



## KALPATARU POWER TRANSMISSION LIMITED

Regd. Office: Plot No. 101, Part III, G.I.D.C. Estate,  
Sector – 28, Gandhinagar – 382 028, India

---

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that Thirtieth Annual General Meeting of the Shareholders of KALPATARU POWER TRANSMISSION LIMITED will be held on Friday, the 29<sup>th</sup> July, 2011 at 3.00 p.m. at KALPA-VRIKSHA LEARNING CENTRE, A-1 & A-2, GIDC Electronic Estate, Sector-25, Gandhinagar - 382 016 to transact the following business:

#### ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Satya Pal Talwar, who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mahendra G. Punatar, who retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. K.V. Mani, who retire by rotation and being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad be and are hereby reappointed as Statutory Auditor of the Company under Section 224 and other applicable provisions, if any, of the Companies Act, 1956 to hold office as such from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration, as may be decided by the Board / Audit Committee of the Board, plus reimbursement of out of pocket expenses, as may be incurred in the performance of their duties.”

---

#### NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT A MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) The Register of Members and Share Transfer Books of the Company will be closed from July 25, 2011 to July 29, 2011 (both days inclusive).
- c) The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched between August 03, 2011 and August 08, 2011 to those members whose names shall appear on the Company's Register of Members on July 25, 2011. In respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services(India) Limited as beneficial owners as on that date.

Pursuant to Section 205C of the Companies Act, 1956, all unpaid or unclaimed dividend, remaining unpaid or unclaimed for a period of seven years from the date they become due for payment, have been transferred to the Investor Education & Protection Fund (IEPF) established by the Central Government.

- d) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change

of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

- e) Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrars and Transfer Agents, M/s. Link Intime India Pvt. Ltd., 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.
- f) For any further information regarding the Annual Accounts, advance intimation be given at the Registered Office of the Company and the members should ensure that it reaches the Company at least seven days before the date of ensuing annual general meeting.
- g) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, M/s. Link Intime India Pvt. Ltd., 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.
- h) Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s. Link Intime India Pvt. Ltd., 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009, for consolidation into a single folio.

By Order of the Board  
For KALPATARU POWER TRANSMISSION LIMITED

Place : Gandhinagar  
Date : June 21, 2011

Sd/-  
**Bajrang Ramdharani**  
AVP-Finance & Company Secretary

### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail address, so far, are requested to get their e-mail addresses, in respect of electronic holding with Depository through their concerned Depository Participants. Members who hold shares in Physical form, are requested to get their shares dematerialized.

**KALPATARU POWER TRANSMISSION LIMITED**

REGISTERED OFFICE : 101, PART - III, GIDC ESTATE,  
SECTOR - 28, GANDHINAGAR - 382 028

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being member(s) of the above named Company, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the THIRTIETH ANNUAL GENERAL MEETING of the Company to be held at 3.00 p.m. on Friday July 29, 2011 at KALPA-VRIKSHA LEARNING CENTRE, A-1 & A-2, GIDC Electronic Estate, Sector - 25, Gandhinagar - 382 016 and at any adjournment thereof.

Signed at \_\_\_\_\_ (Place) this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

DP ID\* \_\_\_\_\_

Folio No. \_\_\_\_\_

Client ID\* \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Affix  
15 paise  
revenue  
Stamp

Note : This form in order to be effective should be duly stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

\* Applicable for investor holding shares in electronic form.

**TEAR HERE**

ATTENDANCE SLIP

**KALPATARU POWER TRANSMISSION LIMITED**

REGISTERED OFFICE : 101, PART - III, GIDC ESTATE,  
SECTOR - 28, GANDHINAGAR - 382 028

To be handed over at the entrance of the Meeting Hall.

NAME OF THE ATTENDING MEMBER (in Block Letters)	DP ID*
	Client ID*
NAME OF PROXY (in Block Letters) (To be filled in the Proxy attends instead of the member)	Membership Folio No.
	NO. OF SHARES HELD

I hereby record my presence at the THIRTIETH ANNUAL GENERAL MEETING of the Company at 3.00 p.m. on Friday, July 29, 2011 at KALPA-VRIKSHA LEARNING CENTRE, A-1 & A-2, GIDC Electronic Estate, Sector - 25, Gandhinagar - 382 016.

Member's/Proxy's Signature

(To be signed at the time of handing over this Slip)

\* Applicable for investors holding shares in electronic form.



KALPA-TARU®

POWER TRANSMISSION LIMITED

Annual Report 2010-11




Leveraging strengths.  
Catalysing tomorrow.


## CONTENTS


 **02** | Board of Directors 

 **04** | Identity card

 **08** | Chairman's letter

 **10** | Financial and operational growth

**12**  | Sector wise business overview

**23** | Director's report 

27 Management discussion and analysis 

 33 Corporate governance

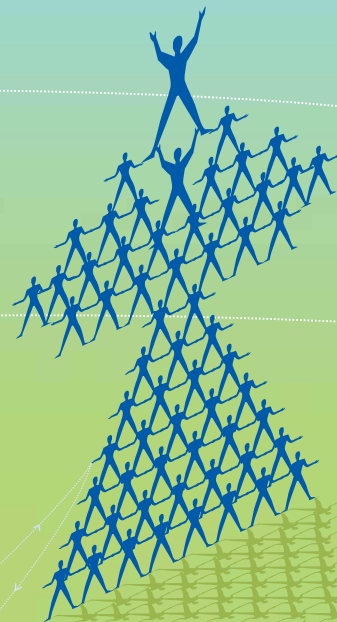
 43 Auditor's report

46 Balance sheet 

 47 Profit & Loss A/c

 48 Schedules

 75 Consolidated financials



# Board of Directors

- **Mr. Mofatraj P. Munot, Chairman**

Founder, Promoter and Chairman of Kalpataru Group with over 46 years of experience in the field of Real Estate and Property Development, Civil Contracting & various industries.

- **Mr. Mahendra G. Punatar, Independent Director**

Structural Engineer from University of Michigan, USA with over 51 years of experience in transmission line towers.

- **Mr. K. V. Mani, Director**

Bachelor of Engineering and MBA. Has 46 years of experience in Transmission industry, mainly Construction, Project Management and Overseas Marketing.

- **Mr. Pankaj Sachdeva, Managing Director**

B.E (Hons) in Electrical Engineering and has over 27 years of Product Marketing and Project Execution experience in Power Systems Sector.

- **Mr. Parag Munot, Promoter Director**

An MBA from Carnegie Mellon University, USA with 18 years of experience. He is responsible for the group's Real Estate and Property Development business. He is also the Managing Director of Kalpataru Ltd.

- **Mr. Manish Mohnot, Executive Director**

Chartered Accountant and an ICWA with a rich experience of 16 years in the infrastructure sector. He is also the Director of JMC Projects (India) Ltd. and Shree Shubham Logistics Ltd.

- **Mr. Sajjanraj Mehta, Independent Director**

Chartered Accountant with over 36 years of experience. A Consultant in the field of Foreign Exchange, Taxation and Corporate Affairs and Strategy.

- **Mr. Vimal Bhandari, Independent Director**

Chartered Accountant with an experience of more than 26 years in the Financial Services sector. Presently, he is the Managing Director & CEO of Indostar Capital Pvt. Ltd., an NBFC.

- **Mr. Narayan Seshadri, Independent Director**

Chartered Accountant with an experience of 29 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. S. P. Talwar, Independent Director**

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 hard core Banker and retired as Deputy Governor, RBI. He is a Senior Advisor to Yes Bank Ltd.

#### • 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 Projects)
Mr. Harjinder Singh	Head - Railways
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.  
IDBI Bank Ltd.  
Standard Chartered Bank  
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

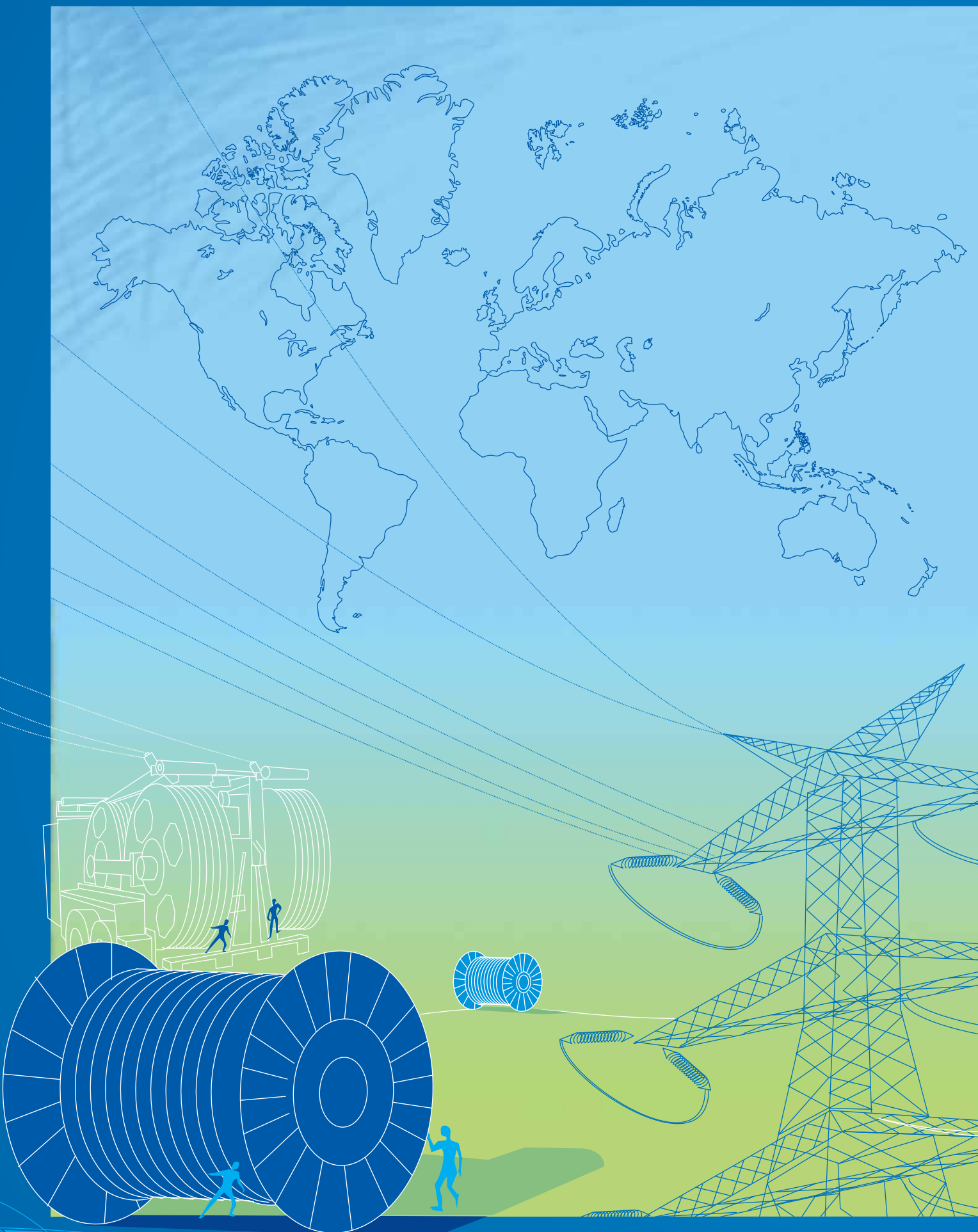
#### • CORPORATE OFFICE

'Kalpataru Synergy', 8th Floor,  
Opp. Grand Hyatt, Santacruz (E)  
Mumbai - 400 055, India.  
Tel. No.: +91 - 22 - 30645000  
Fax No.: +91 - 22 - 30643131

#### WEBSITES

- [www.kalpatarupower.com](http://www.kalpatarupower.com)
- [www.jmcprojects.com](http://www.jmcprojects.com)
- [www.kalpataru.com](http://www.kalpataru.com)
- [www.sssl.in](http://www.sssl.in)





# Identity card

## BUSINESS OVERVIEW

Kalpataru Power Transmission Ltd. (KPTL) is one of the largest and fastest growing EPC companies in India engaged in power transmission & distribution, oil & gas pipeline, infrastructure development, railway works, civil contracting and warehousing & logistics business. With a strong international presence in power transmission & distribution the Company is amongst the world's leading companies in design, testing, fabrication, erection and construction of transmission lines and substation structures on a turnkey basis. Additionally, KPTL has also established a small presence in power generation using renewable/non conventional energy sources such as agricultural waste and crop residues (biomass) in Rajasthan.

## ENGINEERING FACILITIES

KPTL is equipped with state-of-the-art integrated manufacturing facilities at Gandhinagar, Gujarat. With an installed capacity of 108,000 metric tons, the fabrication plants are equipped with the latest technology. Apart from world class manufacturing facility, the Company is armed with a tower testing station and R&D centre coupled with a helicopter simulation facility to test upto 85 metres of tower at Punadra, Gandhinagar. So far, the Company has successfully tested over 220 towers for various domestic

and international clients. This tower testing centre is ranked as one of the largest in India and across the globe. A competent design team is crucial to the Company's business. Over the years, KPTL has built a team of well trained qualified design engineers abreast with the latest designing software, thereby helping the Company engineer best solutions for its clients.

## GEOGRAPHIC PRESENCE

The Company has successfully established a pan India presence which is also complemented by an international presence in 31 countries across the globe.





# Leveraging strengths. Catalysing tomorrow.

Our footprints of success are carved by the depth and breadth of our strengths.

From commanding a position of trust on the back of an enviable legacy of experience to demonstrating prudence through our well-integrated business model,

From exemplifying excellent project management and execution prowess to showcasing strategic direction and intent,

From manifesting functional expertise across the project value chain to epitomising the ability to think big by embarking on projects in the toughest terrain and in the biggest of continents.

## KALPATARU RESONATES ONE CORE BELIEF TRUST

Trust that is derived from and demonstrated by the commitment and passion of its people.

Trust that is built and sustained by the excellent transparent working environment and the culture built by its management.

Trust that is both the sum total of its strengths and trust that is the blueprint on which it continuously builds its strengths.

We take pride in being one of India's leading infrastructure EPC companies, built on trust and committed to building the next generation of infrastructure which you can trust.

We salute our core strength – our people who are sculpting the success story at Kalpataru Power, which is based on and the outcome of trust.



# Chairman's Letter



“Your Company and its subsidiaries have achieved significant success in winning projects under the PPP model in the recent past. We now have a portfolio of three BOOT projects – one in transmission and two in roads.”

Dear Fellow Stakeholders,

The Indian economy is expected to outperform not just the developed but even the developing nations, to post an expected growth rate of over 8% in the next fiscal. The Indian growth story has been boosted by a rebound in the agricultural sector, a sharp pick-up in private consumption and increased investment. Although the growth trajectory is impressive as compared to the global economy, there are some concerns about the increasing inflation and higher interest rates, coupled with persisting volatility in global commodity markets.

## THE YEAR GONE BY

During the year, your Company registered sales of Rs. 43.69 billion and net profit of Rs. 2.13 billion on consolidated basis, an increase of 8% and 9% respectively. The results could have been better if order inflow had happened on time and external reasons had not delayed the execution of few projects.

These delays notwithstanding, there is reason to be happy with your Company's performance as our current consolidated order book of over Rs. 96 billion at group level is well-diversified. Also, the fact that a majority of our orders have price variation clauses which has put us in a better position in terms of risk management.

Further, the planned Greenfield expansion of 30,000 metric tons at Raipur in the state of Chhattisgarh is progressing well, leading to an increase in our tower manufacturing capacity to 1,38,000 metric tons helping us cater to the growing demand of the industry.

Looking beyond financials, the year under review can aptly be called the year of progress with a focus on consolidation. It gives me immense pleasure to take you through the key highlights of the year:

- Institutional investors have reposed their faith by oversubscribing the USD 100 million (Rs. 4.50 billion) Qualified Institutional Placement of your Company for its determined growth plans.



- We have increased our stake to 67.19% in JMC Projects (India) Ltd. through preferential allotment and open offer. The infused fund of Rs. 905 million would support long-term investment plans of JMC.
- We have expanded our presence in 3 new countries namely Ukraine, Congo, Tanzania thereby resulting in establishing our presence across 31 countries. Also, our first project in Ukraine will help us focus on the growing opportunities in CIS countries.
- Your Company and its subsidiaries have achieved significant success in winning projects under the PPP model in the recent past. We now have a portfolio of three Build Own Operate Transfer (BOOT) projects – one in transmission and two in roads. In this segment, we are focused on exploring more opportunities and creating similar assets across infrastructure verticals.
- With the completion of 544 km pipe-laying work for Mundra – Bhatinda project of the HPC – Mittal JV, we are proud to announce the completion of 2,200 kms of pipe laying work for almost all the oil & gas utilities of India, within a short span of 5 years.
- We have achieved a major breakthrough in railway EPC work by winning 5 projects under joint ventures, including one international project. This reflects the Management's commitment, dedication and capabilities to create newer opportunities for your Company.
- Our warehousing and logistic subsidiary, Shree Shubham Logistic Ltd. has shown better growth after completion of its first year of full operations. Considering the bright growth prospects in this business, we have laid down our second phase of expansion in the states of Madhya Pradesh and Maharashtra.

#### LEVERAGING STRENGTHS TO CATALYSE TOMORROW

There can be no two views about the fact that the infrastructure development growth story is here to stay. In fact, it is my firm belief that the growth in the infrastructure segments is only going to get bigger and better.

The exemplary growth in the infrastructure sector has triggered a wave of opportunities unfolding across key

segments of infrastructure development. From Power T&D to Oil & Gas, to basic Infrastructure, to Asset Ownership (PPP & Warehousing), the potential for private companies to partner with the Government of India in taking the nation to the next level of growth and progress is immense, indeed. Further, with the expansion and growth of businesses, the need for development and upgradation of infrastructure, logistics and warehousing has also gone up manifold.

Armed with decades of experience in the sector, proactive management and a judicious approach, your Company is ideally positioned to make use of these growing opportunities across the key segments of its business.

With our focused strategy to grow synergistic lines of business, and to strategically expand our geographic presence into important international markets of infrastructure growth, we have built a repository of strengths that shall enable us to grab a large pie of available opportunities, going forward. Our plans to expand footprints for JMC Projects and the oil & gas pipeline division in the overseas markets are aligned with this business strategy.

Before concluding, I wish to emphasise that opportunities bring risks along with them, and ongoing market uncertainties bring new challenges, be it unhealthy competition, commodity price volatility, finance cost, availability of manpower or timely customer's support. But we are fully geared to face all these challenges to achieve the desired growth.

I take this opportunity to thank all our stakeholders, clients, financial institutions and our employees for their continued support during the year. I am grateful to you all for your support and the trust placed in the Company, and look forward to the same even in the future.

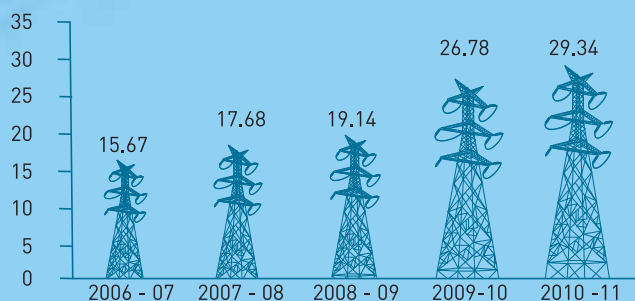
**Mofatraj P. Munot**

**Chairman**

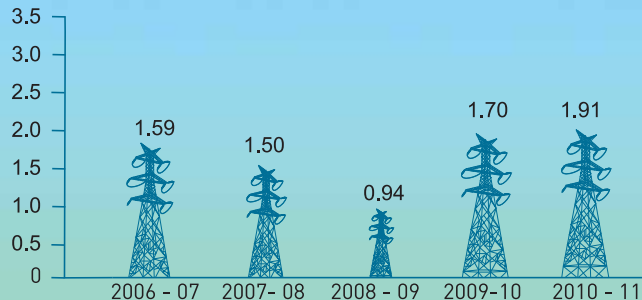
# Financial Growth

## Standalone

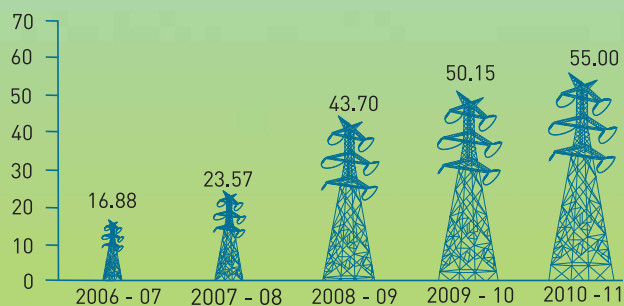
Gross Revenues (Rs. billion)



PAT (Rs. billion)

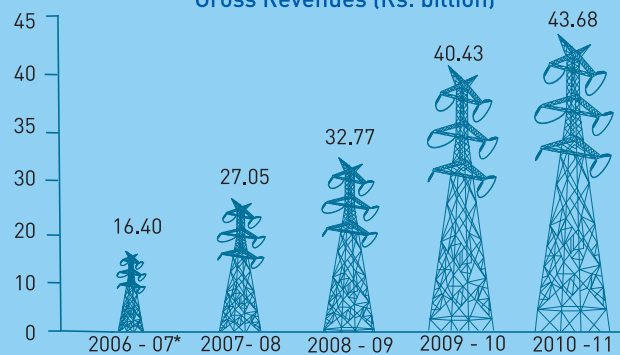


Order Book (Rs. billion)

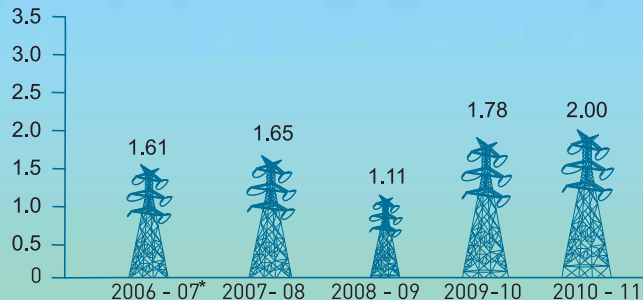


## Consolidated

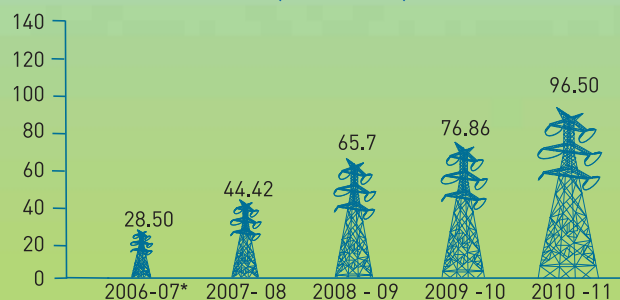
Gross Revenues (Rs. billion)



PAT (Rs. billion)



Order Book (Rs. billion)  
(KPTL+JMC)



#Graphs not to scale  
\*Year of consolidation

# Operational Growth

Operationally, KPTL exhibited excellence, evident from the following:

- Forayed into 3 new countries, Congo, Tanzania and Ukraine which also marks the Company's maiden entry into the promising CIS countries.
- Consolidated order book stands over Rs. 96 billion.
- Achieved financial closure for its BOOT project in power transmission - the Jhajjar Project.
- Ventured into EPC contracts for railways and successfully secured 5 contracts under separate joint ventures.
- Focused on a balanced revenue model by developing a portfolio BOOT projects under the PPP model. Embarking on this, KPTL currently has three BOOT projects – one in transmission and two in roads.
- Secured its first process plant contract on EPC basis from Oil India Ltd., worth Rs. 2.72 billion.
- Successful completion of 544 km pipe-laying work for Mundra – Bhatinda project of the HPC – Mittal JV.
- Achieved landmark completion of 2,200 kms of pipe laying work in a short span of 5 years.
- Commissioned its largest value contract of 400 KV, 110 kms transmission line from MEW, Kuwait (1<sup>st</sup> Phase).







# Catalysing growth through power transmission and distribution

Power acts a crucial catalyst for the progress of any economy. Undergoing a rapid growth phase, the demand for power is growing exponentially on account of the sector being plagued by a large gap in the demand and supply. This has escalated the need for capacity additions in generation, transmission and distribution leading to massive investments in the sector.

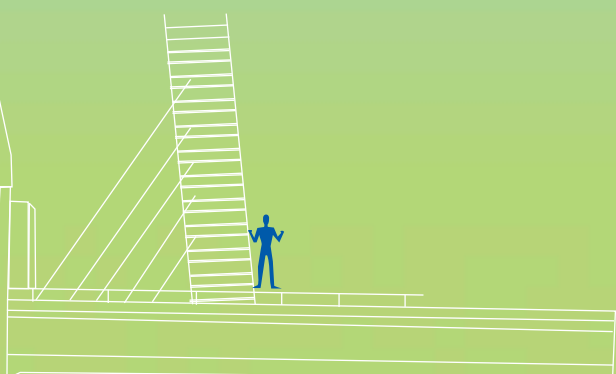
For KPTL, power transmission and distribution forms the core of its business. A closer look at the Company's business operations are as follows:

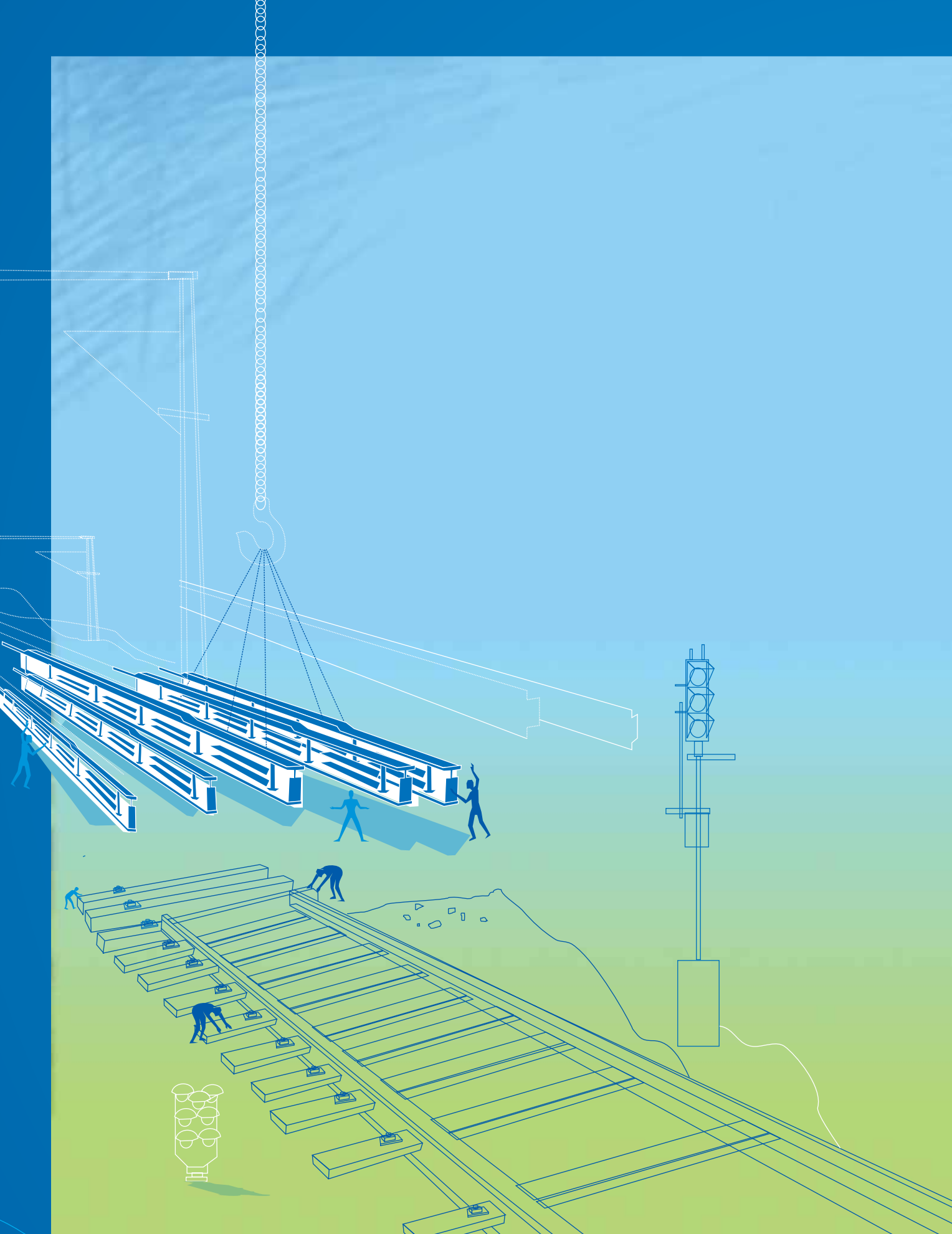
The Company offers integrated solutions from the creation of new designs, quality fabrication, project execution and commissioning coupled with construction services encompassing survey, civil works/foundation, erection, stringing, and commissioning of extra high voltage lines and line equipment, as well as procurement of items, such as conductors, insulators, and hardware accessories. Since inception, KPTL has installed ~14,000 km transmission lines and ~900,000 metric ton towers. Additionally, the Company also offers EHV transmission lines up to and including 1200 KV in India and overseas.

KPTL features amongst the top global EPC players in transmission projects with dominance across Africa, Middle East and South East Asia for turnkey projects. The Company's success in the global arena is on the account of emphasis on quality, security and ability to adhere to country specific practices and regulations. The Company is also a leading exporter of design efficient towers and is associated with various global EPC players.

Further, having completed multiple rural power distribution projects under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Accelerated Power Development Reform Programme (APDRP) schemes for Government of India the Company is selectively pursuing these business opportunities given the vast coverage of areas.

Going forward, KPTL is embarking on moving up the value chain from being an EPC contractor to an asset owner by focusing on BOOT projects. The Company also plans to continue actively bidding for projects in Africa, CIS and GCC regions on account of handsome order inflows from government-owned utilities in Africa- Algeria, Ethiopia, Kenya, Congo, etc and the Middle East. Further, the American and CIS markets also offer ample opportunities which KPTL has consistently been focusing on.





# Leveraging synergies in infrastructure and railways

A nation's infrastructure development plays a significant role in its economic growth. A fast growing economy warrants an even faster development of infrastructure. And within infrastructure, the road and railway network plays a pivotal role.

The Indian road network is second largest in the world which carries about 65% of freight and 80% passengers with National Highways constituting only about 2% of the road network but carry about 40% of the total road traffic. The railway sector features amongst the principal mode of transportation for freight and bringing people together from the farthest corners of the country. With the ongoing and proposed metro rail projects in several cities this sector is undergoing transformation and has opened up a plethora of opportunities.

To capitalise on the prevailing opportunities in the road and railway sector, the Company is leveraging strengths of its subsidiary JMC Projects (India) Ltd. This gives KPTL an exposure towards the entire infrastructure gamut including the civil construction for factories, buildings power plants, roads, bridges and railways.

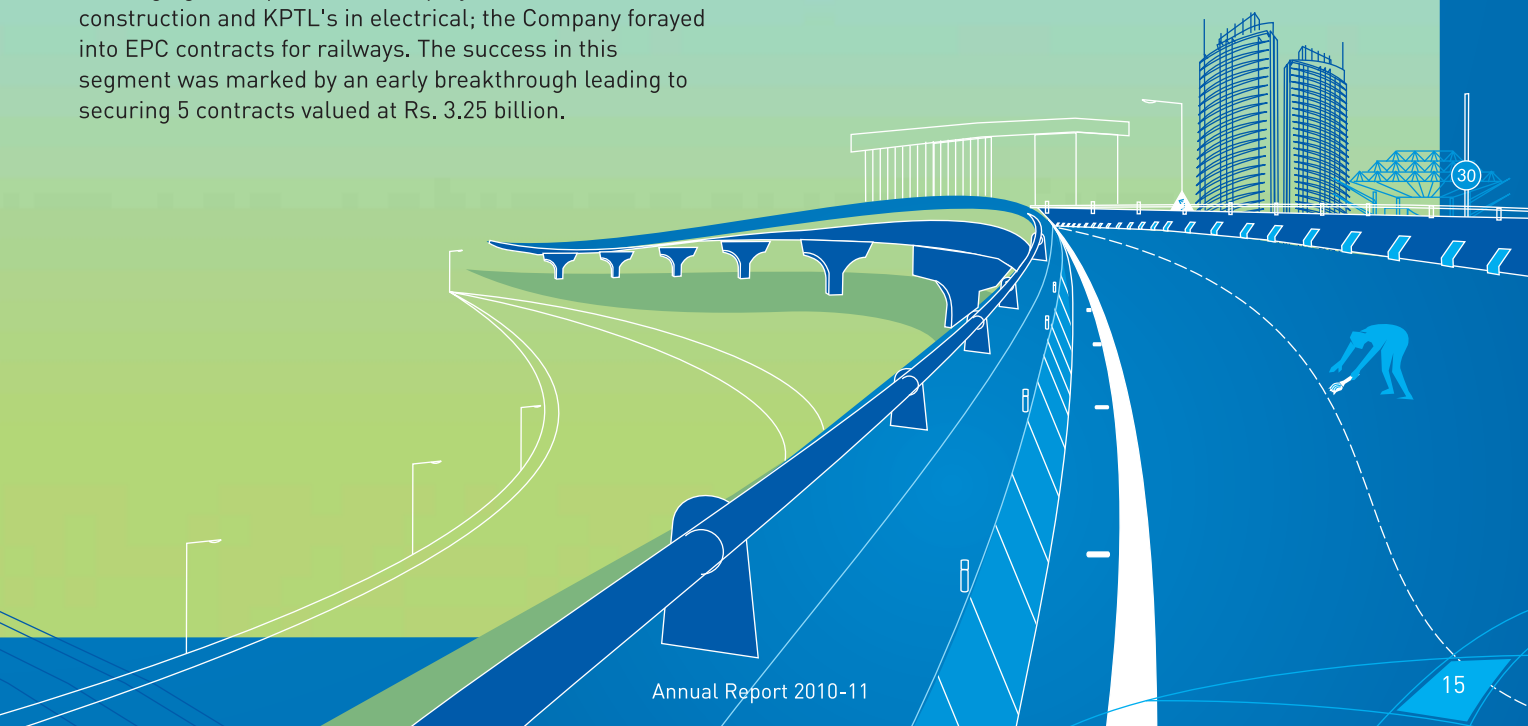
Apart from being a leading construction player in the infrastructure segment JMC Projects is also developing two BOOT road projects.

