\*</sup> As at 31 March 2015, the outstanding potential equity shares had an anti-dilutive effect on EPS. Hence there was no dilution of EPS for that year.

34	4 C	ontingent liability		Rs. in lakhs
			31 March 2016	31 March 2015
Со	nting	gent liabilities		
а.	Cla	aims against the company not acknowledged as debts represent :		
	i)	Suits filed against the Company by M/s. Sardar Sarovar Nigam Limited	63.02	177.00
	ii)	Disputed demand of sales tax against which the Company has preferred an appeal	43.60	43.60
	iii)	Disputed demand of excise and service tax against which the Company has preferred an appeal	233.66	54.40
b.	i)	Guarantees given to third parties	12,727.44	2,178.16
	ii)	Corporate guarantees given on behalf of Diamond Power Transformers Limited	12,000.00	12,000.00

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 35 Dues to micro and small suppliers

The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2 October 2006. Based on the confirmations received till date, the disclosure as required by section 22 of the MSMED Act are given below:

Rs. in lakhs

Par	ticulars	31 March 2016	31 March 2015
а.	Principal amount payable to suppliers as at year-end	37.15	111.06
	Interest due thereon as at year end	-	-
b.	The amount of interest actually paid as per MSMED Act, 2006	-	-
	Amount of delayed payment actually made to suppliers during the year	-	-
C.	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the MSMED Act, 2006"	-	-
d.	Interest accrued and remaining unpaid at the end of the year	-	-
e.	The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to small enterprise for the purpose of disallowance as deductible expenditure under the MSMED Act, 2006."	-	-

### 36 Employee benefits expenses

### Disclosure pursuant to Accounting standard - 15 'Employee Benefits'

#### 1. General description

### a) Contribution to Provident fund (defined contribution):

The Company's provident fund scheme is a defined contribution plan. The expense charged to the Statement of profit and loss under the head contribution to provident and other funds is Rs. 102.95 lakhs (Previous year : Rs 73.39 lakhs).

### b) Contribution to ESIC (defined contribution):

The Company is contributing towards Employees State Insurance Contribution Scheme in pursuance of ESI Act, 1948 (as amended). The expense charged to the statement of profit and loss is Rs. 1.35 lakhs (Previous year : Rs. 1.24 lakhs).

### c) Compensated leave absences:

"The leave encashment benefit scheme is a defined benefit plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation. The long term employee benefits in the form of leave encashment have been determined using the projected unit credit method as at the balance date on the basis of and actuarial valuation.

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement"

### Principal actuarial assumptions for compensated absences:

Particulars	31 March 2016	31 March 2015
Discount rate	7.60%	7.96%
Rate of return on plan assets	-	-
Salary escalation	8.33%	10.00%
Mortality Rate	100.00%	100.00%
Withdrawal rate (per annum)	15.00%	2.00%
Rate of leave availment (per annum)	1.00%	0.00%

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 36 Employee benefits expenses (Contd.)

### d) Gratuity

The Company operates another post-employment defined benefit plan that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit.

Rs. in lakhs

			RS. IN LAKINS		
		Gratuity			
		31 March 2016	31 March 2015		
(i)_	Principal actuarial assumptions :				
	Discount rate	7.60%	7.96%		
	Rate of return on plan assets	-	-		
	Salary escalation	8.33%	10.00%		
	Attrition rate	15.00%	2.00%		
	Mortality Rate	100.00%	100.00%		
(ii)	Reconciliation of Benefit Obligation:				
	Liability at the beginning of the year	115.58	79.23		
	Interest cost	9.22	7.38		
	Current service cost	60.86	18.18		
	Benefit paid	(34.32)	(1.36)		
	Actuarial loss / (gain) on obligations	388.86	12.15		
	Liability at the end of the year	540.20	115.58		
(iii)	Reconciliation of Fair value of Plan Assets:				
	Fair value of plan assets at the beginning of the year	-	-		
	Expected return on plan assets	-	-		
	Contributions	-	-		
	Benefit paid	-	-		
	Actuarial gain / loss on plan assets	-	-		
	Fair value of plan assets at the end of the year	-	-		
(iv)	Actual Return on Plan Assets				
	Expected Return on Plan Assets	-	-		
	Actuarial Gain / (Loss) on plan assets	-	-		
	Actual Return on Plan Assets	-	-		
(v)	Net Liability Recognised in the Balance Sheet				
	Present value of obligations	540.20	115.58		
	Fair value of plan assets	-	-		
	Net (liability) / assets recognised in balance sheet	(540.20)	(115.58)		
(vi)	Expenses recognised in the Statement of Profit and Loss under the head				
	Employee benefits expense:				
	Current Service Cost	60.86	18.20		
	Net Interest Cost	9.22	7.38		
	Expected Return on Plan Assets	-	-		
	Net Actuarial (Gain) / Loss recognised	388.86	12.14		
	Expenses recognised in Statement of Profit and Loss	458.94	37.72		

