



KALPATARU POWER TRANSMISSION LTD.

ANNUAL REPORT 1998-99



BOARD OF DIRECTORS

Chairman

Ismail M. Kanga

Managing Director

Mahendra G. Punatar

Directors

Mofatraj P. Munot

Suresh A. Gandhi

Jayanti C. Shah

Bhogilal D. Shah

Parag M. Munot

Ajay A. Munot

Additional Director

S. R. Mehta

Company Secretary

Manoj G. Raichandani

Auditors

Kishan M. Mehta & Co., Ahmedabad

Bankers: Indian Bank, Oriental Bank of Commerce, Union Bank of India.
Factory & Registered Office: Plot No. 101, Part III, G.I.D.C. Estate, Sector 28, Gandhinagar 380 028, Gujarat, India.
Tel. No.: 91-2712-22512, 22622, Fax No.: 91-2712-25225, 33101, e-mail: kptlg@wilnetonline.net
Corporate Office: 111, Maker Chambers IV, Nariman Point, Mumbai 400 021
Tel. No.: 91-22-2822888, Fax No.: 91-22-2041548.





Kalpataru Power Transmission Limited
Eighteenth Annual Report and Audited Statement of Accounts
For the year ended 31 March, 1999

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Rs. IN LACS

FIVE YEARS FINANCIAL HIGHLIGHTS					
PARTICULARS	1994-95	1995-96	1996-97	1997-98	1998-99
Sales	6,223	8,388	10,498	12,800	16,579
Other Income	28	8	46	9	112
Total Expenditure	5,404	6,876	8,782	11,094*	14,280
Interest	81	353	405	488	443
Gross Profit after interest but before depreciation & Taxation	766	1,167	1,357	1,617	1,968
Depreciation	48	85	143	167	209
Profit before Taxation	718	1,082	1,214	1,060	1,759
Provision for taxation	237	275	287	261	271
Net Profit	481	807	927	799	1,488
Equity Share Capital	780	1,086	1,086	1,086	1,086
Reserves excluding revaluation reserves	1,695	2,184	2,786	3,194	4,320
Production in MTs	16,196	19,579	25,391	31,241	34,962
EPS (Rs.)	9.38*	7.43	8.53	7.36	13.70

* Includes extraordinary provision of Rs. 390 Lacs towards diminution in the value of investment.

* Weighted Average.





DIRECTORS' REPORT

**To,
THE MEMBERS,**

Your Directors have pleasure in submitting the **18th ANNUAL REPORT** on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31 March 1999.

FINANCIAL RESULTS:

	1998-99 (Rs. in Lacs)	1997-98 (Rs. in Lacs)
Profit before Depreciation	1968.68	1226.45*
Less: Depreciation	<u>209.44</u>	<u>166.46</u>
Profit before Taxation	1759.24	1059.99
Less: Provision for Taxation	<u>271.00</u>	<u>261.00</u>
Net Profit after Taxation	1488.24	798.99
Add: Surplus brought forward from previous year	<u>209.93</u>	<u>201.95</u>
Profit available for appropriation	<u>1698.17</u>	<u>1000.94</u>

APPROPRIATIONS:

Tax on Dividend for 1996-97	—	32.58
Transfer to General Reserve	200.00	400.00
Proposed Dividend on Equity Shares	325.85	325.85
Tax/Surcharge on Proposed Dividend	35.84	32.58
Balance carried to Balance Sheet	<u>1136.48</u>	<u>209.93</u>
	<u>1698.17</u>	<u>1000.94</u>

* Includes extraordinary provision of Rs. 390 Lacs towards diminution in the value of investment.

**DIVIDEND:**

The Directors are pleased to recommend payment of dividend for the year ended 31 March 1999 @ 30% (Rs. 3 per equity share of Rs. 10 each).

OPERATIONS:**Turnover & Profitability:**

During the year the company has achieved total revenue of Rs. 16,691 Lacs as against Rs. 12,808 Lacs for the previous year indicating a growth of 30% for the year. In spite of competitive pressures and dull economic conditions, Profit before tax increased by 66% from Rs. 1,060 Lacs in 1997-98 to Rs. 1,759 Lacs in 1998-99 and Profit after tax increased by 86% from Rs. 799 Lacs in 1997-98 to Rs. 1,488 Lacs in 1998-99.

The production during the year has been 34,962 MT against 31,241 MT in the preceding year indicating a growth of 12%.

The turnover of the company includes Rs. 14,940 Lacs (90% of total turnover) towards value of physical exports and deemed exports as against Rs. 10,400 Lacs (81% of total turnover) in the previous year. The physical exports during the year increased from Rs. 2,321 Lacs to Rs. 5,340 Lacs indicating an increase of 130% as compared to the previous year and contributing a significant 32% to total turnover.

Your Directors are pleased to inform you that your company has got 'Export House' status under the EXIM Policy of the Government of India and Award for the highest growth in exports in 1997-98 from the Engineering Export Promotion Council. Your company has also received a quality certification from LAPEM, the Mexican certification authority.

Transmission Line Division:

Last year, the Power Sector in India continued to be dull, in spite of being declared as a high priority Infrastructure industry by the Government of India. However, with the recent impetus given to Transmission Sector, the long-term outlook is bright.