Leveraging the expertise of JMC projects in civil construction and KPTL's in electrical; the Company forayed into EPC contracts for railways. The success in this segment was marked by an early breakthrough leading to securing 5 contracts valued at Rs. 3.25 billion.

Strategically, to enhance its position in civil construction and to fund the long term capital needs of its subsidiary KPTL has increased its stake in JMC Projects to 67.19%.

The Company's strength has been its commitment to timely completion of projects with due emphasis on project management, quality and safety. Armed with technical expertise gained through a varied range of projects executed, the Company is equipped to execute projects under the most challenging conditions.

On the back of highly experienced and capable team comprising experts in project management, design and project execution, KPTL believes that the foray in railways and focus on BOOT projects will serve as the added growth catalyst for tomorrow.







# Leveraging expertise in the oil and gas sector

Pipelines, as a means of transportation and distribution of oil and gas have always been on the growth path, in synch with the economic growth of the country. Currently, after Russia and China, India features amongst the top 3 countries poised for growth and expansion in this sector. Even during the economic slowdown, this segment faced only a limited impact. Aided by domestic oil and gas companies, pipeline network is expected to grow strongly during the next few years fuelled by the current low penetration of pipelines in India, high growth of natural gas usage and the recent oil & gas discoveries.

With investments over Rs. 650 billion expected in this sector, the oil and gas pipeline industry is poised to grow rapidly over the next five to seven years. With the establishment of national gas grid and well entrenched pipeline network there will be continued opportunities for technology and solution providers for operating and maintaining them. Further, the Government's announcement towards its intention to move towards an Open Acreage Licensing Policy (OALP) for exploration and production will fuel added opportunities for private players.

This augurs well for the Company. Pre-empting the strong need for a robust pipeline network KPTL forayed into this business segment in 2005. Led by highly experienced and competent persons the Company has built a full-fledged division. Seizing opportunities in this business the Company has also made significant investments in specialised pipeline equipment.

The Company's domain expertise is vindicated by the following:

- Completed laying 2,200 km of pipelines over the last five years

- Ability to setup several oil pumping stations and terminals
- Embarked on setting up a central gas gathering station on EPC basis with the capacity of 8 mmscmd
- Secured several big ticket projects from some of the biggest names like GAIL, IOCL, HPCL, BPCL, GSPC, Reliance, HMEL etc. in India

Enhancing the breadth of its services, the Company has forayed into the EPC contracting of process plants coupled with EPC contracting for sub-marine pipelines and offshore well-head platforms thereby offering the entire value chain in this sector.

Moving forward, KPTL is exploring opportunities in the international markets and the Company has already pre-qualified for bidding on various pipeline contracts under various stages of tendering in over ten countries. Thus, in the time to come KPTL expects to report substantial growth in this business.



# Catalysing the diversification strategy in warehousing and logistics

Logistics play an important role in any economy and the growth prospects of the sector are closely linked to the economic growth and to some extent even foreign trade of the country.

KPTL through its subsidiary, Shree Shubham Logistics Ltd. (SSLL) has established its presence in this sector. An ISO 9001:2008 certified company, SSLL is amongst the largest private players in the agri-logistics sector. In its first phase of

operations, the Company has developed 12 state-of-the-art Agri Logistics Parks (ALPs) in Rajasthan and Gujarat. Offering end-to-end logistics solutions SSLL has also signed an agreement with Rajasthan State Warehousing Corporation (RSWC) on revenue sharing basis to manage the latter's 38 warehouses across the state leading to combined storage area of nearly 6,00,000 metric tons.

In the year under review, the Company's performance in this segment has been marked by an increase in the occupancy level to 77% as compared 64% in the last fiscal.



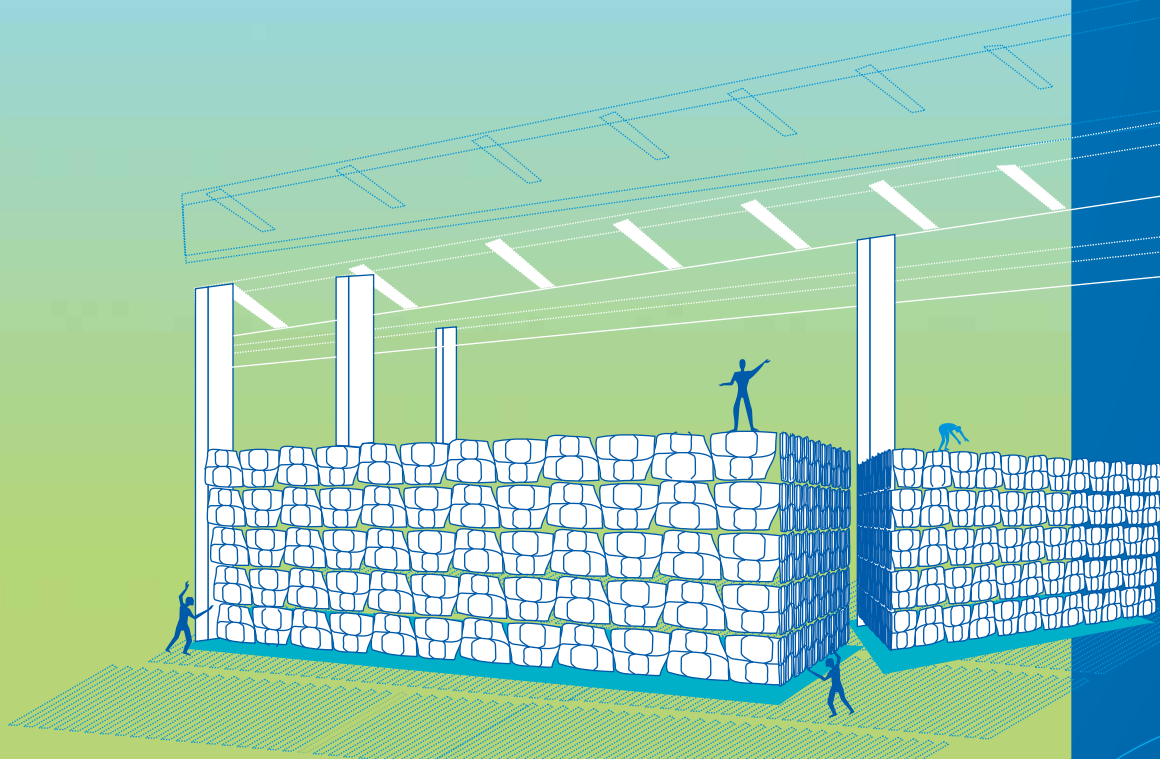
SSLL, is amongst the few to have been accredited under the Warehousing Developing & Regulatory Authority (WDRA) Act 2007, which enabled the Company's warehouses receipts to be traded as negotiable instruments.

Additionally, it has also been accredited with National Commodities & Derivates Exchange Ltd (NCDEX) and NCDEX Spot Exchange as an approved Assayer (Testing & Certification) & Warehouse Service Provider. The Company's initiative to convert physical trading to electronic spot trading with the help of NCDEX Spot Exchange Ltd. gives it a unique edge in the sector.

The Company is also exporting spices & dry fruits in more than half-a-dozen countries like Dubai, Azerbaijan, Mauritius to name a few.

Further, to facilitate seamless transactions and to secure real-time data SSLL has implemented SAP at its Agri Logistics Parks (ALPs).

Growing forward, capitalising on the growth momentum and its established expertise in this segment the Company aims to expand its presence in the states of Madhya Pradesh and Maharashtra.





# Leveraging on human capital

People form the core of the Company's business, and keeping them motivated, and abreast with the latest developments helps KPTL reap rich dividends and gives it the power and commitment to excel. As execution is imperative to this business, at KPTL the strategy is to identify and cultivate talented employees and groom them to take on greater and broader responsibilities when the opportunity arises.

With the commitment to develop team members for professional and personal success KPTL has set up a state-of-the-art learning centre - [KalpaVriksha](#) at Gandhinagar. Spread over 1,20,000 sq. ft. this world class centre has been conducting training programmes by internal and external faculty for skill development across diverse segments.

KPTL ensures that the training levels are pegged in line with the global benchmarks which enable employees to effortlessly deliver both national and international projects amidst multicultural environments.

The training centre acts as catalyst in encouraging young executives at KPTL to undertake higher studies in both technical and management field by establishing tie-ups with leading institutions.

Besides training and development, KPTL also lays down emphasis on health, safety and environment aspects besides high standards of quality to be maintained in accordance with the Company's safety & quality policy.



# Catalysing a better tomorrow

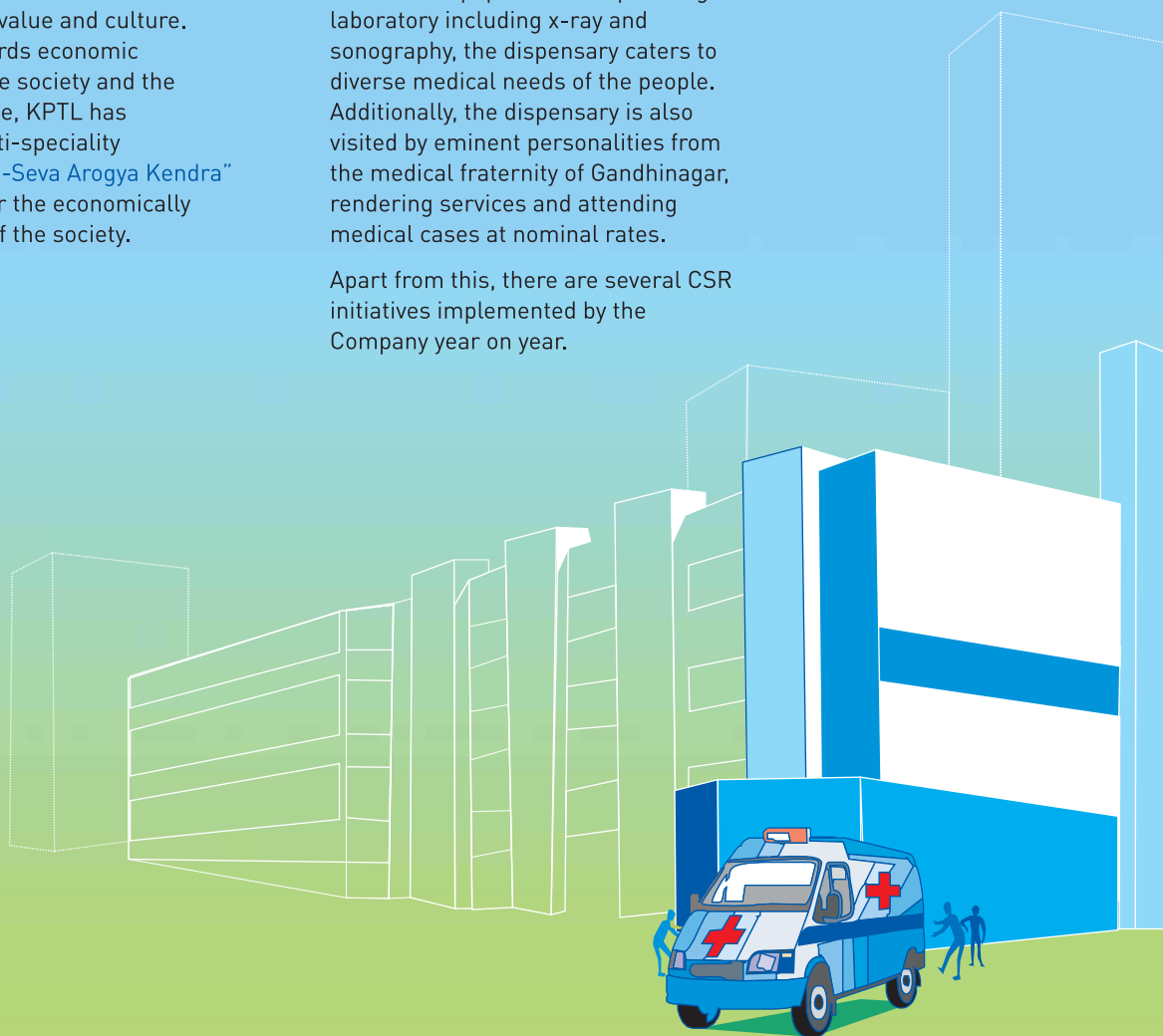


Corporate Social Responsibility has been an integral part of the Company's value and culture. Contributing towards economic development of the society and the community at large, KPTL has established a multi-speciality dispensary "Kalpa-Seva Arogya Kendra" at Gandhinagar for the economically weaker sections of the society.



Equipped with ultra modern facilities and latest equipment in its pathological laboratory including x-ray and sonography, the dispensary caters to diverse medical needs of the people. Additionally, the dispensary is also visited by eminent personalities from the medical fraternity of Gandhinagar, rendering services and attending medical cases at nominal rates.

Apart from this, there are several CSR initiatives implemented by the Company year on year.



## FINANCIAL HIGHLIGHTS

	2006-07	2007-08	2008-09	2009-10	2010-11	2010-11
	Rs. In billion					USD In Million
Production in MTs	78,404	79,531	93,484	* 121,483	* 127,055	* 127,055
Gross Revenue	15.67	17.68	19.14	26.78	29.34	657.21
Sales Growth	79.9%	12.8%	8.2%	40.0%	9.6%	9.6%
International Revenue	4.01	5.01	5.19	11.58	9.70	217.27
Total Expenditure	13.18	15.27	17.28	23.58	25.98	581.88
Operating Profit (PBDIT & other income)	2.49	2.42	1.86	3.21	3.36	75.34
Other Income	0.12	0.21	0.31	0.35	0.51	11.44
Interest	0.28	0.40	0.68	0.90	0.85	19.02
Profit before depreciation & tax (PBDT)	2.33	2.23	1.48	2.66	3.03	67.76
Depreciation	0.17	0.22	0.27	0.38	0.46	10.29
Profit before Tax	2.17	2.02	1.21	2.28	2.57	57.47
Provision for Taxation (Incl. FBT & Deferred Tax)	0.57	0.52	0.26	0.57	0.66	14.79
Profit after Tax (PAT)	1.59	1.50	0.94	1.70	1.91	42.68
Profit before Tax & Int. on Term Loans	2.23	2.08	1.29	2.46	2.73	0.61
Equity Share Capital	0.27	0.27	0.27	0.27	0.31	6.87
Net Worth (excluding Revaluation reserve & Debenture Redemption Reserve)	6.42	7.67	8.33	9.76	15.71	351.77
Borrowings	3.37	3.26	6.54	6.04	4.53	101.47
Capital Employed (Net Worth + Term Borrowings)	7.29	8.38	9.68	11.57	17.33	388.08
Debt Equity Ratio	0.52:1	0.43:1	0.79:1	0.62:1	0.29:1	0.29:1
Book Value Per Equity Share (Rs) (excluding revaluation Reserve & Debenture Redemption Reserve)**	48.44	57.90	62.90	73.67	102.35	2.29
Earning per Equity Share (Rs.) **	13.06	11.32	7.13	12.86	12.58	0.28
Operating Profit	15.9%	13.7%	9.7%	12.0%	11.5%	11.5%
Profit before Tax	13.7%	11.3%	6.2%	8.4%	8.6%	8.6%
Profit after Tax	10.1%	8.4%	4.9%	6.3%	6.4%	6.4%
Order Book at year end	16.88	23.57	43.70	50.15	55.00	1231.80
<b>Consolidated Financial highlights :</b>						
Gross Revenue	16.41	27.05	32.77	40.43	44.15	988.80
Profit after Tax (PAT)	1.61	1.65	1.11	1.78	2.00	44.81
Earning per Equity Share (Rs.)	13.21	12.44	8.37	13.41	13.21	0.30
Consolidated Order Book at year end	28.50	44.42	65.70	76.86	96.50	2,161.25

\* The quantity includes production, on job work basis and purchased from/got processed from third parties.

\*\* Face value of Shares : Rs. 10 each upto 07.09.2010 and Rs. 2 each w.e.f. 08.09.2010 on account of split of Shares. The pre split EPS and book value per equity share are adjusted to make it comparable with post split share capital.

1 USD = Rs.44.65.

## DIRECTORS' REPORT

TO,

### THE MEMBERS,

Your Directors have pleasure to present the 30<sup>th</sup> ANNUAL REPORT on the business and operations of your company together with the Audited Statement of Accounts for the year ended March 31, 2011.

PARTICULARS	2010-2011 (Rs. in billion)	2009-2010 (Rs. in billion)
<b>FINANCIAL RESULTS</b>		
Total Revenue	29.85	27.13
Profit before Depreciation	3.03	2.66
Less: Depreciation	0.46	0.38
Profit before Tax	2.57	2.28
Less: Provision for Tax	0.69	0.56
Less: Provision for deferred Tax	(0.03)	0.01
Net Profit after Tax	1.91	1.71
Add: Surplus brought forward from previous year	4.87	3.76
Add: Prior year's adjustments	-	-
Profit available for appropriation	6.78	5.47
<b>APPROPRIATIONS :</b>		
Transfer to General Reserve	0.30	0.25
Transfer to Debenture Redemption Reserve	0.09	0.09
Proposed Dividend on Equity Shares	0.23	0.23
Corporate Tax on Proposed Dividend	0.03	0.03
Balance carried to Balance Sheet	6.13	4.87
	6.78	5.47

### DIVIDEND

Your Directors are pleased to recommend payment of dividend for the year ended March 31, 2011 @ Rs.1.50 (75%) per equity share of Rs.2 each considering overall profitability and growth of Company.

### QIB Issue and Sub-division of Shares:

Fuel the growth plan of the Company and its subsidiaries, Company has raised Rs.4.50 billion on issuance of 4,192,114 Equity Shares to Qualified Institutional Buyers (QIB) at a price of Rs.1,074.20 per share. As per the object of the QIB issue the QIB Fund is mainly used investment in subsidiary companies, SPV company, Capital Expenditure, strategic diversification/ investment and unutilised funds are temporarily invested in Mutual Funds and Bank Deposits.

Further Company has sub-divided its equity shares of Rs.10/- each to Rs.2/- each on 8<sup>th</sup> September, 2010 to make the stock more liquid for the shareholders and prospective investors.

### FINANCIAL & OPERATIONAL REVIEW

The gross revenue of the Company grew by 10% to Rs.29.85 billion (USD 669 million) as against Rs.27.13 billion (USD 601 million) in the previous year. Total Export Turnover (including overseas projects) was Rs. 9.70 billion (USD 217 million) or approx. 32% of gross revenues in 2010-11.

The company reported rise by 13% in profit before tax of Rs.2.57 billion in 2010-2011 as against Rs.2.28 billion in 2009-10.

Your company has supplied 129,217 MTs of Transmission Line Towers as against 120,760 MTs in preceding year, which is higher by 7%.

Your company has an order book of over Rs.55 billion excluding fairly placed bids.

Having 108,000 MTs of production capacity at Gandhinagar, Gujarat, your company has planned to expand its capacity by further 30,000 MTs by creating ultra modern state of the art manufacturing capacity near Raipur in the state of Chhattisgarh to cater the demand in eastern and southern region of India having promising market going forward. Land acquisition is almost over and proposed facilities are expected to achieve commercial production by January, 2012.

### Transmission BOOT Project

A SPV of your Company namely, Jhajjar KT Transco Pvt. Ltd. has successfully achieved Financial Closure of 1<sup>st</sup> DBFOT Project (VGF basis) of 400 KV, 100 Km. Power Transmission line from Jharli to Bawana Project from Haryana Vidyut Prasaran Nigam Ltd. (HVPNL). The SPV has secured term debt of Rs. 2.76 billion from consortium of lenders.

The project has to be completed over a period of 14 months from the date of financial closure. The SPV has also obtained transmission licence from Haryana Electricity Regulatory Commission (HERC) to construct and operate this line for initial concession period of 25 years with an options of extension for another 10 years.

The SPV will receive terminal value equivalent to 20 months revenue i.e. approx. Rs. 1 billion at the end of 25<sup>th</sup> year of concession period in case the concession period does not get extended to 35 years. The project is progressing as per schedule and both SPV partners are working towards achieving the commissioning before time.

### SUBSIDIARIES

#### JMC Projects (India) Ltd. and its subsidiaries (JMC):

JMC has reported consolidated revenue of Rs. 13.85 billion (USD 310 million) as against Rs.13.25 billion (USD 297 million) in corresponding period. Profit before tax as well as profit after tax stood at Rs.475 million and Rs.372 million as against Rs.531 million and Rs.396 million in the previous year respectively. The company could not achieve the desired growth due to delay in commencement of work in few projects due to external factors.

JMC has also received it's 2 DBFOT basis project for Two Laning of Agra to Aligarh of NH-97 from NHAI.

JMC has an order book exceeding Rs.41.50 billion (USD 929 million). Your company has strengthened JMC in terms of its capital base and business profile (through diversification) which will enable the company to achieve rapid growth. The company has invested Rs.905 million through preferential allotment in JMC and on account of preferential allotment and open offer to existing shareholders, your company's stake in JMC increased to 67.19% from 53.01%.

#### Shree Shubham Logistics Ltd (SLL):

In reporting period, SLL has achieved a turnover of Rs.1,360 million as against Rs.884 million in corresponding period, registering a growth of 54%. SLL reported net profit of Rs. 23.9 million as against loss of Rs.36.5 million in the corresponding period. The progress of company is satisfactory and expected to improve year on year.

At the year end, investment of your company in SLL was Rs.1,091 million as equity shares, preference share and loan. SLL is an 85% Subsidiary of your company.

#### Energylink (India) Ltd (ELL):

ELL plans to foray in to construction of commercial complexes and integrated township targeting middle and upper middle class households. ELL has 100% Subsidiary, Saicharan Properties Limited which has land to implement commercial cum retail project in Indore.

At the year end, investment of your company in ELL was Rs. 1.39 billion as capital and loan. ELL is a Wholly Owned Subsidiary of your company.

#### Amber Real Estate Ltd. (Amber):

Amber is in process of creating leasing space for IT/Software Technology park at Thane, Mumbai is expected to be completed in 2012. At year end, investment of your company in Amber was Rs. 265 million as capital and loan and it is a Wholly Owned Subsidiary of your company.

#### Saicharan Properties Ltd, 100% Subsidiary of Energylink (India) Ltd. (SPL):

SPL is proposing a commercial cum retail project in the heart of city of Indore where it has approximately 12,600 sq. meter of free hold land. Project completion would take 2-3 years from the date of commencement of construction. At the year end, investment by ELL in SPL was Rs. 1.38 billion as capital and loan.

#### Adeshwar Infrabuild Ltd. (Adeshwar):

Adeshwar was incorporated as wholly owned subsidiary to venture into new areas of business which can be conveniently or advantageously run by company in the coming year which may include mining, cement etc. At the year end, investment of your company in Adeshwar was Rs. 2.4 million as capital and loan. It is Wholly Owned Subsidiary of your company.

#### Jhajjar Power Transmission Private Ltd. (JPTPL)

During the year Company has incorporated one more subsidiary company for doing transmission project on BOOT, BOOM, DBFOT basis. At the year end, investment of your Company in JPTPL was Rs.0.51 lacs as capital.

#### **Kalpataru Metfab Private Ltd. (KMPL)**

This company was incorporated as a wholly owned subsidiary of your company during the year for venturing into newer business opportunities. At the year end, investment in KMPL was Rs.0.10 million as capital.

#### **Kalpataru SA (Proprietary) Ltd.:**

This Company was formed in South Africa to bid for EPC Power Transmission jobs in South Africa. This is a Joint Venture between your company and a local company named as PDNA Holdings (Pty) Ltd. who are 25.1% stakeholder in this company. Your Company made an initial investment of Rs.4.9 million towards equity capital and other expenses.

#### **Kalpataru Power Transmission Nigeria Ltd.:**

This Company was incorporated as a 100% subsidiary of your Company to explore the Power Transmission market in Nigeria. Your company made an investment of Rs.3.9 million towards equity capital and loan.

#### **Kalpataru Power Transmission (Mauritius) Ltd.:**

This company is a 100% subsidiary in which your company has invested Rs.2.0 million as capital and loan.

#### **Kalpataru Power Transmission-USA, INC.**

This company was incorporated as a 100% subsidiary of your company to increase our focus on American markets with local presence. This Company has received two start up orders worth Rs.98 Million. Total income of the company for the year was Rs. 12.93 million with loss of Rs. 2.60 million. Your company has invested Rs. 22.8 million as capital and loan in this company.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITY**

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

- (i) That in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed;
- (ii) That 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 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 March 31, 2011 on a "going concern" basis.

#### **CORPORATE GOVERNANCE**

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

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

#### **DIRECTORS**

In accordance with provisions of the Companies Act, 1956 and the Articles of Association of your company, Mr. Satya Pal Talwar, Mr. Mahendra G. Punatar and Mr. K.V. Mani are liable to retire by rotation at ensuing Annual General Meeting and being eligible they have offered themselves for re-appointment.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

Your Directors have pleasure in attaching the Audited Consolidated Financial Statements pursuant to Listing Agreement entered into with the Stock Exchanges and prepared in accordance with Accounting Standards prescribed by the Institute of Chartered Accountants of India.

#### **SUBSIDIARIES**

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies and jointly controlled entities.

#### **AUDITORS AND AUDITORS' REPORT**

One of the Joint Auditor of the Company, M/s. Kishan M. Mehta & Co., Chartered Accountants have shown their unwillingness to continue as Auditor of the Company due to their pre-occupation. The Board records its appreciation for their over two decades of valuable services rendered to your company.

The Board of Directors have proposed to reappoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory



Auditor of the Company, who have consented to act as auditors, if re-appointed. Members are requested to consider their re-appointment.

Auditors comments on your Company's accounts for year ended March 31, 2011 are self explanatory in nature and do not require any explanation as per provisions of Section 217(3) of the Companies Act, 1956.

#### PARTICULARS OF EMPLOYEES

In terms of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, names and other particulars of employees are required to be set out in Annexure to the Directors' Report. However, as per provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding aforesaid information is being sent to all the members of Company and others entitled thereto. Members who are desirous of obtaining such particulars are requested to write to Company.

#### CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE INFLOW & OUTFLOW

Information required under Section 217(1)(e) of the Companies

Act, 1956 is annexed hereto and forms part of this Report.

#### DEPOSITS

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

#### ACKNOWLEDGEMENT

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

Your Directors gratefully appreciate the co-operation and assistance extended by various Central and State Governmental Agencies. Your Directors also place on record their appreciation for overwhelming co-operation and assistance extended to your company by its employees.

On behalf of the Board of Directors

Place: Mumbai  
Date: May 16, 2011

MOFATRAJ P. MUNOT  
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:

#### Transmission & Distribution Division

Following measures taken by your Company from time to time has helped us maintaining energy consumption at optimum level:

1. Use of voltage stabilizer to regulate fluctuations in voltage of the Torrent power Ltd. supply, which helps to reduce energy consumption and eliminates wastage.
2. Installed enough number of capacitors at electrical control panel boards to improve the overall power factor.
3. Implementation of recommendations made by the National Productivity Council while conducting energy audit.
4. Installed differential wound linear regulator, automatic voltage controller with advanced technology for the energy saving.
5. Took PNG Connection, an environment friendly fuel, for galvanizing plant and hot bending machine to conserve the energy.

Our total energy cost is less than 1% of our total turnover, which

reflects success of your company's efforts in this direction.

#### Biomass Energy Division

Following measures taken by your company from time to time has helped us in maintaining the auxiliary consumption at optimum level:

1. Use of energy efficient motors for all auxiliaries of the plant has helped in reduction in Auxiliary consumption.
2. High capacity motors like boiler feed pump motor have been provided with soft starters (electronic starters) to conserve energy.
3. Variable frequency drives (VFD's) have been provided for majority of continuous running auxiliaries which helps in conserving energy.

### B. TECHNOLOGY ABSORPTION:

We have not imported or used any special technology which fall under this disclosure.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (Rs. in billion)

Foreign exchange earnings (including overseas projects)	Rs. 6.54
Foreign exchange outgo	Rs. 3.96

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Economic Scenario

The world economy continued to grow at 4.7% during 2011, demonstrating a broad-based recovery, mainly driven by stronger consumption in the developed countries, coupled with continued stimulus measures by Governments around the world. Recovery was also marked in Middle East and North Africa (MENA); however, there have been growing concerns of geopolitical unrest since the onset of the Jasmine revolution in Tunisia in December, 2010. Going ahead, according to IMF forecasts, the world Gross Domestic Product (GDP) is estimated to clock a growth of 4.5% per annum in both 2011 and 2012. The advanced economies are expected to grow at 2.5%, while developing economies are expected to grow at a higher rate of 6.5% a year in both 2011 and 2012.

In contrast, the Indian economy grew at 8.6% in 2010-11 and the growth rate is expected to be around 9% in the next fiscal year. The growth witnessed has been on the back of a rebound in the agriculture sector and impressive gains from the manufacturing and services sector. However, the country is currently facing challenges of rising food prices and commodity prices, along with inflation. The headline inflation in the country stood at around 9% at the end of March 2011. Industrial output grew marginally by 3.6% year on year as tight monetary policy affected manufacturing activity. The Government is currently focussing on controlling the inflationary pressure with the help of a tight monetary policy, which is expected to moderate the growth prospects of the country.

### II. Industry Scenario

In order to sustain the continued growth rate of the country, there is a need for developing a robust and efficient infrastructure base. India's infrastructure has been improving slowly but steadily over the recent years. In the budget for the year 2011-12, the GOI continued its emphasis on infrastructure development, increasing the allocation for this sector to Rs.2,140 billion, which is over 48% of the planned expenditure.

The country's economy registered around 8% robust growth during 2005 to 2010. This in turn has placed a tremendous pressure on the existing infrastructure base, viz power, roads & highways, railway, airports and telecom. The power sector has witnessed a significant demand-supply gap due to sustained growth in demand of power, which stood at a CAGR of 4.8% during FY 09-10. Supporting the country's economic growth, the demand for power is estimated to grow at a CAGR of 7.8% during 2010 -15, on the back of an estimated GDP growth rate of 8% to 8.5% over the next five years.

Thus, in line with the power requirement of the country, the government has plans to add 62 GW of generation capacity in the XI<sup>th</sup> Five Year Plan, and another 100 GW of capacity additions are envisaged in the XII<sup>th</sup> Five Year Plan. This aggressive capacity expansion would in turn require an estimated investment of Rs. 4,109 billion in the XI<sup>th</sup> Plan and Rs. 4,950 billion in the XII<sup>th</sup> Plan.

#### a. Transmission

##### i. Domestic

To cater to the increase in generation capacity there is a robust need for power transmission lines which will enable seamless flow of power. Hence, the sector foresees a significant addition of transmission lines and substations during the XI<sup>th</sup> and XII<sup>th</sup> Five Year Plans. A target of 95,283 circuit kilometers (ckm) of transmission lines is planned for the XI<sup>th</sup> Plan and 155,000 to 180,000 circuit kilometers (ckm) during the XII<sup>th</sup> Plan. With capacity additions in the transmission sector, approximate investments worth Rs. 3,400 billion are expected over the next 5 years as compared to Rs. 1,640 billion made during 2005-10.

The Power Grid Corporation (PGCIL) and the state transmission utilities, with 85% investment share in both XI<sup>th</sup> and XII<sup>th</sup> Five Year Plans, have envisaged massive capital expenditure plans towards transmission capacity. Power Grid plans to invest about Rs. 1.85 billion during 2011-12 out of the total estimated investment of Rs. 5.50 billion in XI<sup>th</sup> Plan and more than Rs. 1,000 billion in XII<sup>th</sup> Plan for providing matching transmission system for generation capacity addition under the central sector and other projects entrusted to it, including UMPPs. Additionally, State Electricity Boards (SEBs) also plan to invest Rs. 650 billion in the XI<sup>th</sup> Plan to expand intra-state transmission network. Apart from state and central government playing a dominant role in the sector, private players are also involved in setting up the additional capacity. In the XI<sup>th</sup> Plan, an investment of Rs. 200 billion has been envisioned from the private sector players, directed towards expanding inter-state transmission network. Several PPP projects have been awarded by SEBs, including Haryana, Rajasthan and Maharashtra, to name a few.

These investments in the sector present a significant set of opportunities for the companies operating in the transmission and distribution segment.

##### ii. Global

Driven by investments in inter-connection projects, and transmission projects for new generation capacities



or replacement demand, the international markets are expected to show strong growth over the next five to seven years. The International Energy Association forecasts world energy consumption to grow to 28,141 Twh from 15,665 Twh at a CAGR of 2.5% over 2006-30. To support this massive energy consumption target, global generation capacity is expected to reach 2,837 GW by 2030, which would require investments valued at USD6.7 trillion in the T&D sector over 2006-30.

