



KALPA-TARU[®]

POWER TRANSMISSION LIMITED

momentum

Powering our growth

Report  junction.com



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Twenty Eighth Annual Report & Audited Statement of Accounts for the year ended March 31, 2009

BOARD OF DIRECTORS

Mr. Mofatraj P. Munot

Chairman

Founder, Promoter and Chairman of Kalpataru Group with over 44 years of experience in the field of Real Estate and Property Development, Civil Contracting & various industries.

Mr. Mahendra G. Punatar

Vice Chairman (upto 30.01.2009)

Independent Director (w.e.f. 01.06.2009)

MS (Structural Engineering) from University of Michigan, USA with over 49 years of experience in transmission line towers.

Mr. K. V. Mani

Managing Director (upto 31.05.2009)

Additional Director (w.e.f. 01.06.2009)

Bachelor of Engineering and MBA. Has 44 years of experience in Transmission industry, mainly Construction, Project Management and Overseas Marketing.

Mr. Pankaj Sachdeva

Dy. Managing Director (upto 31.05.2009)

Managing Director (w.e.f. 01.06.2009)

B.E (Hons) degree in Electrical Engineering and has over 25 years of Product Marketing and Project Execution experience in Power Systems Sector.

Mr. Parag Munot

Promoter Director

MBA, Carnegie Mellon University, USA with 16 years of experience, is responsible for the group Real Estate and Property Development business.

Mr. Ajay Munot

Executive Director (upto 31.03.2009)

Chartered Accountant and Bachelor in General Law with over 14 years of experience.

Mr. Manish Mohnot

Executive Director

Chartered Accountant and an ICWA having a rich experience of 14 years in consulting in the field of Oil, Gas, Power and other sectors related to Infrastructure.

Mr. Sajjanraj Mehta

Independent Director

Chartered Accountant with over 34 years of experience. A consultant in the field of Foreign Exchange, Taxation & Corporate Affairs and Strategy.

Mr. Vimal Bhandari

Independent Director

Chartered Accountant with an experience of more than 24 years in Financial Services sector. He was Executive Director of IL&FS Ltd. Presently, he is Country Manager - Aegion India.

Mr. Shitin Desai

Independent Director

Experience in excess of 28 years in Financial Services sector. He is currently the Executive Vice Chairman of DSP Merrill Lynch Ltd.

Mr. Narayan Seshadri

Independent Director

Chartered Accountant with an experience of 27 years in the field of finance, account, tax and business consulting. Presently, he is the Chairman and CEO of Halcyon Resources and Management Pvt. Ltd.

Mr. Imtiaz Kanga

Promoter Director (upto 30.01.2009)

Chartered Accountant with 29 years of experience in various industries

Mr. S. P. Talwar

Independent Director (w.e.f. 30.01.2009)

Certified Associate of the Indian Institute of Bankers and Member of Indian Council of Arbitration. He is a Law Graduate and Arts honors. He is a Senior Advisor of Yes Bank Ltd.

Mr. Sanju Ahooja

Independent Director (w.e.f. 30.01.2009 upto 31.05.2009)

Bachelor of Law having experience of over 20 years in the filed of general law.

Executive Management Team

Mr. Kamal K. Jain

President & CFO

Mr. Dinesh B. Patel

President & CEO
(Domestic -TL Projects)

Mr. B. K. Satish

President & CEO
(Distribution Projects)

Mr. N. Sai Mohan

President & CEO
(Overseas Projects)

Mr. Gyan Prakash

President & CEO
(Pipeline Project)

Mr. M. A. Baraiya

Head-HR

Company Secretary

Mr. Bajrang Ramdharani

Auditors

M/s. Kishan M. Mehta & Co., Ahmedabad

M/s. Deloitte Haskins & Sells, Ahmedabad

Legal Advisor

M/s. Singhi & Co., Ahmedabad

Bankers

Indian Bank

Oriental Bank of Commerce

Union Bank of India

State Bank of India

EXIM Bank

ICICI Bank Ltd.

Citi Bank N.A.

