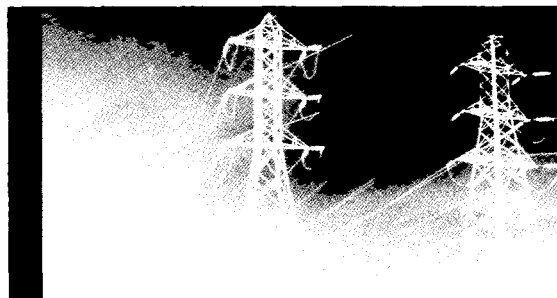


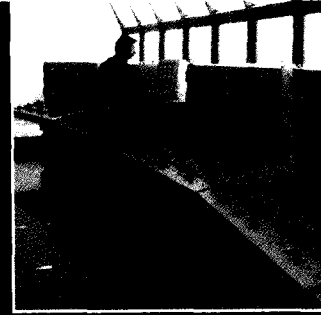
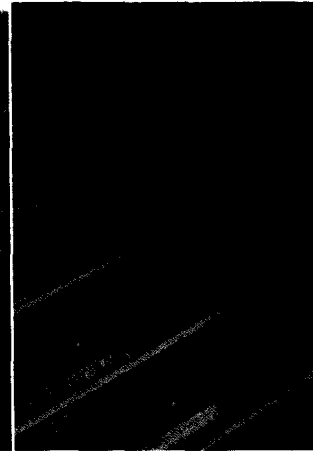


KALPATARU POWER TRANSMISSION LTD.

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2003-2004  
ANNUAL REPORT

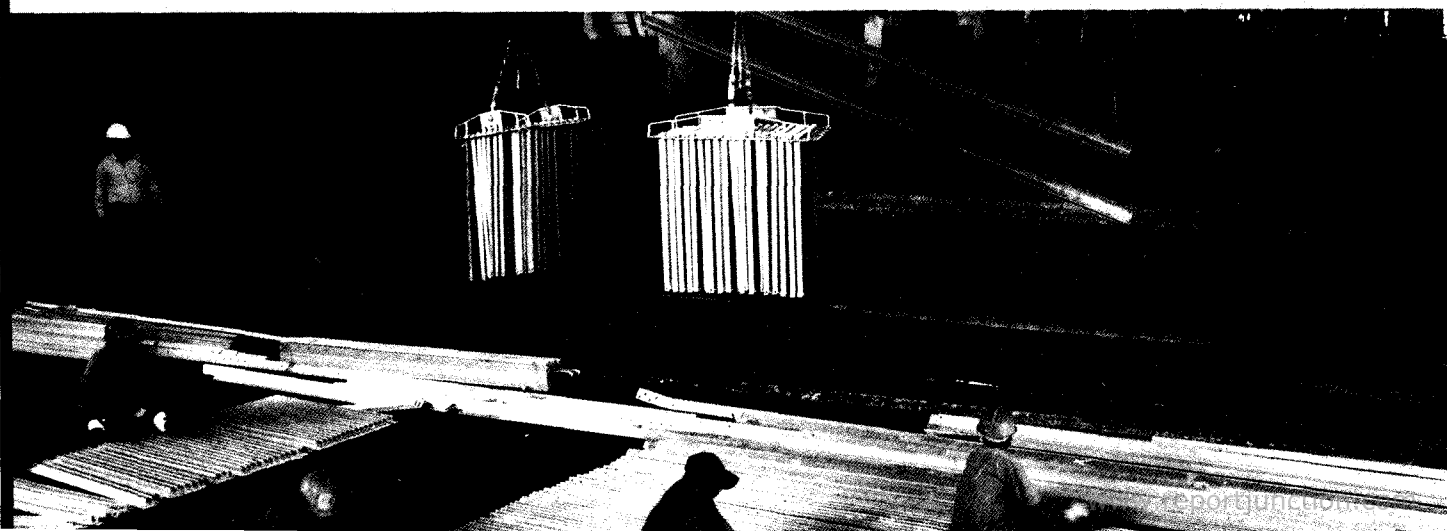


Report

Our Fabrication plant is equipped with latest CNC punching, drilling machines and galvanizing capabilities. With an annual output of approx 48,000 MT's places us amongst world's largest tower fabricators.