The company's Research and Development Centre at Punadra, near Gandhinagar was commissioned during the year under review at a cost of approx. Rs. 700 Lacs. It can test towers upto 800 KV D/C and is one of the largest in Asia.





The company has acquired the nearby factory plot, improved its material handling capabilities and is planning further capital expenditure and computerisation to increase efficiency and productivity.

Till date, your company has exported to Australia, Indonesia, Malaysia, Philippines, Thailand, Syria, Mexico and is expecting further jobs from other countries. Also, your Company is successfully executing supplies to international EPC companies such as ABB Group, Alstom / Cegelec, etc. who are satisfied with our quality and deliveries.

The company is well placed for a job of approx. Rs. 111 Crore from the Power Grid Corporation of India - the largest job in the history of your company.

Realising the emphasis towards Turnkey jobs, the company has also further strengthened its project management and international marketing skills. Also, your company is confident of participating in turnkey jobs requiring financing packages or jobs on a Build-Operate-Transfer (BOT) basis in the future.

Real Estate Division:

With the recent impetus given to the Housing Sector, the outlook for 'Kalpataru Habitat', the 250,000 sq.ft. Residential Project at Parel, Mumbai, looks encouraging. The superstructure work on Tower 1 (a 22-storey Building) is already complete and finishing works are in progress. Completion is expected by the year 2000, while work on Tower 2 will begin thereafter.

The company is following the completed project method of accounting and upto 1998-99, all expenses towards the Project have been capitalised as W.I.P, which has increased from Rs. 2,809 Lacs in 1997-98 to Rs. 3,744 Lacs in 1998-99.

The entire funding for this project is tied up and your company foresees a good response to sales bookings in the current year, given the high quality, the advanced stage of completion and the integrated and well-planned development of the Project.

Also, the project has achieved the distinction of having received a ISO 9002 certification from SGS Yarsley.



**Preference Share Issue:**

The company proposes to issue 13% Preference Shares (Redeemable, Non-Convertible) on a private placement basis to augment the medium term resources of the company and is confident of a good response from institutional investors.

Y2K Preparedness level:

The company has carried out a study of various operations, processes and functions that could be affected due to the Year 2000 problem. The study revealed that there would be no systems problem, as corrective measures are already in progress. The work carrying out the aforesaid corrective measures would be completed by September 1999.

The estimated expenses for remedial factor is about Rs. 25 Lacs which includes changing of hardware / software and implementation. Besides this the system will be tested with the help of vendors as well as outside consultants.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Parag M. Munot, Mr. Suresh A. Gandhi and Mr. B. D. Shah are liable to retire by rotation and being eligible offer themselves for re-appointment.

Mr. S. R. Mehta who was appointed at the Meeting of the Board of Directors on 25 July 1998 also retires at the ensuing Annual General Meeting. A Notice has been received from a Member along with requisite deposit signifying his intention to propose Mr. S. R. Mehta as a candidate for the Office of Directors liable to retire by rotation.

Yours Directors recommend appointment of Mr. S. R. Mehta as the Director of the company and re-appointment of Mr. Parag M. Munot, Mr. Suresh A. Gandhi and Mr. B. D. Shah.

AUDITORS:

M/s. Kishan M. Mehta & Co. the Auditors of the company will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. They have given their consent to be re-appointed for the current year. Members are requested to consider their re-appointment.

PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, particulars of Employees of the company are furnished in an annexure to this report.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION:**

The information required under Section 217 (1) (e) of the Companies Act, 1956 is annexed hereto and forms part of this Report.

DEPOSITS:

The company has not accepted deposits from the public within the provisions of Section 58-A of the Companies Act, 1956.

ACKNOWLEDGEMENT:

The Board places on record its gratitude to our valued Customers, Bankers, Financial Institutions and Members for their support and confidence in the company.

The Board also wishes to place on record its appreciation for the devoted services rendered by the employees of the company at all levels.

On behalf of the Board of Directors

Place : Mumbai

Date : 10 May 1999

ISMAIL M. KANGA

Chairman

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ANNEXURE TO DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

During the year continuous focus was given by your company to minimise the energy consumption by taking the following measures:

1. Use of Voltage Regulator to regulate the fluctuations in the voltage of the Ahmedabad Electricity Company supply, which helps to reduce energy consumption and eliminates wastage.
2. With the latest galvanising technology adopted by your company, a substantial amount of fuel has been saved.
3. Adoption of a system of shutting down all electrical machineries and appliances when not in use to avoid unnecessary wastage of energy.
4. Implementation of recommendations made by the National Productivity Council while conducting the energy audit.

Impact of above for reduction of energy consumption and consequent impact on cost of production of goods :

Our total energy cost is less than one percent of our total turnover, which reflects the success of your company's efforts in this direction.

Total energy consumption and energy consumption per unit of Production as per Form 'A' is not applicable in the case of your company.

B. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption as per Form 'B' are given below:

FORM - B

Form for Disclosure of Particulars with regard to Absorption:

Your company has commissioned a Research and Development Centre at Punadra where