Key international markets which are expected to infuse large investments in the T&D infrastructure include South Asia, the Middle East, Africa and North America, which are at different thresholds of power capacity addition. Over 2010-15, total investments worth USD 158 billion are expected to be made in the Middle East, Africa and North America.

Given this positive scenario, the Company continues to see growth opportunities in Africa, North America, Australia and GCC & CIS countries.

#### **b. Distribution**

The distribution networks and state grids are primarily owned and operated by the respective SEBs. GOI, under the programme 'Power for all by 2012', envisioned sufficient, reliable & quality power to all at optimum cost. Under this programme, it formulated the Accelerated Power Development Reform Programme (APDRP), under which states are given loans, grants and incentives for upgrading and modernising their sub-transmission and distribution (below 33 KV or 66 KV) networks. With the objective of providing electricity to all villages and habitations, the Union Government, in April 2005, initiated the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY). The RGGVY targets to electrify 1,25,000 un-electrified villages, giving access to 780 million uncovered rural households, and the total estimated cost of the scheme is estimated at Rs. 160 billion. But till September 2010, only 66,547 villages were electrified against the target number of villages. Hence, in order to facilitate efficient distribution of power there is need of huge investments and distribution franchisees.

We would like to tap the opportunities in this sector on a very selective basis, taking into consideration the risk and return-related parameters.

#### **c. Oil and Gas pipeline**

The strong growth of the Indian economy, infrastructure and rise in energy consumption has necessitated the need to develop an efficient distribution network for oil and natural gas transportation. According to the

U.S. Energy Information Administration (short-term outlook), the supply of crude oil and liquid fuels in India is estimated at 1.03 million barrels per day in 2011 and 1.04 million barrels per day in 2012. The consumption of liquid fuels in the country is estimated at 3.33 million barrels per day in 2011 and 3.45 million barrels per day in 2012. It is estimated that about 45% of the total energy needs would be met by the oil and gas sector. The current levels of per capita energy consumption in India are extremely low as compared to the rest of the world. Apart from crude oil, natural gas is also emerging as the preferred fuel of the future, being an environment-friendly economically attractive fuel. During 2010, the domestic gas demand is estimated at 300 million cubic meters per day and the production is estimated at around 169 million standard cubic meters per day.

With recent oil & gas discoveries, strong growth is expected in expanding the pipeline network by domestic oil & gas companies. This opens up an opportunity of over Rs. 450 billion over the next few years, as pipeline laying contracts of 10,000 km are expected to be offered by domestic public and private sector companies.

#### **d. Railways**

Currently, the route kilometre for railways stands at 64,015 kms, and GOI, in its Vision 2020, targets to add 25,000 kms of new lines in the next ten years. This would require huge investments in the railway infrastructure sector.

GOI, in its railway budget for 2010-11, has allocated Rs. 576 billion for 2011-12 for expansion and upgradation of railways. Additionally, with several metro rail projects also being implemented in the cities of Delhi, Kolkata, Mumbai, Bengaluru and Hyderabad, the sector is expected to foresee investments in tandem with expansions in the coming years.

#### **e. Logistics and warehousing**

As businesses of the country progress, the need for development and upgradation of infrastructure, logistics and warehousing also grows. The logistics and warehousing industry comprises inbound and out bound segments of the manufacturing and services supply chain. It is estimated that the logistics industry in India is growing at an estimated 15% to 18% annually, and overall spending of this sector is approximately 13% of the GDP. As India's infrastructure logistics network capacity is not sufficient to support the expected growth rates over the next decade, this will require huge investments by the country in the coming

years. In its budget, the Government further enhanced its thrust on improving the storage facilities in the agriculture sector by allocating funds for creation of warehousing facilities. Further, facilitating private sector participation will ensure reduction in wastage of farm output, thereby enhancing grater food security going ahead.

Another critical factor deterring growth in the business is that the long-awaited Warehousing Development & Regulation Act, 2007, has been passed by the Government and made effective from 26 October, 2010, whereby Warehouse Receipt (WR) will become negotiable instrument which will benefit to large players in agri logistics and warehousing sector.

### Risks, Concerns & Threats

Each enterprise has its own risks, from which it cannot be fully isolated except through proper risk management. In the operations of its business, the Company foresees the following areas of risks, concerns and threats:

- Company is exposed to variation in prices of commodities, foreign exchange and interest rate.
- Project execution largely depends upon skilled and unskilled manpower. Hence, deployment, retention and competency growth of employees is also an area of concern.
- Company is exposed to risk of delay in execution due to external factors like right of way, shortages of skilled/semi skilled manpower, etc.
- Company is exposed to unpredicted risk of changes in policies of Government and countries where it operates.
- Bio-mass power division is exposed to risk of availability and pricing of its critical fuel, i.e agriculture residue/waste and adequate rains in the area.
- Even though joint ventures/consortiums are formed after proper due diligence, the risk of non performance of other can't be ruled out.

These risks are managed by the Company through a proper mix of orders across various countries, timely and adequate hedging of commodity and exchange exposure, optimisation of working capital limits and efficient inventory management. The management keeps close watch on global developments and keeps on reviewing the risks, while also addressing the concerns for appropriate actions from time to time.

### Segment Wise Operational Performance

The Company has four primary business segments: Power Transmission & Distribution, Real Estate, Bio-mass Energy and Infrastructure.

The revenue of the Company can further be divided geographically

in two different segments - sales within India and sales outside India, considering the location of customers. Out of the total revenue (Net of Excise Duty) of Rs. 28.74 billion of the Company, revenue within India stood at Rs. 19.04 billion (66%) and outside India at Rs. 9.70 billion (32%), as of 31<sup>st</sup> March, 2011.

### Transmission & Distribution Division (T & D):

**Division's revenue was higher by 14% at Rs. 25.39 billion.**

It has been quite challenging to work and perform for different sets of customers in diverse geo-political regions and for numerous types of power transmission needs. The Company has been outperforming in this business and will continue to do so. KPTL has more than 50 active locations in different climatic conditions to execute projects, specific to customer needs in a planned manner.

Following the successful testing and trial production of 1200 KV transmission tower, we are now geared to design, test, manufacture, install and commission 1200 KV transmission lines, which would significantly reduce transmission losses of grids. This, we feel, shall be the future of the power transmission industry.

**At the operational level, the following are the major highlights for this division:**

- Production (including outsourced) and dispatches of transmission line towers were at an all time high of 127,055 MT and 129,217 MT, respectively.
- Over 110,000 MT of transmission towers were erected at various domestic and international sites.
- Over 2400 CKM of stringing work done to connect the grid to substation or sub-station to sub-station. This includes over 400 CKM of stringing work in a month at one of our overseas projects.
- Commissioning of 400 KV, 110 kms transmission line of our largest value contract from MEW, Kuwait (1<sup>st</sup> phase) with GZTACSR 410 MM<sup>2</sup> conductor.
- Financial closure of the first transmission BOOT project for the Company was achieved within the stipulated deadline.
- ISO audits have been successfully completed and ISO quality certificates have been renewed accordingly. Now our domestic and international construction sites have also certified as ISO compliant.

**The division has also secured the following prestigious projects:**

- First overseas 750 KV, turnkey power transmission contract from NEC UKRENERGO, Ukraine, worth over Rs. 8.45 billion.
- 2 contracts of 400/200 KV, turnkey power transmission line projects from KETRCO, Kenya, worth over Rs. 4.50 billion.

- 450 KV turnkey power transmission contract from Societe National D'Electricite (SNEL), Democratic Republic of Congo, worth over Rs. 3.50 billion.
- 400 KV turnkey power transmission contract from Maharashtra State Electricity Transmission Co. Ltd. (MSETCL), worth over Rs. 4.50 billion.
- Multiple 765 KV power transmission contracts from Power Grid Corporation of India Ltd (PGCIL), worth over Rs.7.80 billion.

This business segment has secured orders worth Rs. 40 billion during the year, and further orders worth Rs. 13.50 billion were secured till date in which we were fairly placed at year end. Our order book position can be divided into 70:30 for domestic and international. Out of this, majority of orders are backed by price escalation clauses, which will protect us in the present uncertain market conditions.

The Company made its maiden entry in the CIS countries by securing 750 KV turnkey power transmission contract from NEC UKRENERGO, Ukraine, worth Rs. 8.45 billion, which is funded by EBRD (European Bank for Reconstruction and Development). This breakthrough will open up the potential CIS market for the Company.

The Company has also made successful entry into new countries, namely Ukraine, Congo, Tanzania, and continues to keep its focus on new markets and territories to expand its wings.

#### **Real Estate Division**

There has been no major activity in this division during the year 2010-11. One of the subsidiaries is constructing IT Park in Thane, Mumbai, of which progress is satisfactory.

#### **Bio-mass Energy Division**

Our two power generation plants of 7.8 MW each at Sri Ganganagar and Tonk District of Rajasthan, generating power from non-conventional energy resources i.e. using agricultural waste as fuel, registered a revenue of Rs. 430 million during the year, as against Rs. 509 million in the corresponding period of the previous year, showing negative growth of 16%. The revenue was down as the Padampur plant was shut down for 15 days due to fire and Tonk Plant after having been shut down due to water scarcity since April 2010, commenced operations from August 2010 onwards.

Both plants have been running at 93% PLF (excluding shutdown) and have generated 96 million units, out of which 87 million units were exported to Rajasthan Vidyut Vitran Nigam Limited (RVVNL). Both plants are earning Certified Emission Reductions (CERs) on usage of agriculture residues and the CERs are being realised time to time after following stringent validation process.

#### **Infrastructure Division**

Due to stiff competition, the division has not been able to make significant breakthroughs in order booking during the

year. Delay in award of few contracts and delay in arranging right of use by customer have also impacted the revenues of the division, which stood at Rs. 2.97 billion as against Rs. 3.61 billion in corresponding period of the previous fiscal.

The division has completed main pipeline work of its largest project of 544 kms of Mundra – Bhatinda Pipeline for HPCL–Mittal JV, of which commissioning is under progress.

The division has secured its first Process Plant Contract on EPC basis from Oil India Ltd., worth Rs. 2.72 billion. During the year, orders were received from IOCL, Cairn India Ltd., Oil India Ltd. and GAIL worth Rs. 4.36 billion. The Company has now worked for almost all the oil and gas majors of India and has established itself as major Indian EPC contractor for cross country oil and gas pipeline projects.

Under the umbrella of oil and gas work, we are also targeting the promising work of submarine pipelines, platforms, floating production & storage systems, offshore services- pipeline services, process facilities & plants, fabrication yards, all of which will help us in expanding our breadth and width in this business. Apart from the domestic market, we are continuously focusing on the overseas market, where we are expecting an early breakthrough.

Last year, the Company ventured into Railways EPC contracting work and has successfully secured a few contracts worth Rs. 3.5 billion under joint ventures with different companies. These include our maiden foray into the overseas railways market, with the award of a project from Bangladesh Railways, Bangladesh.

#### **Financial Review**

The consolidated revenue of the Company grew at 8%, with total revenue of Rs. 43.55 billion during the year. The consolidated order book of the Company is above Rs. 96 billion.

On a standalone basis, the net sales and service revenue of the Company for 2010-11 stood at Rs. 28.74 billion. This represents a growth of 9% over 2009-10. Revenue of power transmission and distribution segment grew by 14%, with negative growth in infrastructure segment by 18% and bio-mass energy segment by 16%. On a standalone basis, the order book of the Company, as on March 31, 2011, stands at Rs. 55 billion, the break-up of which is as follows: -

- Transmission & Distribution - Rs. 48 billion
- Infra ( Pipeline and Railways) - Rs. 7 billion

Exports revenue (including overseas projects) earnings during the year were at Rs. 9.70 billion, representing over 32% of your Company's gross revenue.

The Company's profit before tax has increased to Rs. 2.57 billion from Rs. 2.28 billion. Profit after tax stood at Rs. 1.91 billion as against Rs. 1.71 billion during the previous fiscal.

Net fixed assets (including capital work in progress), as at March 31, 2011, were Rs. 3.74 billion as compared to Rs. 3.38 billion in the previous year, indicating increase of Rs. 0.36 billion, mainly for addition in construction related equipments and acquisition of land for new manufacturing facilities at Raipur.

During the year, the Company launched a Qualified Institutional Placement (QIP) issue of Rs. 4.5 billion, which was successfully subscribed by several investors. The funds raised in QIP will be used primarily to focus on BOOT projects, investments in subsidiaries, additional manufacturing capacity for transmission line division, etc. We have already invested Rs. 1.95 billion in subsidiaries, SPVs and new tower manufacturing facilities. The balance unutilised fund has been temporarily invested in bank fixed deposit and mutual funds.

Net current assets as at March 31, 2011 increased to Rs. 12.85 billion, as against Rs. 11.41 billion in the previous year. Current assets levels of the Company increased mainly on account of increased level of debtors, due to milestone-based terms of payments and accrued value of work done, which is in line with growth in revenue.

The total debt/equity ratio currently stands at 0.29. The Company enjoys PR1 + and AA rating for its short-term and long-term borrowing from CARE Ltd. and P1+ and AA - rating from CRISIL. The Company has sufficient working capital limits to support its growth plan.

The operating cash flow of the Company stood at Rs. 2.83 billion, as against Rs. 3.51 billion during the previous year.

#### Internal Controls

The Company has an adequate system of internal controls implemented by the management towards achieving efficiency in operation, optimum utilization of the Company's resources and effective monitoring thereof, and compliance with applicable laws and regulations.

The Company's internal audit department and independent Internal Auditors conduct regular audits to ensure adequacy of internal control systems, adherence to management instructions and compliance with laws and regulations of the country, as well as to suggest improvements.

Audit plans, internal/external auditors' observations and recommendations, significant risk areas assessments and adequacy of internal controls are also periodically reviewed by the Audit Committee.

The Company has, across the board, implemented global ERP system - SAP, to have better internal control systems and flow of information. Further, the Company has also adhered to the stringent rules and regulations of ISO guideline.

The Company has also appointed an external party to review the processes of the organization and design manuals for stringent controls in line with the growth of the Company.

## Corporate Social Responsibility

### Safety

The Company lays utmost importance on safety standards at all its working locations. At manufacturing units, power plants and all project sites, necessary procedures are in place to ensure safety of personnel and equipments. To ensure safety and health of its work force and create awareness, the company undertakes the following activities:

- Internal safety audits
- Safety week celebration to create awareness about safety
- Mock drills to access emergency / disaster management preparedness, etc.

### Environment

Preservation and promotion of environment is of fundamental concern in all our business activities. The Company has installed flux regeneration plant, acid and white fume extractors, eco-ventilator fans, etc, at its manufacturing facilities to maintain good working conditions and to make them more environment-friendly. As per specific requirement from customers, the Company has started fumigation of its export supplies and dull finishing of products to avoid reflection when it is installed at site, etc. The Company is also engaged in green area development for Gujarat Industrial Development Corporation (GIDC) and Gujarat Government

The Company has been accredited with ISO 14001 for Environment Management Systems by Intertek Quality Registrar, PLC, U.K., for its EOU Division.

### Community Development

As a good corporate citizen, the Company exhibits concern for the society and undertakes various community welfare measures and environment- friendly initiatives. The Company's social welfare and community development measures are focused on healthcare, child development and promotion of cultural activities.

The Company undertakes community development initiatives by sponsoring the various programmes of government and non-government organisations such as Rotary Club of Gandhinagar, Gandhinagar Cultural Forum, Kalrav, etc., in the fields of healthcare, child development, cultural activities, youth development, women empowerment, medical check-up camp in nearby area, etc.

The Company is committed to improving the quality of life in the communities in which it operates and to contributing to the overall development of the society.

As a part of its social responsibility initiative, the Company has opened Kalpa-Seva Arogya Kendra, a multi-specialty dispensary with ultra modern facilities and latest equipment

in its Pathological Lab, which will be helpful in catering to the medical needs of the people in and around Gandhinagar at a very nominal fee. To further strengthen services x-ray and sonography facilities have also been installed in the lab.

## Human Resources

### “Making People Our Most Important & Valuable Asset”

The success of a business is directly linked to the performance of those who work for that business. Today, managing a workforce is a lot more complicated than maintenance of a company's material capital such as machinery, computer systems, etc. Indeed, mechanistic approach to employee relations has often failed, as experience around the world shows. Fortunately, this failure has prompted a close study into how to effectively see that human capital is treated right and is able to reach its full potential.

During the year, employee loyalty continued and the Company succeeded in retaining talent, while adding 500+ new family members. The Employees Welfare Trust is operational and supported needy people during the year.

At Kalpa-Vriksha, the Company's learning centre, we make sure that fresh abilities are correctly and optimally nurtured and their competencies are enhanced through a rigorous 35-day induction programme. A demo area and a virtual site have been created to give them the practical knowledge before they go to the site. We also take care to improve their behavioural

aspects, such as personality development, communication skills. etc. We also provide a platform to our employees to upgrade their competencies, knowledge, skills and attitudes through various courses.

The Company continued to conduct programmes for our employees and their families, such as camps for kids, sports for family and employees. These included annual day celebration, rewarding long service associates, arranging picnics, gathering and involving each employee, etc. Medical check-up for employees is being done periodically.

## Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forwarded looking within the meaning of applicable securities, law and regulations. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of subsequent event or development. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations affecting selling price of finished goods, input availability and price, changes in government regulations, tax laws, economic development within and outside the country and other factors such as litigation and industrial relations.

# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company's philosophy of corporate governance steams from its belief from transparency, integrity and accountability towards all stock holders. Corporate Governance helps to achieve excellence to enhance stakeholders' value by focusing on long-term stakeholder value creation without compromising on integrity, social obligations and regulatory compliances.

At Kalpataru Power, our continuous endeavor is to achieve good governance, by way of a conscious and conscientious effort whereby ensuring the truth, transparency, accountability and responsibility in all our dealings with our employees, stakeholders, consumers and the community at large.

The Board of Directors represents the interest of the Company's stakeholders, for optimizing long-term value by way of providing necessary guidance and strategic vision to the Company. The Board also ensures that the Company's management and employees operate with the highest degree of ethical standards.

We, at Kalpataru Power, believe that the constant effort to improve operational performance, guided by our values, forms the basis for good Corporate Governance. Corporate Governance is strongly driven by our values such as quality, commitment, customer orientation and integrity.

## I. BOARD OF DIRECTORS

### A. Composition of the Board

The Board of directors consists of 10 Directors as on March 31, 2011 of which 8 are Non-Executive and 2 are Executive Directors. The Chairman is a Non-Executive Promoter Director, apart from him there is 1 Promoter Director and 5 Non-Executive Independent Directors. The Board structure is in compliance with Clause 49 of the Listing Agreement.

### B. Meetings of Board of Directors

8 Board Meetings were held during the year ended on March 31, 2011 and the gap between any two meetings did not exceed four months. The dates on which the Board Meetings were held are May 10, 2010, May 28, 2010, July 29, 2010, September 30, 2010, October 6, 2010, October 30, 2010 January 29, 2011 and March 15, 2011.

### C. Directors' attendance and Directorship held

The names and category of Directors on the Board, their attendance at the Board meetings held during the year and also at the last Annual General Meeting, the number of Directorships and Committee Memberships and Chairmanship held by them in other companies are given below:

Name of the Directors	Category	Attendance at		No. of Directorships and Committee Memberships / Chairmanship (Other than Kalpataru Power Transmission Ltd.)**		
		Board Meetings	Last AGM	Directorship#	Committee Chairmanship	Committee Membership
Mr. Mofatraj P. Munot	Non – Executive (Promoter) Chairman	7	No	77	-	3
Mr. Pankaj Sachdeva	Managing Director	6	Yes	1	-	-
Mr. Parag M. Munot	Non – Executive (Promoter)	8	Yes	82	-	1
Mr. Manish Mohnot	Executive Director	6	Yes	6	-	-
Mr. Sajjanraj Mehta	Non - Executive (Independent)	7	Yes	3	1	1
Mr. Vimal Bhandari	Non - Executive (Independent)	7	Yes	9	2	3
Mr. Narayan Seshadri	Non - Executive (Independent)	6	No	13	4	1
Mr. Mahendra G. Punatar	Non - Executive (Independent)	8	Yes	1	-	1



Name of the Directors	Category	Attendance at		No. of Directorships and Committee Memberships / Chairmanship (Other than Kalpataru Power Transmission Ltd.)**		
		Board Meetings	Last AGM	Directorship#	Committee Chairmanship	Committee Membership
Mr. K. V. Mani	Non – Executive	4	No	-	-	-
Mr. S. P. Talwar	Non - Executive (Independent)	5	No	12	4	4

\*\*Represent Memberships / Chairmanships of Audit Committee and Shareholders' Grievance Committee only

# Including Private Limited Companies

None of the Directors of Board is a member of more than 10 Committees and no Director is the Chairman of more than 5 committees across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

#### D. Code of Conduct

The Board has laid down code of conduct for all Board Members and Senior Managerial Personnel of the Company. The Code of Conduct is available on the website of the Company at [www.kalpatarupower.com](http://www.kalpatarupower.com).

All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct and a declaration to this effect signed by the Chief Executive Officer (CEO) has been obtained.

## II. Audit Committee:

The Company has complied with the requirements of Clause 49 (II) (A) of the Listing Agreement relating to composition of Audit Committee.

The terms of reference of the Audit Committee are broadly as under:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor/s and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors regarding any significant findings and follow up there on.



- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue and preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue and making appropriate recommendations to the Board to take up steps in the matter.
- Approval of appointment of CFO ( i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.

The Audit Committee comprises of 5 Non-Executive Directors out of which 4 are independent directors. The Committee met 4 times during the year on May 28, 2010, July 29, 2010, October 30, 2010 and January 29, 2011 and the attendance of members at the meetings were as follows :

Name of Member	Category	Status	No. of Meetings attended /held
Mr. Sajjanraj Mehta	Non Executive-Independent	Chairman	3 / 4
Mr. Mofatraj P. Munot	Non Executive-Promoter	Member	3 / 4
Mr. Vimal Bhandari	Non Executive-Independent	Member	4 / 4
Mr. Narayan K. Seshadri	Non Executive-Independent	Member	2 / 4
Mr. Mahendra G. Punatar*	Non Executive-Independent	Member	4 / 4

\*Mr. Mahendra G. Punatar was inducted as member of audit committee on May 10, 2010 by the Board of directors.

The President & CFO and Statutory Auditors are regular invitee, and Internal Auditors are invited as and when required. The Company Secretary is the secretary of the committee.

The Audit Committee has reviewed financial condition and results of operations forming part of the management discussion and analysis and other information as mentioned in para II (E) of Clause 49 of the Listing Agreement.

### III. Subsidiary Companies:

The company has the following subsidiaries:

1. JMC Projects (India) Ltd. (67.19% Subsidiary), Listed Company
2. JMC Mining & Quarries Ltd. (100% Subsidiary of JMC Projects (India) Ltd), a subsidiary
3. Energylink (India) Ltd. (100% Subsidiary),
4. Shree Shubham Logistics Ltd. (85.19% Subsidiary),
5. Amber Real Estate Ltd. (100% Subsidiary),
6. Kalpataru Power Transmission (Mauritius) Ltd. (100% Subsidiary),
7. Kalpataru SA (Proprietary) Ltd. (74.90% Subsidiary),
8. Kalpataru Power Transmission Nigeria Ltd. (100% Subsidiary),
9. Saicharan Properties Ltd. (100% Subsidiary of Energylink (India) Ltd), a subsidiary
10. Kalpataru Power Transmission USA INC. (100% Subsidiary),
11. Adeshwar Infrabuild Ltd. (100% Subsidiary),

12. Jhajjar Power Transmission Ltd. (50.99% Subsidiary),
13. Kalpataru Metfab Pvt. Ltd. (100% Subsidiary) and
14. Brij Bhoomi Expressway Pvt. Ltd. (100% Subsidiary of JMC Projects (India) Ltd), a subsidiary

Except JMC Projects (India) Ltd., all other subsidiaries are non-material non listed subsidiaries of the Company. The review of annual financial statement and investments, if any, made by these unlisted subsidiary companies is done by Audit Committee. The minutes of Board Meetings of unlisted subsidiary companies are being placed before the Board of Directors of the Company.

#### IV. Nomination and Compensation Committee:

Although non mandatory in terms of the listing agreement, the Company has Nomination & Compensation Committee to review, assess and recommend the appointment of executive directors from time to time, to periodically review the remuneration package of the executive directors and recommend suitable revision to the Board.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The Components of the total remuneration vary for different cadres and are governed by industry pattern, qualification and experience of the employee, responsibilities handled by him, individual performance etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, and retain talent in the organization and reward merit.

The Committee comprises of 3 Non-Executive Directors.

The Committee met on May 10, 2010 to determine the commission/incentives of Managing Director & Executive Director and revision of remuneration/promotion of top executives of the Company. The meeting was attended by following members of committee:

Name of Member	Category	Status	No.of Meetings attended /held
Mr. Mofatraj P. Munot	Non Executive-Promoter	Chairman	1/1
Mr. Sajjanraj Mehta	Non Executive-Independent	Member	1/1
Mr. Vimal Bhandari	Non Executive-Independent	Member	1/1

Remuneration paid or payable to Directors for the year 2010-2011 (Rs. In Lacs)

Name of Director	Sitting Fees	Commission	Salary	Contribution to PF	Perquisites	Total
Mr. Pankaj Sachdeva	-	20.00	138.12	11.88	8.17	178.17
Mr. Manish Mohnot	-	130.00	102.00	8.64	0.54	241.18
Mr. K. V. Mani	0.80	90.00	-	-	-	90.80
Mr. Mofatraj P. Munot	1.55	125.00	-	-	-	126.55
Mr. M. G. Punatar	1.80	6.50	-	-	-	8.30
Mr. Parag M. Munot	1.60	5.00	-	-	-	6.60
Mr. Sajjanraj Mehta	1.55	7.50	-	-	-	9.05
Mr. Vimal Bhandari	1.60	6.50	-	-	-	8.10
Mr. Narayan Seshadri	1.30	6.50	-	-	-	7.80
Mr. S. P. Talwar	1.00	5.00	-	-	-	6.00

In terms of agreement/appointment approved by members, commission/incentive to Mr. Pankaj Sachdeva, Managing Director & Mr. Manish Mohnot, Executive Director has been decided by Board of Directors on recommendation of nomination and compensation Committee.

The Board of Directors of the company approved payment of commission during the year to the Director(s) who were not in Whole-Time employment of the company in recognition of their performance during the year 2010-11, not exceeding in aggregate 1% of net profits during the financial year 2010-11, calculated under Section 198 and 309(5) of the Companies Act, after taking into account the qualifications, experience, directorship in other companies having diverse business, time spent on strategic matters and contribution to the company.

Information of Directors as on March 31, 2011 is as under:

Name	Age	Designation	Date of initial appointment	Nature of employment	Shares held
Mr. Mofatraj P. Munot.	66	Chairman	27.06.1989		9,820,930
Mr. K. V. Mani	67	Director	01.06.2009		Nil
Mr. Pankaj Sachdeva	49	Managing Director	09.07.2008	Contractual	Nil
Mr. Manish Mohnot	38	Executive Director	01.11.2006	Contractual	Nil
Mr. Parag M. Munot	41	Director	30.09.1991		10,947,970
Mr. Sajjanraj Mehta	59	Director	25.07.1998		10000
Mr. Vimal Bhandari	52	Director	28.06.2002		Nil
Mr. Narayan Seshadri	53	Director	29.01.2007		Nil
Mr. S. P. Talwar	71	Director	30.01.2009		Nil
Mr. M. G. Punatar	75	Director	01.06.2009		7,000

The contractual agreements with Managing Director and Executive Director can be terminated by either party giving 6 months and 3 months prior notice respectively.

There is no pecuniary relationship or transaction of the company with any Non-Executive Director.

The Company does not pay any severance fee and no stock option is available to the directors.

#### V. Shareholders' Grievance Committee:

Committee's scope of work is to look into the shareholders' complaints, if any, and to redress the same expeditiously like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc. The committee also review the issuance of duplicate share certificates, issue of certificates after split/consolidation/renewal and transmission of shares, done by the Share Transfer Committee.

The Shareholders' Grievance Committee comprises of Mr. K. V. Mani, Mr. Pankaj Sachdeva and Mr. Manish Mohnot. The Committee met two times during the year on September 30, 2010 and January 29, 2011 and the attendance of members at the meetings were as follows :

Name of Member	Capacity	Status	No. of Meetings attended / held
Mr. Pankaj Sachdeva	Managing Director	Chairman	2/2
Mr. K. V. Mani	Director	Member	2/2
Mr. Manish Mohnot	Executive Director	Member	2/2

Mr. Bajrang Ramdharani, Company Secretary is the Compliance Officer.

During the year company has received 6 complaints which were resolved on time and no complaint remains pending at the year end. The status of complaints is periodically reported to the Committee and Board of Directors in their meetings.

The Board has delegated the powers of approving transfers and transmission of shares, issue of duplicate shares, issue of share certificates after split/consolidation/renewal and transmission of shares, to a Committee of senior executives. The Committee met 5 times during the year. There were no transfers pending as on March 31, 2011.

#### VI. Disclosures:

##### I. Management Discussion and Analysis:

Annual Report has a detailed chapter on Management Discussions and Analysis.

##### II. Basis of Related Party Transaction:

All related party transactions are being placed before Audit Committee. There were no transactions with related parties, which are not on arm's length basis required to be placed before audit committee, together with Management's justification for the same.

For Related Party Transaction refer to Note No. 27 to the Statement of Account contained in separate Standalone Financial Statements in Annual Report of the Company.

Representation from Senior Management personnel has been received confirming no material financial and commercial transactions were entered by he/she or his/her relatives which may have personal interest, that may have a potential conflict with the interest of the Company at large.

### III. Accounting treatment

The company has followed accounting treatment as prescribed in Accounting Standard applicable to the company.

### IV. Risk Management

The Risk Management Committee is there to ascertain and minimize risk and to take appropriate decisions for regular assessment and minimization of risks. The working of this committee is being periodically reviewed by the Board.

### V. Details of non-compliance by the Company

Company has complied with all the requirement of regulatory authorities. No penalty/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

## SHAREHOLDERS INFORMATION

### Re-appointment/ Appointment of Directors:

Mr. Satya Pal Talwar- Independent Director

Certified Associate of the Indian Institute of Bankers and Member of Indian Council of Arbitration. He is a Law Graduate and Arts honors with 51 years experience in Banking Finance. He is a hard core Banker and retired as Deputy Governor, RBI. He is a Senior Advisor of Yes Bank Ltd. He does not hold any Equity Shares of the Company.

List of other Directorship*	Chairmanship/Membership of Committees of the Board of other Companies
Reliance Life Insurance Company Limited	Chairman of Audit Committee
Reliance General Insurance Company Limited	Member of Audit Committee
Crompton Greaves Limited	Member of Audit Committee
Videocon Industries Limited	Chairman of Audit Committee
Reliance Communications Limited	Chairman of Audit Committee
	Member of Investor Grievance Committee
Housing Development and Infrastructure Limited	Chairman of Audit Committee
Reliance Infratel Limited	Member of Audit Committee
A B Hotels Limited	-
Uttam Galva Steels Limited	-
GTL Infrastructure Limited	-

\* Excluding Private Limited Companies

Mr. Mahendra G. Punatar - Independent Director

MS (Structural Engineering) from University of Michigan, USA with over 51 years of experience in transmission line towers. He holds 7000 Equity Shares of the Company.

List of other Directorship*	Other Chairman/Membership of the Committees of the Board of the Company on which he is a Director
JMC Projects (India) Limited	Member of Audit Committee
	Member of Remuneration Committee

Mr. K.V. Mani – Director

Bachelor of Engineering and MBA, has 46 years of experience in Transmission industry, mainly Construction, Project Management and Overseas Marketing. He does not hold any Equity Shares of the Company.

List of other Directorship*	Other Chairman/Membership of the Committees of the Board of the Company on which he is a Director
Nil	Nil

### CEO/CFO Certification

Mr. Pankaj Sachdeva, Managing Director as a CEO and Mr. Kamal Jain, President & CFO of the Company have certified to the Board in relation to reviewing financial statements and other information as mentioned in Para V of Clause-49 of the Listing Agreement.

### General Body Meeting

The details of last 3 Annual General Meetings (AGMs) of the Company are as under:

Financial Year	Date	Time	Venue
2009-2010	29.07.2010	4.30 p.m.	Kalpa-Vriksha Learning Centre, A-1 & A-2, GIDC Electronic Estate Sector-25, Gandhinagar
2008-2009	29.07.2009	4.30 p.m.	Kalpa-Vriksha Learning Centre, A-1 & A-2, GIDC Electronic Estate Sector-25, Gandhinagar
2007-2008	18.07.2008	4.00 p.m.	Kalpa-Vriksha Learning Centre, A-1 & A-2, GIDC Electronic Estate Sector-25, Gandhinagar

### Special Resolution in Last 3 AGMs

In AGM held on July 29, 2010, a Special Resolution was passed to pay commission, not exceeding 1% of the net profits of Company to Non-Executive Directors, computed in the manner provided in Sections 198(1) of the Companies Act, 1956 for a period of three years commencing from April 1, 2010, to be paid amongst the non executive directors, as may be determined by the board of directors from time to time.

In AGM dated July 29, 2009 there were three Special Resolutions passed for appointment of Managing Director, change in terms of appointment of Executive Director and Commission to Non-Executive Directors (Other than Promoter Directors).