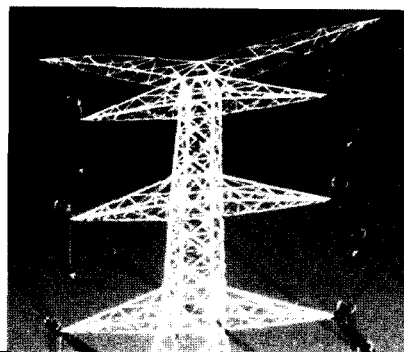
world class  
infrastructure

We also have a strong design team, backed by one of the world's largest and state of art Tower testing and R & D Centre. Our Construction team has Tension stringing equipments and tools / tackles required for turnkey execution of EHV lines.





Kalpataru Power Transmission Limited



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Twenty Third Annual Report & Audited Statement of Accounts for the year ended 31st March, 2004.

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**KALPA-TARU**

## Board of Directors

**CHAIRMAN**

Ismail M. Kanga

**EXECUTIVE VICE CHAIRMAN**

Mahendra G. Punatar

**MANAGING DIRECTOR**

K.V. Mani

**EXECUTIVE DIRECTOR**

Ajay A. Munot

(w.e.f. 1st February 2004)

**EXECUTIVE DIRECTOR - MARKETING**

Bhupendra D. Bhagtani

**DIRECTORS**

Mofatraj P. Munot

Parag M. Munot

Sajjanraj Mehta

Jayanti C. Shah

K.N. Shenoy

Vimal Bhandari

Suresh A. Gandhi

(Resigned as a Director w.e.f. 13th May, 2004)

**COMPANY SECRETARY**

Bajrang Ramdharani

**AUDITORS**

Kishan M. Mehta & Co., Ahmedabad

**BANKERS :**

Indian Bank,  
Oriental Bank of Commerce,  
Union Bank of India,  
State Bank of India,  
Exim Bank,  
ICICI Bank Ltd.,  
HDFC Ltd.

**CORPORATE OFFICE:**

111, Maker Chambers IV,  
Nariman Point,  
Mumbai - 400 021.  
Tel No.: 91-22-22822888  
Fax No.91-22-22041548

**FACTORY & REGISTERED OFFICE :**

Plot No.101, Part III,  
G.I.D.C. Estate, Sector 28,  
Gandhinagar - 382 028,  
Gujarat, India.  
Tel. No.:91-79 23211951-23211955  
Fax No.:91-79 23211966 / 68 / 71  
E-mail : [kptl@kalpatarupower.com](mailto:kptl@kalpatarupower.com)

**WEBSITE :**

[www.kalpatarupower.com](http://www.kalpatarupower.com)



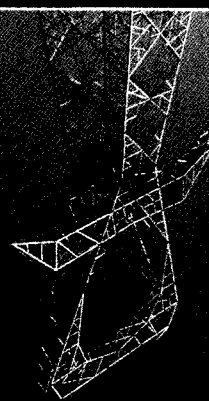
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# global competence

Approx 35% of our revenue in the last 5 years have come from physical exports. Besides over 100,000 MT's of supply exports to over 15 countries and strong relationship with global EPC players, Kalpataru Power has a strong international focus. With our recent success in turkey projects executed in Algeria, Turkey & Zambia, we are further spreading our wings to new markets in Africa and Middle East.



# Directors' Report

TO,

**THE MEMBERS,**

Your Directors have pleasure in submitting the **23rd ANNUAL REPORT** on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March 2004.

