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A world without electricity is unimaginable, for a country's progress is measured by the amount of electricity flowing through its power lines. Electricity is indeed the lifeline of a nation's economy – providing opportunities for development and growth.

As the demand for electrical power outpaces the generating capacity, the emphasis on economy and efficiency will continue to dominate advancement in the field of electrical engineering, so that every kilowatt of power thus saved will strengthen the nation's power reserves – a positive boost to the economy.

Adding Value through Everyday Solutions

Crompton Greaves is associated with all aspects of electrical engineering spanning a wide product range, from basic household requirements to complex systems for industrial applications. Touching lives every moment, everywhere. Adding value to the quality of life by providing *Everyday Solutions* to the millions in India and the world over.

 **Crompton
Greaves**
EVERYDAY SOLUTIONS

In view of the high cost of paper & printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Please bring your own copy to the Meeting. Also kindly bring the enclosed Attendance Slip with you.

CROMPTON GREAVES LIMITED

Registered Office:

CG House, Dr Annie Besant Road, Prabhadevi, Mumbai 400 025.

NOTICE

NOTICE is hereby given that the Sixty-sixth Annual General Meeting of the Members of CROMPTON GREAVES LIMITED will be held on Tuesday, 22nd July, 2003 at 3.30 p.m. at Patkar Hall, 1 Nathibai Thackersey Road, New Marine Lines, Mumbai 400 020 to transact the following business:

ORDINARY BUSINESS:

Adoption of Directors' Report and Accounts

1. To receive and adopt the audited Profit and Loss Account for the year ended 31st March, 2003 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.

Re-appointment of Director retiring by Rotation

2. To appoint a Director in place of Mr KK Nohria who retires by rotation and, being eligible, offers himself for re-appointment.

Appointment of Auditors

3. To appoint Sharp & Tannan, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to authorise the Audit Committee of the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

Reduction of Capital

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Company's Articles of Association be altered as follows:

- (a) the words "Share Premium Account" wherever appearing in Articles 8 and 168 be substituted by the words "Securities Premium Account";
- (b) the following proviso be substituted in place of the existing proviso to sub-clause (a) of Article 168:
 "Provided that notwithstanding anything contained hereinabove, any amount standing to the credit of the Securities Premium Account or the Capital Redemption Reserve Account may be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares or may be utilised in any other manner, in accordance with the provisions of law."

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

"RESOLVED THAT:

- (a) pursuant to the provisions of Sections 78, 100 and other applicable provisions, if any, of the Companies Act, 1956, Articles 8 and 168 of the Company's Articles of Association, and subject to

the confirmation/approval of the Hon'ble High Court of Judicature at Mumbai or any other Approving Authorities under the Companies Act, and such other approvals as necessary, an amount not exceeding Rs. 185 crores out of the balance appearing in the Securities Premium Account be utilised for adjustment against the balances in the following accounts, as at 31st March 2003, and accretions/variations thereto during the period from 1st April, 2003 to 31st July, 2003:

- Miscellaneous Expenditure to the extent not written off or adjusted;
 - Deferred Tax Asset;
 - Debit balance in the Profit & Loss Account;
- (b) the Board of Directors (which shall include any Committee which the Board may constitute, or any Director/Officer authorised by the Board for this purpose) be and it is hereby authorised to settle all matters arising out of or incidental to the approval and implementation of the abovementioned Capital Reduction, and take all actions as it may, in its absolute discretion deem necessary, including passing of such accounting entries and/or making such other adjustments in the books of account, to give effect to the Orders of the Hon'ble High Court of Judicature at Mumbai or such other Approving Authorities, this Resolution, and all matters related thereto."

Delisting of Securities from Non-Regional Stock Exchanges

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

"RESOLVED THAT:

- (a) pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, the Company hereby approves voluntary delisting of its shares from the Calcutta Stock Exchange Association Limited, Delhi Stock Exchange Association Limited and Madras Stock Exchange Limited;
- (b) the Board of Directors (which shall include any Committee which the Board may constitute, or any Director/Officer authorised by the Board for this purpose) be and it is hereby authorised to settle all matters arising out of and incidental to the abovementioned delisting; and further take all actions as it may, in its absolute discretion, deem necessary to give effect to this Resolution."

NOTES:

- (a) An Explanatory Statement as required by Section 173 of the Companies Act, 1956, in respect of Items 4, 5 and 6 of the Notice is annexed hereto.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.
- (c) **Book Closure**
The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 12th July, 2003 to Tuesday, 22nd July, 2003, both days inclusive.
- (d) **Unclaimed Dividend**
(i) Pursuant to Section 205A of the Companies Act, 1956, all dividends upto the financial year 1994-95 which remained unclaimed have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrants for the said years are

requested to claim the amount from the Registrar of Companies, Maharashtra, 2nd Floor, Hakoba Compound, Dattaram Lad Marg, Mumbai 400 033. The Company will be pleased to assist Members in claiming these dividends.