BNP Paribas, Abu Dhabi

Commercial Bank of Kuwait

Factory & Registered Office

Plot No. 101, Part III,

G.I.D.C. Estate, Sector 28,

Gandhinagar - 382 028,

Gujarat, India.

Tel No.: 91 - 79 - 23214000

Fax No.: 91 - 79 - 23211966 / 68 / 71

Email: kptl@kalpatarupower.com

Corporate Office

'KALPATARU SYNERGY'

8th Floor, Opp. Grand Hyatt Hotel

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Mumbai - 400 055, India.

Tel. No.: 91 - 22 - 30645000

Fax No : 91 - 22 - 30643131

Website

www.kalpatarupower.com

www.jmcprojects.com

www.kalpataru.com

www.ssl.in

MOMENTUM: Powering our growth

Established in 1969, Kalpataru today is at the very helm. Over these years, we have picked up speed and sustainability, and have diversified into various sectors which has given us global recognition. Our remarkable performance across all areas of infrastructure has seen us flourish with great magnitude.

KPTL, today has one of the largest integrated tower manufacturing plants, with a strong team and the vision to scale newer heights. Our diversified order book exceeding \$1billion along with our presence across the globe provides us the momentum for future growth.

Orders

- Exceeding 5,000 crores (\$1billion)
- Domestic Rs. 3,000 crores
- Overseas Rs. 2,000 crores

Investing for future

- Cumulative last 3 year capex exceeding Rs. 180 crores
- Investment in subsidiaries in past 3 years exceeding Rs. 100 crores

Production Capacity

- In excess of 1,08,000 MTs
- Main Plant - 78,000 MTs
- EOU - 30,000 MTs

Diversification

- JMC projects
- Shree Shubham Logistics
- Pipelines
- Annuity/BOOT projects

Technology

- Global solutions for design
- Automated production lines
- Integrated solution (SAP)
- Automated testing stations
- Facility to demonstrate helicopter simulation at testing tower station

People

- Work force exceeding 5,000
- Dedicated training centre





CHAIRMAN'S LETTER

Dear Stakeowners,

It gives me immense pleasure in interacting with you in my annual communiqués while the Company circulates its annual performance report. This year I would like to dwell upon various strategic issues along with the Company's growth plan.

Economic Scenario

The global economy was truly on a roller coaster ride last year, we saw prices of all assets and commodities attaining peaks in the first half of the year and then falling to unprecedented lows in the latter half of the year. It was a year when commodity prices, especially steel, zinc, aluminum and crude have been highly volatile; the swings between the highs and lows have been highly dramatic, around 220% for steel, zinc and aluminum and around 300% for Crude.

Unprecedented events called for extraordinary response and the global community responded with determined steps to return the financial sector to health and continued use of macro-economic policy levers to support aggregate demand, the central banks continue to explore unconventional ways to ease credit conditions and provide liquidity. While the overall recovery is likely to be slow, emerging economies like China and India might see an upturn in the economy in the second half of 2010 itself beating the global trend.

The Indian economy has shown great resilience in the face of global recession, due to the policy intervention and stimulus of Government of India. Though it was not able to sustain average growth rate of 8% during FY 2004-07, it has grown at a healthy 6 - 7% in 2008-09. In 2009-10 the economy is expected to grow at 6.5 - 7% supported by higher domestic consumption and lower inflation. The drivers of growth continue to be industrial and infrastructure sector, which are estimated to grow at higher rate.

The third year (2009-10) of Eleventh Five Year Plan has been termed as year of consolidation in terms of securing the ongoing projects on firm financial foundations, close monitoring of implementation as well as their quality with an aim to ensure that the ambitious/ challenging target for the Eleventh Plan is achieved. Therefore, the investments

are expected to increase in infrastructure and construction industry with the strong focus of the Government to encourage domestic and foreign, private and public investment.