Rs. in lakhs

	2016	2015	2014	2013	2012
(vii) Experience adjustments					
Defined benefit obligation	540.20	115.58	79.23	69.51	-
Plan assets	-	-	-	-	-
Deficit	540.20	115.58	79.23	69.51	-
Experience adjustment on plan liabilities	388.86	12.15	16.81	-	-
Experience adjustment on plan assets	-	-	-	-	-

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 37 Leases

The Company has taken office premises at various locations under cancellable operating lease. The period of such lease ranges from less than one year to four years. Lease expenditure for operating leases is recognised on a straight-line basis over the period of lease. The aggregate lease payments recognised in the statement of profit and loss for the year are Rs 157.26 lakhs (Previous year: Rs 172.97 lakhs) in respect of cancellable leases.

### 38 Related party disclosures

### A. Names of related parties

Related parties with whom transactions have taken place during the year

I Associate companies Apex Electricals Limited

Diamond Power Transformers Limited (w.e.f. 11 January 2016)

II Key managerial personnel (KMP) Mr. Suresh Bhatnagar (Chairman and Director upto 31 March 2015)

Mr. Amit Bhatnagar (Managing Director)
Mr. Sumit Bhatnagar (Joint Managing Director)

III Enterprises over which KMP and their Mayfair Spaces Limited relatives exercise significant influence Mayfair Leisure Limited

Diamond Projects Limited

Diamond Infosystems Limited Madhuri Finserve Private Limited

Maktel Power Limited

Maktel Control & Systems Private Limited
Diamond Power Transmission Private Limited

Apex Power & Equipments Limited

Ruby Cables Limited

IV Relatives of KMP Mrs. Madhurilata Bhatnagar (wife of Mr. Suresh Bhatnagar)

Mrs. Mona Bhatnagar (wife of Mr. Amit Bhatnagar)
Mrs. Richa Bhatnagar (wife of Mr. Sumit Bhatnagar)

Mr. Suresh Bhatnagar (father of Mr. Amit Bhatnagar and Mr. Sumit Bhatnagar)

### B. Related party transactions for the year ended 31 March 2016

Nature of Transactions		31 M	arch 2016			31 March 2015				RS. IN LAKES
	Associate companies	Enterprises over which KMP and their relatives exer- cise significant influence	КМР	Relatives of KMP	Total	Associate companies	Enterprises over which KMP and their relatives exer- cise significant influence	КМР	Relatives of KMP	Total
Purchase of goods										
- Diamond Projects Limited	-	0.10	-	-	0.10	-	2,982.50	-	-	2,982.50
- Diamond Power Transformers Limited	47.25	-	-	-	47.25	-	-	-	-	-
- Ruby Cables Limited	-	2,615.00	-	-	2,615.00	-	-	-	-	-
- Diamond Infosystems Limited	-	-	-	-	-	-	1,853.02	-	-	1,853.02
Sale of products										
- Diamond Power Transformers Limited	27.40	-	-	-	27.40	-	-	-	-	-
- Ruby Cables Limited	-	2,624.26	-	-	2,624.26	-	-	-	-	-
- Mayfair Leisure Limited	-	10.80	-	-	10.80	-	-	-	-	-
- Mayfair Spaces Limited	-	0.18	-	-	0.18	-	-	-	-	-
Sale of services										
- Mayfair Spaces Limited	-	372.13	-	-	372.13	-	-	-	-	-
Professional fees										
- Mr. Suresh Bhatnagar	-	-	-	232.76	232.76	-	-	-	-	-

FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

Nature of Transactions	31 March 2016						31 M	arch 2015		Rs. in lakh
	Associate companies	Enterprises over which KMP and their relatives exer- cise significant influence	КМР	Relatives of KMP	Total	Associate companies	Enterprises over which KMP and their relatives exer- cise significant influence	КМР	Relatives of KMP	Tota
Remmuneration										
- Mr. Suresh Bhatnagar	-	-	-	-	-	-	-	228.69	-	228.6
- Mr. Amit Bhatnagar	-	-	264.48	-	264.48	-	-	203.28	-	203.2
- Mr. Sumit Bhatnagar	-	-	264.48	-	264.48	-	-	203.28	-	203.2
Annual maintenance charges and other services										
- Diamond Infosystems Limited	-	93.67	-	-	93.67	-	33.92	-	-	33.9
Purchase of assets										
- Diamond Infosystems Limited	-	2.24	-	-	2.24	-	-	-	-	
Rent expenses										
- Diamond Infosystems Limited	-	6.12	_	_	6.12	-	6.12	-	-	6.1
- Mr. Suresh Bhatnagar	-	_	_	_	_	-	-	24.43	-	24.4
- Mr. Amit Bhatnagar	_	_	3.00	_	3.00		-	2.25	_	2.2
- Mr. Sumit Bhatnagar	_	_	3.00	_	3.00	_	_	4.77	_	4.7
Loan given			0.00		0.00			,		
- Diamond Power Transformers Limited	11.50	_	_	_	11.50	_		_	_	
Loans repaid by related parties	11.50				11.00					
- Diamond Power Transformers Limited	0.94				0.94	_				
Loans taken	0.74	_		_	0.74			-	-	
	_	2 5/2 00			2 5/2 00			_	_	
- Diamond Projects Limited	-	3,563.00		-	3,563.00	-	-			
- Diamond Power Transmission Private Limited	-	2,212.00		-	2,212.00	-	-	-	-	
Loans repaid			00.04							
- Mr. Amit Bhatnagar	-	-	39.94	- 400.07	39.94	-	-	-	-	
- Mr. Suresh Bhatnagar	-	-	-	100.34	100.34	-	-	-	-	
- Mr. Sumit Bhatnagar	-	-	41.60	-	41.60	-	-	-	-	
- Mayfair Spaces Limited	-	2,008.00	-	-	2,008.00	-	-	-	-	
- Mrs. Madhurilata Bhatnagar	-	-	-	20.92	20.92	-	-	-	-	
- Mrs. Mona Bhatnagar	-	-	-	8.25	8.25	-	-	-	-	
- Mrs. Richa Bhatnagar	-	-	-	8.28	8.28	-	-	-	-	
Capital advance given										
- Diamond Projects Limited	-	1,936.94	-	-	1,936.94	-	-	-	-	
Preference dividend for the year										
- Diamond Projects Limited	-	0.21	-	-	0.21	-	0.21	-	-	0.2
- Madhuri Finserve Private Limited	-	0.21	-	-	0.21	-	0.21	-	-	0.2
Ruby Cables Limited	-	2,019.38	-	-	2,019.38	-	2,750.51	-	-	2,750.5
Diamond Power Transformer Limited	43.98	-	-	-	43.98	-	-	-	-	
Apex Electricals Limited	0.21	-	-	-	0.21	-	0.21	-	-	0.2
Mayfair Leisure Limited	-	10.53	-	-	10.53	-	-	-	-	
Mayfair Spaces Limited	-	372.13	-	-	372.13	-	-	-	-	
Managerial remuneration receivable (refer										
Mr. Amit Bhatnagar	-	-	106.51	-	106.51	-	-	-	-	
Mr. Sumit Bhatnagar	_	_	106.50	_	106.50	-	-	-	_	
Trade payables										
Diamond Power Transformer Limited	916.55	_	_	_	916.55	_	_	-		
Loans receivables	7.0.50				. 10.00					
Diamond Power Transformers Limited	1,265.70	_	_	_	1,265.70	_	_		_	
Apex Power Equipment Private Limited	1,200.70	1,229.45			1,229.45		1,229.98			1,229.9
Apex Electricals Limited	_	1,227.40	_	_	1,227.40		366.26	-		366.2
•	_	54.55	-	-	54.55	-	54.55			54.5
Maktel Power Limited  Madhuri Finserve Private Limited	-	166.15	-	-	166.15	-	169.90	-	-	169.9

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 38 Related party disclosures (Contd.)