- (ii) In terms of the amendment to Section 205A and the introduction of Section 205C by the Companies (Amendment) Act, 1999, dividends for the financial year 1995-96 and thereafter, which remain unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund.
- (iii) Members who have, till date, not encashed their dividend warrants for the financial years 1995-1996 to 1998-1999, are advised to claim the dividend from the Investor Services Department at the Registered Office of the Company at the earliest. *Once unclaimed dividends are transferred to the Investor Education and Protection Fund, Members will not be entitled to claim these dividends.*

(e) Share Registrar & Transfer Agent

The Securities and Exchange Board of India (SEBI) had advised listed companies, that by 31st March, 2003, all share registry activities in both physical and electronic form, should be maintained at a single point, either in-house by the Company or by a SEBI-registered Registrar & Transfer Agent.

Whilst the Company's physical share registry activities were handled in-house by the Company's Investor Services Department, the activities requiring electronic connectivity had already been successfully out-sourced to Sharepro Services, a SEBI-registered Registrar & Transfer Agent.

In view of the above requirement of SEBI, the Company has now out-sourced its entire share registry activities to Sharepro Services at Satam Estate, 3rd Floor, above Bank of Baroda, Chakala, Andheri (East), Mumbai 400 099. Contact details of Sharepro Services are provided in the Corporate Governance Report.

(f) Investor Services Department

In addition to the Share Registrar & Transfer Agent, our Investor Services Department, which is located at the Company's Registered Office, will be happy to assist, in case Investors experience any difficulties in their interaction with Sharepro Services. This Department remains open to shareholders from 2.00 p.m. to 5.00 p.m., Mondays to Fridays. The telephone number is 24237804; E-mail address is arpatil@ho.cgl.co.in. In order to enable us to provide you with more effective service, we would appreciate if you could call upon or phone our Investor Services Department during these hours only.

By Order of the Board

W. HENRIQUES

Company Secretary &

Vice President – Human Resources

Mumbai, 22nd May, 2003

ANNEXURE TO THE NOTICE

Director being Proposed for Re-appointment

Mr KK Nohria is an Electrical Engineer from Benares Hindu University, with over 45 years' experience in the Electrical Industry. From 1985 to 2000, Mr Nohria was the Managing Director and the Chairman of the Company, and is currently its Chairman. He is also a Director on the Board of several reputed companies and has served as President/Chairman of various Industry Associations and Professional Bodies; his most recent responsibility being President of ASSOCHAM.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Items 4 & 5

Towards increased competitiveness and progressive cost efficiencies, the Company has, in the recent past, aggressively pursued right-sizing of its employee strength, which has resulted in significant expenditure on Voluntary Retirement Schemes (VRS). These VRS expenses alongwith testing fees and technical know-how fees are classified as Miscellaneous Expenditure, which in terms of the Company's accounting policy, is amortised over a period of 5/6 years. The amortisation of these heads of expenditure understandably, has an adverse impact on the Company's profitability every year, until this expenditure is fully amortised.

In compliance with the Accounting Standard AS-22 on "Accounting for Taxes on Income", issued by The Institute of Chartered Accountants of India, the Company had created Deferred Tax Asset in its March 2002 Accounts. This amount, although represented as an asset, is an intangible asset.

Further, there is a debit balance in the Company's Profit & Loss Account as at 31st March, 2003 which is in the nature of carried forward loss.

The Board of Directors considers it desirable that the Company should undertake a scheme of Capital Reduction to restructure its Balance Sheet. The Company has a substantial amount of Rs.379.82 crores in the Share/Securities Premium Account as at 31st March, 2003 and, as permitted by the Companies Act, the Board of Directors, at their Meeting held on 22nd May, 2003, have approved that an amount not exceeding Rs. 185 crores in the aggregate be utilised for adjustment against the balances in the following accounts, as at 31st March 2003, and accretions/variations thereto during the period from 1st April, 2003 to 31st July, 2003 subject to confirmation by Approving Authorities:

- Miscellaneous Expenditure to the extent not written off or adjusted;
- Deferred Tax Asset;
- Debit balance in the Profit & Loss Account;

The Balance Sheet as at 31st March, 2004 will reflect the above adjustments upon confirmation by the Hon'ble High Court of Judicature at Mumbai or such other Approving Authorities.

The Capital Reduction through utilisation of Share/Securities Premium Account is considered desirable and in the interests of the Company, since the financials of future years would reflect realistic financial results arising out of operations, and the annual amortised burden of such items would be averted. The Earnings Per Share would also reflect the true operating performance, resulting in better shareholder value. Further, the proposed adjustment will not have any negative impact on the external perception as regards book value of the Company's share, since it is usual practice that such items are considered whilst calculating tangible net worth.

The Capital Reduction will also not cause any prejudice to the creditors of the Company whose interests will, in no way be affected, since no payment to any shareholder, waiver of any call or any compromise/arrangement with creditors is envisaged. The Capital Reduction will also have no adverse effect on the Company's ability to honour its commitments or pay its debts in the ordinary course of business.