## FINANCIAL RESULTS :

	<b>2003-2004</b> (Rs. in Millions)	<b>2002-2003</b> (Rs. in Millions)
Total Revenue	3627.92	2714.61
Profit before Depreciation	228.62	154.82
Less: Depreciation	<u>45.24</u>	<u>30.89</u>
Profit before Taxation	183.38	123.93
Less: Provision for Taxation	16.71	33.10
Provision for deferred Taxation	<u>25.41</u>	<u>1.33</u>
Net Profit after Taxation	141.22	89.50
Add: Surplus brought forward from previous year	235.69	259.17
Add: Prior year's adjustments	(0.67)	(1.94)
<b>Profit available for appropriation :</b>	<b><u>376.24</u></b>	<b><u>346.73</u></b>

## APPROPRIATIONS :

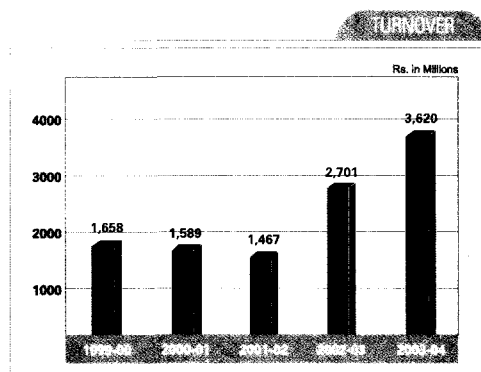
Transfer to General Reserve	20.00	12.50
Transfer to Capital Redemption Reserve	-	77.50
Proposed Dividend on Equity Shares	32.58	16.29
Corporate Tax on Proposed Dividend	4.18	2.09
Interim Dividend : Preference Shares	-	2.66
Balance carried to Balance Sheet	319.48	235.69
	<b><u>376.24</u></b>	<b><u>346.73</u></b>

**DIVIDEND :**

Your Directors are pleased to recommend payment of dividend for the year ended 31st March 2004 @ 30% (Rs. 3 per equity share of Rs.10 each).

**OPERATIONS :**

During the year, your Company has achieved a record level of turnover of Rs. 3,628 million (USD 80 million) as against Rs. 2,715 million in the previous year which shows a healthy growth of 34% for the year. Profit before tax increased by 48% from Rs.124 million in 2002-2003 to Rs.183 million in 2003-2004 and Profit after tax increased by 58% from Rs.89 million in 2002-2003 to Rs. 141 million in 2003-2004.

**Transmission Line Division :**

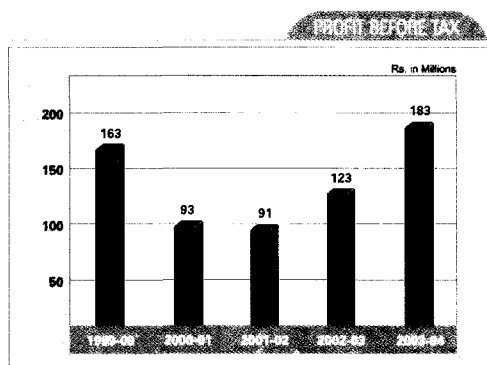
The Company continuously strives to enhance its infrastructure, capabilities and project management skills to retain its position as a leading EPC player in the Power Transmission Sector in India and across the world.

The Division has achieved revenues of Rs 3.2 Billion (over USD 70 Million) registering a growth of over 27% and contributing to approx 89% of the Company's revenues. The Division hopes to maintain the growth momentum in the current year also.

Your Company has achieved its highest ever production during the year which was at 47,759 MT as against 46,977 MT in the preceding year. Operating at this high level of production, places the company amongst the largest Tower Fabricators in the world, besides leading to cost efficiencies and economies of scale.

The company is progressing well in the execution of the 400 KV Rihand and 400 KV Tala-Siliguri jobs, covering over 1300 kms. Also the turnkey job of 300kms of 400 kv from Jaipur-Merta-Jodhpur was completed within schedule.

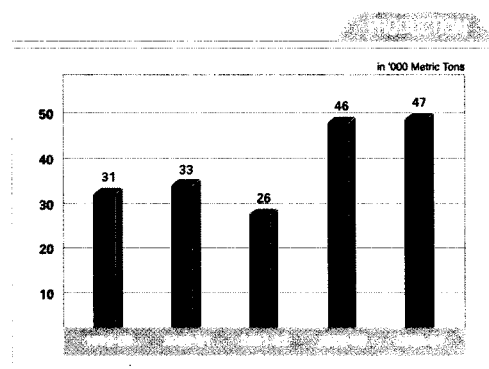
The unprecedented rise in the price of steel did erode margins (especially in fixed price contracts), whilst better procurement and planning, reduction in finance costs and improved productivity, improved the Company's margins in the competitive industry scenario. Improved steel availability and stability of prices will remain critical for 2004-2005.