A sound growth style

Growth and Momentum for future: These two goals sum up the previous year for KPTL. We continue to excel on the path of leadership in the power transmission sector, and have created a brand for us through a combination of solid project performances, key client retention, excellent vendor relations and great efforts from our people. We have also been amply supported by our bankers and lenders who have shown enormous trust and confidence in our ability and intention and stood by us at all times. The excellent teamwork and external support enabled us to continue creating value for all stakeholders by pursuing growth and diversification whether in JMC or Oil & Gas pipelines where the growth has been phenomenal in the previous years.

The Company continues to be among the leading players in transmission sector not only in India but also on the international front. Our exports have grown from Rs. 0.4 billion to Rs. 5 billion in just 6 years forming in excess of 25% of our total revenue.

Despite the challenges in the current market on areas related to volatility, we achieved growth in the current year and are on path for the momentum leap over the next few years. Our order book for KPTL has crossed the 1 billion USD level (in excess of Rs. 5,000 crores) and the growth in the international division's order book (excess of Rs. 2,000 crores) and infrastructure division (excess of Rs. 500 crores), makes us feel proud of achieving success in such a short time frame.

Consolidation - Theme of 2008-09

Over recent years KPTL has strengthened the reputation or the skill with which we deliver projects of extraordinary complexity and scale. We have seen a compounded annual growth of over 37% in past 5 years beginning onwards 2003-04. From the turnover of Rs. 3.62 billion in 2003-04, the Company has surpassed turnover of Rs. 18.85 billion in 2008-09.

We had reached a stage in the previous year where it was important for us to consolidate our efforts of the last five years and plan ahead for the next five years. I am delighted to share with you some of the strategic steps taken by us to build the momentum for the next five years:

- Expansion of production capacity by 24,000 tonnes which will take our total production capacity to 1,08,000 tonnes
- Focus on new countries and territories with a better risk reward ratio. We have already succeeded in winning projects in a few additional countries, the key being the (Kuwait 250 Mn USD), and additional projects in the US, Algeria, Abu Dhabi, Ethiopia, Australia etc. We have now as KPTL worked on projects in 28 countries either as EPC contracting or for tower supplies.
- Focus on creating large equipment base for JMC, Pipeline division and Transmission division.
- Focus on large scale projects in the pipeline sector – We have achieved significant success on order book in this segment including a project from Gail on 48 inch pipeline.
- Diversify into logistics to ensure that the company benefits from the vast opportunities in the sector and create a right mix of revenue for the company, from a long term perspective.
- Focus on PPP / BOOT projects in the infrastructure space, including the transmission related private sector opportunities.

Growth ahead

- The Company has started current year with a favourable order book position which is in the range of Rs.50 billion. The current order book has more than 40% projects from the international markets where the Company will benefit due to the meltdown in the commodity markets. We expect a lot of tenders in the next twelve months, and the first two months of the current year has seen us bidding for tenders in excess of Rs. 25 billion. JMC Projects (India) Ltd is on a fast track with an excellent growth exceeding 40% in the reporting year, and the company is on track to achieve a 20-25% growth for the next year with an order book of Rs. 22 billion.
- The Company is confident of growing at a minimum rate of 25% for the next few years and the consolidated growth of the company along with its subsidiaries would be in the range of 20-25%, for the next year. The Company is looking at other infrastructure sectors such as Power Generation, Airport developments and IT/ SEZ parks to boost its growth, and create further value for our stakeholders.
- The Company has also looked at developing some real estate properties and is looking at several Annuity based development in Gujarat and MP over the next few years.

Each enterprise has its own risk and can't remain isolated to the extent except properly managing the risk. The Company continues to remain exposed to volatility in commodity

prices, foreign exchange risk and interest rate risk.

The commodity price risk and foreign exchange volatility risk are managed with proper mix of variable and fixed price contract, currency hedging based on project specific requirements and also through the right mix of inventory levels for fixed and variable priced projects.

We continue to thrive upon high productivity level, cost leadership and project management skill, which has always given us an edge over other players

As I write this note, the financial markets are showing signs of improvement and the global meltdown scenario is also easing into a comfort level.