In AGM dated July 18, 2008 there was no Special Resolution passed in the meeting.

### Postal Ballot

- On April 10, 2010 Special Resolutions were passed as under
- Special resolution to issue further shares to other than existing shareholders u/s 81 1(A) of the Companies Act, 1956 to raise fund upto USD 125 Millions through QIP.
- Ordinary Resolution for increase in authorized share capital of the Company u/s 16 and 94 of the Companies Act, 1956 from Rs. 30 crores to Rs. 35 crores.
- Special Resolution for amendment in Articles of Association of the Company u/s 31 of the Companies Act, 1956 on account of increase in authorized share capital from Rs. 30 crores to Rs. 35 crores.

Shri Urmil Ved, Practising Company Secretary was the Scrutinizer for overseeing the Postal Ballot Process. Details of the resolution passed are as under :

Resolution	Total Vote Casted	Favour			Against		
		No. of Postal Ballot	No. of Shares	% of total voting	No. of postal ballot	No. of Shares	% of total voting
a	1,70,78,516	344	1,68,36,347	98.58	20	242,169	1.42
b	1,70,78,189	352	1,68,36,354	98.58	12	2,41,835	1.42
c	1,70,77,944	350	1,68,35,939	98.58	14	2,42,005	1.42

The Company has complied with the procedures for Postal Ballot in terms of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 and amendments thereto.

### Extra-Ordinary General Meeting

Date & Time	Venue		Resolutions
28.08.2010 11.30 a.m.	Kalpa-Vriksha Learning Centre, A-1 & A-2, GIDC Electronic Estate Sector-25, Gandhinagar	1	Ordinary Resolution for Sub-division of equity share from face value of Rs.10/- (Rupees Ten) each to face value of Rs.2/- (Rupees two) each.
		2	Ordinary Resolution for Reclassification of Authorised Share Capital and amendment of Memorandum of Association on account of Sub-division of equity shares.
		3	Special Resolution for Reclassification in Capital Clause of Articles of Association on account of Sub-division of equity shares.

### Means of Communication

The Company has published its Quarterly Results in Economic Times – English & Gujarati, Business Line – English, Business Standard – English and Gandhinagar Samachar – Gujarati daily.

The Results of the Company were displayed on web site [www.kalpatarupower.com](http://www.kalpatarupower.com) and the same were also submitted to the Stock Exchanges after the conclusion of the Board Meeting. The official news releases are being placed on Company's website and simultaneously sent to Stock Exchanges where the shares of the Company are listed.

## COMPLIANCE

The Company is regularly submitting its quarterly compliance report to the Stock Exchanges for compliance of requirements of corporate governance under Para VI(ii) of Clause-49 of the Listing Agreement.

The Company has complied with the applicable mandatory requirements of Clause 49 of the Listing Agreement.

## ADDITIONAL SHAREHOLDERS INFORMATION

### Annual General Meeting, Book Closure & Dividend Payment

The information of forthcoming Annual General Meeting, Book Closure and Dividend payment details have been provided in the Notice of Annual General Meeting enclosed alongwith this Annual Report and being mailed to all the shareholders separately.

### Financial Calendar

Financial Year: 1<sup>st</sup> April to 31<sup>st</sup> March

Financial Results :

First Quarter Results	:	July End
Half Year Results	:	October End
Third Quarter Results	:	January End
Annual Results	:	May End

### Listing

At present, the equity shares of the Company are listed on the Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE).

Name of Stock Exchange	Stock Code
Bombay Stock Exchange Ltd.	522287
National Stock Exchange of India Ltd.	KALPATPOWER
ISIN No. (Dematerialized Shares)	INE220B01022

The Company has already paid the listing fees for the year 2011-12 to both the Stock Exchanges.

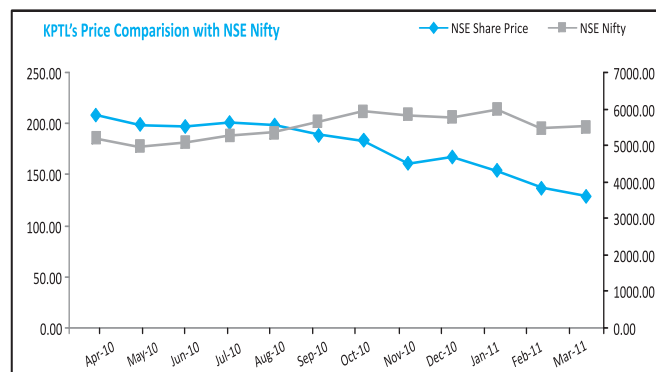
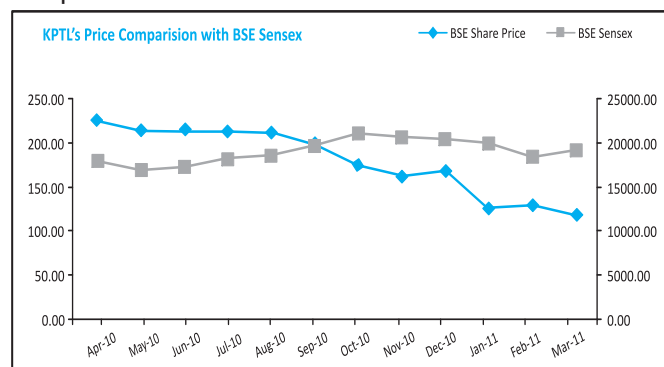
### Stock Market Data

Monthly High and Low price of the Company's shares for 2010-2011 on BSE and NSE

Face value of Shares : Rs. 10 each upto 07.09.2010 and Rs. 2 each w.e.f. 08.09.2010 on account of split of Shares. The pre split share prices are adjusted to make it comparable with post split share prices.

Month	Bombay Stock Exchange Ltd.				National Stock Exchange of India Ltd.			
	High Share Price Rs.	Low Share Price Rs.	Index during the Month		High Share Price Rs.	Low Share Price Rs.	Nifty during the Month	
			High	Low			High	Low
Apr-10	227.38	205.03	18,047.86	17,276.80	224.97	204.00	5,399.65	5,160.90
May-10	219.80	193.00	17,536.86	15,960.15	219.00	188.23	5,278.70	4,786.45
Jun-10	219.12	195.81	17,919.62	16,318.39	214.96	187.28	5,366.75	4,961.05
Jul-10	215.12	195.00	18,237.56	17,395.58	215.98	195.20	5,477.50	5,225.60
Aug-10	214.00	193.20	18,475.27	17,819.99	214.00	193.00	5,549.80	5,348.90
Sep-10	205.60	178.80	20,267.98	18,027.12	212.85	177.00	6,073.50	5,403.05
Oct-10	199.00	145.05	20,854.55	19,768.96	199.00	171.80	6,284.10	5,937.10
Nov-10	177.70	144.15	21,108.64	18,954.82	177.00	144.00	6,338.50	5,690.35
Dec-10	181.50	152.20	20,552.03	19,074.57	181.50	153.00	6,147.30	5,721.15
Jan-11	174.95	130.00	20,664.80	18,038.48	174.95	130.00	6,181.05	5,416.55
Feb-11	145.90	120.00	18,690.97	17,295.62	144.75	119.50	5,599.25	5,177.70
Mar-11	139.00	106.15	19,575.16	17,792.17	139.40	107.00	5,872.00	5,348.20

### Comparison of KPTL Price with Broad Based Indices



### Distribution of Shareholding: (As on March 31, 2011)

No. of Shares of Rs. 2 each	Shareholders		No. of Share Held	
	Number	% of Total	Number	% of Total
Upto – 500	21,657	85.29	2,755,831	1.80
501 – 1000	2,371	9.34	2,013,147	1.31
1001 – 2000	618	2.43	966,681	0.63
2001 – 3000	210	0.83	539,446	0.35
3001 – 4000	96	0.38	357,835	0.23
4001 – 5000	81	0.32	390,549	0.25
5001 – 10000	117	0.46	864,179	0.56
10001 – And Above	243	0.95	145,572,902	94.86
<b>TOTAL</b>	<b>25,393</b>	<b>100</b>	<b>153,460,570</b>	<b>100</b>

### Shareholding Pattern as on March 31, 2011

Sr. No.	Category	No. of Shares held	% of Shares held
<b>A</b>	<b>Promoter &amp; Promoter Group Share Holding :</b>		
	Indian	84,081,330*	54.79*
	Foreign	300,000	0.20
<b>B</b>	<b>Public Share Holding :</b>		
	<b>1. Institutional :</b>		
	Mutual Funds & UTI	17,947,825	11.70
	Banks, Financial Inst.	506,885	0.33
	Venture Capital Fund	7,195,000	4.69
	Insurance Companies	9,379,894	6.11
	FII's	18,837,498	12.27
	Foreign Financial Institution	1000	0.00
	Trustee	3168	0.00
	<b>2. Non-Institutional :</b>		
	Private Corporate Bodies	3,917,724	2.55
	NRIs / OCBs	1,099,109	0.72
	Indian Public	9,997,687	6.51
	Clearing Members	193,450	0.13
	<b>TOTAL</b>	<b>153,460,570</b>	<b>100</b>

\*Out of above, Promoters & promoter group have pledged 14,239,000 Equity Shares constituting 16.93% of their holding in the Company and 9.28% of total equity of the Company.

### Dematerialization of Shares and Liquidity

99.24% Shares are in demate form as on March 31, 2011

### Outstanding GDRs/ADRs/Warrants/Options

The Company has No GDRs/ADRs/Warrants/Options outstanding as on March 31, 2011



<b>Registrar &amp; Transfer Agent</b> For Physical Mode & Depository Mode: Link Intime India Pvt. Ltd. 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, AHMEDABAD – 380 009 Tel. & Fax: 91 79 26465179	<b>Share Transfer System</b> Shareholders/Investors are requested to send share transfer related documents directly to our RTA whose address is given on the left hand side. A Committee of executives of the Company is authorised to approve transfer of shares. If the transfer documents are in order, the transfer of share(s) is registered within 15 days of receipt of transfer documents by our RTA. The Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities as per the requirement of Clause 47 ( c ) of the Listing Agreement of the Stock Exchanges. These certificates have been submitted to the Stock Exchanges. The Company has also carried out Quarterly Secretarial Audit for the reconciliation of Share Capital as required under SEBI circular No. 16 dated December 31, 2002.
---	--

#### Plant Location

<b>Main Plant &amp; Registered Office</b> (Address for Correspondence) Plot No.101, Part III, G.I.D.C. Estate, Sector – 28, GANDHINAGAR – 382 028 Tel : 079 – 23214000, Fax : 079- 23211966 & 68	<b>EOU Plant</b> Plot No. A-4/1, A-4/2, A-5, G.I.D.C. Electronic Estate, Sector – 25, Gandhinagar – 382 025 Tel.: 079-23214400, Fax : 079-23287215	<b>R &amp; D Centre</b> At Punadara Village, Near Talod Dam, Taluka – Prantij, Dist. Sabarkatha (Gujarat) Tel : 02770- 255414
<b>Corporate Office</b> “Kalpataru Synergy” 8 <sup>th</sup> Floor, Opp. Grand Hyatt Hotel, Vakola, Santa Cruz (East), Mumbai – 400 055, Tel.: 022 – 30645000, Fax: 022 – 30643131	<b>Biomass Energy Division (Power Plant)</b> 1) 27BB, Tehsil Padampur, Dist. Sri Ganganagar (Rajasthan) Tel. : 0154 - 2473725, Fax : 0154 -2473724 2) Near Village Khatoli, Tehsil Uniara, Dist. Tonk, Rajasthan - 304 024. Tel.: 01436 – 260665, Fax.: 01436 – 260666	

#### CERTIFICATE BY CHIEF EXECUTIVE OFFICER

All Board members and senior management personnel have, for the year ended March 31, 2011 affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchanges.

For Kalpataru Power Transmission Limited

Date: May 14, 2011  
Place: Mumbai

**Pankaj Sachdeva**  
Chief Executive Officer  
Managing Director

#### AUDITORS' REPORT ON CORPORATE GOVERNANCE

To  
The Members of  
Kalpataru Power Transmission Ltd.

We have examined the compliance of the conditions of Corporate Governance by Kalpataru Power Transmission Limited ('the Company') for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Kishan M Mehta & Co.**

Chartered Accountants

**(Kishan M. Mehta)**

Partner (Membership No. 13707)

Place: Ahmedabad

Date: May 16, 2011

**For Deloitte Haskins & Sells**

Chartered Accountants

**(Gaurav J. Shah)**

Partner (Membership No. 35701)

Place: Ahmedabad

Date: May 16, 2011

## AUDITORS' REPORT

To  
 The Members of  
**Kalpataru Power Transmission Limited**

1. We have audited the attached Balance Sheet of KALPATARU POWER TRANSMISSION LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (CARO), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 ('the Act') and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, and subject to third party confirmations, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - ii. In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
    - iii. In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

**For Kishan M. Mehta & Co.,**  
 Chartered Accountants  
 (Registration No.105229W)

**Kishan M. Mehta**  
 Partner  
 (Membership No. 13707)

Place: Ahmedabad  
 Date: May 16, 2011

**For Deloitte Haskins & Sells,**  
 Chartered Accountants  
 (Registration No 117365W)

**Gaurav J. Shah**  
 Partner  
 (Membership No. 35701)

Place: Ahmedabad  
 Date: May 16, 2011

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the accounts of Kalpataru Power Transmission Limited)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;  
(b) As explained to us, the assets have been physically verified by the management in accordance with a phased program of verification of its fixed assets adopted by the Company which, in our opinion, is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.  
(c) During the year, the Company has not disposed off substantial part of fixed assets.
2. (a) The inventory has been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks have been properly dealt with in the books of accounts.
3. (a) The Company has granted unsecured loans to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 13,832.33 lacs and the year end balance is Rs. 13,832.33 lacs.  
(b) In our opinion, the rate of interest and other terms and conditions of the loans given by the Company are not prima facie prejudicial to the interest of the Company.  
(c) The said parties have been regular in the payment of principal and interest as per stipulation, if any.  
(d) There is no overdue amount in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.  
(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (e), (f) and (g) of clause 4 (iii) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal controls in respect of these areas.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangement that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.  
(b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time
6. According to the information and explanations given to us the Company has not accepted any deposits during the year from public within the meaning of the provisions of Section 58A and 58AA or any relevant provisions of the Companies Act, 1956 and rules made thereof.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company in respect of generation of electricity from agriculture residue pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
9. (a) According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.  
(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute except the followings:

Sr. No	Name of the statute	Nature of dues	Year	Amount (Rs. In lacs)	Forum where dispute is pending
1.	Finance Act, 1994	Service Tax	2003-04 & 2004-05	1757.70	Customs, Excise and Service Tax Appellate Tribunal
		Penalty for input service tax	2006-07	1.01	Commissioner (Appeals), Commercial Taxes
2.	Madhya Pradesh Entry Tax Act, 1976	Entry Tax	2005-06	6.54	Joint Commissioner (Appeals), Commercial Taxes
3.	Rajasthan VAT Act, 2003	VAT	2004-05	6.36	High Court of Rajasthan
		VAT	2005-06	11.10	Assistant Commissioner, Commercial Taxes
4.	West Bengal VAT Act, 2003	VAT	2004-05	12.33	West Bengal VAT Appellate Tribunal
		VAT	2007-08	186.49	Joint Commissioner, Commercial Taxes
5.	Haryana Value Added Tax Act, 2003	VAT	2005-06 & 2006-07	19.27	Joint Commissioner (Appeals), Commercial Taxes
6.	Rajasthan Tax on Entry of Goods in Local Area Act, 1999	Entry Tax	2006-07 & 2007-08	2.78	Commercial Tax Officer
7.	Andhra Pradesh VAT Act, 2005	VAT	2006-07	10.56	Deputy Commissioner, Commercial Taxes
8.	Bihar VAT Act, 2005	VAT	2005-06 to 2008-09	130.79	Deputy Commissioner, Commercial Taxes
9.	The Mumbai Stamp Act, 1958	Additional Stamp duty on land	2005-06	7.56	Deputy Collector of Stamps Duty

10. There are no accumulated losses of the Company as at March 31, 2011. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debentures holders.
12. The Company has not granted any loans or advances on the basis of security, by way of pledge of shares, debentures and other securities.
13. As per the information and explanations given to us, the Company is not a chit fund or nidhi mutual benefit fund/Society, therefore, the provisions of para 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. As per the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. The Company has given guarantees and letters of comfort in respect of loans taken by the Company's subsidiary from banks. According to the information and explanations given to us, the terms and conditions on which the Company has given guarantees and letters of comfort are not prejudicial to the interest of the Company.
16. According to the information and explanations given to us, in our opinion the term loans raised during the year have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination the balance sheet and cash flow statement of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. We have verified the end use of money raised through Qualified Institutional Placement (QIP) as disclosed in note 25 of schedule "S" forming part of financial statements. Pending utilisation of the fund raised through QIP, a sum of Rs. 20,450 lacs has been temporarily deployed in mutual funds and fixed deposit with banks.
21. According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

**For Kishan M. Mehta & Co.,**  
Chartered Accountants  
(Registration No.105229W)  
**Kishan M. Mehta**  
Partner  
(Membership No. 13707)  
Place: Ahmedabad  
Date: May 16, 2011

**For Deloitte Haskins & Sells,**  
Chartered Accountants  
(Registration No 117365W)  
**Gaurav J. Shah**  
Partner  
(Membership No. 35701)  
Place: Ahmedabad  
Date: May 16, 2011

## BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	AS AT 31/03/2011 Rs. in lacs	AS AT 31/03/2010 Rs. in lacs
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds:</b>			
Share Capital	`A'	3,069.21	2,650.00
Reserves and Surplus	`B'	156,038.28	96,156.32
		159,107.49	98,806.32
<b>Loan Funds :</b>			
Secured Loans	`C'	36,357.86	51,260.24
Unsecured Loans	`D'	8,950.50	9,171.67
		45,308.36	60,431.91
Deferred Tax Liabilities		1,066.51	1,407.84
<b>TOTAL</b>		<b>205,482.36</b>	<b>160,646.07</b>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets :</b>			
Gross Block	`E'	53,854.62	47,125.66
Less: Depreciation		17,918.78	13,632.72
Net Block		35,935.84	33,492.94
Capital Work in Progress		1,462.59	354.92
		37,398.43	33,847.86
<b>Investments</b>	F'	<b>39,557.97</b>	<b>12,651.40</b>
<b>Current Assets, Loans and Advances :</b>			
Inventories	`G'	24,103.72	26,892.12
Accrued value of work done		41,257.93	32,920.80
Sundry Debtors	`H'	141,848.58	132,212.68
Cash and Bank Balances	`I'	14,425.62	3,687.15
Loans and Advances	`J'	49,910.44	42,781.98
		271,546.29	238,494.73
Less: Current Liabilities and Provisions:	`K'		
Current Liabilities		128,101.11	111,588.89
Provisions		14,919.22	12,759.03
		143,020.33	124,347.92
Net Current Assets		128,525.96	114,146.81
<b>TOTAL</b>		<b>205,482.36</b>	<b>160,646.07</b>
Significant Accounting Policies and notes forming Part of Accounts	`S'		

The schedules referred to above and the notes attached form an integral part of Statement of Accounts.

In terms of our report attached  
For Kishan M. Mehta & Co.,  
Chartered Accountants

(Kishan M. Mehta)  
Partner  
(M. No. 13707)

AHMEDABAD : May 16 , 2011

For Deloitte Haskins & Sells,  
Chartered Accountants

(Gaurav J. Shah)  
Partner  
(M. No. 35701)

For and on behalf of the Board  
Mofatraj P. Munot  
Chairman

Kamal Jain  
President & CFO

Pankaj Sachdeva  
Managing Director

Bajrang Ramdharani  
Company Secretary

MUMBAI : May 14 , 2011

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	SCHEDULE	FOR THE YEAR ENDED 31/03/2011 Rs. in lacs	FOR THE YEAR ENDED 31/03/2010 Rs. in lacs
<b>INCOME :</b>			
Sales and Services-Gross	`L'	293,444.80	267,846.38
Less : Excise Duty		6,038.67	4,685.61
Sales and Services-Net		287,406.13	263,160.77
Other Income	`M'	5,107.02	3,461.50
Increase/(Decrease) in Stocks	`N'	(1,254.15)	(1,040.26)
<b>TOTAL</b>		<b>291,259.00</b>	<b>265,582.01</b>
<b>EXPENDITURE :</b>			
Material Cost		127,679.63	114,480.80
Employees' Emoluments	`O'	19,341.91	15,600.21
Manufacturing and Operating Expenses	`P'	86,405.46	83,871.11
Administrative, Selling and Other Expenses	`Q'	16,299.82	14,894.80
Financial Expenses	`R'	11,278.93	10,151.70
Depreciation		4,597.32	3,828.87
Less: Transferred from Revaluation Reserve		4.65	5.10
<b>TOTAL</b>		<b>265,598.42</b>	<b>242,822.39</b>
<b>PROFIT BEFORE TAX</b>		<b>25,660.58</b>	<b>22,759.62</b>
Provision for Taxation :			
Current Tax		6,943.00	5,586.00
Deferred Tax		(341.32)	128.00
<b>NET PROFIT FOR THE YEAR AFTER TAX</b>		<b>19,058.90</b>	<b>17,045.62</b>
Add/(Less) : Prior Year's adjustments		(2.63)	0.10
Add/(Less) : Prior Year's Taxes		-	80.20
Balance brought forward		48,739.71	37,592.54
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>67,795.98</b>	<b>54,718.46</b>
<b>APPROPRIATIONS :</b>			
Proposed Dividend on Equity Shares		2,301.91	2,301.91
Corporate Tax on Proposed Dividend		335.09	326.84
Transfer to Debentures Redemption Reserve		850.00	850.00
Transfer to General Reserve		3,000.00	2,500.00
Balance carried over to Balance Sheet		61,308.98	48,739.71
<b>TOTAL</b>		<b>67,795.98</b>	<b>54,718.46</b>
No. of equity shares at the end of the year		153,460,570	132,500,000
Weighted No. of equity shares at the end of year		151,450,652	132,500,000
Profit for calculation of EPS (Rs.in Lacs)		19,058.90	17,045.62
Nominal value of Equity shares (Rs.)		2.00	2.00
Basic/Diluted earnings per share (Rs.)		12.58	12.86
Significant Accounting Policies and notes forming Part of Accounts	`S'		

The schedules referred to above and the notes attached form an integral part of Statement of Accounts.

In terms of our report attached

For **Kishan M. Mehta & Co.,**  
Chartered Accountants

(**Kishan M. Mehta**)  
Partner  
(M. No. 13707)

AHMEDABAD : May 16 , 2011

For **Deloitte Haskins & Sells,**  
Chartered Accountants

(**Gaurav J. Shah**)  
Partner  
(M. No. 35701)

For and on behalf of the Board  
**Mofatraj P. Munot**  
Chairman

**Kamal Jain**  
President & CFO

**Pankaj Sachdeva**  
Managing Director

**Bajrang Ramdharani**  
Company Secretary

MUMBAI : May 14 , 2011



## SCHEDULES TO AND FORMING PART OF ACCOUNTS :

		31/03/2011 Rs. in lacs	31/03/2010 Rs. in lacs
<b>SCHEDULE 'A' SHARE CAPITAL :</b>			
<b>AUTHORISED :</b>			
175,000,000 (30,000,000) Equity Shares of Rs.2 each (Rs.10 each)		3,500.00	3,000.00
<b>TOTAL</b>		<b>3,500.00</b>	<b>3,000.00</b>
<b>ISSUED, SUBSCRIBED and PAID-UP:</b>			
(Refer Note No. 19 of Schedule S)			
153,460,570 (26,500,000) Equity Shares of Rs.2 (10) each fully paid up		3,069.21	2,650.00
Out of above :			
a) 70,932,500 (14,186,500) shares of Rs 2(10) allotted as fully paid up bonus shares in earlier years by capitalisation out of general reserve, capital redemption reserve and share premium account, and			
b) 15,300,000 (3,060,000) shares of Rs 2(10) allotted in earlier years for consideration other than cash			
<b>TOTAL</b>		<b>3,069.21</b>	<b>2,650.00</b>
<b>SCHEDULE 'B' RESERVES AND SURPLUS:</b>			
<b>REVALUATION RESERVE :</b>			
As per last Balance Sheet	45.42		50.52
Less: Transferred to Profit and Loss Account	4.65		5.10
		40.77	45.42
<b>SHARE PREMIUM :</b>			
As per last Balance Sheet	34,447.13		34,447.13
Add :- Premium on Equity shares issued during the year	44,612.48		-
Less :- Share issue expenses	1,117.44		-
		77,942.17	34,447.13
<b>FOREIGN CURRENCY TRANSLATION RESERVE :</b>			
As per last Balance Sheet	441.04		-
Add (Less) :- During the year	(27.70)		619.23
	413.34		619.23
Transferred from/to General Reserve	-		(178.19)
		413.34	441.04
<b>DEBENTURES REDEMPTION RESERVE :</b>			
As per last Balance Sheet	1,150.00		300.00
Add : Transferred from Profit and Loss Account	850.00		850.00
		2,000.00	1,150.00
<b>GENERAL RESERVE :</b>			
As per last Balance Sheet	11,333.02		8,654.83
Transferred to/from Foreign Currency Translation Reserve	-		178.19
Add : Transferred from Profit and Loss Account	3,000.00		2,500.00
		14,333.02	11,333.02
<b>PROFIT AND LOSS :</b>			
As per Profit and Loss Account		61,308.98	48,739.71
<b>TOTAL</b>		<b>156,038.28</b>	<b>96,156.32</b>

	31/03/2011 Rs. in lacs	31/03/2010 Rs. in lacs
<b>SCHEDULE 'C': SECURED LOANS :</b>		
<b>A. DEBENTURES :</b>		
Secured Non-convertible Redeemable debentures (Refer Note No. 14 of Schedule "S")	15,000.00	15,000.00
<b>B. TERM LOANS :</b>		
From Banks		
(I) Secured by charge over freehold land and immovable properties, specific movable plant and machineries of Bio-mass Power Plant situated at Padampur, Dist. Sri Ganganagar, Rajasthan	-	292.19
(II) Secured by charge over immovable and movable plant and machineries of Bio -mass Power Plant situated at Uniara, Dist.Tonk, Rajasthan and second charge on current assets of the same.	986.55	1,496.07
(III) Secured by way of hypothecation of all movable fixed assets of transmission line tower plant at sector-28, Gandhinagar on paripasu basis alongwith consortium of bankers for working capital facilities stated hereunder.	-	832.66
(IV) Secured by hypothecation of Specific movable fixed assets relating to Infrastructure Division	-	352.94
(V) Secured Against Vehicles	222.67	121.09
	16,209.22	18,094.95
(Of the above loans Rs.592.19 lacs {Previous Year Rs.2036.62 lacs} are repayable within a period of twelve months)		
<b>C. WORKING CAPITAL FACILITIES FROM BANKS:</b>		
(I) Secured in favour of consortium of bankers by hypothecation of stocks, stores and spares, book debts and bills receivables and all other movable assets . All movable fixed assets except charged to others as stated herein above of the factory premises and godown situated at Gandhinagar or wherever else pertaining to transmission and distribution and infrastructure division and immovable properties at Gandhinagar. All secured on pari passu basis alongwith Debentures holders (Interest accrued and due Rs.65.66 lacs {Previous Year Rs.97.39 lacs})	20,148.64	31,985.54
(II) Bill discounting facility secured by first pari-passu charge on current assets and all movable assets at Project sites, premises and godowns of the sites for execution of work under GFSS-II of Maharashtra State Electricity Distribution Co. Limited.	-	-
	-	1,179.75
<b>TOTAL</b>	<b>36,357.86</b>	<b>51,260.24</b>
<b>SCHEDULE 'D' UNSECURED LOANS:</b>		
a) Short Term Loan from a Company	5,825.56	-
b) Overdraft and Bill discounting facilities from Banks ( Refer Note No. 15 of Schedule "S" )	3,124.94	9,171.67
<b>TOTAL</b>	<b>8,950.50</b>	<b>9,171.67</b>

**SCHEDULE 'E' : FIXED ASSETS**

(Rs.in lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01/04/2010	#ADDITIONS	DEDUCTIONS	AS AT 31/03/2011	AS AT 01/04/2010	#DURING THE YEAR	RECOUPED	AS AT 31/03/2011	AS AT 31/03/2011	AS AT 31/03/2010
Leasehold Land	2,534.38	4.03	-	2,538.41	-	-	-	-	2,538.41	2,534.38
Freehold Land	283.31	2,433.88	-	2,717.19	-	-	-	-	2,717.19	283.31
Buildings	5,650.53	577.28	59.80	6,168.01	652.84	160.54	3.46	809.92	5,358.09	4,997.69
Plant and Machineries	32,726.84	3,165.64	76.07	35,816.41	10,997.28	3,451.36	4.47	14,444.17	21,372.24	21,729.56
Electric Installation	407.83	29.18	-	437.01	126.14	23.92	-	150.06	286.95	281.69
Furniture,Fixtures and Office Equipments	2,894.71	323.54	53.23	3,165.02	931.49	289.35	23.77	1,197.07	1,967.95	1,963.22
Intangible Assets	671.12	135.08	-	806.20	121.21	145.56	-	266.77	539.43	549.91
Vehicles	1,956.94	353.88	104.45	2,206.37	803.76	304.04	57.01	1,050.79	1,155.58	1,153.18
As at 31 st March'2011	47,125.66	7,022.51	293.55	53,854.62	13,632.72	4,374.77	88.71	17,918.78	35,935.84	33,492.94
As at 31st March'2010	35,909.22	11,307.97	91.53	47,125.66	10,069.32	3,617.69	54.30	13,632.72	33,492.94	25,839.90

#The carrying amount of the gross block and accumulated depreciation thereon pertaining to the Company's non-integral foreign operations have been restated at closing exchange rates of the respective foreign currencies and the resultant effect of Rs. 247.20 lacs (Previous Year Rs. 605.76 lacs) and of Rs. 222.55 lacs (Previous Year Rs. 211.18 lacs) have been reduced from the amounts of additions for the year and depreciation for the year respectively.