The total export turnover (including overseas projects and deemed exports) was Rs. 632 million in 2003-2004 as against Rs. 1,357 million in

2002-2003, out of which physical exports are Rs. 420 million as against Rs. 823 million in the previous year.

PowerGrid's ambitious plan of building the National Grid helped the order book in the second half of the year, with award of various domestic contracts. The present order booking is more than Rs. 4.5 Billion (over 60,000 MT of supply), which surpasses the previous best for the company. These include the 400 KV lines from Siliguri-Purnea, Agra-Jaipur, Sipat-Seoni (all from PowerGrid), Purulia-Durgapur (WBSEB) etc. Many more bids, valued at over Rs 4 Billion, where the company is well placed, are expected to materialize in the next few months. Majority of the order booking comprises price variable contracts.



After the successful completion of turnkey jobs in Algeria and Turkey, the company was awarded another turnkey job of 190 Km for a 330 KV Overhead line of Luano -Kansanshi worth over USD 12 Million by Zesco Limited, Zambia, which is progressing well. Your company is constantly exploring overseas markets for further jobs.

In a consortium with Tenaga National Berhad (TNB), Malaysia, the consortium emerged as a sole bidder for India's first Independent Power Transmission

Project comprising two 400 KV Lines from Bina-Nagda and Nagda-Degham on a Built-Operate-Transfer (BOT) basis. However, in the absence of another Bid under the similar risks and conditions and due to the comparison of the Consortium's firm, fixed Tariff (over 30 years) with a uncommitted Benchmark Price (on a cost plus basis), the License application of the consortium was not approved by the CERC.

It is expected that the Transmission line division would continue to perform well, given the healthy order book and operational efficiency of your company.

#### **Real Estate Division :**

The company has received Occupancy Certificate for all floors of the first 23 storeyed building at Parel, Mumbai. The company has booked revenue of Rs. 336 Million for 2003-04 as against Rs.199 million in the year 2002-03 reflecting a 69% rise in revenue over the last year. Sales in the Project are progressing well, helped by the overall positive sentiment in the Mumbai's real estate markets.

The construction work of second building is progressing well, which is expected to be completed by March' 05. The company's investment in the Project will reduce substantially in the coming year.

#### **Biomass Energy Division :**

Your Directors are pleased to inform that the Biomass based 7.8 MW power plant at Padampur was commissioned and generating power from August'03 onwards. The Biomass Energy Division



has generated over 20 million units and revenues of Rs. 77 million for 2003-04. The company was able to successfully procure adequate fuel supplies. Presently the generated units are being sold only to Rajasthan Vidyut Prasaran Nigam (RVPN), with timely payments.

**New Initiatives :**

Your Company has been a successful EPC contracting company in High Voltage Transmission lines (upto 400/500 KV) and given the growth in Infrastructure Sector expected in the coming few years and building upon the company's strengths, the company plans to replicate its success by diversifying in other fields of Infrastructure and Contracting.

**STATEMENT OF DIRECTORS' RESPONSIBILITY :**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, Directors based on the representations received from the Operating Management, confirm:

- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2004, 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, 2004 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, 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.

**DIRECTORS :**

Mr. Suresh A. Gandhi has resigned as director of company with effect from 13th May, 2004. The Board records its appreciation for his valuable contribution to the development of the company over the years.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr Vimal Bhandari, Mr. Parag M. Munot and Mr. K. N. Shenoy are liable to retire by rotation at the ensuing annual general meeting. Mr. Vimal Bhandari & Mr. Parag M. Munot have offered themselves for re-appointment.

**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.

The auditors comments on the company's accounts for the year ended 31st March, 2004 are self explanatory in nature & does not require any explanation a per the provisions of section 217 (3) of the Companies Act, 1956.

**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 AND FOREIGN EXCHANGE INFLOW & OUTFLOW :**

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 :**

Your Directors place on record its gratitude to the shareholders of the Company, Banks, Financial Institutions, valued Customers, Suppliers, Business Associates for their support and confidence in the Company.