



*Kalpataru Power
Transmission Limited*

KALPA-TARU

*Annual Report
for the year 2001 - 2002*



KALPA-TARU

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Kalpataru Power Transmission Limited

Twenty-First Annual Report and Audited Statement of Accounts

For the year ended 31st March, 2002.

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Board Of Directors

BOARD OF DIRECTORS

Chairman: **Ismail M. Kanga**

Executive Vice Chairman: **Mahendra G. Punatar**

Managing Director: **K. V. Mani**

Directors: **Mofatraj P. Munot**
Suresh A. Gandhi
Parag M. Munot
Ajay A. Munot
Bhupendra D. Bhagtani
(Executive Director - Marketing)
Sajjan R. Mehta

Jayanti C. Shah

K. N. Shenoy

Vimal Bhandari
(Additional Director with effect from 28th June 2002)

Company Secretary: **Bajrang P. Ramdharani**

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 - 382028, Gujarat, India.

Tel No. : 91-079-3211951 / 3211955

Fax No. : 91-079-3211966 / 3211971

Email : kptl@kalpatarupower.com

Corporate Office : 111, Maker Chambers IV, Nariman Point, Mumbai - 400 021.

Tel No. : 91-22-2822888

Fax No. : 91-22-2041548

Website : www.kalpatarupower.com

Directors' Report*To,***THE MEMBERS,**

Your Directors have pleasure in submitting the 21st ANNUAL REPORT on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS:

	2001-2002 (Rs. in Millions)	2000-2001 (Rs. in Millions)
Profit before Depreciation	121.38	119.49
Less: Depreciation	<u>30.08</u>	<u>25.78</u>
Profit before Taxation	91.30	93.71
Less: Provision for Taxation	16.71	11.50
Provision for Deferred Taxation	<u>1.17</u>	<u>-</u>
Net Profit after Taxation	73.42	82.21
Add: Surplus brought forward from previous year	241.54	206.91
Add: Prior year's adjustments	(0.03)	2.72
Profit available for appropriation:	<u><u>314.93</u></u>	<u><u>291.84</u></u>

APPROPRIATIONS:

Transfer to General Reserve	10.00	20.00
Proposed Dividend on Equity Shares	16.29	16.29
Corporate Tax on Proposed Dividend	-	1.66
Interim Dividend:		
Equity Shares	-	-
Preference Shares	10.07	10.07
Corporate Tax thereon	1.03	2.27
Balance carried to Balance Sheet	277.54	241.55
	<u><u>314.93</u></u>	<u><u>291.84</u></u>

DIVIDEND:

Your Directors are pleased to recommend payment of dividend for the year ended 31st March, 2002 @ 15% (Rs.1.50 per equity share of Rs.10 each.)

OPERATIONS:**Transmission Line Division:**

During the year, your company achieved a gross turnover of Rs.1,472 million as against Rs.1,599 million in the previous year inspite of unsatisfactory performance due to low order book position in first half. Profit before tax was marginally lower at Rs.91 million as compared to Rs.94 million in the previous year and the net profit has also decreased from Rs.82 million to Rs.73 million mainly due to higher tax provisions.

The total export turnover (including overseas projects and deemed exports) is Rs.1,154 million in 2001-02 as against Rs.1,148 million in 2000-2001, out of which physical exports are Rs.746 million as against Rs.320 million in the previous year.

Production during the year has been lower at 26,639 MT due to low order book at the beginning of the year as against 33,111 MT in the previous year indicating a decline of 20%.

Your company will be completing three major projects for Powergrid Corporation of India valued over Rs.1 Billion within agreed contractual schedule.

Your Company's order booking momentum picked-up during the year and the company was awarded contracts, worth approximately Rs.2.75 Billion, which surpasses the previous best for the company.

Some of the prestigious contracts are listed under:

- 1) Full turnkey installation of 400 KV transmission lines between Jaipur-Merta-Jodhpur for Rajasthan Rajya Vidyut Prasaran Nigam Ltd.
- 2) Fully turnkey installation of about 300 Kms of 400 KV transmission lines in Turkey and Algeria involving over 7,000 MT of towers.
- 3) Supply of over 10,000 MT of towers to Gujarat Electricity Board for 400 KV and 220 KV transmission lines, funded by Asian Development Bank.
- 4) Supply over 19,000 MT of towers to clients in USA, Peru, Nigeria, Italy, Australia and UAE, with further supply orders from Vietnam and Bangladesh.
- 5) A break-through order in Telecommunication sector was received to supply 14 Microwave towers of varying heights.

With a view to minimize risk exposure in new overseas markets, your company entered into consortium arrangements with Egyptian and Turkish firms for the projects awarded in Algeria and Turkey, so that your company's design, tower supply and project leadership experience could combine with local field knowledge of our partners.

Your company is now scanning new overseas markets either directly or in association with other firms, with a

view to get an entry into newer territories.