	31/03/2011 Rs. in lacs	31/03/2010 Rs. in lacs
<b>SCHEDULE 'F' INVESTMENTS:</b>		
(As verified, valued and certified by the management)		
<b>(A) IN MUTUAL FUNDS:</b>		
Unquoted - Current Investment - Non Trade		
Units (Refer Note No. 37 of Schedule S)		
132,387.747 (Nil) Religare Ultra Short Term Fund Inst.Dly. Div.	1,326.15	-
826,101.362 (Nil) ICICI Pru Floating Rate Plan D-DDR	826.29	-
15,000,000.000 (Nil) ICICI Pru Interval Fund IV Quarterly Interval Plan B	1,500.00	-
7,000,000.000 (Nil) ICICI Pru Interval Fund II Quarterly Interval Plan F	700.00	-
5,018,352.534 (Nil) Kotak Quarterly Interval Plan Series 1 -Dividend	501.98	-
15,021,149.577 (Nil) Kotak Quarterly Interval Plan Series 5 -Dividend	1,502.11	-
3,000,000.000 (Nil) Birla Sun Life Quarterly Interval Series -4	300.00	-
3,028,483.590 (Nil) Birla Sun Life Short Term Opportunities Fund (Inst. Weekly Div.)	303.28	-
4,030,533.469 (Nil) JP Morgan India Short Term Income Fund	403.88	-
4,998,500.450 (Nil) UTI-Fixed Income Interval Fund - Monthly Interval Plan	500.00	-
26,040.062 (Nil) Taurus Ultra Short Term Bond Fund - SIP	260.85	-
9,000,000.000 (Nil) Taurus Fixed Maturity Plan Series E	900.00	-
32,662.186 (Nil) Taurus Short Term Income Fund	500.00	-
1,000,000.000 (Nil) HDFC Debt Fund for Cancer Cure -100% Dividend Donation Option	100.00	-
<b>Total (A)</b>	<b>9,624.54</b>	<b>-</b>

	31/03/2011 Rs. in lacs	31/03/2010 Rs. in lacs
<b>(B) INVESTMENTS IN SHARES OF SUBSIDIARIES :</b>		
Trade - Long Term (each share of Rs.10 fully paid unless otherwise stated)		
17,548,908 (11,540,247) Equity Shares of JMC Projects (India) Limited (Quoted )	21,923.40	9,424.21
23,000,000 (16,000,000) Equity Shares of Shree Shubham Logistics Limited (Unquoted)	2,300.00	1,600.00
13,500,000 (12,500,000) 4% Cumulative Redeemable Preference Shares of Shree Shubham Logistics Limited (unquoted)	1,350.00	1,250.00
1,000,000 (1,000,000 ) Equity Shares of Energylink (India) Limited (Unquoted)	100.00	100.00
990,000 (990,000) Equity Shares of Amber Real Estate Limited (Unquoted)	99.00	99.00
50,000 (50,000) Equity Shares of Adeshwar Infrabuild Limited (Unquoted)	5.00	5.00
5,099 (NIL) Equity Shares of Jhajjar Power Transmission Private Limited (Unquoted)	0.51	-
10,000 (NIL) Equity Shares of Kalpataru Metfab Private Limited (Unquoted)	1.00	-
11,275 (11,275) Ordinary Shares of Kalpataru Power Transmission (Mauritius) Limited (Unquoted) (each share of US \$ 1 fully paid)	5.58	5.58
500,000 (200,000) Common Shares of Kalpataru Power Transmission (USA) Limited (Unquoted) (each share of US \$ 1 fully paid)	228.17	93.11
374,500 (374,500) Ordinary Shares of Kalpataru SA (pty) Limited, South Africa (Unquoted) (each share of South Africa Rand 1 fully paid)	49.35	49.35
10,000,000 (NIL) Ordinary Share of Kalpataru Power Transmission (Nigeria) Limited (Unquoted) (each share of Nigerian Naira 1 fully paid)	31.27	-
<b>Total (B)</b>	<b>26,093.28</b>	<b>12,626.25</b>
<b>(C) INVESTMENT IN SHARES-OTHERS</b>		
Trade - Long Term (each share of Rs.10 fully paid unless otherwise stated)		
100 (100) Equity Shares of Transpower Engineering Limited (Unquoted)	0.04	0.04
48,366 (48,366) Equity Shares of Power Grid Corporation of India Limited (Quoted)	25.15	25.15
11,264,286 (NIL) Equity Shares of Jhajjar KT Transco Private Limited (Unquoted) (Refer Note No. 39 of Schedule S)	3,815.00	-
<b>Total (C)</b>	<b>3,840.19</b>	<b>25.19</b>
<b>Total (A+B+C)</b>	<b>39,558.01</b>	<b>12,651.44</b>
Less : Provision against Diminution in Value of Investments	0.04	0.04
<b>TOTAL</b>	<b>39,557.97</b>	<b>12,651.40</b>
Notes :-		
1. Aggregate Market value of quoted investments	27,276.37	20,541.53
2. Aggregate Book value of quoted investments	21,948.55	9,449.36
3. Aggregate Book value of unquoted investments	17,609.46	3,202.08

#### **SCHEDULE 'G' INVENTORIES :**

(As verified, valued and certified by management)

##### **a) Transmission and Distribution Division:**

Raw Materials and Components (including goods in transit Rs.515.35 Lacs {Previous Year Rs.924.95 Lacs})	11,790.82	13,399.98
Finished Goods	4,291.89	6,075.54
Semi-finished Goods	2,058.39	1,145.75
Construction and other Stores, Spares and Tools	3,736.14	2,943.76
Construction Work-in-Progress	195.07	580.70
Scraps	224.43	175.30
	<b>22,296.74</b>	<b>24,321.03</b>

	31/03/2011 Rs. in lacs	31/03/2010 Rs. in lacs
<b>b) Real Estate Division:</b>		
Finished Stock	66.68	66.68
	<u>66.68</u>	<u>66.68</u>
<b>c) Bio-Mass Energy Division:</b>		
Fuel-Agricultural Residues	916.97	872.50
Stores, Spares and Tools	238.36	219.74
	<u>1,155.33</u>	<u>1,092.24</u>
<b>d) Infrastructure Division:</b>		
Construction Work in Progress	121.06	31.45
Construction Material, Stores, Spares and Tools	463.91	1,380.72
	<u>584.97</u>	<u>1,412.17</u>
<b>TOTAL</b>	<u><u>24,103.72</u></u>	<u><u>26,892.12</u></u>
<b>SCHEDULE 'H' SUNDRY DEBTORS :</b>		
(Unsecured and considered good unless otherwise stated)		
Outstanding over six months (excluding retention money)	20,585.65	31,179.01
Other debts (Including retention money Rs.65,630.17 Lacs {Previous Year Rs.52,382.34 Lacs} )	121,262.93	101,033.67
<b>TOTAL</b>	<u><u>141,848.58</u></u>	<u><u>132,212.68</u></u>
<b>SCHEDULE 'I' : CASH AND BANK BALANCES:</b>		
Cash in hand	231.01	193.37
Balances with Scheduled Banks:		
In Current Accounts	1,305.15	1,165.38
In Fixed Deposit Accounts	11,231.70	-
Balances with non-Scheduled Banks (includes balance under lien with bank Rs.342.07 Lacs {Previous Year Rs.347.87 Lacs})	1,657.76	2,328.40
<b>TOTAL</b>	<u><u>14,425.62</u></u>	<u><u>3,687.15</u></u>
<b>SCHEDULE 'J' : LOANS AND ADVANCES:</b>		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	16,928.21	15,102.66
Advance Income Tax and TDS (net of provisions)	2,526.52	2,565.17
Loans to Subsidiaries	23,676.36	19,430.87
Loan to Joint Venture Company	773.44	-
Accrued Income	334.35	5.56
Prepaid Expenses	1,510.66	1,852.12
Security/Earnest Money Deposits	4,160.90	3,825.60
<b>TOTAL</b>	<u><u>49,910.44</u></u>	<u><u>42,781.98</u></u>

		31/03/2011 Rs. in lacs	31/03/2010 Rs. in lacs
<b>SCHEDULE 'K' : CURRENT LIABILITIES AND PROVISIONS:</b>			
<b>CURRENT LIABILITIES :</b>			
Sundry Creditors		48,036.43	48,015.88
Advances from customers		34,345.05	28,603.30
Statutory and Other Liabilities		23,179.27	15,725.44
Payables under letter of Credit		13,845.05	13,414.10
Bills Payable		8,309.01	5,577.97
Interest accrued but not due		362.97	232.15
Unclaimed Dividend		23.33	20.05
(No amount is due for payment to Investor Education and Protection Fund)			
		<b>128,101.11</b>	<b>111,588.89</b>
<b>PROVISIONS :</b>			
Proposed Dividend		2,301.91	2,301.91
Corporate Tax on Proposed Dividend		335.09	326.84
Leave Encashment		444.37	367.56
Gratuity		-	73.10
Performance Warranties		11,837.85	9,689.62
		<b>14,919.22</b>	<b>12,759.03</b>
<b>TOTAL</b>		<b>143,020.33</b>	<b>124,347.92</b>
<b>SCHEDULE 'L': SALES AND SERVICES:</b>			
Sales,Erection and Works Contract Receipts :			
Transmission and Distribution Division	259,248.97		225,850.16
Infrastructure Division	29,525.37		36,068.86
Bio-Mass Energy Division	4,307.26		5,082.94
Real Estate Division	11.50		37.60
		<b>293,093.10</b>	<b>267,039.56</b>
Excise Duty Refund/Focus Marketing Benefit		351.70	806.82
<b>TOTAL</b>		<b>293,444.80</b>	<b>267,846.38</b>
<b>SCHEDULE 'M': OTHER INCOME:</b>			
Interest Income (Gross)		3,004.46	2,153.64
(TDS.Rs. 266.69 Lacs {Previous Year Rs. 208.12 Lacs})			
Certified Emission Reduction Receipts		398.81	528.69
Dividend from Subsidiaries		230.80	326.41
Dividend from Long Term Investments		0.73	2.28
Dividend from Current Investments		910.84	-
Rent Income		237.63	232.10
Profit on Sale of Investments (net)		-	96.29
Profit on Sale of fixed assets (net)		31.45	0.45
Miscellaneous Income		13.94	32.74
Insurance Claims		68.09	30.76
Liabilities Written Back		210.27	58.14
<b>TOTAL</b>		<b>5,107.02</b>	<b>3,461.50</b>



		31/03/2011 Rs. in lacs	31/03/2010 Rs. in lacs
<b>SCHEDULE 'N': INCREASE/(DECREASE) IN STOCKS :</b>			
a) Transmission and Distribution Division:			
STOCK AT CLOSE OF THE YEAR			
Finished Goods	4,291.89		6,075.54
Semi-finished Goods	2,058.39		1,145.75
Scrap	224.43		175.30
Construction Work in Progress	121.06		553.33
		6,695.77	7,949.92
STOCK AT BEGINNING OF THE YEAR			
Finished Goods	6,075.54		5,531.90
Semi-finished Goods	1,145.75		1,844.13
Scrap	175.30		77.23
Construction Work in Progress	553.33		1,536.92
		7,949.92	8,990.18
		(1,254.15)	(1,040.26)
b) Real Estate Division:			
STOCK AT CLOSE OF THE YEAR			
Finished Goods	66.68	-	66.68
	66.68	-	66.68
STOCK AT BEGINNING OF THE YEAR			
Finished Goods	66.68	-	66.68
	66.68	-	66.68
<b>TOTAL</b>		(1,254.15)	(1,040.26)
<b>SCHEDULE 'O': EMPLOYEE EMOLUMENTS:</b>			
Salaries, Wages, Bonus		17,885.06	14,340.30
Contributions to Provident and Other Funds (includes social security and other benefits for overseas employees)		925.43	754.72
Employees' Welfare Expenses		531.42	505.19
<b>TOTAL</b>		19,341.91	15,600.21
<b>SCHEDULE 'P': MANUFACTURING AND OPERATING EXPENSES:</b>			
Erection and Sub-contracting Expenses		78,512.79	76,616.59
Job charges		2,567.72	1,683.80
Power and Fuel		683.26	612.80
Excise Duty		184.91	-
Repairs and Maintenance:			
Plant and Machinery		191.16	199.83
Building		100.77	136.84
Other		55.12	38.70
Freight and Forwarding Expenses		2,496.42	3,179.02
Stores, Spares and Tools Consumed		1,037.70	1,027.96
Vehicle/ Equipment Running and Hire Charges		325.44	267.07
Testing Expenses		176.49	47.12
Pollution Control Expenses		73.68	61.38
<b>TOTAL</b>		86,405.46	83,871.11

	31/03/2011 Rs. in lacs	31/03/2010 Rs. in lacs
<b>SCHEDULE 'Q': ADMINISTRATIVE, SELLING AND OTHER EXPENSES:</b>		
Insurance Charges	1,032.97	1,196.15
Rent	1,662.31	1,571.24
Rates and Taxes	147.74	124.03
Stationery, Printing and Drawing Expenses	284.72	319.75
Telecommunication Expenses	373.52	357.46
Travelling Expenses	1,431.64	1,453.14
Legal and Professional Expenses	914.78	588.58
Service Charges	1,989.83	1,688.91
Audit Fees	42.00	38.00
General Expenses	420.09	409.18
Miscellaneous Expenses	1,429.14	1,120.34
Taxes and Duties	1,884.97	1,789.42
Bad Debts Written Off	2.30	8.85
Balances Written Off	82.18	21.94
Performance Warranties Expenses	3,640.28	3,698.74
Loss by Theft/Damage/Fire	306.07	244.33
Service Tax	1,813.78	918.63
(Gain)/Loss on Exchange Rate Variation	(1,421.65)	(735.77)
Sitting fees and Commission to Non-executive Directors	263.04	31.15
Carbon Credit Expenses	0.11	50.73
<b>TOTAL</b>	<b>16,299.82</b>	<b>14,894.80</b>
<b>SCHEDULE 'R': FINANCIAL EXPENSES:</b>		
Interest:		
On fixed period loans	1,660.78	1,872.06
Others	6,830.23	7,088.80
Bank Commission & Charges	2,921.84	2,571.87
Other Financial Expenses	342.13	354.70
	<b>11,754.98</b>	<b>11,887.43</b>
Add / (Less) : Exchange rate variation	(476.05)	(1,735.73)
<b>TOTAL</b>	<b>11,278.93</b>	<b>10,151.70</b>

## SCHEDULE 'S' SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS:

### 1. Significant Accounting Policies:

#### A. Basis of Accounting:

- (i) The financial statements have been prepared in accordance with relevant accounting standards under the historical cost convention, except as stated in note 1 B.
- (ii) The accounts have been prepared on accrual basis of accountancy in accordance with the accounting principles generally accepted in India.

#### B. Fixed Assets:

Fixed assets are stated at cost of acquisition/construction/revalued amount less accumulated depreciation.

#### C. Depreciation:

Depreciation is provided on the basis of straight-line method on all depreciable fixed assets at the rates prescribed in Schedule -XIV of the Companies Act, 1956, on prorata basis except:

- a) Depreciation pertaining to assets of Research and Development Centre and of the Export Oriented Unit is provided on the basis of written down value method.
- b) Depreciation on plant and machinery of bio-mass energy plants is provided at a higher rate at 7.5% instead of the prescribed rate for continuous process plant considering the useful life of plant supported by technical evaluation and report.
- c) In case of revalued assets, the difference between the depreciation based on revalued cost and the depreciation charged on historical cost is recouped out of revaluation reserve.
- d) Depreciation on assets of overseas projects is provided at the rates as per the requirement of laws of respective foreign countries. Such rates of depreciation in each overseas project are higher than the depreciation rates prescribed under Schedule-XIV by the Companies Act, 1956.
- e) Depreciation on all the vehicles in the Company is provided at a higher rate at 15% instead of the prescribed rate, considering the useful life of vehicles based on technical evaluation by the management.
- f) Intangible assets are amortized over a period of five years on prorata basis.

#### D. Revenue Recognition:

- (i) Transmission & Distribution Division:

Sales are recognized on delivery of materials. Sales includes excise duty, freight receipts and export benefits but excludes VAT.

Erection and works contract revenue for work completed is recognized on percentage of completion method based on completion of physical proportion of the contract work. When it is probable that total contract cost will exceed the total contract revenue, the expected loss is recognized immediately.

- (ii) Infrastructure Division:

Revenue is recognized by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. When it is probable that total contract cost will exceed the total contract revenue, the expected loss is recognized immediately.

- (iii) Bio-mass Energy Division:

Revenue is recognized on supply of electricity generated to the customer.

- (iv) Real Estate Division:

Revenue is recognized at the time of transfer of significant risks and rewards of ownership to the buyer on executing agreement for sale. Estimated cost of completion against sales recognized, wherever applicable, is provided for in profit and loss account. Advances received against booking of units are appearing as current liabilities.

- (v) Others

Dividends are recorded when the right to receive payment is established. Interest income is recognized on time proportion basis.

#### E. Inventories:

- (i) Transmission & Distribution Division:

Raw materials, semi-finished goods, finished goods, scraps, construction work-in-progress and construction and other stores-spares & tools are stated at lower of cost and net realizable value. The cost of inventories is computed on weighted average basis.

- (ii) Infrastructure Division:

Construction material, stores-spares & tools and construction work-in-progress are valued at lower of cost or net realizable value. The cost is computed on weighted average basis.

- (iii) Biomass Energy Division:

Fuel and stores, spares and tools are stated at lower of cost and net realizable value. The cost of fuel, stores, spares and tools are computed on weighted average basis.

- (iv) Real Estate Division:

Finished and semi-finished inventory are stated at lower of cost and net realizable value. Cost is computed on average cost

basis which includes payments made against agreement to purchase land, development cost direct and attributable towards the specific real estate project and cost of borrowings as stated in note 1 J.

**F. Investments:**

Long term investments are stated at cost after deducting the provision for diminution in value, if any, other than of a temporary nature. Current investments are stated at lower of cost or fair value.

**G. Retirement Benefits:**

- (i) Gratuity liability is provided under a defined benefit plan, under Group Gratuity Cash Accumulation Scheme of the Life Insurance Corporation of India under an irrevocable trust. The Company's liability towards gratuity is determined on the basis of actuarial valuation done by an independent actuary.
- (ii) Contribution to Provident Fund, a defined contribution plan is charged to the Profit and Loss Account.
- (iii) Provision for leave encashment liability is made on actuarial valuation as at the Balance Sheet date.
- (iv) All other short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

**H. Excise/Custom Duty:**

The liability for excise and custom duty in respect of materials lying in factory/bonded premises is accounted for as and when they are cleared / debonded.

**I. Foreign Currency Transactions:**

Foreign currency transactions are accounted for at the exchange rate of the date of transaction. Foreign currency monetary assets and liabilities, remaining unsettled at the end of the year are translated at the exchange rate prevailing at the end of the year and difference is adjusted to respective accounts in profit & loss account. The exchange gain or loss between forward exchange contract rate and exchange rate at the date of transaction are recognized in profit and loss account over the life of the contract. Any profit or loss arising on settlement or cancellation of foreign currency forward contracts or options are recognized in profit & loss account for period in which settlement or cancellation takes place.

Translation of overseas jobs / projects of non-integral foreign operations: -

- a) Assets and liabilities at the rates prevailing at the end of the year.
- b) Income and expenses at the exchange rate of the date of transaction.
- c) Resulting exchange differences are accumulated in foreign currency translation reserve account.

**J. Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are recognized as expense in the period in which they are incurred.

**K. Impairment of assets:**

The carrying amount of assets, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the recoverable amount of the assets is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and recognized in compliance with AS-28.

**L. Taxes on Income:**

- a) Tax on income for the current period is determined on the basis of estimated taxable income and tax credit computed in accordance with the provisions of the Income Tax Act, 1961.
- b) Deferred tax is recognized on timing difference between the accounting income and the estimated taxable income for the period and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.
- c) Deferred tax assets which arise mainly on account of unabsorbed losses or unabsorbed depreciation are recognized and carried forward only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**M. Use of Estimates:**

The presentation of financial statements requires certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

**N. Preliminary Expenses:**

Preliminary expenses incurred are charged to revenue.

**O. Provisions, Contingent Liabilities and Contingent Assets:**

- i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and that probability requires an outflow of resources.
- ii) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

	2010-2011 (Rs.in lacs)	2009-2010 (Rs.in lacs)
2. Contingent liabilities in respect of:		
i) Bank guarantees	707.52	1,054.35
ii) Claims against Company not acknowledged as debt	1,625.88	1,622.02
iii) Bonds/Undertaking given by the Company for concessional duty/exemption to customs	1,485.39	2,594.40
iv) Show Cause Notice / adjudication orders issued by the Service tax/Entry Tax/ Stamps authority, disputed by the company	1,799.33	50.60
v) Penalty for delayed payment of Service tax disputed before Appellate authority already stayed unconditionally	-	120.29
vi) Guarantees & Letter of Comfort on behalf of a Subsidiary Company	2,053.68	2,155.28
vii) Corporate Guarantee for Equipment Hiring	-	1,047.25
viii) Service-tax /VAT/WCT disputed in Appeals	474.56	122.55
ix) Bills Discounted	10,046.25	-
3. The estimated amount of contracts remaining to be executed on capital account not provided for	610.24	140.03
4. Payment to Auditors:		
Audit fee	46.33	38.93
Company Law matters	0.61	0.55
Taxation matters	5.51	13.13
Other services & reports	38.56	5.24
Reimbursement of expenses	1.07	0.45
<b>TOTAL</b>	<b>92.08</b>	<b>58.30</b>
5. Payment to Directors:		
i) Managerial Remuneration		
Salary	240.12	234.12
Company's Contribution to Provident Fund & Benefits	29.23	27.93
Commission	150.00	180.42
	419.35	442.47
ii) Commission to Non-Executive Directors	252.00	23.50
<b>TOTAL (i) + (ii)</b>	<b>671.35</b>	<b>465.97</b>
6. Managerial Remuneration:		
Computation of Net Profit in accordance with Section 198(1) and 349 of the Companies Act, 1956.		
Profit Before Tax as per profit & Loss Account	25,660.58	22,759.62
Add: Managerial Remuneration	671.35	465.97
(Profit)/Loss on Sale of Fixed assets (Net)	(31.44)	3.29
Depreciation	4,592.66	3,823.77
Provision for diminution in value of Investment	-	(1.34)
Profit on Sale of investment (Net)	-	(94.95)
	30,893.15	26,956.35
Less: Depreciation as per Section 350 of the Companies Act, 1956	4,592.66	3,823.77
Less: Managerial Remuneration	419.35	442.47
Less: Commission to Non-Executive Directors	252.00	23.50
Profit u/s 198	25,629.14	22,666.62
Remuneration to Directors (including Managerial Personnel) restricted to 11% i.e. Rs.2,819.20 lacs		
Commission to Managerial Personnel	150.00	180.42
Commission to Non-Executive Directors	252.00	23.50

	Unit	2010-2011		2009-2010	
		Qty	(Rs.in lacs)	Qty.	(Rs.in lacs)
7. Quantitative Particulars :					
(a) Capacities:					
Licenced capacity					
No Licence is required					
Installed capacity (As certified by the Management)					
i) Transmission line towers and Steel structures	MT	108,000	-	108,000	-
(b) Actual production:					
i) Transmission line towers and Steel structures	MT	*127,055	-	*121,483	-
(c) Generation of Electricity (Net of Captive Consumption)	MU	87.15	-	108.07	-
8. Particulars of:					
(a) Finished Goods :					
i) Transmission line towers and Steel structures					
Opening Stock	MT	11,055	5,913.37	10,332	5,531.90
Closing Stock	MT	8,893	4,242.30	11,055	5,913.37
Turnover	MT	129,217***	259,248.97**	120,760***	225,850.15**
ii) Real Estate (Flats)					
Opening Stock	Nos.	1	66.68	1	66.68
Closing Stock	Nos.	1	66.68	1	66.68
iii) Bio-mass Energy					
Sales of Electricity	MU	87.15	4,303.96	108.07	5,082.94
(b) Raw materials & Components etc. consumed					
i) Transmission & Distribution Division					
Steel	MT	121,982	45,941.21	124,253	45,207.40
Zinc	MT	6,617	7,033.57	6,379	6,151.41
Components & Accessories etc. **		-	71,792.32	-	60,326.05
ii) Bio-mass Energy Division	MT	132,397	2,912.53	167,172	2,795.93
Agricultural residues					

**Notes :**

\* The quantity includes production, on job work basis 16 M.T. (86 M.T. in previous year) material of others and 22,557 M.T. (19,756 M.T. in previous year) purchased from/got processed from third parties.

\*\* The value of turnover includes value of components, accessories, equipments and miscellaneous items connected with installation of transmission lines and sub-stations and those for rural electrification work and items purchased with the object of resale against specific projects/orders in transmission and distribution and amount of erection and works contracts receipts, tower testing and other services, scrap, export benefits and freight receipts in transmission and distribution division.

\*\*\* The quantities pertaining to components, accessories, equipments and miscellaneous items are not included/or provided, as such items being dissimilar in nature and being in different unit of measurement like Nos., MT, KM, Pieces etc. and hence is not practicable to provide the same.



	2010-2011 (Rs in lacs)	2009-2010 (Rs in lacs)
9. C.I.F. value of Imports:		
Raw Material	14,586.07	12,140.43
Stores, Spares & Tools	108.48	514.42
Capital Goods	3,272.15	3,805.54
10. Composition of raw materials & components consumed		
Indigenous	92,007.01	74,921.83
	72.06%	65.44%
Imported	35,672.62	39,558.96
	27.94%	34.56%
	127,679.63	114,480.79
	100%	100%
11. Expenditure in foreign currencies on account of		
Legal, Professional & Consultancy Fees	211.57	129.17
Dividend 60,000 (60,000) Equity Shares held by 1(1) Share Holder	4.50	4.50
Travelling Expenses	211.05	655.92
Service Charges	1,961.49	1,302.15
Interest	1,408.09	703.78
Third country purchases	14,110.14	36,833.18
Others	3,696.45	8,020.31
12. Earnings in foreign currencies :		
Export of goods on FOB basis	59,898.95	89,576.65
Services	1,753.13	2,024.95
Overseas Projects Earnings	3,397.16	104.73
Certified Emission Reduction (CER's)	398.81	528.69

13. The disclosure in respect of the amounts payable to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2011 has been made in the financial statement based on information received and available with the Company. On the basis of such information credit balance of such enterprise as on March 31, 2011 is Rs.2,724.21 lacs (Previous year Rs.1,358.29 lacs) and there are no overdues of such enterprises. Auditors have relied upon the same.

14. Secured non-convertible redeemable debentures :

Sr. No.	Face Value Per Debentures (Rs.)	Date of Allotment	Amount Rs. lacs	Interest	Redeemable at face value
1	100,000	December 26, 2008	8,000	12.50% p.a. payable annually	At the end of 5th, 6th & 7th year equally from date of allotment
2	1,000,000	July 15, 2009	7,000	9.55% p.a. payable semi annually	25% each at the end of 3rd and 4th year and 50% at the end of 5th year from the date of allotment

Security : The aforesaid debentures are secured by first pari passu charge alongwith consortium bankers on fixed assets of Transmission and Distribution Division and Infrastructure Division (including land and building, situated at Gandhinagar, Gujarat) exclusive of assets charged to other Financial Institutions and Banks, for which NOC is given.

15. Overdraft and bill discounting facilities are availed from banks outside India against assignment of project specific receivables proceeds.

16. Advance taxes paid, including tax deducted at sources are shown as assets net of provision of tax including foreign tax. Provision for tax (including foreign tax) is made after considering depreciation, deductions and allowances allowable under income tax regulations.

17. In the opinion of the management the balances shown under sundry debtors, accrued value of work done and loans and advances have approximately the same realizable value as shown in the accounts. However, these balances are subject to confirmations.

18. The disclosure as to provision for performance warranties in schedule "K" is :-

		As at March 31, 2011 (Rs.in lacs)	As at March 31, 2010 (Rs.in lacs)
Carrying amount at the beginning of the year		9,689.62	6,639.50
Add : Provision/Expenses during the Year	3,966.69		
Less : Reversal of Provision on finality of Warranty & Guarantee	(326.41)		
		3,640.28	3,698.74
Less : Utilisation during the year		(1,492.05)	(648.62)
Carrying amount at the close of the year		11,837.85	9,689.62

19. Face value of the Equity Shares of the Company was sub-divided from 1 share of Rs.10/- each to 5 Shares of Rs.2/- each pursuant to the approval of Shareholders at Extra-Ordinary General Meeting held on August 28, 2010. Accordingly, the basic and diluted earnings per share of the previous period have been restated in accordance with Accounting Standard -20 "Earnings Per Share" to make the same comparable.

20. In accordance with the AS-22, 'Accounting for Taxes on Income', issued by the Institute of Chartered Accountants of India, net deferred tax liability from timing differences amounting to Rs.1066.52 lacs (Previous Year Rs. 1407.84 lacs) is accounted for using applicable current rate of tax. Major components of deferred tax are as follows:

	As at March 31, 2011 (Rs.in lacs)	As at March 31, 2010 (Rs.in lacs)
<b>a) Deferred Tax Liability:</b>		
Depreciation	1,249.01	1,599.92
<b>b) Deferred Tax Assets:</b>		
Expenses debited to Profit & Loss account allowable in subsequent year u/s 43 B of I.T. Act	182.50	192.08
<b>Deferred Tax Liability (Net) (a-b)</b>	<b>1,066.51</b>	<b>1,407.84</b>

21. Balances with non scheduled Banks on current accounts are:

Name of Bank	Maximum Balance (Rs.in lacs)		Balance as at (Rs.in lacs)	
	2010-11	2009-10	31.03.2011	31.03.2010
1. Rizzal Commercial Bank US\$ A/c	133.84	16.73	43.42	5.93
2. Rizzal Commercial Bank Peso A/c	620.33	423.82	111.61	136.34
3. Everst Bank Ltd., Nepal	34.67	61.08	15.59	10.36
4. Indo-Zambia Bank, Chingola	7.29	7.29	7.29	7.29
5. Indo-Zambia Bank, Lusaka	25.38	131.71	14.95	25.38
6. HSBC – Qatar (QR)	0.55	0.55	0.55	0.49
7. AL Fransi Bank- Saudi Arabia	73.04	-	62.55	-
8. Alwar Bharatpur Anchalik Gramin Bank-Bharatpur	0.17	0.17	-	0.17
9. BNP Paribas, Algeria (\$)	909.51	4.16	522.15	1.29
10. BNP Paribas, Algeria (CEDAC)	241.98	13.17	5.80	10.15
11. BNP Paribas, Algeria (INR)	9.41	404.76	7.03	344.37
12. BNA (ALG. Dnr. Account)	1,199.72	4,754.51	288.69	1,409.65
13. Commercial Bank of Ethiopia Birr A/c	189.30	264.07	57.53	1.31
14. BCIMR – DJF (Djibouti Frank)	145.82	370.70	39.90	18.53
15. BCIMR – US\$ (Djibouti US\$)	135.07	218.00	7.95	79.03

16. Giro Commercial Bank Ltd. US\$ A/c	137.14	41.15	4.11	1.11
17. Giro Commercial Bank Ltd. Shilling A/c	584.65	48.59	48.74	3.27
18. BNP Paribas , Abudhabi	568.01	661.43	307.98	136.15
19. Commercial Bank of Kuwait KWD	7,372.04	11,423.59	241.82	33.70
20. Commercial Bank of Kuwait US \$ A/c	4.31	11.45	4.31	6.30
21. British Arab Commercial Bank US\$ A/c	4.47	5.00	0.08	4.47
22. Baroda Rajasthan Gramin Bank	20.14	26.16	0.29	4.14
23. First National Bank, South Africa	482.22	378.25	228.04	88.96
24. KOC Bank A.S. (Turkey)	0.01	0.01	0.01	0.01
<b>TOTAL</b>	<b>12,899.07</b>	<b>19,266.35</b>	<b>2,020.39</b>	<b>2,328.41</b>

22. Information in accordance with the requirement of the AS-7 issued by the Institute of Chartered Accountants of India as follows:-

	March 31, 2011 (Rs.in lacs)	March 31, 2010 (Rs.in lacs)
1. Amount of Contract Revenue Recognized as Revenue in the period	100,047.22	91,556.07
2. Disclosure in respect of contracts in progress at the Reporting Date		
(i) Contract cost incurred & Recognized Profits less recognized losses upto the reporting date	191,263.43	153,772.75
(ii) Advances Received	12,300.54	10,274.37
(iii) Retentions	15,189.62	11,201.70
3. Due from Customers	28,025.66	23,764.87

23. The Management is of the opinion that as on the Balance Sheet date, there are no indications of a material impairment in the value of fixed assets. Hence, the need to provide for an impairment loss does not arise.

24. Zinc and aluminum are internationally traded commodities and prices refer from the quotations on the London Metal Exchange / London Metal Bullion Association. The Company faces commodities price risks arising from the time lag and quantity difference between the purchases of zinc and aluminum and sale of product. In order to hedge its exposure to commodity price risk, the Company enters into forward contracts in future market. The Company does not enter into hedging contracts or transactions for speculative purposes. The hedging transactions are used only for the purposes to manage exposure to commodity price risks. The income and gain/loss arising on this account are adjusted as part of cost of the respective material.

25. On May 06, 2010, the Company issued 4,192,114 equity shares of Rs.10/- each at a premium of Rs.1,064.20 per share aggregating to Rs. 45,031.69 lacs to the Qualified Institutional Investors under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the purpose of capital expenditure, expansion of manufacturing capacity (transmission line towers), long-term investment in PPP, BOT, BOOT and BOOM projects, development of EPC services, further investment in existing divisions and subsidiaries, working capital and such other purposes as may be permissible under applicable laws and government policies, including strategic initiatives such as investment and/or acquisitions. Pending utilization of the QIP proceeds for the purposes mentioned, they have been temporarily invested in fixed deposits with banks and units of mutual funds. The proceeds from the issue have been utilized as follows:

	Rs.in lacs March 31, 2011
Utilisation in Working Capital	3,931.20
Investments in Subsidiary Companies	13,237.43
Share Issue Expenses	1,114.83
Investment in Jhajjar KT Transco Pvt. Ltd. (SPV)	3,814.75
Investment for Raipur Manufacturing Plant	2,483.48
Fixed Deposits with Banks	11,000.00
Investments in units of Mutual Funds	9,450.00
<b>TOTAL</b>	<b>45,031.69</b>

## 26. Retirement benefit plans

### a) Defined contribution Plans

The Company makes contribution towards provident fund, a defined contribution retirement benefit plan for qualifying employees. The provident fund plan is operated by the Regional Provident Fund Commissioner. The Company recognized Rs. 674.64 lacs (Previous Year Rs.530.37 lacs) for provident fund contributions in the profit & loss account. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

### b) Defined benefit plans

The Company made annual contributions to the Employee's Group Gratuity cash accumulation scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit method as per actuarial valuation carried out at the balance sheet date.

The following tables sets out the status of the gratuity plan as required under AS-15 and the amounts recognized in the Company's financial statements as at March 31, 2011.