In my view the future of KPTL seems to be better than the past for the following reasons:

- We continue to increase our order book with focus on improving profitability
- We continue to deliver on our commitments to clients and our focus on creating additional capacity in terms of resources in the previous year will help us take the leap forward. Our client base continues to expand with focus on long-term relationships.
- We continue to diversify using the group's strengths as a whole which will provide us an added advantage for a lot of Infrastructure projects on PPP basis
- We continue to grow by the people and for the people. We have created a team with the right mix of competency which has helped us create the momentum for growth
- Last but not the least our strong financials will ensure that we continue to focus on long term growth and in creating shareholder value.

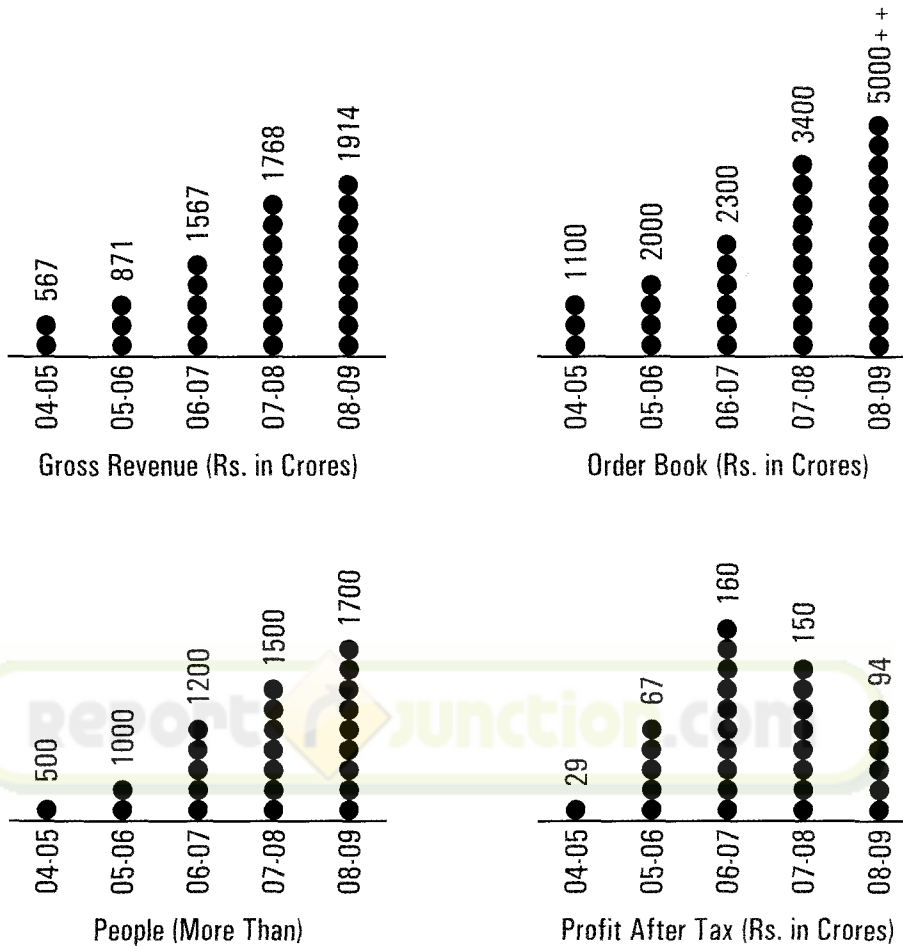
With your unstinted support and faith, we hope to continue the momentum - powering our growth.