Rs. in lakhs

Nature of Transactions	31 March 2016					31 March 2015				
	Associate companies	Enterprises over which KMP and their relatives exer- cise significant influence	КМР	Relatives of KMP	Total	Associate companies	Enterprises over which KMP and their relatives exer- cise significant influence	КМР	Relatives of KMP	Total
Loan payable										
- Mr. Amit Bhatnagar	-	-	-	-	-	-	-	39.94	-	39.94
- Mr. Sumit Bhatnagar	-	-	-	-	-	-	-	41.60	-	41.60
- Mr. Suresh Bhatnagar	-	-	-	-	-	-	-	100.34	-	100.34
- Madhurilata Bhatnagar	-	-	-	-	-	-	-	-	20.92	20.92
- Mona Bhatnagar	-	-	-	-	-	-	-	-	8.25	8.25
- Richa Bhatnagar	-	-	-	-	-	-	-	-	8.28	8.28
- Diamond Projects Limited	-	6,566.20	-	-	6,566.20	-	3,003.19	-	-	3,003.19
- Diamond Infosystems Private Limited	-	131.68	-	-	131.68	-	131.68	-	-	131.68
- Madhuri Finserve Private Limited	-	328.98	-	-	328.98	-	328.98	-	-	328.98
- Daimond Power Transmission Private Limited	-	3,982.00	-	-	3,982.00	-	1,770.00	-	-	1,770.00
- Mayfair Spaces Limited	-	337.00	-	-	337.00	-	2,345.00	-	-	2,345.00
Capital advance (receivable)										
- Diamond Projects Limited	-	3,041.52	-	-	3,041.52	-	1,104.59	-	-	1,104.59
Dividend payable										
- Madhuri Finserve Private Limited	-	0.41	-	-	0.41	-	0.21	-	-	0.21
- Diamond Projects Limited	-	0.41	-	-	0.41	-	0.21	-	-	0.21
Outstanding guarantees given by the Company at the year end										
- Diamond Power Transformers Limited	12,000.00	-	-	-	12,000.00	-	-	-	-	12,000.00
Outstanding guarantees given on behalf of the Company at the year end										
Personal guarantee										
- Mr. Amit Bhatnagar	-	-	*	-	-	-	-	*	-	-
- Mr. Sumit Bhatnagar	-	-	*	_	-	-	-	*	-	-
- Mr. Suresh Bhatnagar	-	-	-	*	-	-	-	*	-	-
Corporate guarantee										
- Madhuri Finserve Private Limited	-	*	-	-	-	-	*	-	-	-
- Diamond Projects Limited	-	*	-	-	-	-	*	-	-	-

<sup>\*</sup> Guarantees given by KMP, relatives of KMP, enterprise over which KMP has significant influence in favour of bank against loan obtained by the Company has been disclosed in Note 5 and 9

### 39 Segment reporting

In accordance with its business and organization structure and internal financial reporting, the Group has concluded that Transmission and Distribution of Power (T&D) related business is its primary business segment. As the Group's revenue is mainly from T&D business, no separate information in line with Accounting Standard (AS) 17 "Segment Reporting" is required. The performance of the Group is mainly driven by the sales made locally which is approximately 99.66% and hence, no separate geographical segment is identified. Accordingly, revenue, carrying amount of segment assets and addition to fixed assets during the year are all reflected in the financial statements as of and for the year ended 31 March 2016.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 40 Derivative instruments

The company uses forward exchange contracts to hedge its exposure to movements in foreign exchange rates.

Rs. in lakhs

		Currency hedged	31 March 2016	31 March 2015
I.	Outstanding derivative instruments			
	Category			
	Forward exchange contracts (to hedge principal repayments of external commercial borrowings)	USD	159.55	91.67
	Forward exchange contracts (to hedge LIBOR interest on external commercial borrowings)	USD	159.55	176.30

Rs. in lakhs

		31 Mar	ch 2016	31 March 2015		
		Amount	Amount	Amount	Amount	
		(in USD)	(in INR)	(in USD)	(in INR)	
II.	Unhedged foreign currency exposure					
	Trade receivables	27.74	1,840.11	-	-	
		28.74	1,840.11	-	-	

## 41 Additional Information to be given as required under Schedule III to the Companies Act 2013, of enterprises consolidated as Subsidiary

Rs. in lakhs

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in loss	
	As % of	Amount	As % of	Amount
	Consolidated		Consolidated	
	net assets		profit or loss	
Parent				
Diamond Power Infrastructure Limited	99.81%	51,910.84	98.41%	(32,275.98)
Subsidiary Foreign				
Diamond Power Global Holding Limited	-0.42%	(220.16)	0.48%	(158.87)
Subsidiary Indian				
Diamond Power Transformers Limited (upto 11 January 2016)	0.99%	514.33	0.59%	(192.75)
Associate				
Diamond Power Transformers Limited (from 11 January 2016)	0%	(192.75)	0.52%	(170.49)
Total	100.00%	52,012.26	100.00%	(32,798.08)

- The remuneration to managing director and joint managing director was fixed at Rs. 21.78 lakhs (each) plus perquisites vide resolution passed in Annual General Meeting held on 30 September, 2015. In view of the loss incurred during the current year, the remuneration is limited to Rs. 120 lakhs p.a. (to both) under the provision of schedule XIII to the Companies Act, 2013. The excess remuneration amounting to Rs 213.01 lakhs paid to managing director and joint managing director has been shown as receivables as at the year end.
- In the previous year, the Group has incurred loss amounting to Rs. 3,001.34 lakhs due to flood at vadadala factory and the stock amounting to the same got destroyed. The same has been shown as exceptional loss in previous year.