	(Rs. In lacs) 2010-11	(Rs.in lacs) 2009-10
<u>Change in present value of obligations :</u>		
Obligations at beginning of the year	711.75	574.40
Service cost	138.95	106.15
Interest cost	58.93	47.39
Actuarial (gain) / loss	(30.12)	7.39
Benefits paid	(45.09)	(23.58)
Obligations at the end of the year	834.42	711.75
<u>Change in Plan assets :</u>		
Fair value of Plan assets at beginning of the year	638.65	389.75
Expected returns on plan assets	70.56	46.28
Actuarial (loss) / gain	(12.74)	(10.59)
Contributions by employer	183.04	236.79
Benefits paid	(45.09)	(23.58)
Fair value of plan assets at end of the year	834.42	638.65
<u>Reconciliation of Present Value of Obligation and the fair value of plan assets :</u>		
Present value of the defined benefit obligation at the end of the year	834.42	711.75
Less: Fair value of plan assets	834.42	638.65
Unfunded status amount of liability recognized in the balance sheet	-	73.10
<u>Experience Adjustment :</u>		
Defined benefit obligation	834.42	711.75
Plan assets	834.42	638.65
Surplus/(deficit)	-	73.10
Experience adjustments on plan Liabilities	-	-
Experience adjustments on plan assets	-	-
<u>Gratuity cost for the year :</u>		
Service Cost	138.95	106.15
Interest Cost	58.93	47.39
Expected return on plan assets	(70.56)	(46.28)
Actuarial (gain) / loss	(17.38)	17.98
Net gratuity cost charged to profit & loss	109.94	125.24
<u>Assumptions :</u>		
Discount rate	8.28%	8.25%
Estimated rate of return on plan assets	9.25%	9.00%
Annual increase in salary costs	7.00%	7.00%

27. Related Party disclosure as required by Accounting Standard -18 is as below:

(a) List of related parties

(i) a) Subsidiaries:

- JMC Projects (India) Limited
- Shree Shubham Logistics Limited
- Energy Link (India) Limited
- Amber Real Estate Limited
- Kalpataru Power Transmission (Mauritius) Limited
- Kalpataru South Africa (Pty) Limited
- Kalpataru Power Transmission Nigeria Limited
- Kalpataru Power Transmission USA INC
- Adeshwar Infrabuild Limited
- Jhajjer Power Transmission Private Limited
- Kalpataru Metfab Private Limited

b) Indirect Subsidiaries:

- JMC Mining and Quarries Limited
- Saicharan Properties Limited
- Brij Bhoomi Expressway Private Limited

(ii) Enterprises under significant influence, which are having transaction with Companies:

- Kalpataru Properties Private Limited
- Kalpataru Theatres Private Limited
- Property Solution (India) Private Limited
- P.K. Velu & Co. Private Limited

(iii) Key Managerial Personnel:

- Pankaj Sachdeva - Managing Director
- Manish Mohnot - Executive Director
- K.V. Mani - Managing Director (Upto 31.05.2009)

(iv) Individuals having significant influence :

- Mofatraj P. Munot - Promoter Director
- Parag Munot - Promoter Director

(v) Joint Ventures :

- Jhajjer KT Transco Private Limited
- KPTL-JMC-Yadav-JV (Dankuni to Baruipara Line- Eastern Railways)
- KPTL-JMC-Yadav-JV (Taljhari to Maharajpur Line- Eastern Railways)
- KPTL-JMC-Yadav-JV (Baruipara to Chandanpur Line- Eastern Railways)
- KPTL-JMC-Yadav-JV (Deshparan Nanigaram Line- South Eastern Railways)
- GPT-KPTL-JV (Kalukhali to Bhatipara Line), Bangladesh

The related parties transactions in the ordinary course of business are:

(Rs.in lacs)

Sr. No.	Particulars	Subsidiary Companies	Entities under significant influence	Key Managerial Personnel	Individuals having significant influence	Joint Venture
I	<b>Transaction during the year</b>					
1	Reimbursement of expenses	40.84 (-)	96.67 (20.93)	- (-)	- (-)	- (-)
2	Security charges	- (-)	1.19 (-)	- (-)	- (-)	- (-)
3	Office Expenses	0.62 (-)	- (-)	- (-)	- (-)	- (-)
4	Rent Paid	- (-)	286.29 (269.69)	- (-)	- (-)	- (-)

5	Investment in Equity Shares	13,467.02	-	-	-	3,815.00
		(2,212.62)	(-)	(-)	(-)	(-)
6	Interest received	2,291.79	-	-	-	9.09
		(1,969.87)	(-)	(-)	(-)	(-)
7	Loan given	9,595.27	-	-	-	765.25
		(18,989.22)	(-)	(-)	(-)	(-)
8	Loan repaid back	7,429.44	-	-	-	-
		(9,063.84)	(-)	(-)	(-)	(-)
9	Service Charges	110.25	-	-	-	-
		(-)	(-)	(-)	(-)	(-)
10	Reimbursement of Exp. Received	25.10	-	-	-	45.67
		(0.41)	(-)	(-)	(-)	(-)
11	Rent Received	79.10	-	-	-	0.05
		(79.62)	(-)	(-)	(-)	(-)
12	Sale of Goods	6.48	-	-	-	9,567.49
		(-)	(-)	(-)	(-)	(-)
13	Hire Charges Paid	27.67	-	-	-	-
		(27.67)	(-)	(-)	(-)	(-)
14	Dividend Received	230.80	-	-	-	-
		(326.41)	(-)	(-)	(-)	(-)
15	Salary & Commission	-	-	419.35	130.00	-
		(-)	(-)	(442.47)	(-)	(-)
16	Job work Receipt	-	-	-	-	1,299.43
		(-)	(-)	(-)	(-)	(-)
17	Job Charges paid	2,054.78	-	-	-	-
		(133.75)	(-)	(-)	(-)	(-)
18	Testing Income	-	-	-	-	600.00
		(-)	(-)	(-)	(-)	(-)
19	Interest Paid	-	-	-	-	57.85
		(-)	(-)	(-)	(-)	(-)
20	Redemption of Preference Shares	-	-	-	-	-
		(2,222.00)	(-)	(-)	(-)	(-)
21	Advance against property received back	-	-	-	-	-
		(4,000.00)	(-)	(-)	(-)	(-)
22	Advance received during the year	-	-	-	-	4,000.00
		(-)	(-)	(-)	(-)	(-)
<b>II Balance as on 31.03.2011</b>						
23	Advances	-	6.64	-	-	0.02
		(-)	(-)	(-)	(-)	(-)
24	Advance from Customers	-	-	-	-	1,706.61
		(-)	(-)	(-)	(-)	(-)
25	Debtors	3.82	-	-	-	1,148.33
		(-)	(-)	(-)	(-)	(-)
26	Security Deposit	-	3,326.07	-	-	-
		(-)	(3,326.07)	(-)	(-)	(-)
27	Loans	23,676.36	-	-	-	773.44
		(19,430.87)	(-)	(-)	(-)	(-)
28	Liabilities	280.01	9.94	150.00	130.00	-
		(146.68)	(2.46)	(147.75)	(-)	(-)

\* Figures in bracket represent previous year numbers.



28. Information as required under Clause 32 of Listing Agreement with Stock Exchanges with regard to loans to subsidiaries having no repayment schedule

Name of the Subsidiaries	Balance as on March 31, 2011 (Rs. In lacs)	Maximum Balance during the year (Rs. In lacs)
Shree Shubham Logistics Limited	7,261.53 Dr.	8,299.47 Dr.
Energy Link (India) Limited	13,817.66 Dr.	13,817.66 Dr.
Amber Real Estate Limited	2,555.41 Dr.	3,352.01 Dr.
Kalpataru Power Transmission USA INC	0.23 Dr.	0.23 Dr.
Kalpataru Power Transmission (Mauritius) Limited	14.67 Dr.	14.67 Dr.
Kalpataru Power Transmission Nigeria Limited	7.86 Dr.	7.86 Dr.
Adeshwar Infrabuild Limited	19.00 Dr.	19.00 Dr.

29. Segmental Reporting: (Rs. in lacs)

S.N.	Particulars	Segment					Total
		T&D	RED	BM	INFRA	Unallocable	
(I)	<b>Business Segment</b>						
1	Revenue :						
	Sales & Services	253,210.30	11.50	4,307.25	29,525.37	-	287,054.42
		(221,164.55)	(37.60)	(5,082.94)	(36,068.86)	(-)	(262,353.95)
	Other Operating Income	640.74	12.96	1.18	159.75	-	814.63
		(917.02)	(18.44)	(4.48)	(-)	(-)	(939.94)
	Net Sales/Income from Operation	253,851.04	24.46	4,308.43	29,685.12	-	287,869.05
		(220,081.57)	(56.04)	(5,087.42)	(36,068.86)	(-)	(263,293.89)
	Add : Other Income	8.76	-	399.86	-	4,235.47	4,644.09
		(4.01)	(-)	(528.76)	(67.50)	(2,728.11)	(3,328.38)
	<b>Total</b>	<b>253,859.80</b>	<b>24.46</b>	<b>4,708.29</b>	<b>29,685.12</b>	<b>4,235.47</b>	<b>292,513.14</b>
		<b>(222,085.58)</b>	<b>(56.04)</b>	<b>(5,616.18)</b>	<b>(36,136.36)</b>	<b>(2,728.11)</b>	<b>(266,622.27)</b>
2	Segment Result Before Interest	26,380.98	22.11	322.72	2,719.66	4,230.07	33,675.54
	(net off un-allocable expenditure)	(23,531.49)	(47.85)	(1,227.40)	(2,520.72)	(2,657.29)	(29,984.75)
	Interest						8,014.96
							(7,225.13)
	Profit after Interest						25,660.58
							(22,759.62)
	Extra Ordinary Item						-
							(-)
3	Current Tax						6,943.00
							(5,586.00)
4	Deferred Tax						(-)/341.32
							(128.00)
5	Net Profit after Tax						19,058.90
							(17,045.62)
6	Segment Asset	226,775.37	70.43	7,978.24	29,111.14	84,567.52	348,502.70
		(213,725.99)	(70.98)	(7,258.61)	(29,264.06)	(34,674.34)	(284,993.98)
7	Segment Liability	119,763.37	27.93	109.00	13,501.27	10,685.27	144,086.84
		(110,617.39)	(24.93)	(112.37)	(10,964.46)	(4,036.59)	(125,755.74)
	<b>Capital Employed</b>	<b>107,012.00</b>	<b>42.50</b>	<b>7,869.24</b>	<b>15,609.87</b>	<b>73,882.25</b>	<b>204,415.86</b>
		<b>(103,108.60)</b>	<b>(46.05)</b>	<b>(7,146.24)</b>	<b>(18,299.60)</b>	<b>(30,637.75)</b>	<b>(159,238.24)</b>
8	Capital Expenditure (Including CWIP)	7,904.38	-	101.94	123.86	-	8,130.18
		(8,476.43)	(-)	(115.90)	(1,979.53)	(-)	(1,0571.86)
9	Depreciation	2,780.41	0.55	475.06	1,336.65	-	4,592.67
		(2,081.28)	(1.20)	(468.89)	(1,272.40)	(-)	(3,823.77)

(II)	Geographical Segment						
	Revenue						
	India	156,841.92	24.46	4,308.43	29,685.12	-	190,859.93
		(106,303.95)	(56.04)	(5,087.42)	(36,068.86)	(-)	(147,516.27)
	Outside India	97,009.12	-	-	-	-	97,009.12
		(115,777.62)	(-)	(-)	(-)	(-)	(115,777.62)
	<b>TOTAL</b>	<b>253,851.04</b>	<b>24.46</b>	<b>4,308.43</b>	<b>29,685.12</b>	<b>-</b>	<b>287,869.05</b>
		(222,081.57)	(56.04)	(5,087.42)	(36,068.86)	(-)	(263,293.89)

# T & D – Transmission and Distribution; RED – Real Estate Development; BM – Bio-mass Energy; INFRA – Infrastructure  
 Figures in bracket represent previous year numbers.

#### Notes

Geographical segment considered for disclosure are as follows:

Revenue within India includes sales and services to customers located within India.

Revenue outside India includes sales and services to customers located outside India.

30. The Company uses foreign currency forward contracts and options to hedge its risks associated with foreign currency fluctuations. Company does not use forward contracts and options for speculative purposes. The year end foreign currency exposures, which are not hedged in different currencies, are as under:

(In lacs)

	KUWAITI DINAR	QATAR RIAL	UNITED ARAB EMIRATES DIRHAM	EUROPEAN EURO	UNITED STATES DOLLAR	BRITISH POUND	JAPANESE YEN
Receivables	42.26	25.60	175.57	-	-	-	-
	(156.47)	(39.71)	(267.67)	(-)	(-)	(-)	(-)
Payables (includes financial Liabilities)	-	-	-	84.34	646.58	-	7,480.08
	(-)	(-)	(-)	(75.57)	(386.21)	(1.01)	(19,375.63)

Figures in bracket represent previous year numbers

31. I. The Company has entered into consortium with JSC Zangas, Russia separately for four gas pipeline projects (i) Vijaipur to Kota, (ii) Panvel to Dabhol (iii) Vijaipur to Dadari and (iv) Dadari-Panipat in Infrastructure Division, sharing contract receipts. The contract receipts, common expenses, assets and liabilities have accordingly been accounted for in these accounts as per terms of separate consortium agreement based on unaudited accounts of all the consortium.
- II. In respect of contracts executed in Joint Venture entities, the services rendered to the Joint Venture entities are accounted as revenue for the work done. The detail of Joint Venture entity is as follows:

Name of the Joint Venture	Name of Venture Partner	Method of Accounting	Share of Interest
Jhajjar KT Transco Private Limited	Techno Electric & Engg. Co. Ltd.	Mercantile	49.00%
	Punarvasu Holding & Trading Co. Private Limited		1.28%

Details of proportionate share in the Assets, Liabilities, Income and Expenditure of the Company in its Joint Venture entities are given below:

(Rs. In lacs)

Particulars	AS AT 31/03/2011	AS AT 31/03/2010
% of Holding	49.72	-
Assets	11,824.84	-
Liabilities	7,501.69	-
Income	-	-
Expenditure	-	-
Capital Commitment	9,344.01	-
Contingent Liability	745.80	-

- III. The other Joint Venture entities namely KPTL-JMC-Yadav-JV (four projects), GPT-KPTL-JV have not yet commenced activities, hence the aforesaid information is not applicable.

32. The Company's significant leasing/ licensing arrangements are mainly in respect of residential / office premises and equipments, which are operating leases. The aggregate lease rental payable on these leasing arrangements are charged as rent and equipment hire charges in these accounts amounting to Rs. 4900.38 lacs (previous year Rs.6546.59 lacs).

These leasing arrangements are for a period not exceeding 5 years and are in most cases renewable by mutual consent, on mutually agreeable terms. Future lease rental payable in respect of assets on lease for not later than 1 year is Rs. 539.85 lacs (previous year Rs. 896.15 lacs) and for later than 1 year but not later than 5 years is Rs. 374.09 lacs (previous year Rs.677.89 lacs).

33. Interest income comprises of:

	2010-11 (Rs.in lacs)	2009-10 (Rs.in lacs)
Fixed Deposits with banks	440.96	0.76
Inter-corporate deposits	265.32	109.90
Subsidiary Companies	2,291.78	1,969.87
Others	6.40	73.11
<b>TOTAL</b>	<b>3,004.46</b>	<b>2,153.64</b>

34. Erection and subcontracting expenses comprises of:

	2010-11 (Rs.in lacs)	2009-10 (Rs.in lacs)
Subcontracting expenses	40,099.38	39,071.87
Construction material and stores and spares consumed	14,922.04	15,707.72
Power and fuel	2,459.14	1,491.20
Freight and Forwarding Expenses	5,217.94	5,388.03
Vehicle and Equipment Hire Charges	7,648.63	8,480.26
Custom Duty, Clearing & Handling Charges	2,280.57	3,453.24
Others	5,885.09	3,024.28
<b>TOTAL</b>	<b>78,512.79</b>	<b>76,616.59</b>

35. The accounts of foreign operations in company's overseas branches in Philippines, Algeria, Ethiopia, Kenya, Abu Dhabi, Kuwait Djibouti and South Africa have been incorporated on the basis of balance sheet and profit and loss account audited locally at the respective branches. In respect of overseas branch in Nepal and Qatar accounts for the year have been prepared and audited in India.

36. Material Cost Comprises of:

	2010-11 (Rs.in lacs)	2009-10 (Rs.in lacs)
a. Raw Materials		
Opening Stock	12,475.03	9,734.93
Add: Purchases	123,567.54	114,424.96
Less: Closing stock	11,275.47	12,475.03
Consumption	124,767.10	111,684.86
b. Agricultural Residues		
Opening Stock	872.50	818.78
Add: Purchases	2,957.00	2,849.65
Less: Closing stock	916.97	872.50
Consumption	2,912.53	2,795.93
<b>TOTAL</b>	<b>127,679.63</b>	<b>114,480.79</b>

37. Details of Mutual Fund is as under:

Particulars	Face Value Per Unit Rupees	As at 1/4/2010	Purchased/ subscribed addition during the year	Sold/deduction during the year	Number of Units			
					As at 31/03/2011	As at 31/03/2010	As at 31/03/2011 Rs in Lac	As at 31/03/2010 Rs in Lac
Jpmorgan India Short Term Income Fund-Weekly Div-Reinvest	10	-	4,030,533.469	-	4,030,533.469	-	403.88	-
Jpmorgan India Liquid Fund-Super Inst Daily Dividend Plan-Reinvest	10	-	27,608,415.620	27,608,415.620	-	-	-	-
Jpmorgan India Treasury Fund-Super Inst Daily Dividend Plan-Reinvest	10	-	17,779,013.280	17,779,013.280	-	-	-	-
Axis Liquid Fund-Institutional Daily Div Reinvestment	1000	-	275,651.440	275,651.440	-	-	-	-
Axis Treasury Advantage Fund-Institutional Daily Div Reinvestment	1000	-	182,405.130	182,405.130	-	-	-	-
Franklin Templeton India Treasury Account Super Insti Plan-Daily Dividend Reinv	1000	-	225,267.530	225,267.530	-	-	-	-
Franklin Templeton India Ultra Short Term Bond Fund Sip Ddr	10	-	10,077,573.910	10,077,573.910	-	-	-	-
Idbi Liquid Fund-Daily Dividend-Reinvestment	10	-	22,568,073.690	22,568,073.690	-	-	-	-
Idbi Ultra Short Term Fund-Daily Dividend-Reinvestment	10	-	10,063,847.500	10,063,847.500	-	-	-	-
Idfc Ultra Short Term Fund Monthly Dividend	10	-	7,565,835.070	7,565,835.070	-	-	-	-
Idfc Fixed Maturity Plan-Monthly Series 25-Dividend	10	-	7,500,000.000	7,500,000.000	-	-	-	-
Idfc Cash Fund-Super Inst Plan C-Daily Dividend	10	-	32,512,843.360	32,512,843.360	-	-	-	-
Idfc Cash Fund-Daily Dividend	10	-	7,088,345.480	7,088,345.480	-	-	-	-
Idfc Money Manager Fund-Tp-Super Inst Plan C-Daily Div	10	-	32,713,762.390	32,713,762.390	-	-	-	-
Jm High Liq Fund-Reg Plan-Super Insti Plan-Daily Div(92)	10	-	34,972,007.800	34,972,007.800	-	-	-	-
Jm Money Manager Fund-Super Plus Plan-Daily Dividend(171)	10	-	25,176,354.370	25,176,354.370	-	-	-	-
Hdfc Debt Fund For Cancer Cure-100% Div Donation Option	10	-	1,000,000.000	-	1,000,000.000	-	100.00	-
Hdfc Cash Management Fund-Treasury Adv Plan-Eholesale-Daily Div	10	-	25,123,372.710	25,123,372.710	-	-	-	-
Hdfc Liquid Fund Premium Plan-Div-Daily Reinvest	10	-	20,394,012.090	20,394,012.090	-	-	-	-
Hdfc Shortterm Opportunities Fund-Div	10	-	7,598,223.560	7,598,223.560	-	-	-	-
Sbi-Magnum Insta Cash Fund-Daily Div Option-L030dd	10	-	7,463,377.120	7,463,377.120	-	-	-	-
Sbi-Shf-Ultra Short Term Fund-Institutional Plan-Daily Div	10	-	17,764,323.120	17,764,323.120	-	-	-	-
Reliance Qut Int Fund-Series Iii-Insti Div Plan Isin:-Inf204k01dy2	10	-	10,263,754.230	10,263,754.230	-	-	-	-
Reliance Liquid Fund-Cash Plan-Daily Div Option Isin	10	-	8,840,032.260	8,840,032.260	-	-	-	-
Reliance Interval Fund-Quarterly Plan-Series-Insti Div Plan Isin:-inf204k01dm7	10	-	5,096,997.520	5,096,997.520	-	-	-	-
Reliance Interval Fund-Series-Insti Div Plan Isin:-inf204k011dg9	10	-	5,023,947.430	5,023,947.430	-	-	-	-
Reliance Liquid Fund-Treasury Plan-Inst Option-Daily Div Option Isin:	10	-	3,289,046.780	3,289,046.780	-	-	-	-
Reliance Money Manager Fund-Insti Option-Daily Dividend Plan Isin:	1000	-	177,839.750	177,839.750	-	-	-	-
Reliance Liq Fund-Daily Div Reinvestment Option Isin:	10	-	5,000,973.070	5,000,973.070	-	-	-	-

Particulars	Face Value Per Unit Rupees	As at 1/4/2010	Purchased/ subscribed addition during the year	Sold/deduction during the year	As at 31/03/2011	As at 31/03/2010	As at 31/03/2011 Rs in lacs	As at 31/03/2010 Rs in lacs
Sundaram Money Fund Super Inst Daily Div Rein-S230	10	-	12,383,226.060	12,383,226.060	-	-	-	-
Sundaram Ultra St Fund Super Inst Div Rein Daily-S252	10	-	12,494,071.950	12,494,071.950	-	-	-	-
Dsp Blackrock Liq Fund-Insti Plan Daily Div	1000	-	400,103.330	400,103.330	-	-	-	-
Dsp Blackrock Money Manager Fund-Insti Plan Daily Dividend	1000	-	75,497.050	75,497.050	-	-	-	-
Dsp Blackrock Floating Rate Fund-Insti Plan-Daily Div	1000	-	325,846.130	325,846.130	-	-	-	-
Dws Treasury Fund Cash-Insti Plan Daily Div-Reinvest	10	-	15,138,118.350	15,138,118.350	-	-	-	-
Taurus Fixed Maturity Plan 91 Dys Series-E-Div Plan	10	-	9,000,000.000	-	9,000,000.000	-	900.00	-
Taurus Short Term Income Fund-Div Plan	1000	-	32,662.186	-	32,662.186	-	500.00	-
Taurus Ultra Short Term Bond Fund-Super Insti Daily Div Plan	1000	-	145,831.740	119,791.678	26,040.062	-	260.85	-
Religare Ultra Short Term Fund-Insti Daily Div	1000	-	386,363.760	253,976.013	132,387.747	-	1326.15	-
L&T Freedom Income Stp Inst-Daily Div Reinvest Plan-C222	10	-	32,167,065.140	32,167,065.140	-	-	-	-
L&T Fmp-I(June91d A)-Div Payout-C518	10	-	7,500,000.000	7,500,000.000	-	-	-	-
L&T Fmp-I(September91d A)-Div Payout-C528	10	-	7,500,000.000	7,500,000.000	-	-	-	-
L&T Liquid Inst Daily Div Rein Plan-C54	10	-	37,305,442.020	37,305,442.020	-	-	-	-
Uti-Floating Rate Fund-Short Term Plan-Inst Daily Div Plan-Re Invest	1000	-	76,893.080	76,893.080	-	-	-	-
Uti Fixed Income Interval Fund-Quarterly Interval Plan Series-1-Insti Div Plan-Reinv	10	-	10,135,182.970	10,135,182.970	-	-	-	-
Uti Fixed Income Interval Fund-Monthly Interval Plan Series-1-Insti Div Plan-Reinv	10	-	7,671,128.850	7,671,128.850	-	-	-	-
Uti Fixed Income Interval Fund-Monthly Interval Plan Series-li-Insti Div Plan-Reinv	10	-	4,998,500.450	-	4,998,500.450	-	500.00	-
Uti Money Market Mutual Fund-Insti Daily Div-Re-Investment	1000	-	125,275.330	125,275.330	-	-	-	-
Bsl Medium Term Plan-Instl-Fornightly Div-B304fd	10	-	9,969,949.410	9,969,949.410	-	-	-	-
Bsl Saving Fund-Inst-Daily Dividend-B332dd	10	-	3,016,648.980	3,016,648.980	-	-	-	-
Bsl Short Term Opp Fund-Instl-Weekly Div-B341iw	10	-	13,327,516.530	10,299,032.940	3,028,483.590	-	303.28	-
Bsl Cash Plus-Instl Prem-Daily Div-B503dd	10	-	24,953,840.140	24,953,840.140	-	-	-	-
Bssl Floating Rate Fund-Long Term-Instl-Weekly Div-B5121w	10	-	25,272,453.630	25,272,453.630	-	-	-	-
Bsl Ultra Short Term Fund-Insti Daily Div-B85dd	10	-	25,047,589.740	25,047,589.740	-	-	-	-
Bsl Qtly Interval-Series 4 -Div-B889d	10	-	3,000,000.000	-	3,000,000.000	-	300.00	-
Tata Fixed Income Portfolio Fund Scheme A3 Inst - I-Tfima3	10	-	15,277,289.610	15,277,289.610	-	-	-	-
Tata Floater Fund-Daily Dividend-Tfld	0	-	43,007,315.730	43,007,315.730	-	-	-	-
Tata Liquid Super High Investment Fund-Daily Div-Tlsd01	1000	-	291,805.710	291,805.710	-	-	-	-
Tata Treasury Manager Ship Daily Dividend-Ttmsdh	1000	-	248,898.040	248,898.040	-	-	-	-

Particulars	Face Value Per Unit Rupees	As at 1/4/2010	Purchased/ subscribed addition during the year	Sold/deduction during the year	As at 31/03/2011	As at 31/03/2010	As at 31/03/2011 Rs in lacs	As at 31/03/2010 Rs in lacs
Icici Prudential Int Fund Li Quarterly Int Plan-F- Inst Div-1311	10	-	7,000,000.000	-	7,000,000.000	-	700.00	-
Icici Prudential Int Fund Iv Quarterly Int Plan-B- Inst Div-1351	10	-	15,000,000.000	-	15,000,000.000	-	1500.00	-
Icici Pru Ultra Short Term Plan Super Prem Daily Div-1484	10	-	35,287,063.470	35,287,063.470	-	-	-	-
Icici Pru Floating Rate Plan-D-Daily Div-1542	100	-	4,033,702.090	3,207,600.728	826,101.362	-	826.29	-
Icici Pru Liquid Super Insti Plan-Div-Daily-1564	100	-	1,216,699.060	1,216,699.060	-	-	-	-
Religare Active Income Fund Inst. Qtrly. Div.	10	-	12,177,744.140	12,177,744.140	-	-	-	-
Bnp Short Term Income Fund Inst. Plus Dly Div	10	-	25,235,972.960	25,235,972.960	-	-	-	-
Bnp Fixed Term Fund Ser 18C Div. On Maturity	10	-	10,000,000.000	10,000,000.000	-	-	-	-
Bnp Paribas Money Plus Ip	10	-	15,056,918.660	15,056,918.660	-	-	-	-
Bnp Paribas Overnight Inst Daily Div	10	-	35,025,286.400	35,025,286.400	-	-	-	-
Kotak Liquid(Institutional Premium)-Daily Dividend	10	-	20,446,714.720	20,446,714.720	-	-	-	-
Kotak Floater Long Term -Daily Dividend	10	-	29,874,110.920	29,874,110.920	-	-	-	-
Kotak Flexi Debt Scheme Insti-Daily Dividend	10	-	5,535,344.290	5,535,344.290	-	-	-	-
Kotak Quarterly Interval Plan Series 1 Dividend	10	-	15,111,101.190	10,092,748.656	5,018,352.534	-	501.98	-
Kotak Quarterly Interval Plan Series 5 Dividend	10	-	15,021,149.577	-	15,021,149.577	-	1502.11	-
Kotak Quarterly Interval Plan Series 6 Dividend	10	-	10,107,181.290	10,107,181.290	-	-	-	-
Kotak Quarterly Interval Plan Series 8 Dividend	10	-	14,999,700.010	14,999,700.010	-	-	-	-

38. A sum of Rs. 1,065.54 Lacs is receivable from eligible Certified Emission Reduction (CERs) from Senter Novem, an agency of Government of Netherland & Atmosfair GmbH of Germany, on account of generation of electricity from agricultural residues like mustard husk and cotton sticks at Sri Ganganagar & Tonk Power Plant under the Clean Development Mechanism (CDM) of Kyoto Protocol for preventing environmental degradation. The same has been accounted for at contracted price and when there is reasonable certainty about its ultimate realization.
39. Company has commitment to pledge 5,893,123 Equity Shares of Rs.10/- each for financial assistance to Jhhajar KT Transco Pvt. Ltd. with banks and financial institutions.
40. Previous year's figures have been regrouped and/or rearranged wherever considered necessary.

In terms of our report attached  
**For Kishan M. Mehta & Co.,**  
Chartered Accountants

**(Kishan M. Mehta)**  
Partner  
(M. No. 13707)

AHMEDABAD : May 16 , 2011

**For Deloitte Haskins & Sells,**  
Chartered Accountants

**(Gaurav J. Shah)**  
Partner  
(M. No. 35701)

For and on behalf of the Board  
**Mofatraj P. Munot**  
Chairman

**Kamal Jain**  
President & CFO

**Pankaj Sachdeva**  
Managing Director

**Bajrang Ramdharani**  
Company Secretary

MUMBAI : May 14 , 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	INFLOW/(OUTFLOW)-RS.	
	2010-2011 Rs.in lacs	2009-2010 Rs.in lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation, and extraordinary items	25,660.58	22,759.62
Adjustments for :		
Depreciation	4,592.66	3,823.77
Interest Paid	8,491.01	8,960.86
Dividend Received	(1,142.37)	(328.69)
Interest Received	(3,004.46)	(2,153.64)
Provision for Diminution in Investment	-	(1.34)
Profit on sale of assets	(31.45)	(0.45)
Foreign Currency Translation Difference	(27.70)	619.23
Profit on Sale of Investments	-	(96.29)
Unrealised Foreign Exchange (gain) / Loss (net)	679.51	(601.49)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>35,217.78</b>	<b>32,981.58</b>
Adjustments for:		
Trade and other Receivables	(23,125.57)	(33,479.77)
Inventories	2,788.41	(3,203.53)
Margin Money with Banks	-	20.38
Trade Payables	19,919.49	45,323.44
<b>CASH GENERATED FROM OPERATIONS</b>	<b>34,800.11</b>	<b>41,642.10</b>
Income Tax Paid	(6,540.97)	(6,658.29)
Prior Year's Adjustment	(2.63)	80.30
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>28,256.51</b>	<b>35,064.11</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(8,352.73)	(10,874.56)
Sale of fixed assets	236.29	37.69
Sale/(Purchase) of Investments in Shares	(3,815.00)	119.36
Investment in Mutual Funds	(9,624.55)	-
Sale/(Purchase) of Investment in Subsidiaries	(13,467.02)	9.38
Loans to Subsidiary and Others	(1,954.98)	(9,731.62)
Interest Received on Loans	371.96	182.99
Dividend Received	1,142.37	328.69
Deposits with Banks	(11,231.70)	4.19
Lien with Banks	5.80	41.39
<b>CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(46,689.56)</b>	<b>(19,882.49)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceed from Issue of Equity Shares(net of issue Expenses)	43,914.24	-
Proceeds from Term Borrowings	213.85	94.13
Proceeds from Issuance of Non Convertible Debentures	-	7,000.00
Repayment of Term Loan	(2,088.75)	(2,164.17)
Working Capital Finance and Unsecured Loans	(13,104.78)	(9,719.70)
Interest Paid	(8,360.19)	(8,765.38)
Dividend Paid	(2,301.91)	(1,987.50)
Corporate Dividend Tax	(326.84)	(337.78)
<b>CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)</b>	<b>17,945.62</b>	<b>(15,880.40)</b>



	2010-2011 Rs.in lacs	2009-2010 Rs.in lacs
<b>D</b> NET INCREASE / (Decrease) IN CASH AND CASH EQUIVALENTS (A)+(B)+('C)	<b>(487.43)</b>	<b>(698.78)</b>
<b>E.</b> Opening Cash and Cash Equivalents	<b>3,339.28</b>	<b>4,038.06</b>
<b>F.</b> Closing Cash and Cash Equivalents	<b>2,851.85</b>	<b>3,339.28</b>
NOTES :	AS AT 31/03/2011 Rs. in lacs	AS AT 31/03/2010 Rs. in lacs
Cash and Cash Equivalents		
Cash and Bank Balance (Schedule I)	<b>14,425.62</b>	<b>3,687.15</b>
Deposits with Banks	<b>(11,231.70)</b>	<b>-</b>
Lien with Banks	<b>(342.07)</b>	<b>(347.87)</b>
Cash and Cash Equivalents As per Cash flow statement	<b>2,851.85</b>	<b>3,339.28</b>

In terms of our report attached

**For Kishan M. Mehta & Co.,**  
Chartered Accountants

**(Kishan M. Mehta)**

Partner  
(M. No. 13707)

AHMEDABAD : May 16 , 2011

**For Deloitte Haskins & Sells,**  
Chartered Accountants

**(Gaurav J. Shah)**

Partner  
(M. No. 35701)

For and on behalf of the Board

**Mofatraj P. Munot**  
Chairman

**Kamal Jain**  
President & CFO

MUMBAI : May 14 , 2011

**Pankaj Sachdeva**  
Managing Director

**Bajrang Ramdharani**  
Company Secretary

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### i.) Registration Details

State Code: 04

Registration No. L40100GJ1981PLC004281

Balance Sheet Dated 31st March'2011

### ii.) Capital raised during the year

(Rs. in lacs)

Public Issue Nil

Rights Issue Nil

Bonus Issue Nil

Private Placement 45031.69

### iii.) Position of Mobilisation and Deployment of Funds

(Rs. in lacs)

Total Liabilities 348502.69

Total Assets 348502.69

Sources of Funds

Paid-up Capital 3069.21

Reserves and Surplus 156038.28

Secured Loans 36357.86

Unsecured Loans 8950.50

Current Liabilities and Provision 144086.84

Application of Funds

Net Fixed Assets 37398.43

Investments 39557.97

Current Assets 271546.29

Misc. expenditure Nil

Accumulated Losses Nil

### iv.) Performance of Company

(Rs. in Lacs)

Turnover 287406.13

Total Expenditure 261745.55

Profit Before Tax 25660.58

Profit After Tax 19058.90

Earning per share in Rs. 12.58

Final Dividend Rate % 75%

Generic Names of Principal Products of Company (as per monetary terms)

Item Code No. (ITC Code) : 7308.20

Product Description : Transmission Line Towers

For and on behalf of the Board

**Mofatraj P. Munot**  
Chairman

**Kamal Jain**  
President & CFO

**Pankaj Sachdeva**  
Managing Director

**Bajrang Ramdharani**  
Company Secretary

MUMBAI : May 14, 2011

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO  
 THE BOARD OF DIRECTORS OF  
 KALPATARU POWER TRANSMISSION LIMITED

1. We have audited the attached Consolidated Balance Sheet of Kalpataru Power Transmission Limited ('the Company'), its subsidiaries and jointly controlled entities (collectively referred to as ('the Group')) as at March 31, 2011, the Consolidated Profit and Loss account and the Consolidated Cash Flow statement of the Group for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Financial statements of six subsidiaries, which reflect total assets of Rs. 161,697.87 lacs as at March 31, 2011, total revenues of Rs.153,693.75 lacs and net cash inflows amounting to Rs.1,532.80 lacs for the year ended on that date have been audited by one of us or one of us with another auditor.
4. We did not audit the financial statements of eight subsidiaries and two joint venture entities, whose financial statements reflect total assets of Rs. 51,263.93 lacs as at March 31, 2011, total revenues of Rs. 466.03 lacs and net cash inflows amounting to Rs. 2,106.75 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the accounts included in respect of these subsidiaries and joint venture entities, is based solely on the reports of other auditors.
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 27 "Financial reporting of interests in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit as aforesaid and on consideration of separate audit reports of other auditors on separate financial statements of its subsidiaries and joint venture entities and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Kishan M. Mehta & Co.,**  
 Chartered Accountants  
 (Registration No.105229W)

**Kishan M. Mehta**  
 Partner  
 (Membership No. 13707)

Place: Ahmedabad  
 Date: May 16, 2011

**For Deloitte Haskins & Sells,**  
 Chartered Accountants  
 (Registration No 117365W)

**Gaurav J. Shah**  
 Partner  
 (Membership No. 35701)

Place: Ahmedabad  
 Date: May 16, 2011

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	AS AT 31/03/2011 Rs. In lacs	AS AT 31/03/2010 Rs. In lacs
<b>SOURCES OF FUNDS :</b>			
<b>Shareholder's Funds:</b>			
Share Capital	` A'	3,069.21	2,650.00
Reserves and Surplus	` B'	161,229.96	100,057.44
		<b>164,299.17</b>	<b>102,707.44</b>
<b>Minority Interest</b>		<b>11,198.76</b>	<b>12,544.41</b>
Loan Funds :			
Secured Loans	` C'	71,431.74	79,261.74
Unsecured Loans	` D'	11,750.27	10,883.06
		<b>83,182.01</b>	<b>90,144.80</b>
Deferred Tax Liabilities		<b>1,385.72</b>	<b>1,956.98</b>
<b>TOTAL</b>		<b>260,065.66</b>	<b>207,353.63</b>
<b>APPLICATION OF FUNDS :</b>			
Goodwill on Consolidation		<b>2,016.77</b>	<b>834.36</b>
<b>Fixed Assets :</b>	` E'		
Gross Block		<b>105,388.57</b>	<b>92,700.44</b>
Less: Depreciation		<b>32,452.03</b>	<b>24,265.66</b>
Net Block		<b>72,936.54</b>	<b>68,434.78</b>
Capital Work in Progress		<b>35,342.59</b>	<b>18,953.54</b>
		<b>108,279.13</b>	<b>87,388.32</b>
<b>Investments</b>	` F'	<b>13,566.23</b>	<b>663.95</b>
<b>Current Assets, Loans &amp; Advances :</b>			
Inventories	` G'	<b>40,354.52</b>	<b>34,846.83</b>
Accrued value of work done		<b>41,257.92</b>	<b>32,920.80</b>
Sundry Debtors	` H'	<b>207,472.81</b>	<b>182,627.58</b>
Cash and Bank Balances	` I'	<b>18,734.15</b>	<b>5,567.52</b>
Loans and Advances	` J'	<b>40,803.40</b>	<b>32,655.28</b>
		<b>348,622.80</b>	<b>288,618.01</b>
Less: Current Liabilities and Provisions:	` K'		
Current Liabilities		<b>193,951.64</b>	<b>154,308.10</b>
Provisions		<b>18,486.34</b>	<b>15,931.92</b>
		<b>212,437.98</b>	<b>170,240.02</b>
<b>Net Current Assets</b>		<b>136,184.82</b>	<b>118,377.99</b>
<b>Miscellaneous Expenditure</b>	` L'	<b>18.71</b>	<b>89.01</b>
<b>TOTAL</b>		<b>260,065.66</b>	<b>207,353.63</b>
Significant Accounting Policies and notes forming Part of Accounts	` T'		

The schedules referred to above and the notes attached form an integral part of Statement of Accounts.