MOFATRAJ P. MUNOT

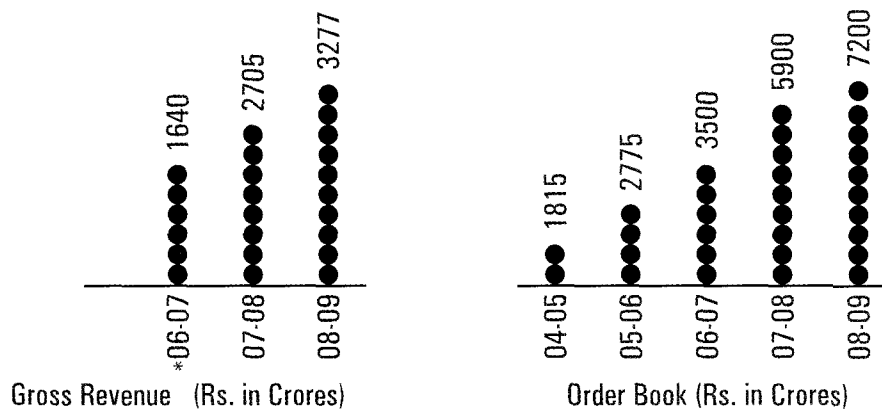
June 1, 2009

PERFORMANCE AT A GLANCE

KPTL



Consolidated (KPTL + JMC)



*Year since consolidation started

● MOVEMENT

Focusing on future

Offering increased capacity

- Largest single location manufacturing capacity to produce 1,08,000 MTs p.a.

Powering more countries, worldwide.

- USA / Canada
- Nigeria
- Saudi Arabia
- South Africa
- Kuwait
- Algeria

Reaching newer heights

Order book

- KPTL in excess of Rs. 5,000 crores (USD 1 billion)
- JMC in excess of Rs. 2,200 crores (USD 432 million)

Conquering new boundaries

JMC Projects

- Growth of 43%
- Consistent Dividend of 20%
- Order Book of Rs. 2,200 crores

Shree Shubham Logistics

- Building Agri Logistics Park for Agricultural Sector Business
- Increase in Storage Capacity from 25,000 tonnes to 57,000 tonnes

Energylink / Amber

- Plan to develop multi product SEZ, Integrated Township, IT Park, Commercial Complexes etc.

Technology for tomorrow

- Pioneering emerging technologies
- Implementation of integrated solutions (SAP)

● MOTION & PROGRESS

Continuous growth

Gross Revenue

- Rs. 1,914 crores (USD 376 million)

EBIDTA Rs. 216 crores

(USD 42 million)

PBT Rs. 121 crores

(USD 24 million)

Net Worth Rs. 833 crores

(USD 164 million)

Largest Transmission order of

USD 250 million from MEW, Kuwait

Single largest order from HPCL

Mittal to lay 554 Kms pipeline worth Rs.385 crores

Productivity

- Production - TL - 93,484 MTs
- Biomass - Above 95% PLF

Dividend

- Consistent dividend of 75%

● MASS

Our assets - our people

Training

- Higher education programme (PGDBM) for employees
- Design software courses
- SAP Training

Regular health check-up of employees

Retention Focus

- Performance linked incentives
- Career growth
- Competency development
- Employee welfare schemes

Team Size

- More than 1,700 people
- Minimal employee turnover

Kalpa-Vriksha

- Inhouse training centre
- Training hours exceeding 45,368 hours over the last 2 years
- Training clients, employees and sub-contractors
- Focused on theory and practical training formats

DIRECTORS' REPORT

KALPATARU POWER TRANSMISSION LIMITED, GANDHINAGAR

TO,
THE MEMBERS,

Your Directors have pleasure to present the 28th ANNUAL REPORT on the business and operations of your company together with the Audited Statement of Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS	2008-2009 (Rs. in Crores)	2007-2008 (Rs. in Crores)
Total Revenue	1,944.38	1,789.69
Profit before Depreciation	147.90	223.36
Less: Depreciation	27.32	21.80
Profit before Taxation	120.58	201.55
Less: Provision for Taxation including Fringe Benefit Tax	23.09	48.98
Less: Provision for deferred Taxation	3.08	2.62
Net Profit after Taxation	94.41	149.95
Add: Surplus brought forward from previous year	319.92	213.29
Add: Prior year's adjustments	(0.15)	(0.07)
PROFIT AVAILABLE FOR APPROPRIATION:	414.18	363.17
APPROPRIATIONS		
Transfer to General Reserve	12.00	20.00
Transfer to Debenture Redemption Reserve	3.00	-
Proposed Dividend on Equity Shares	19.87	19.87
Corporate Tax on Proposed Dividend	3.38	3.38
Balance carried to Balance Sheet	375.93	319.92
	414.18	363.17