### FOR THE YEAR ENDED 31 MARCH 2016 (Contd.)

### 44 Transfer pricing

The Group's domestic transactions with related parties are at arm's length as per the independent accountants report for the year ended 31 March 2015. The Group is in the process of obtaining independent accountant's report for its international transactions. Management believes that the Group's international and domestic transactions with related parties post 31 March 2015 continues to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

- The Holding Company does not have system of maintaining material wise details of sales, purchases and consumption. Accordingly, breakup of amount of major sales, purchases and major raw materials consumed under broad heads is not disclosed in the financial statements as required by Schedule III of the Companies Act, 2013. Further the Holding Company does not have system of maintaining listing of purchase order for capital goods. Accordingly, the details of capital committment is not given.
- The Holding Company has maintained fixed asset register up to the year 2002. Thereafter, the Holding Company has not updated the same and assets capitalised (including the overheads and interest) as per the financial records. The breakup of the cost of each assets / component including capital work-in-progress as at the year-end as the same is under compilation. The depreciation charge is calculated on the basis of gross value of each class of assets, as per the financial statements. The depreciation so calculated could be different, if worked out on the basis of the cost of individual asset. Management is not expecting any significant impact on account of this.
- Considering the financial stress of the Holding Company, on 29 June 2016 the lenders invoked the Strategic Debt Restructuring (SDR) under the extant RBI guidelines. Now the process of implementation of SDR including the restructuring and debt re-alignment process is in progress.
- 48 Corporate social responsibility

The provisions under section 135 and the rules thereof pertaining to Corporate social responsibility are not applicable to the Group.

### 49 Prior year comparatives

Prior year figures have been audited by a firm of Chartered Accountants other than B S R & Co. LLP and ABCJPR & Company (name changed from A Yadav & Associates). The previous year figures have been regrouped / reclassified to conform current years' classification.

For B S R & Co. LLP

Chartered Accountants (Name changed from A Firm's Registration No: 101248W/W-100022 Chartered Accountants

Vijay Bhatt

Partner Membership No: 036647 Vadodara 21 July 2016 For ABCJPR & CO.

[Name changed from A Yadav & Associates]

Firm's Registration No: 129725W

**Arvind Yadav**Partner

Membership No: 047422

For and on behalf of Board of Directors of Diamond Power Infrastructure Limited CIN:L31300GJ1992PLC018198

Amit Bhatnagar Sumit Bhat Managing Director Joint Managin

Sumit Bhatnagar Nishan
Joint Managing Director Compan

# CORPORATE NFORMATION

Woman Director

#### **BOARD OF DIRECTORS**

Shri Amit Bhatnagar Chairman & Managing Director Shri Sumit Bhatnagar Jt. Managing Director Shri Ranvir Singh Shekhawat Independent Director Shri Shailendra Pal Singh Independent Director

Shri Ashok Kumar Singh Independent Director Shri Ashok Kumar Gautam Independent Director Shri Jaideep Nigam\* Independent Director

\*Deceased on 01st April, 2016

#### **AUDIT COMMITTEE**

Ms. Nivedita Pandya

Shri Ranvir Singh Shekhawat Chairman Shri Ashok Kumar Singh Member Shri Amit Bhatnagar Member Ms. Nivedita Pandya Member

### **NOMINATION & REMUNERATION COMMITTEE**

(FORMERLY TERMED AS REMUNERATION COMMITTEE)

Shri Ranvir Singh Shekhawat Chairman Shri Ashok Kumar Singh Member Ms. Nivedita Pandya Member

### STAKEHOLDERS GRIEVANCES AND RELATIONSHIP COMMITTEE

Shri Ashok Kumar Gautam Chairman Shri Ranvir Singh Shekhawat Member Shri Sumit Bhatnagar Member

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Ms. Nivedita Pandya Chairman Shri Amit Bhatnagar Member Shri Sumit Bhatnagar Member

### **SHARE TRANSFER COMMITTEE**

Shri Amit Bhatnagar Chairman Shri Sumit Bhatnagar Memher Ms. Nivedita Pandya Member