In terms of our report attached  
**For Kishan M. Mehta & Co.,**  
Chartered Accountants

**(Kishan M. Mehta)**  
Partner  
(M. No. 13707)

AHMEDABAD : May 16 , 2011

**For Deloitte Haskins & Sells,**  
Chartered Accountants

**(Gaurav J. Shah)**  
Partner  
(M. No. 35701)

For and on behalf of the Board  
**Mofatraj P. Munot**  
Chairman

**Kamal Jain**  
President & CFO

**Pankaj Sachdeva**  
Managing Director

**Bajrang Ramdharani**  
Company Secretary

MUMBAI : May 14 , 2011

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011

	SCHEDULE	FOR THE YEAR ENDED ON 31/03/2011 Rs. In lacs	FOR THE YEAR ENDED ON 31/03/2010 Rs. In lacs
<b>INCOME :</b>			
Sales & Services-Gross	` M'	441,503.90	407,873.87
Less : Excise Duty		6,038.67	4,685.61
Sales & Services-Net		435,465.23	403,188.26
Other Income	` N'	4,179.95	2,473.59
Increase(Decrease) in Stock	` O'		
a) Transmission & Distribution Division		(1,254.15)	(1,040.25)
b) Construction Division		744.74	(632.17)
c) Other		2,047.35	418.12
<b>TOTAL</b>		<b>441,183.12</b>	<b>404,407.55</b>
<b>EXPENDITURE :</b>			
Material Cost		183,092.93	170,936.74
Employees' Emoluments	` P'	32,792.76	25,744.39
Manufacturing & operating Expenses	` Q'	147,764.53	137,361.62
Administrative, Selling & Other Expenses	` R'	25,049.34	23,846.58
Financial Expenses	` S'	14,693.11	12,598.93
Depreciation		8,801.51	7,458.34
Less: Transferred to Revaluation Reserve		4.65	5.10
<b>TOTAL</b>		<b>412,189.53</b>	<b>377,941.50</b>
<b>PROFIT BEFORE TAX</b>		<b>28,993.59</b>	<b>26,466.05</b>
Provision for Taxation :-			
Current Tax		8,302.99	7,011.57
Minimum Alternate Tax		49.46	-
Less: MAT Credit Entitlement		(49.46)	-
Deferred Tax		(571.25)	(102.20)
<b>NET PROFIT FOR THE YEAR AFTER TAXES</b>		<b>21,261.85</b>	<b>19,556.68</b>
Minority Interest		1,255.68	1,788.91
<b>NET PROFIT FOR THE YEAR AFTER TAX AND AFTER MINORITY INTEREST</b>		<b>20,006.17</b>	<b>17,767.77</b>
Balance brought forward		52,050.21	40,656.55
Add/(Less) : Prior Year's adjustments		3.74	17.71
Add/(Less) : Prior Year's Taxes		(123.48)	32.17
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>71,936.64</b>	<b>58,474.20</b>
<b>APPROPRIATIONS :</b>			
Transfer to Debentures Redemption Reserve		1,093.75	850.00
Corporate Tax on Interim Preference Share Dividend		-	6.90
Proposed Dividend on Equity Shares		2,301.91	2,301.91
Tax on Proposed Dividend on Equity Shares		392.03	365.18
Transfer to General Reserve		3,450.00	2,900.00
Balance carried over to Balance Sheet		64,698.95	52,050.21
<b>TOTAL</b>		<b>71,936.64</b>	<b>58,474.20</b>
No. of equity shares at the end of the year		153,460,570	132,500,000
Weighted No. of equity shares at the end of period		151,450,652	132,500,000
Profit for calculation of E.P.S. ( Rs.)		20,006.17	17,767.77
Nominal value of Equity shares (Rs.)		2.00	2.00
Basic/Diluted earnings per share (Rs.)		13.21	13.41

The schedules referred to above and the notes attached form an integral part of Statement of Accounts.

In terms of our report attached

**For Kishan M. Mehta & Co.,**  
Chartered Accountants

**(Kishan M. Mehta)**  
Partner  
(M. No. 13707)

**For Deloitte Haskins & Sells,**  
Chartered Accountants

**(Gaurav J. Shah)**  
Partner  
(M. No. 35701)

For and on behalf of the Board

**Mofatraj P. Munot**  
Chairman

**Kamal Jain**  
President & CFO

**Pankaj Sachdeva**  
Managing Director

**Bajrang Ramdharani**  
Company Secretary

AHMEDABAD : May 16 , 2011

MUMBAI : May 14 , 2011

## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
<b>SCHEDULE 'A' SHARE CAPITAL :</b>		
<b>AUTHORISED :</b>		
175,000,000 (30,000,000) Equity Shares of Rs.2 each (Rs.10 each)	3,500.00	3,000.00
<b>TOTAL</b>	<b>3,500.00</b>	<b>3,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP:</b>		
( Refer Note No. 22 of Schedule "T" )		
153,460,570 (26,500,000) Equity Shares of Rs.2 (Rs.10) each fully paid up	3,069.21	2,650.00
Out of above :		
a) 70,932,500 (14,186,500) shares of Rs.2 (Rs.10) each allotted as fully paid up bonus shares in earlier years by capitalisation out of general reserve, capital redemption reserve and share premium account, and		
b) 15,300,000 (3,060,000) shares of Rs.2 (Rs.10) each allotted in earlier years for consideration other than cash		
<b>TOTAL</b>	<b>3,069.21</b>	<b>2,650.00</b>
<b>SCHEDULE 'B' RESERVES AND SURPLUS:</b>		
<b>REVALUATION RESERVE :</b>		
As per last Balance Sheet	45.43	50.53
Less: Transferred to Profit & Loss Account	4.65	5.10
	40.78	45.43
<b>SHARE PREMIUM :</b>		
As per last Balance Sheet	34,414.16	34,447.13
Add :- Premium on Shares issued during the year	44,639.97	-
Less :- Share issue expenses	1,130.75	32.97
	77,923.38	34,414.16
<b>FOREIGN CURRENCY TRANSLATION RESERVE :</b>		
As per last Balance Sheet	434.81	-
Add / Less : During the year	(29.16)	621.63
	405.65	621.63
Transferred from/to General Reserve	-	(186.82)
	405.65	434.81
<b>DEBENTURES REDEMPTION RESERVE</b>		
Opening Balance	1,150.00	300.00
Transferred from Profit & Loss Account	1,093.75	850.00
	2,243.75	1,150.00
<b>Grant in Aid (Viability Gap Funding)</b>		
Opening Balance	-	-
Add: Addition During the Year	504.62	-
	504.62	-
<b>GENERAL RESERVE :</b>		
As per last Balance Sheet	11,962.83	8,876.01
Transfer to/from Foreign Currency Translation Reserve	-	186.82
Add : Transferred from Profit & Loss Account	3,450.00	2,900.00
	15,412.83	11,962.83
<b>PROFIT &amp; LOSS :</b>		
As per profit & loss account	64,698.95	52,050.21
<b>TOTAL</b>	<b>161,229.96</b>	<b>100,057.44</b>

## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	3/31/2010 Rs. In lacs
<b>SCHEDULE 'C': SECURED LOANS</b>		
<b>A. DEBENTURES :</b>		
Secured Non-convertible Redeemable debentures (NCD) (Refer note number 17 of Schedule "T")	20,000.00	15,000.00
<b>B. TERM LOANS :</b>		
From Banks:		
(I) Secured by charge over freehold land and immovable properties, specific movable plant & machineries of Bio-mass Power Plant situated at Padampur, Dist. Sri Ganganagar, Rajasthan	-	292.19
(II) Term Loan from banks secured by first charge on specific Plant & Machinery financed by them.	5,110.11	6,702.98
(III) Secured by charge over immovable and movable plant & machineries of Bio-mass Power Plant situated at Uniara, Dist. Tonk, Rajasthan and second charge on current assets of the same.	986.55	1,496.07
(IV) Secured by way of hypothecation of all movable fixed assets of transmission line tower plant at sector-28, Gandhinagar on paripasu basis along with consortium of bankers for working capital facilities stated hereunder.	-	832.66
(V) Secured by hypothecation of Specific movable fixed assets relating to Infrastructure Division	-	352.94
(VI) Secured Against Specific Vehicles	370.66	311.71
(VII) Secured against Lands and Warehousing Complexes thereon and hypothecation on the equipments and other fixed assets of warehousing division.	6,648.57	8,288.25
(VIII) Secured against hypothecation of the specific Equipments	3.69	45.28
(IX) Secured by equitable mortgage by deposit of title deeds of Leasehold Land and Structure (along with underlying receivable being / to be developed in Thane)	3,599.99	3,099.99
(X) Secured by first charge by way of hypothecation of Entire moveable properties and on entire cash flows, receivables, book debts and revenues of the borrower and entire Intangible Assets of the borrower including but not limited to, goodwill and uncalled capital. Further secured by first charge by hypothecation/mortgage/assignment of all the rights, titles, interests, benefits, claims and demand in the project documents duly acknowledged and consented by counter parties and on trust & retention account/Escrow Agreement, debt service reserve and other reserves and other bank accounts of Power Transmission BOOT Project.	2,908.49	-
From Financial Institutions:		
(I) Secured against assets detailed in point (X) above.	2,564.72	-
	<b>42,192.78</b>	<b>36,422.07</b>
(Of the above Loans Rs.4911.10 lacs {Previous Year Rs.6280.89 Lacs} are repayable within a period of twelve months)		



## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
<b>C. WORKING CAPITAL FACILITIES FROM BANKS:</b>		
I. Secured in favour of consortium of bankers by hypothecation of stocks, stores and spares, book debts and bills receivables and all other movable assets and further secured by all movable fixed assets except charged to others as stated herein above of the factory premises and godown situated at Gandhinagar or wherever else pertaining to transmission & distribution and infrastructure division and by simple mortgage over land and building situated at Sector-28, Gandhinagar	20,148.64	31,985.54
II. Bill discounting facility secured by first pari-passu charge on current assets and all movable assets at Project sites, premises and godowns of the sites for execution of work under GFSS-II of Maharashtra State Electricity Distribution Co. Limited.	-	1,179.75
III. Working capital facilities are secured in favour of consortium bankers, first charge against hypothecation of stocks, work in progress, stores and spares, bills receivables, book debts and other movables, out of which movable fixed assets in pari - passu with Debenture Trustees for NCDs except second charge on current assets & receivables in favour of a bank for Bank Guarantee of Rs. 4,901 Lacs provided on behalf of Joint Venture in which the Company is one of the member and except first charge over machineries and equipments financed by others for term loans, second charge on machineries and equipments financed by others for term loans and first charge on the office premises of the construction division.	7,002.04	8,528.38
IV. Against hypothecation of Stock & Book Debts and also secured by way of equitable mortgage of over freehold land situated at S.No.31 (Hissa No. 1 to 5) mouje Sonipur, Taluka:Thasra, Dist.:Kheda for mining activities.	35.48	74.21
V. Overdraft from Bank against Fixed deposit receipt	20.83	-
VI. Bank against Hypothecation of stock and Book Debts and movable machinery and further secured by Lands and Warehousing Complexes for warehousing and trading activity.	1,447.37	1,071.79
VII. Bank Loan against pledge of Warehouse Receipts	584.60	-
	<u>29,238.96</u>	<u>42,839.67</u>
<b>TOTAL</b>	<u>71,431.74</u>	<u>79,261.74</u>
<b>SCHEDULE 'D' UNSECURED LOANS:</b>		
<b>Short Term Loan From :</b>		
Body Corporates	5,825.56	19.16
Others	1,389.75	95.71
Overdraft & Bill Discounting facility from Banks (Refer Note Number 18 of Schedule "T")	3,124.94	9,171.67
Fixed Deposits (Due within one year Rs. 446.05 Lacs (Rs. 502.61 Lacs))	1,410.02	1,596.52
<b>TOTAL</b>	<u>11,750.27</u>	<u>10,883.06</u>

## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

### SCHEDULE 'E' : FIXED ASSETS

(Rs. In lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01/04/2010	#ADDITIONS/	DEDUCTIONS	AS ON 31/03/2011	AS ON 01/04/2010	DURING THE YEAR	DEDUCTIONS	AS ON 31/03/2011	AS ON 31/03/2011	AS ON 31/03/2010
Leasehold Land	2,616.70	4.03	-	2,620.73	-	-	-	-	2,620.73	2,616.70
Office Buildings	227.36	-	-	227.36	18.43	3.83	-	22.26	205.10	208.93
Store Building	156.51	43.74	18.03	182.22	11.85	3.27	0.19	14.93	167.29	144.66
Freehold Land	4,424.03	3,673.80	2,283.29	5,814.54	-	-	-	-	5,814.54	4,424.03
Buildings	14,529.99	1,760.30	186.40	16,103.89	738.68	314.24	3.46	1,049.46	15,054.43	13,791.31
Plant & Machineries	61,944.22	10,326.70	1,704.57	70,566.35	20,238.65	7,140.83	246.84	27,132.64	43,433.71	41,705.57
Electric Installation	573.77	42.07	0.73	615.11	213.98	39.71	0.53	253.16	361.95	359.79
Furniture, Fixtures	3,262.55	436.27	64.87	3,633.95	1,035.19	316.94	30.89	1,321.24	2,312.71	2,227.36
Office Equipments	799.02	134.13	16.68	916.47	359.07	116.35	13.09	462.33	454.14	439.95
Intangible Asset	671.12	135.08	-	806.20	121.21	145.56	-	266.77	539.43	549.91
Equipments	179.21	2.45	-	181.66	35.09	20.34	-	55.43	126.23	144.12
Vehicles	3,276.53	469.41	170.46	3,575.48	1,485.97	463.83	101.59	1,848.21	1,727.27	1,790.57
Computer	39.43	63.71	0.22	102.92	7.55	12.14	-	19.69	83.23	31.88
Trade Mark & Copyrights	-	41.69	-	41.69	-	5.91	-	5.91	35.78	-
As at 31 st March'2011	92,700.44	17,133.38	4,445.25	105,388.57	24,265.67	8,582.95	396.59	32,452.03	72,936.54	68,434.78
As at 31st March'2010	70,618.70	22,546.31	464.57	92,700.44	17,308.99	7,249.09	292.42	24,265.66	68,434.78	53,309.17

#The carrying amount of the gross block and accumulated depreciation thereon pertaining to the Company's non-integral foreign operations have been restated at closing exchange rates of the respective foreign currencies and the resultant effect of Rs. 247.20 lacs (Previous Year Rs. 605.76 lacs) and of Rs. 222.55 lacs (Previous Year Rs. 211.18 lacs) have been reduced from the amounts of additions for the year and depreciation for the year respectively.

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
<b>SCHEDULE 'F' INVESTMENTS:</b>		
(As verified, valued and certified by management)		
<b>(A) IN MUTUAL FUND:</b>		
Unquoted - Current Investment - Non Trade		
Units		
1,32,387.747 (Nil) Religare Ultra Short Term Fund Inst.Dly.Div.	1,326.15	-
8,26,101.362 (Nil) ICICI Pru Floating Rate Plan D-DDR	826.29	-
1,50,00,000.000 (Nil) ICICI Pru Interval Fund IV Qtrly Interval Plan B	1,500.00	-
7,00,00,000.000 (Nil) ICICI Pru Interval Fund IV Qtrly Interval Plan F	700.00	-
5,01,83,252.534 (Nil) Kotak Quarterly Interval Plan Series 1 -Dividend	501.98	-
1,50,21,149.577 (Nil) Kotak Quarterly Interval Plan Series 5 -Dividend	1,502.11	-
30,00,000.000 (Nil) Birla Sun Life Qtrly.Interval Series -4	300.00	-
30,28,483.590 (Nil) Birla Sun Life Short Term Opportunities Fund Inst. Weekly Div.	303.28	-
40,30,533.470 (Nil) JP Morgan India Short Term Income Fund	403.88	-
49,98,500.45 0 (Nil) UTI-Fixed Income Interval Fund - Monthly Interval Plan	500.00	-
26,040.060 (Nil) Taurus Ultra Short Term Bond Fund - SIP	260.85	-
90,00,000.000 (Nil) Taurus Fixed Maturity Plan Series E	900.00	-
32,662.190 (Nil) Taurus Short Term Income Fund	500.00	-
10,00,000.000 (Nil) HDFC Debt Fund for Cancer Cure -100% Dividend Donation Option	100.00	-
2,97,62,495.288 (Nil) Units of Kotak Mahindra Mutual Fund	3,000.00	-
19,83,894.937 (Nil) Units of IDFC Cash Mutual Fund	77.62	-
<b>Total (A)</b>	<b>12,702.16</b>	<b>-</b>

## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
<b>(B) INVESTMENT IN SHARES :</b>		
Trade - Long Term (Each share of Rs.10 fully paid unless otherwise stated)		
100 (100) Equity Shares of Transpower Engineering Ltd. (Unquoted)	0.04	0.04
48,366 (48,366) Equity Shares of Power Grid Corporation of India Limited (Quoted)	25.15	25.15
14,476 (14,476) Equity Shares of Rs. 25/- each of Nutan Nagrik Sahakari Bank Limited (Unquoted)	3.62	3.62
Share application money of Kurukshetra Expressway Private Limited	117.26	-
<b>Total (B)</b>	<b>146.07</b>	<b>28.81</b>
<b>(C) INVESTMENT IN JOINT VENTURE:</b>		
Aggrawal JMC Joint Venture	689.20	635.18
<b>Total (C)</b>	<b>689.20</b>	<b>635.18</b>
<b>(D) INVESTMENT IN PARTNERSHIP FIRM:</b>		
Kalpataru Shubham Enterprises	28.84	-
<b>Total (D)</b>	<b>28.84</b>	<b>-</b>
<b>TOTAL COST (A+B+C+D)</b>	<b>13,566.27</b>	<b>663.99</b>
Less : Provision against Diminution in Value of Investments	0.04	0.04
<b>TOTAL</b>	<b>13,566.23</b>	<b>663.95</b>
Notes:		
1. Aggregate Market value of Quoted Investments	49.24	51.82
2. Aggregate Book value of Quoted Investments	25.15	25.19
3. Aggregate Book value of Unquoted Investments	12,823.09	3.62
<b>SCHEDULE 'G' INVENTORIES :</b>		
(As verified, valued and certified by management)		
a) Transmission & Distribution Division:		
Raw Materials & Components (including goods in transit Rs.515.35 Lacs (Previous Year Rs.924.95 Lacs)	11,790.82	13,399.98
Finished Goods	4,291.89	6,075.54
Semi-finished Goods	2,058.39	1,145.75
Construction & others Stores, Spares & Tools	3,736.15	2,943.76
Construction Work-in-Progress	195.07	580.70
Scraps	224.43	175.30
	<b>22,296.75</b>	<b>24,321.03</b>
b) Real Estate Division:		
Work in Progress	48.54	217.00
Finished Stock	66.68	66.68
	<b>115.22</b>	<b>283.68</b>
c) Bio-Mass Energy Division :		
Fuel-Agricultural Residues	916.97	872.50
Stores, Spares & Tools	238.36	219.74
	<b>1,155.33</b>	<b>1,092.24</b>
d) Construction :		
Construction Materials, Stores & Spares	10,582.66	5,496.22
Spares & Tools	949.18	389.29
Work in Progress	1,599.54	854.80
	<b>13,131.38</b>	<b>6,740.31</b>
e) Infrastructure Division :		
Construction Work in Progress	121.06	31.45
Construction Material, Stores, Spares & Tools	463.91	1,380.72
	<b>584.97</b>	<b>1,412.17</b>
f) Others :		
Agro Commodities	3,037.12	989.77
Stores & Consumables	33.75	7.63
	<b>3,070.87</b>	<b>997.40</b>
<b>TOTAL</b>	<b>40,354.52</b>	<b>34,846.83</b>

## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
<b>SCHEDULE 'H' SUNDRY DEBTORS :</b>		
(Unsecured & considered good unless otherwise stated)		
Outstanding over six months (excluding retention money)	31,300.99	40,238.12
Other debts		
(Including retention money Rs.78,112.97 Lacs {Previous Year Rs.61,384.06 Lacs})	176,171.82	142,389.46
<b>TOTAL</b>	<b>207,472.81</b>	<b>182,627.58</b>
<b>SCHEDULE 'I' : CASH AND BANK BALANCES:</b>		
Cash in hand	370.65	291.15
Cheques on hand	1,991.41	-
Balance with Scheduled Banks		
In Current Accounts	3,253.06	2,543.26
In Margin money accounts (Margin Money having lien by bankers)	23.08	18.15
In Deposit Accounts	11,338.19	286.56
In Deposit Account pledged for Overdraft facility	100.00	100.00
Balances with non-Scheduled Banks (includes balance under lien with bank Rs.342.06 Lacs {Previous Year Rs.347.86 Lacs})	1,657.76	2,328.40
<b>TOTAL</b>	<b>18,734.15</b>	<b>5,567.52</b>
<b>SCHEDULE 'J' : LOANS AND ADVANCES:</b>		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	23,558.79	19,691.75
Advance Income Tax and TDS (Net-off Provision)	4,547.86	3,792.30
Accrued Income	588.68	93.20
Prepaid Expenses	5,714.15	4,102.36
Security/Earnest Money Deposits	5,746.51	4,744.74
Commodity Trading Margin Money	145.00	134.55
Advance for Land & Property	-	96.38
Inter Corporate Deposit	109.42	-
Loan to Joint Venture Company	392.99	-
<b>TOTAL</b>	<b>40,803.40</b>	<b>32,655.28</b>
<b>SCHEDULE 'K' : CURRENT LIABILITIES &amp; PROVISIONS:</b>		
<b>CURRENT LIABILITIES :</b>		
Sundry Creditors	79,203.64	68,996.51
Unclaimed Matured Fixed Deposits & Interest	7.03	7.65
Unclaimed Share Application Money	0.51	0.51
Advances from customers	57,054.43	41,567.57
Statutory and Other Liabilities	29,502.81	22,143.81
Payables under Letter of Credit	15,753.16	14,905.18
Bills Payable	11,862.11	6,380.08
Interest accrued but not due	539.41	282.47
Unclaimed Dividend	28.54	24.32
(No amount is due for payment to Investor Education & Protection Fund)		
	<b>193,951.64</b>	<b>154,308.10</b>
<b>PROVISIONS FOR :</b>		
Proposed Dividend on Equity Shares	2,301.91	2,301.91
Corporate Tax on Proposed Dividend	419.83	399.15
Current Taxation	71.08	9.91
Leave Encashment	706.02	553.81
Gratuity	6.32	165.28
Performance Warranties / Defect Liability Period Expenses	14,981.18	12,501.86
	<b>18,486.34</b>	<b>15,931.92</b>
<b>TOTAL</b>	<b>212,437.98</b>	<b>170,240.02</b>

## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
<b>SCHEDULE 'L': MISCELLANEOUS EXPENDITURE:</b>		
(to the extent not written off or adjusted)		
Pre-Operative & Preliminary Expenses		
Carrying amount at the beginning of the year	7.45	7.38
Additions during the year	-	0.14
Less : Amortised during the year	7.39	0.07
Carrying amount at the end of the year	0.06	7.45
Employee Compensation (ESOP)	81.56	159.84
Less : Amortised during the year	(39.71)	(48.61)
Less : Reversed during the year	(23.20)	(29.67)
<b>TOTAL</b>	<b>18.71</b>	<b>89.01</b>
<b>SCHEDULE 'M': SALES &amp; SERVICES:</b>		
Sales, Erection & Works Contract Receipts		
Transmission & Distribution Division	258,535.20	225,850.15
Infrastructure Division	29,525.37	36,068.86
Bio-Mass Energy Division	4,307.26	5,082.94
Real Estate Division	11.50	37.60
Mining Product	291.31	505.97
Construction Division	134,843.62	130,029.76
Trading of Commodity	11,793.86	8,993.47
	439,308.12	406,568.75
Warehousing Income	1,621.99	349.37
Excise Duty / Focus Marketing Benefit	351.70	806.82
Service Provider Fees	105.48	114.35
Other Services	11.24	4.40
Lab & Collateral Management Services	105.37	30.18
<b>TOTAL</b>	<b>441,503.90</b>	<b>407,873.87</b>
<b>SCHEDULE 'N': OTHER INCOME:</b>		
Interest Income	1,179.40	255.09
Certified Emission Reduction Receipts	398.81	528.69
Dividend from Current Investment	952.15	-
Dividend from Long Term Investment	0.86	2.82
Rent Income	315.48	198.71
Profit on Sale of fixed assets (Net)	163.28	7.41
Profit on Sale of Investment (Net)	-	96.29
Miscellaneous Income	642.77	512.62
Share of Profit in JV	61.79	414.04
Insurance Claims	88.59	98.60
Vatav - Kasar	10.97	29.03
Liabilities Written Back	365.85	173.52
Profit on sale of right in property (Consideration Received)	-	271.20
Less: Cost transferred from WIP	-	(114.43)
<b>TOTAL</b>	<b>4,179.95</b>	<b>2,473.59</b>

## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
<b>SCHEDULE 'O': INCREASE (DECREASE) IN STOCKS :</b>		
a) Transmission & Distribution Division:		
STOCK AT END OF THE YEAR :		
Finished Goods	4,291.89	6,075.55
Semi-finished Goods	2,058.40	1,145.76
Construction Work in Progress	121.06	553.33
Scrap	224.43	175.29
	<u>6,695.78</u>	<u>7,949.93</u>
STOCK AT BEGINNING OF THE YEAR :		
Finished Goods	6,075.55	5,531.90
Semi-finished Goods	1,145.76	1,844.13
Construction Work in Progress	553.33	1,536.92
Scrap	175.29	77.23
	<u>7,949.93</u>	<u>8,990.18</u>
	<u>(1,254.15)</u>	<u>(1,040.25)</u>
b) Construction Division:		
STOCK AT END OF THE YEAR :		
Semi-finished Goods	1,599.54	854.80
	<u>1,599.54</u>	<u>854.80</u>
STOCK AT BEGINNING OF THE YEAR :		
Semi-finished Goods	854.80	1,486.97
	<u>854.80</u>	<u>1,486.97</u>
	<u>744.74</u>	<u>(632.17)</u>
c) Other :		
STOCK AT END OF THE YEAR :		
Finished Goods	3,103.79	1,056.44
	<u>3,103.79</u>	<u>1,056.44</u>
STOCK AT BEGINNING OF THE YEAR :		
Finished Goods	1,056.44	638.32
	<u>1,056.44</u>	<u>638.32</u>
	<u>2,047.35</u>	<u>418.12</u>
<b>TOTAL</b>	<u><u>1,537.94</u></u>	<u><u>(1,254.30)</u></u>
<b>SCHEDULE 'P': EMPLOYEES EMOLUMENTS:</b>		
Salaries, Wages, Bonus	29,522.18	23,116.85
Contribution to Provident & Other Funds (Includes social security and other benefits for overseas employees)	1,864.83	1,409.36
Employees Compensation (Net of Write Back)	39.64	48.54
Employees' Welfare Expenses	1,366.11	1,169.64
<b>TOTAL</b>	<u><u>32,792.76</u></u>	<u><u>25,744.39</u></u>

## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
<b>SCHEDULE 'Q': MANUFACTURING &amp; OPERATING EXPENSES:</b>		
Erection & Sub-contracting Expenses	76,458.00	76,616.59
Job charges	2,567.72	1,563.84
Power & Fuel	1,364.34	1,269.11
Excise Duty	184.91	-
Repairs & Maintenance:		
Plant & Machinery	2,948.67	4,417.67
Building and Others	152.96	177.18
Other	72.41	40.64
Work Charges	28,984.80	21,084.85
Composite Work Charges	21,415.36	21,555.88
Share of RSWC (Refer Note. 24 of Schedule "T")	95.36	-
Godown Rent	6.28	22.26
Security Expenses	604.92	515.24
Fumigation Expenses	30.24	-
Freight & Forwarding Expenses	2,522.99	3,190.85
Stores, Spares and Tools Consumed	1,742.61	1,042.35
Vehicle/ Equipment Running & Hire Charges	3,511.07	3,204.44
Testing Expenses	176.50	47.12
Pollution Control Expenses	73.68	61.39
Other Operating Expenses	4,851.71	2,553.55
Purchase of Land	7.23	22.88
Less : Transfer to Work In Progress	(7.23)	(24.22)
<b>TOTAL</b>	<b>147,764.53</b>	<b>137,361.62</b>
<b>SCHEDULE 'R': ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES:</b>		
Insurance Charges	1,418.22	1,615.19
Vehicles Maintenance Charges	269.73	252.01
Rent	2,336.50	2,097.80
Rates & Taxes	243.47	188.08
Stationery, Printing & Drawing Expenses	471.84	461.35
Business Development Expenses	194.28	231.07
Telecommunication Expenses	602.68	537.59
Travelling Expenses	2,065.87	1,851.30
Legal & Professional Expenses	1,493.40	1,183.63
Service Charges	1,860.70	1,688.91
Audit Fees	91.86	74.77
General Expenses	609.78	538.03
Preliminary Exp. Written Off	15.76	2.00
Miscellaneous Expenses	1,816.19	1,521.54
Carriage Outward	53.88	17.53
Taxes, Duties & Cess	5,904.73	6,331.31
Selling Expenses	79.42	93.78



## CONSOLIDATED SCHEDULES TO AND FORMING PART OF ACCOUNTS

	31/03/2011 Rs. In lacs	31/03/2010 Rs. In lacs
Training Expenses	35.60	28.15
Loss on sale of assets	0.34	-
Bad Debts Written Off	93.30	13.96
Loss on Investments in JV	0.61	2.37
Share of Loss in Partnership Firm	0.16	-
Balances Written Off	95.02	22.02
Performance Warranties / Defect Liability Expenses	4,224.49	4,571.37
Loss by Theft/Damage/Fire	353.62	256.76
Service Tax	1,816.00	919.48
(Gain)/Loss on Exchange Rate Variation	(1,421.65)	(736.19)
Sitting fees & Commission to Non-executive Directors	265.26	32.67
Reduction in WIP on valuation	58.17	-
Carbon Credit Expenses	0.11	50.73
Less : Transfer to Work In Progress	-	(0.63)
<b>TOTAL</b>	<b>25,049.34</b>	<b>23,846.58</b>
<b>SCHEDULE 'S': FINANCIAL EXPENSES:</b>		
Interest		
On fixed period loans	2,804.68	2,216.41
Others	9,123.78	9,293.62
Bank Commission & Charges	3,582.78	3,085.19
Other Financial Expenses	507.44	612.80
	16,018.68	15,208.02
Less : Transfer to Capital Work In Progress	(826.16)	(722.89)
Add/(Less) : Exchange rate variation	(499.41)	(1,886.20)
<b>TOTAL</b>	<b>14,693.11</b>	<b>12,598.93</b>

# SCHEDULE 'T': SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS.

## 1. Significant Accounting Policies:

### A. Basis of Preparation:

The Consolidated financial statements of Kalpataru Power Transmission Limited, (the Parent) and; its subsidiaries and Joint Controlled Entities (JCE) collectively referred as ('the Group') are prepared in accordance with relevant accounting standards under the historical cost convention except as stated in note C(i). The accounts have been prepared on accrual basis of accountancy in accordance with the accounting principles generally accepted in India.