The Tower Testing Station and R&D Centre also scaled new heights this year by completing the tests of 20 towers which is the highest performed in year since its commissioning. Powergrid also awarded contract for Tower Tests on 7 towers required for Ramagundam and Tala Projects.

It is expected that the transmission line division would continue to perform well, given the healthy order book and operational efficiency of your company and get a fair level of market share in both domestic and overseas markets.

Real Estate Division

The litigation initiated by vendors has been fully resolved and the company is hoping to complete the first 23-storied Residential Building at Parel (Central Mumbai) - Kalpataru Habitat by November 2002. Work on second Building will start thereafter.

Sales of residential flats have commenced with an enthusiastic response and the company hopes to benefit from the positive sentiment prevailing in the Mumbai real estate market. Sales are expected to be buoyant with substantial flats being sold before the year-end.

As per accounting policies followed by the company, no sales / revenue has been recognized in 2001-2002.

New Initiatives

You would be glad to know that your company has received permission from Rajasthan Energy Development Agency (REDA), the State nodal agency for promoting Renewable Energy to develop 3 x 7 MW (net) Biomass based Power Generation projects (using various agricultural fuels) in different districts of Rajasthan.

The Power Purchase Agreements (PPA) have been executed with Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RRVPL) and also a Wheeling and Banking Agreement with RRVPL and the three Vidyut Vitran Nigams (of Jaipur, Jodhpur and Ajmer) in February 2002.

The 7.8 MW Biomass Power Plant at Padampur, Ganganagar District is expected to achieve Commercial Operation in March / April 2003. Financial Closure has been achieved. Besides being environment friendly, the Project is expected to contribute to the prosperity and sustainable development of the region.

DIRECTORS:

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

Mr. Vimal Bhandari is inducted as an independent additional director of the company on 28th June 2002. Currently he is executive director of Infrastructure Leasing & Financial Services Ltd. He is young and dynamic Chartered Accountant having wide experience in finance services, mergers and acquisitions, strategic financial planning, disinvestments, etc.

Your Directors recommend appointment of Mr. Vimal Bhandari as the Director, whose term as an additional director is expiring on ensuing annual general meeting of the company. Your company has received notice from members pursuant to

section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Mr. Vimal Bhandari for the office of director.

Your Directors recommend appointment of Mr. Vimal Bhandari as the Director of the company and re-appointment of Mr. Ismail M. Kanga, Mr. Suresh A. Gandhi and Mr. Jayanti C. Shah.

Your Directors also recommend re-appointment of Mr. M.G. Punatar, Executive Vice Chairman for a further period of 3 years, whose present terms of employment is expiring on 30th June, 2002.

Statement of Directors' Responsibility:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibilities Statement, it is hereby confirmed:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year;
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors had prepared the annual accounts for the financial year ended 31st March, 2002 on a "going concern" basis.

CORPORATE GOVERNANCE:

As per Clause 49 of the listing agreement with the Stock Exchanges, a separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from the Auditor of the company, confirming compliance is set out in the Annexure forming part of this report.

Your company has been practicing the principles of good corporate governance over the years. The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the board lays strong emphasis on transparency, accountability and integrity.

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 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.

AWARDS

The company has been awarded All India Trophy for Highest Exports in the category of Exporters to New / Difficult Markets under Non SSI Category during 1999-2000 by Ministry of Commerce, Govt. of India.

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: 28th June, 2002

ISMAIL M. KANGA
CHAIRMAN

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:

The following measures taken by your Company from time to time has helped us in maintaining the energy consumption at optimum level:

1. Use of Voltage Stabilizer 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, fuel is being saved.
3. Your company has installed enough number of Capacitors at the Electrical Control Panel Boards to improve the overall power factor of the System.
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 Research and Development Centre at Punadra where development efforts are carried out in the field of design and engineering. Technical personnel at various levels are putting their efforts for continuous improvement for product development.

Adhering to its quality policy, your company is committed to supply the products and services that comply to agreed specifications and contractual requirements, which have resulted in increased customer satisfaction and also improved the market share.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

1. Efforts Made:

During the year under review, technology for economical designs and high quality production was developed with the help of highly skilled technical personnel.

2. Benefits derived as a result of above efforts:

Product improvement through high efficiency, economical design and energy saving has improved the overall working of your Company.

3. In the case of imported Technology (imported during the last five years reckoned from the beginning of the financial year), the following information is furnished.

a) Technology imported	1. CNC Fabrication Machines from Italy. 2. Furnace from U.K. 3. CNC Drilling Machine from Italy. 4. Drill Sharpening Machine from Italy. 5. Milling Machine from Italy
b) Year of Import	1995, 1996, 1997 & 2000
c) Has technology been fully absorbed	Yes
d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of actions	Not Applicable

4. During the year, use of energy efficient tube lights have reduced power consumption.**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign exchange earnings	Rs. 710,535,431
Foreign exchange outgo	Rs. 286,837,146