### **JOINT STATUTORY AUDITORS**

### BSR & Co. LLP

**Chartered Accountants** 1st Floor, Lodha Excelus, Apollo Mills Compound, N M Joshi Marq Mahalaxmi Mumbai- 400 011

### **ABCJPR & Company**

(Name Changed from A Yadav & associates) **Chartered Accountants** Office No. 202, Tower - A Iscon Atria, Iscon Heights,

Gotri Road, Vadodara- 390 021

#### INTERNAL AUDITORS

#### Hitesh T Shah & Co.

D 123 Vrundavan Township, Opp. Negeshwar Mahadev Harni Road, Vadodara - 390006

#### **AFFAIRS COMPLIANCE AUDIT**

SECRETARIAL AUDITORS M/s Devesh Vimal & Co.

> 204/5 Garden View, Nr. Kamati Baug Circle, Sayajigunj, 390005

Vadodara

**COST AUDITORS** M/s S S Puranik & Associates

> 57, 1st Floor, Surya Kiran Complex, Old Padra Road,

Vadodara-390015

LEGAL ADVISORS Advocate Harshad J Shah

> 107, Lawyers Chambers, Gujarat High Court, Sola,

Ahemedabad-60

**COMPANY SECRETARY** Mr. Nishant Javlekar

> Address: 5/9-10, "Essen House" BIDC, Gorwa, Vadodara -390016 Ph. No: (0265) 2284328 Fax No.: (0265) 2280528 Mail Id: cs@dicabs.com

#### **BANKER INFORMATION**

L&T Finance Ltd. (NCD)

Bank of India Dena Bank Bank of Baroda Indian Overseas Bank Allahabad Bank Axis Bank Ltd ICICI Bank Ltd State Bank of Mysore State Bank of Hyderabad Export Import Bank of India Corporation Bank IFCI Limited

Tata Capital Financial Services

Ltd. (NCD)

Syndicate Bank (NCD) CSEB Gratuity & Pension Fund

Trust (NCD)

Corporation Bank (NCD) Bank of Maharashtra (NCD)

#### **COMPANY COMMUNICATION**

### Registered Office:

Phase-II, Village: Vadadala Tal. : Savli Dist.: Vadodara - 391520, India

Ph.: 02667-251516 Fax: 02667-251202

### Corporate Office:

"Essen House", 5/9-10, B.I.D.C., Gorwa, Vadodara - 390016 (Gujarat) India Ph.: 0265-2284328

0265-2283969, 2280973;

Fax: 0265-2280528

E-Mail: marketing@dicabs.com WEBSITE: www.dicabs.com



# Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Standalone Financial Results

# Statement on Impact of Audit Qualifications for the Financial Year ended 31 March 2016 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

SI No	- W. W. W. W. W. D.	Audited Figures (as reported before adjusting for qualifications)  (in Rs. lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (in Rs. lakhs)
1.	Total income	205,229.89	205,229.89
2.	Total expenditure	239,144.47	239,144.47
3.	Net loss after tax	(32,452.58)	(32,452.58)
4.	Earnings per share (Basic and diluted)	(57.99)	(57.99)
5.	Total assets	334,707.53	334,707.53
6.	Total liabilities	334,707.53	334,707.53
7.	Net worth	51,910.86	51,910.86
8.	Any other financial item(s) (as felt appropriate by the management)	-	

### II. Audit Qualification (each audit qualification separately):

### a. Audit qualification in Independent Auditors' Report:

- 1. As stated in note 45 to the standalone financial statements, the Company does not have system of maintaining material wise details of sales, purchases and consumption. Accordingly, breakup of amount of major sales, purchases and major raw materials consumed under broad heads is not disclosed in the standalone financial statements as required by Schedule III of the Act. Further, the Company does not have system of maintaining listing of purchase order for capital goods. Accordingly, the details of capital commitment is not disclosed in the standalone financial statements and the impact of which is not ascertainable at this stage.
- 2. As stated in note 48 to the standalone financial statements, the Company does not have a cost of each of the assets, its significant component and capital work in progress capitalized during the year and in earlier years. The depreciation charge for the year is worked out on the basis of the gross value of assets as classified in the standalone financial statements. The depreciation charge calculated on the said basis could be different, if worked out on the basis of the cost of individual asset. The aforesaid matters can have an impact on the profit for the year, reserves as the year end and the value of net assets carried forward in the standalone financial statements.