In order to implement the above financial restructuring, the Company proposes to amend Article 168 of its Articles of Association, as set out in the Resolution at Item 4, to allow utilisation of the Share/Securities Premium Account and the Capital Redemption Reserve Account, for any application as may be permitted by law. Further, as pursuant to the Companies (Amendment) Act, 1999, the nomenclature of the "Share Premium

Account" in Section 78 was substituted with the "Securities Premium Account", all references to the "Share Premium Account" in Articles 8 and 168 are proposed to be changed to "Securities Premium Account".

Article 8 read with Article 168 (as proposed to be amended) of the Company's Articles of Association permits the Company to reduce its Share Capital and utilise the balance in the Share/Securities Premium Account and the Capital Redemption Reserve Account for the Capital Reduction, in accordance with the provisions of the Companies Act.

Since the Capital Reduction envisages only a reduction in Share/Securities Premium Account, the Company's equity capital structure and shareholding pattern will remain unchanged.

The Resolution will be subject to confirmation/approval of the Hon'ble High Court of Judicature at Mumbai, or any other Approving Authorities under the Companies Act or by the laws in force.

The Board considers this Resolution to be in the best interests of the Company, and therefore recommends the same for Members' approval.

A copy of the Memorandum and Articles of Association of the Company together with the proposed amendment is available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company, upto the date of the Annual General Meeting.

The Directors are concerned or interested in this Resolution, only to the limited extent of their shareholding in the Company, if any.

Item 6

The Company's shares are listed on five Indian Stock Exchanges viz: The Stock Exchange, Mumbai (which is the Regional Stock Exchange for the Company), the National Stock Exchange of India Limited, Calcutta Stock Exchange Association Limited, Delhi Stock Exchange Association Limited and Madras Stock Exchange Limited.

The Company's shares had been listed on the Calcutta, Delhi and Madras Stock Exchanges at a point in time when nationwide trading through electronic terminals was non-existent, to facilitate transactions in the Company's shares by Members at these locations. For sometime now, these facilities are available through The Stock Exchange, Mumbai and the National Stock Exchange, and the Company's shares are listed on both these Stock Exchanges.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (delisting Guidelines), permits a company to voluntarily delist its securities, without offering an exit opportunity to its shareholders in cases where its shares continue to be listed on Stock Exchanges having nationwide trading terminals. The Company's shares being listed on the Mumbai and National Stock Exchange fulfil this condition.

For the past two years, besides the infrequency of trades, the annual trading volumes on the Calcutta, Delhi and Madras Stock Exchanges have been miniscule i.e. less than 1% of the nationwide trading in the Company's shares. Also, with the facility of nationwide trading terminals, no detriment will be caused to the Members at these locations, for transactions in the Company's shares. As at date, there are no pending complaints of Members at these locations.

In view of the above, Members' approval is sought to voluntarily delist the Company's shares from the Calcutta, Delhi and Madras Stock Exchanges, without offering an exit opportunity to shareholders, in terms of the above delisting Guidelines.

The abovementioned delisting Guidelines provide that voluntary delisting can be effected only after approval by the Members in General Meeting by Special Resolution, and the Special Resolution at Item 6 of the Notice seeks the consent of the Members for this purpose.

By Order of the Board

W HENRIQUES

Company Secretary &

Vice President – Human Resources

Mumbai, 22nd May, 2003

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Corporate Information

Board of Directors

K. K. Nohria, *Chairman*
 S. M. Trehan, *Managing Director*
 S. Bisht
 P. C. Gupta
 G. Thapar
 K. Thapar

Chief Financial Officer

B. R. Jaju

Company Secretary

W. Henriques

Registered Office

6th Floor, CG House, Dr. Annie Besant Road,
 Prabhadevi, Mumbai 400 025

Auditors

Sharp & Tannan

Solicitors

Crawford Bayley & Co.

Bankers

ABN - Amro Bank N.V.
 Bank of Baroda
 Bank of India
 Bank of Maharashtra
 BNP Paribas
 Canara Bank
 Corporation Bank
 ICICI Bank Ltd.
 Oriental Bank of Commerce
 Standard Chartered Bank Ltd.
 State Bank of India
 UCO Bank
 Union Bank of India
 Vijaya Bank

However, Crompton Greaves assumed control of its destiny, initiated tough measures and rebounded with a modest profit in 2001-02.

In 2002-03 - the year under review in this Annual Report - we are pleased to report that Crompton Greaves strengthened this turnaround with an 8% increase in its topline and a 582% increase in its profit after tax.

Crompton Greaves credits this turnaround, achieved in a short span of less than two years and considered as one of the most significant in recent times in Corporate India, to a single word.

Focus.

The power of focus

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It is remarkable how a single 'Focus' concept can inspire a dramatic transformation.

At Crompton Greaves, 'Focus' assumed a relevant manifestation, capturing value-enhancing initiatives.

As a result, our people cut costs in ingenious ways. They exercised stricter fiscal control. They got more out of their machines. Their research translated into better customer-serving products. They marketed not just within India but aggressively across a number of international geographies. All this, with the conviction that it would translate into tangible results. More importantly, they successfully planned the Company's prudent shift and even exit, wherever necessary, from non-remunerative locations and businesses.

In doing so, Crompton Greaves is transforming itself from a survival-focused outlook into sustainable growth-centric organisational mindset.