### Audit qualification in Annexure B to the Independent Auditors' Report:

- 3. The Company has not updated fixed asset register giving breakup of cost of each class of assets and its component and Capital Work in Progress, so as to enable reconciliation of physical verification with financial records and ascertainment of depreciation/impairment. This may have an effect on incorrect reporting of profit/loss, net fixed assets, including Capital Work in Progress and the reserves at the end of the year.
- 4. The Company needs to maintain records of movement of inventories at third party site to ensure control over the same. This may have an effect of incorrect reporting to banks and internal MIS to the management.
- 5. The Company should maintain adequate documentation to directly support the arm's length price for transactions with related party to ensure compliance with the requirement of the Accounting Standard and the Act.
- 6. The Company needs to strengthen its documentation over purchase and sales of bought out components to ensure adequate internal checks and correct accounting of the transactions.
- 7. The Company needs to maintain material wise details of sales, purchases and consumption. Further, the Company needs to maintain listing of purchase order for capital goods to determine capital commitment. This will ensure compliance with the disclosure requirement of the Act.
- b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Qualified opinion

c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing

First time

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

No impact has been quantified by the Auditors for all the qualification mentioned in point no (a) above

e. For Audit Qualification(s) where the impact is not quantified by the auditor:

### (i) Management's estimation on the impact of audit qualification:

With respect to qualification no. 1 as mentioned in point (a) above, management would like to inform that entire sales, purchase and consumption during the F.Y. 15-16 have been accounted for and hence there is no financial impact on the standalone financial statements. However, we are in process to have all the data of item wise production, sales and consumption and listing of purchase order of capital goods in our ERP system in near future to have all the desired information available as per the requirement of the Companies Act, 2013.

### (ii) If management is unable to estimate the impact, reasons for the same:

With respect to qualification no. 2 as mentioned in point (a) above, the Company does not have adequate details of cost of each assets, its significant component and capital work in progress capitalized during the year and in earlier years. As a result of which, the Company is unable to calculate the correct depreciation and hence the management is unable to estimate the impact on the profit for the year, reserves at the year end and the value of the net assets carried forward in the standalone financial statements. The Company is in process of updating its fixed assets register having all the required details to calculate the impact of depreciation which will be adjusted in the books of accounts on completion.







With respect to qualification no. 3 to 7 as mentioned in point (a) above, the Company has noted the Auditor's observations with respect to internal control over financials reporting. The Company has taken the cognition of the control aspect and is in the process of evaluating suitable measures to be adopted to implement the internal control system wherever it is lacking and needs improvement for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### (iii) Auditors' Comments on (i) or (ii) above:

Auditors agree with management view as mentioned in point (i) and (ii) above

### III. Signatories

Amit Bhatnagar (Managing Director and Chief Financial Officer)

Vadodara

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Sumit Bhatnagar (Joint Managing Director)

Vadodara



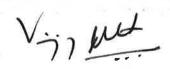
Ranvir Singh Shekhawat Independent Director (Audit Committee Chairman)

Vadodara



Vijay Bhatt BSR & Co. LLP Firm Registration No. 101248W/W-100022 Partner Membership No. 036647

Vadodara



Arvind Yadav
ABCJPR & Co.
(Name changed from A Yadav & Associates)
Firm Registration No. 129725W
Partner Membership No. 047422

Vadodara



Date: 21 July 2016







## Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Consolidated Financial Results

# Statement on Impact of Audit Qualifications for the Financial Year ended 31 March 2016 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	SI. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
		"	(in Rs. lakhs)	(in Rs. lakhs)
	1.	Total income	224,948.54	224,948.54
	2.	Total expenditure	259,027.26	259,027.26
	3.	Net loss after tax	(32,798.07)	(32,798.07)
	4.	Earnings per share (Basic and diluted)	(58.61)	(58.61)
	5.	Total assets	334,980.00	334,980.00
	6.	Total liabilities	334,980.00	334,980.00
	7.	Net worth	52,012.27	52,012.27
	8.	Any other financial item(s) (as felt appropriate by the management)	-	<u> </u>

### II. Audit Qualification (each audit qualification separately):

### a. Audit qualification in Independent Auditors' Report:

- 1. As stated in note 45 to the consolidated financial statements, the Holding Company does not have system of maintaining material wise details of sales, purchases and consumption. Accordingly, breakup of amount of major sales, purchases and major raw materials consumed under broad heads is not disclosed in the consolidated financial statements as required by Schedule III of the Act. Further, the Holding Company does not have system of maintaining listing of purchase order for capital goods. Accordingly, the details of capital commitment is not disclosed in the consolidated financial statements and the impact of which is not ascertainable at this stage.
- 2. As stated in note 46 to the consolidated financial statements, the Holding Company does not have a cost of each of the assets, its significant component and capital work in progress capitalized during the year and in earlier years. The depreciation charge for the year is worked out on the basis of the gross value of assets as classified in the consolidated financial statement. The depreciation charge calculated on the said basis could be different, if worked out on the basis of the cost of individual asset. The aforesaid matters can have an impact on the profit for the year, reserves as the year end and the value of net assets carried forward in the consolidated financial statements.
- 3. As explained in note 14(b) to the consolidated financial statements, Apex Electricals Limited ("Apex"), an associate company, has applied for restructuring under BIFR since 2011. As the financial statements of Apex are not prepared post the date of filing, the Holding Company's share in the profit/loss in Apex is not included in the consolidated financial statements of the Group. Consequently, the adjustment, if any, would be made on receipt of financial statements of Apex.







### Audit qualification in Annexure B to the Independent Auditors' Report:

- 4. The Holding Company has not updated fixed asset register giving breakup of cost of each class of assets and its component and Capital Work in Progress, so as to enable reconciliation of physical verification with financial records and ascertainment of depreciation/impairment. This may have an effect on incorrect reporting of profit/loss, net fixed assets, including Capital Work in Progress and the reserves at the end of the year.
- 5. The Holding Company needs to maintain records of movement of inventories at third party site to ensure control over the same. This may have an effect of incorrect reporting to banks and internal MIS to the management.
- 6. The Holding Company should maintain adequate documentation to directly support the arm's length price for transactions with related party to ensure compliance with the requirement of the Accounting Standard and the Act.
- The Holding Company needs to strengthen its documentation over purchase and sales of bought out components to ensure adequate internal checks and correct accounting of the transactions.
- 8. The Holding Company needs to maintain material wise details of sales, purchases and consumption. Further, the Holding Company needs to maintain listing of purchase order for capital goods to determine capital commitment. This will ensure compliance with the disclosure requirement of the Act.
- b. Type of Audit Qualification: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Qualified opinion

c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing

First time

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

No impact has been quantified by the Auditors for all the qualification mentioned in point no (a) above

- e. For Audit Qualification(s) where the impact is not quantified by the auditor:
- (i) Management's estimation on the impact of audit qualification:

With respect to qualification no. 1 as mentioned in point (a) above, management would like to inform that entire sales, purchase and consumption during the F.Y. 15-16 have been accounted for and hence there is no financial impact on the consolidated financial statements. However, we are in process to have all the data of item wise production, sales and consumption and listing of purchase order of capital goods in our ERP system in near future to have all the desired information available as per the requirement of the Companies Act, 2013.

(ii) If management is unable to estimate the impact, reasons for the same:

With respect to qualification no. 2 as mentioned in point (a) above, the Company does not have adequate details of cost of each assets, its significant component and capital work in progress capitalized during the year and in earlier years. As a result of which, the Company is unable to calculate the correct depreciation and hence the management is unable to estimate the impact on the profit for the year, reserves at the year end and the value of the net assets carried forward in the consolidated financial statements. The Company is in process of updating its fixed assets register having all the required details to calculate the impact of depreciation which will be adjusted in the books of accounts on completion.

With respect qualification no. 3 as mentioned in point (a) above, Apex Electricals Limited ('Apex') has applied for restructuring under BIFR since 2011, and since the matter is currently sub-judice and pending before the BIFR committee for final outcome, the management of Apex have not prepared the financial statements. In absence of the financial statements of Apex, the management of the Company is unable to estimate the impact on the consolidated financial statements.







With respect to qualification no. 4 to 8 as mentioned in point (a) above, the Company has noted the Auditor's observations with respect to internal control over financials reporting. The Company has taken the cognition of the control aspect and is in the process of evaluating suitable measures to be adopted to implement the internal control system wherever it is lacking and needs improvement for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### (iii) Auditors' Comments on (i) or (ii) above:

Auditors agree with management view as mentioned in point (i) and (ii) above

III. Signatories

Amit Bhatnagar (Managing Director and Chief Financial Officer)

Vadodara

pun

Sumit Bhatnagar (Joint Managing Director)

Vadodara



Ranvir Singh Shekhawat Independent Director (Audit Committee Chairman)

Vadodara

Vijay Bhatt BSR & Co. LLP Firm Registration No. 101248W/W-100022 Partner Membership No. 036647

Vadodara



Beldowet

Arvind Yadav
ABCJPR & Co.
(Name changed from A Yadav & Associates)
Firm Registration No. 129725W
Partner Membership No. 047422

week

Vadodara

Date: 21 July 2016