### B. Principles of Consolidation:

The financial statement of the subsidiary companies and jointly controlled entities (JCE) used in the consolidation are drawn upto the same reporting date as of the parent.

The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Parent and its subsidiaries have been combined on line-by-line basis by adding together, book value of like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been fully eliminated.
- (ii) The excess of cost to the Parent of its investments in subsidiary companies over its share of the net assets of the subsidiary companies at the dates, on which the investments in the subsidiary companies are made, is recognized as "Goodwill" being an asset in the consolidated financial statements.
- (iii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investments are made by the parent in the subsidiary companies.
- (iv) Interest in Jointly Controlled Entities (JCE) are consolidated proportionately on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses. Unrealised profit / loss on inter company transactions have been eliminated except in two jointly controlled entities which have been reported by not using proportionate consolidation and the share of the profit/loss only from joint venture entities has been accounted for, for the reason, as explained in Note No. 6(ii) of these notes to accounts.

### C. Fixed Assets:

- (i) Fixed assets are stated at cost of acquisition / construction / revalued amount less accumulated depreciation less impairment losses, if any.
- (ii) Cost is inclusive of all identifiable expenditure incurred to bring the fixed assets to their working condition for their intended use. When the fixed asset is demolished, disposed off or destroyed, the costs and related depreciation is removed from the books of account and the resultant profit or loss is reflected in the profit and loss account. Direct cost as well as related incidental expenses incurred on assets that are not yet ready for their intended use or not put to use as on the balance sheet date are stated as Capital Work In Progress.
- (iii) All expenditure for capital works in progress viz. civil works, machinery under erection, construction and erection materials, pre-operative expenditure, expenditure indirectly related to the project and incidental to setting up project facilities, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under Capital Work In Progress (CWIP). These expenses are net of recoveries, claims and income (net of tax), if any, from surplus funds arising out of project specific borrowings.

### D. Depreciation:

Depreciation is provided on the basis of straight-line method on all depreciable fixed assets at the rates prescribed in Schedule -XIV of the Companies Act, 1956, on prorata basis except:

- i) Depreciation pertaining to assets of Research & Development Centre, the Export Oriented Unit, mining and quarries, real estate and operating leases are provided on the basis of written down value method.
- ii) Depreciation on plant and machinery of bio-mass energy plants is provided at a higher rate at 7.5% instead of the prescribed rate for continuous process plant considering the useful life of plant supported by technical evaluation and report.
- iii) In case of revalued assets the difference between the depreciation based on revalued cost and the depreciation charged on historical cost is recouped out of revaluation reserve.
- iv) Depreciation on overseas projects' assets are provided at the rates as per the requirement of law of respective foreign countries and as per such rates, depreciation provided in each overseas project is higher than the depreciation at prescribed rates under Schedule-XIV of the Companies Act, 1956.
- v) Depreciation on the vehicles in the group is provided at a higher rate at 15% instead of the prescribed rate, considering the useful life of vehicle based on technical evaluation of the management.
- vi) Considering the useful life based on technical evaluation by the management, higher rate than the prescribed rates are applied on a few shuttering items of machinery at 30%, on office equipments at 12.5% and on few plant and machineries which are acquired on or after 1st October, 2005 at 12.5% .

vii) Intangible assets are amortized over a period of five years.

#### **E. Revenue Recognition:**

##### **(i) Transmission & Distribution:**

Sales are recognized on delivery of materials. Sales includes excise duty, freight receipts and export benefits but excludes VAT.

Erection and Works Contract revenue for work completed are recognized on percentage of completion method based on completion of physical proportion of the contract work. When it is probable that total contract cost will exceed the total contract revenue, the expected loss is recognized immediately.

##### **(ii) Real Estate:**

Revenue is recognized at the time of transfer of significant risks and rewards of ownership to the buyer on executing agreement for sale and estimated cost of completion against Sales recognized, wherever applicable, is provided for in profit and loss account. Advances received against booking of units are appearing as current liabilities.

##### **(iii) Bio-mass Energy:**

Revenue is recognized on supply of electricity generated to the customer.

##### **(iv) Infrastructure:**

Revenue is recognized by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. When it is probable that total contract cost will exceed the total contract revenue, the expected loss is recognized immediately.

##### **(v) Construction:**

Running Account Bills for work completed are recognized on percentage of completion method based on completion of physical proportion of the contract work. Income on account of claims and extra item work is recognized to the extent group expects reasonable certainty about receipts or acceptance from the client. When it is probable that total contract cost will exceed the total contract revenue, the expected loss is recognized immediately.

##### **(vi) Warehousing:**

a. Revenue from warehousing facility under arrangement with National Collateral Management Services Ltd. (NCMSL) is recognized on the basis of 65% of revenue earned by NCMSL in terms of the agreement of Company with them, as per details provided for warehouse charges earned by them from the Warehouses of the Company.

b. Revenue from Cold storage and other warehousing facility other than in (a) above is recognized mainly as per prevailing rules and regulations of Local mandi / market, and as per terms of MOU with Rajasthan State Warehousing Corporation (RSWC) for storage of commodities; however at the end of the year revenue, if any remain to be booked is accounted for as accrued income under the accrual system of Accounting.

##### **(vii) Trading:**

Trading Sales are recognized on delivery and includes Export Incentives and excludes VAT.

##### **(viii) Other income:**

Dividends are recorded when the right to receive payment is established. Interest income is recognized on time proportion basis.

#### **F. Inventories:**

##### **(i) Transmission & Distribution:**

Raw materials, semi-finished goods, finished goods, scraps and construction work-in-progress and construction and other stores-spares and tools are stated at lower of cost and net realizable value. The cost of inventories is computed on weighted average basis.

##### **(ii) Real Estate:**

Finished and semi finished inventory are stated at lower of cost and net realizable value. Cost is computed on average cost basis which includes payments made against agreement to purchase land, development cost direct and attributable towards the specific real estate project and cost of borrowings as stated in note 1 L.

##### **(iii) Biomass Energy:**

Fuel and stores, spares & tools are stated at lower of cost and net realizable value. The cost of fuel, stores, spares and tools are computed on weighted average basis.

##### **(iv) Infrastructure:**

Construction material and stores, spares & tools and construction work in progress are valued at lower of cost or net realizable value. The cost is computed on weighted average basis.

(v) **Construction:**

Construction material, stores and spares are valued at lower of cost or net realizable value. Cost includes cost of purchase and other expenses incurred in bringing inventory to their respective present location and condition. Cost is determined using FIFO method of inventory valuation.

Work in progress is valued at lower of cost and net realizable value. In case where work is completed but Running Account bill cannot be raised on client due to contractual conditions, the work in progress is valued at contract rates.

(vi) **Trading:**

Trading goods are stated at lower of cost and net realizable value. The cost of inventories is computed on FIFO basis.

**G. Investments:**

Long term investments are stated at cost after deducting the provision for diminution in value, if any, other than of a temporary nature. Current investments are stated at lower of cost or fair value.

**H. Retirement Benefits:**

(i) Gratuity liability is provided under a defined benefit plan, under Group Gratuity Cash Accumulation Scheme under an irrevocable trust. The group's liability towards gratuity is determined on the basis of actuarial valuation done by an independent actuary.

(ii) Contribution to Provident Fund and Superannuation Fund, being defined contribution plans are charged to Profit & Loss Account.

(iii) Provision for leave encashment liability is made on actuarial valuation as at the balance sheet date.

(iv) All other short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

**I. Excise/Custom Duty:**

The liability for excise and custom duty in respect of materials lying in factory/bonded premises is accounted for as and when they are cleared/ debonded.

**J. Preliminary Expenses:**

Preliminary expenses incurred are charged to revenue.

**K. Foreign Currency Transactions:**

Foreign currency monetary transactions are accounted for at the exchange rate of the date of transaction. Foreign currency monetary assets and liabilities remaining unsettled at the end of the year are translated at the exchange rate prevailing at the end of the year and difference is adjusted to respective accounts in profit & loss account. The exchange gain or loss between forward exchange contract rate and exchange rate at the date of transaction are recognized in profit and loss account over the life of the contract. Any Profit or loss arising on settlement or cancellation of foreign currency forward contracts or options are recognized in profit & loss account for the period in which settlement or cancellation takes place.

Translation of overseas jobs / projects of a non-integral foreign operations:

- a) Assets and liabilities at the rates prevailing at the end of the year,
- b) Income and expenses at the exchange rate of the date of transaction, and
- c) Resulting exchange differences are accumulated in foreign currency translation reserve account.

**L. Borrowing Cost:**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are recognized as expense in the period in which they are incurred.

**M. Impairment of assets:**

The carrying amount of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and recognized in compliance with AS-28.

**N. Taxes on Income:**

i) Tax on income for the current period is determined on the basis of estimated taxable income and tax credit computed in accordance with the provisions of the Income Tax Act, 1961.

ii) Deferred tax is recognized on timing difference between the accounting income and the estimated taxable income for

the period and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

- iii) Deferred tax assets which arise mainly on account of unabsorbed losses or unabsorbed depreciation are recognized and carried forward only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**O. Commodity Hedging:**

In order to hedge risk on purchases of material exposed to commodity price risk, the group enters into forward contracts in future market. The group does not enter into such hedging contracts or transactions for speculative purposes. The hedging transactions are used only for the purpose to manage exposure to commodity price risks. The income and gain/loss arising on this account are recorded at the time of settlement /cancellation whether during the year or succeeding year and are adjusted as part of cost of the respective material.

**P. Accounting for Project Mobilization expenses:**

Expenditure incurred on mobilization and creation of facilities for site is written off in proportion to work done at respective sites so as to absorb such expenditure during the tenure of the contract.

**Q. Use of Estimates:**

The presentation of financial statements requires certain estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known /materialized.

**R. Provisions, Contingent Liabilities and Contingent Assets:**

- i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and that probability requires an outflow of resources.
- ii) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

**2. a) Particulars of subsidiaries included in consolidation**

Name of the Subsidiaries	With Effect From	Country of Incorporation	Percentage of voting power as at March 31, 2011
<b>Subsidiaries (held directly)</b>			
JMC Projects (India) Limited	06.02.2007	India	67.19%
Energylink (India) Limited	30.01.2007	India	100.00%
Shree Shubham Logistics Limited	19.03.2007	India	85.19%
Amber Real Estate Limited	16.05.2008	India	100.00%
Adeshwar Infrabuild Limited	11.08.2009	India	100.00%
Kalpataru Power Transmission (Mauritius) Limited.	08.01.2009	Mauritius	100.00%
Kalpataru South Africa (Pty) Limited	03.09.2008	South Africa	74.90%
Kalpataru Power Transmission Nigeria Limited	19.05.2008	Nigeria	100.00%
Kalpataru Power Transmission USA INC	11.09.2009	USA	100.00%
Jhajjar Power Transmission Pvt Limited	25.06.2010	India	50.99%
Kalpataru Metfab Pvt. Limited	05.03.2011	India	100%
<b>Subsidiaries (held indirectly)</b>			
JMC Mining & Quarries Limited, a subsidiary of JMC Projects (India) Limited	06.02.2007	India	67.19%
Saicharan Properties Limited, a subsidiary of Energylink (India) Limited	30.06.2009	India	100.00%
Brij Bhoomi Expressway Pvt. Ltd., a subsidiary of JMC Projects (India) Limited	06.12.2010	India	67.19%

**b) Particulars of Jointly Controlled Entities (JCE) included in consolidation.**

Name of the Subsidiaries	With Effect From	Country of Incorporation	Percentage of voting power as at March 31, 2011
Kurukshetra Expressway Pvt. Ltd.	29.03.2010	India	48.57%
Jhajjar KT Transco Pvt. Ltd	19.05.2010	India	49.72%

	2010-2011 (Rs.in Lacs)	2009-2010 (Rs.in Lacs)
3. Contingent liabilities in respect of:		
i) Bank guarantees	3,464.81	2,148.86
ii) Claims against group not acknowledged as debts (Refer Note (a))	4,088.72	3,814.50
iii) Bonds/Undertaking given by group for concessional duty exemption to customs	1,485.39	2,594.40
iv) Show cause Notice / adjudication orders Issued by Service Tax Dept.	4,402.76	2,528.74
v) Disputed Royalty Demand under Tamilnadu Minor Mineral Concession Rules in appeal before High Court	426.90	426.90
vi) Disputed Income Tax demand in appeal before Appellate Authorities	653.76	213.50
vii) Disputed VAT demand in appeal before Tribunal	172.43	1690.00
viii) Penalty for delayed payment of Service tax disputed before Appellate authority already stayed unconditionally	-	120.29
ix) Service Tax/VAT/WCT disputed in Appeals	474.56	122.55
x) Income Tax (Net of Deferred Tax) on the claim made of the deductions u/s. 80-IA (4) of the Income Tax Act, 1961	1,216.22	785.03
xi) Guarantees/Letter of Comfort given in respect of loans provided to Subsidiary Company	2,093.68	2,306.35
xii) Corporate Guarantee given to banks and Guarantee Commitment to RSWC.	50.00	1,047.25
xii) Guarantee given in respect of Performance of contracts of Joint Ventures entities & associates in which one of the subsidiaries is one of the members/holder of substantial equity.	23,609.82	13,667.52
xiv) Bills Discounted	10,046.25	-
Note:		
(a) One of the subsidiaries has raised claims on clients against which counter claims have been raised by clients, the excess of counter claims raised by the client over the amount of claims raised by one of the subsidiaries are only considered in the above figures.		
(b) Corporate Guarantees given by one of the subsidiaries to bankers as service provider is considered Nil, being a remote contingent liability in view of pledge of sufficient value of stocks stored in warehouses & past history of non occurrence of any liability on the Group.		
4. The estimated amount of contracts remaining to be executed on capital account not provided for	2,830.83	1,666.32
5. Payment to Directors'		
i) Managerial Remuneration		
Salary	415.26	401.06
Company's Contribution to Provident Fund	38.43	35.13
Commission	256.67	289.54
<b>Total (i)</b>	<b>710.36</b>	<b>725.73</b>
ii) Commission to Non-Executive Directors	252.00	23.50
<b>Total (i)+(ii)</b>	<b>909.59</b>	<b>749.23</b>

## 6. Joint Ventures/Consortium:

- i) One of the Subsidiaries is having consortium/Joint Ventures named JMC-Associated JV, JMC-Tantia JV, JMC-Taher Ali JV (Package I, II & III), JMC- PPPL JV, JMC-MSKE JV, GIL - JMC JV and JMC ATEPL JV under work sharing arrangement. The revenue for work done is accounted, in accordance with the accounting policy followed by the group, as that of independent contract to the extent work is executed.

The Parent has entered into consortium with JSC Zangas, Russia separately for four gas pipeline projects (i) Vijaipur to Kota, (ii) Panvel to Dabhol (iii) Vijaipur to Dadari & (iv) Dadari-Panipat in Infrastructure Division, sharing contract receipts. The contract receipts, common expenses, assets and liabilities have accordingly been accounted for in these accounts as per terms of separate consortium agreement based on unaudited accounts of the entire consortium.

- ii) In respect of contracts executed in Joint Ventures Entities, the services rendered to the Joint Venture Entities are accounted as revenue for the work done. The share of profit / loss in following Joint Venture Entities has been accounted for and the same is reflected as investments or current liabilities in books of one of the subsidiaries.

The Details of Joint Venture Entities :

Name of the Joint Venture	Name of Venture Partner	Method of Accounting	Share of Interest
Aggrawal - JMC JV	Dinesh Chandra Aggrawal Infracon Pvt. Ltd.	Percentage of Completion	50.00%
JMC - Sadbhav JV	Sadbhav Engineering Ltd.	Percentage of Completion	50.50%

Details of proportionate share in the Assets, Liabilities, Income and Expenditure of the Subsidiary in its Joint Venture Entities :

(Rs. in Lacs.)

Particulars	Aggrawal JMC JV		JMC Sadbhav JV	
	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2010
% of Holding	50.00%	50.00%	50.50%	50.50%
Assets	588.47	1,267.23	1,391.20	1,395.39
Liabilities	243.87	949.64	1,473.47	1,477.43
Income	2,540.99	17,505.03	-	474.09
Expenditure	2,486.96	17,160.89	0.23	475.43

The aforesaid Joint Venture Entities have not been consolidated using proportionate consolidation and only the share of profit / loss therein has been accounted for as investment or current liability in books of accounts, as in view of the management, both the Joint Venture entities are formed for specific projects and with a view to subsequent disposal on completion of specific projects in near future and accordingly they fell in the exception for proportionate consolidation as per para 29 of AS - 27.

- (iii) The other Joint Venture Entities namely KPTL-JMC-Yadav-JV, GPT-KPTL-JV have not yet commenced activities, hence the aforesaid information is not applicable.

## 7. The disclosure as to provision for performance warranties/defect liability expenses is:-

Particulars	As at March 31, 2011 (Rs. in lacs)		As at March 31, 2010 (Rs. in lacs)	
Carrying amount at the beginning of the year		12,501.87		8,677.08
Add : Provision/Expenses during the Year	4,913.45		4,741.67	
Less: Reversal of provision on finalization of warranty and guarantee	<u>(688.96)</u>	<u>4,224.49</u>	<u>(170.30)</u>	<u>4,571.37</u>
Less: Utilization during the year		(1,745.18)		(746.58)
Carrying amount at the end of the year		14,981.18		12,501.87

8. In accordance with the AS-22, accounting for taxes on income, issued by the Institute of Chartered Accountants of India, net deferred tax liability from timing differences amounting to Rs.1,385.72 Lacs (P.Y 1,956.98 lacs ) is accounted for using applicable current rate of tax.



Particulars	As at March 31, 2011 (Rs. in lacs)	As at March 31, 2010 (Rs. in lacs)
a) Deferred Tax Liability :		
Depreciation	2,554.73	2,871.17
b) Deferred tax assets		
i. U/s 43B of IT Act, 1961	590.51	534.83
II. Others	*578.49	379.36
<b>Net Deferred Tax Liability (a-b)</b>	<b>1,385.72</b>	<b>1,956.98</b>

\* In view of virtual certainty for set off of carried forward losses and allowances in near future, the deferred tax is recognized.

9. Information in accordance with the requirement of the AS-7 issued by the Institute of Chartered Accountants of India as follows:-

Particulars	March 31, 2011 Rs. in lacs	March 31, 2010 Rs. in lacs
1. Amount of Contract Revenue Recognized as Revenue in the period	237,032.72	221,705.79
2. Disclosure in respect of contract in progress at the Reporting Date		
(a) Contract cost incurred & Recognized Profit less Recognized losses up to the reporting date	524,387.32	460,979.31
(b) Advance Received	35,572.16	23,110.83
(c) Retention	24,655.24	18,917.10
3. Due to Customer	-	-
4. Due from Customers	29,488.24	24,609.36

10. Related Party disclosure as required by Accounting Standard -18 is as below:-

- (a) List of related persons

- (i) Joint Venture having transaction with group

- JMC-Associated
- Aggrawal-JMC
- JMC-Sadbhav
- JMC-Taher Ali
- JMC-PPPL
- JMC-Tantia-JV
- JMC-MSKE-JV
- JMC -ATEPL-JV
- GIL-JMC-JV
- KPTL-JMC-Yadav-JV (Dankuni to Baruipara Line- Eastern Railways)
- KPTL-JMC-Yadav-JV (Taljhari to Maharajpur Line- Eastern Railways)
- KPTL-JMC-Yadav-JV (Baruipara to Chandanpur Line- Eastern Railways)
- KPTL-JMC-Yadav-JV (Deshparan Nanigaram Line- South Eastern Railways)
- GPT-KPTL-JV (Kalukhali to Bhatiapara Line), Bangladesh

- (ii) Key Management Personnel and their relatives having transaction with group

- Pankaj Sachdeva - Managing Director
- K.V. Mani - Managing Director (upto May 31, 2009)
- Manish Mohnot - Executive Director
- Hemant Modi - Vice Chairman & Managing Director
- Suhas Joshi - Managing Director
- Aditya Bafna - Whole time Director
- Shubhendra Bafna - Whole time Director
- Mrs. Suverna I. Modi - Relative of Key Managerial Personnel
- Mrs. Sonal H. Modi - Relative of Key Managerial Personnel
- Ms. Ami H. Modi - Relative of Key Managerial Personnel

(iii) Associates/Enterprises under significant influence having transaction with group

- Kalpataru Properties Private Limited
- Property Solution (India) Private Limited
- Kalpataru Limited
- P.K.Velu & Co. Private Limited
- Kalpataru Theatres Private Limited
- Kalpataru Subham Enterprise
- JMC Infrastructure Limited
- SAI Consultant Engineers Private Limited

(iv) Individuals having significant influence;

- Mofatraj P. Munot - Promoter Director
- Parag Munot - Promoter Director

(b) The following transactions were carried out during the year with related parties in the ordinary course of business:

S.No.	Particulars	Joint Ventures	Key Managerial Personnel and their relatives	Entities under Significant Influences	Individual under Significant Influences
<b>Transaction during the year</b>					
1	Reimbursement of Expenses	-	-	187.49	-
		(-)	(-)	(32.78)	(-)
2	Security Charges	-	-	1.19	-
		(-)	(-)	(-)	(-)
3	Rent Paid	-	-	333.69	-
		(-)	(-)	(316.85)	(-)
4	Interest Received	-	-	32.24	-
		(-)	(-)	(10.50)	(-)
5	Loan given/repaid during the year	-	-	108.70	-
		(-)	(-)	(3,315.09)	(-)
6	Service Charges	-	7.13	-	-
		(-)	(6.71)	(-)	(-)
7	Salary & Commission	-	710.36	-	130.00
		(-)	(725.73)	(-)	(-)
8	Job Work Receipt	6,969.56	-	-	-
		(22,250.52)	(-)	(-)	(-)
9	Interest Paid	95.78	3.03	-	-
		(163.80)	(0.81)	(120.78)	(-)
10	Purchase of Materials	-	-	14.36	-
		(-)	(-)	(0.58)	(-)
11	Share of Profit in Joint Venture	61.79	-	-	-
		(414.04)	(-)	(-)	(-)
12	Share of Loss in Joint Venture	0.45	-	-	-
		(2.37)	(-)	(-)	(-)
13	Loss From Partnership Firm	-	-	0.16	-
		(-)	(-)	(-)	(-)
14	Loan Taken	-	-	-	-
		(-)	(-)	(79.95)	(-)
15	Fixed Deposit accepted during the year	-	3.50	-	-
		(-)	(30.50)	(-)	(-)
16	Investment (net ) from Partnership firm	-	-	28.84	-
		(-)	(-)	(-)	(-)
	<b>BALANCE AS ON 31.03.2011</b>	-	-	-	-
1	Debtors	2,794.09	-	-	-
		(4,324.29)	(-)	(-)	(-)
2	Advances	-	-	47.34	-
		(-)	(-)	(83.56)	(-)

3	Outstanding Balance of Advances taken from Clients	2,855.85 (1,606.80)	- (-)	- (-)	- (-)
4	Security Deposit	- (-)	- (-)	3,326.07 (3,326.07)	- (-)
5	Loans	- (-)	- (-)	- (108.70)	- (-)
6	Liabilities	164.80 (164.35)	150.00 (152.55)	98.95 (160.88)	130.00 (-)
7	Investment in Joint Venture	689.20 (635.17)	- (-)	- (-)	- (-)
8	Investment (Net) from Partnership firm	- (-)	- (-)	28.84 (-)	- (-)

11. The disclosure requirement as per Accounting Standard 17 segment reporting is :- (Rs. in lacs)

S.N.	Particulars	Segment							
		T&D #	RED #	BM #	INFRA #	Construction*	Others	Unallocable	Consolidated
(I)	Business Segment								
1	Revenue :								
	Sales & Services	252,496.54 (221,164.55)	11.50 (37.60)	4,307.25 (5,082.94)	29,525.37 (36,068.86)	135,170.30 (131,184.02)	13,602.57 (8,843.47)	- (-)	435,113.53 (402,381.44)
	Other Operating Income	640.74 (917.02)	12.96 (18.44)	1.18 (4.48)	159.75 -	913.34 (1,075.59)	31.05 (48.12)	- (-)	1,759.02 (2,063.65)
	Net Sales/Income from Operation	253,137.28 (222,081.57)	24.46 (56.04)	4,308.43 (5,087.42)	29,685.12 (36,068.86)	136,083.64 (132,259.61)	13,633.62 (8,891.59)	- (-)	436,872.55 (404,445.09)
	Add : Other Income	8.76 (7.30)	- -	399.86 (528.76)	- (67.50)	218.19 (106.83)	58.79 (156.91)	2,087.03 (352.77)	2,772.63 (1,220.07)
	<b>Total</b>	<b>253,146.04</b> <b>(222,088.87)</b>	<b>24.46</b> <b>(56.04)</b>	<b>4,708.29</b> <b>(5,616.18)</b>	<b>29,685.12</b> <b>(36,136.36)</b>	<b>136,301.83</b> <b>(132,366.44)</b>	<b>13,692.41</b> <b>(9,048.50)</b>	<b>2,087.03</b> <b>(352.77)</b>	<b>439,645.18</b> <b>(405,665.16)</b>
2	Segment Result Before Interest	25,673.69 (23,531.45)	22.11 (47.85)	322.72 (1,227.40)	2,719.66 (2,520.72)	7,318.31 (7,583.08)	2,283.67 (307.01)	2,082.48 (281.98)	40,422.64 (35,499.49)
	Interest								11,429.05 (9,033.44)
	Profit after Interest								28,993.59 (26,466.05)
	Extra Ordinary Item								- (-)
3	Current Tax								8,302.99 (7,011.57)
4	Deferred Tax								(-) 571.25 (102.20)
5	Net Profit after Tax								21,261.85 (19,556.68)
6	Segment Asset	225,636.05 (213,725.99)	70.43 (70.98)	7,978.24 (7,258.61)	29,111.14 (29,264.06)	120,504.53 (87,225.02)	51,269.88 (35,269.22)	37,914.81 (4,679.42)	472,485.08 (377,493.30)
7	Segment Liability	117,797.61 (110,459.20)	27.93 (24.93)	109.00 (112.37)	13,501.27 (10,964.46)	69,273.68 (44,868.67)	2,111.78 (1,098.01)	11,004.60 (4,658.04)	213,825.87 (172,185.68)
	<b>Capital Employed (6 - 7)</b>	<b>107,838.44</b> <b>(103,266.79)</b>	<b>42.50</b> <b>(46.05)</b>	<b>7,869.24</b> <b>(7,146.24)</b>	<b>15,609.87</b> <b>(18,299.60)</b>	<b>51,230.85</b> <b>(42,356.35)</b>	<b>49,158.10</b> <b>(34,171.21)</b>	<b>26,910.21</b> <b>(21.38)</b>	<b>258,659.21</b> <b>(205,307.62)</b>

8	Capital Expenditure (Including CWIP)	7,915.01 (8,476.43)	- (-)	91.31 (115.90)	123.86 (1,979.53)	10,786.58 (2,765.20)	14,605.68 (16,379.45)	- (-)	33,522.44 (29,716.51)
9	Depreciation	2,780.41 (2,081.28)	0.55 (1.20)	475.06 (468.89)	1,336.65 (1,272.40)	3,966.67 (3,501.86)	237.52 (127.60)	- (-)	8,796.86 (7,453.23)
(II)	Geographical Segment								
	Revenue								
	India	156,128.16 (106,303.95)	24.46 (56.04)	4,308.43 (5,087.42)	29,685.12 (36,068.86)	136,083.64 (132,259.61)	13,633.62 (8,891.59)	- (-)	339,863.43 (288,667.47)
	Outside India	97,009.12 (115,777.62)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	97,009.12 (115,777.62)
	<b>Total</b>	<b>253,137.28</b> <b>(222,081.57)</b>	<b>24.46</b> <b>(56.04)</b>	<b>4,308.43</b> <b>(5,087.42)</b>	<b>29,685.12</b> <b>(36,068.86)</b>	<b>136,083.64</b> <b>(132,259.61)</b>	<b>13,633.62</b> <b>(8,891.59)</b>	<b>-</b> <b>(-)</b>	<b>436,872.55</b> <b>(404,445.09)</b>

# T&D - Transmission & Distribution ; RED - Real Estate Development, BM- Bio Mass Energy; INFRA - Infrastructure

\* Construction include mining receipt of JMC Mining & Quarries Ltd.

@ Figures in ( ) are for previous year.

Note:

- Geographical segment considered for disclosure are as follows:  
Revenue within India includes sales and services to customers located within India.  
Revenue outside India includes sales and services to customers located outside India.
- Segment revenue, results , assets & liabilities of Research & Development Centre are considered as part of transmission and consequently are considered as respective part of division segment disclosure with transmission segment herein above.
- The foreign currency exposures of Group, which are not hedged, are as under: (in lacs)

Receivables/Payables	Kuwaiti Dinar	Qatar Riyal	United Arab Emirates Dirham	European Euro	United States Dollar	British Pound	Japanese Yen
Receivables	42.26 (156.47)	25.60 (39.71)	75.57 (267.67)	- (-)	- (-)	- (-)	- (-)
Payables (includes financial Liabilities)	- (-)	- (-)	- (-)	84.34 (75.57)	646.58 (386.21)	- (1.01)	7,480.08 (19,375.63)

- The Group has significant leasing/ licensing arrangements/ (leasing arrangements) mainly in respect of residential / office premises and equipments (operating lease). The aggregate lease rental payable on these leasing arrangements are charged as rent and equipment hire charges in these accounts amounting to Rs.7652.95 Lacs( previous year Rs. 2752.44 Lacs).  
These leasing arrangements are for a period not exceeding 5 years and are in most cases renewal by mutual consent, on mutually agreeable terms. Future lease rental payable in respect of assets on lease for not later than 1 year is Rs.898.88 Lacs (previous year Rs. 512.33 Lacs) and for later than 1 year but not later than 5 years is Rs. 677.89 Lacs. (Previous year Rs. 858.58 Lacs).
- Interest income of the group comprises of:-

	2010-2011 (Rs. In lacs)	2009-2010 (Rs. In lacs)
a) Fixed Deposit with Banks	440.96	0.76
b) Margin Money with Banks	27.63	48.61
c) Inter-Corporate Deposits	387.54	109.90
d) Subsidiary Companies	134.85	-
e) Others	98.48	85.32
f) Income tax refund	82.70	-
g) Loan to Related Party	7.24	10.50
<b>TOTAL</b>	<b>1,179.40</b>	<b>255.09</b>

15. Erection and Sub-Contracting expenses of Group comprises of:

Particulars	2010-2011 (Rs. In lacs)	2009-2010 (Rs. In lacs)
Subcontracting expenses	38,044.60	39,071.87
Construction material and stores and spares consumed	14,922.04	15,707.72
Power and fuel	2,459.14	1,491.20
Freight and Forwarding Expenses	5,217.94	5,388.03
Vehicle and Equipment Hire Charges	7,648.63	8,480.26
Custom Duty, Clearing & Handling Charges	2,280.57	3,453.24
Others	5,885.09	3,024.28
<b>TOTAL</b>	<b>76,458.01</b>	<b>76,616.60</b>

16. The Capital Work In Progress of Group of Rs. 35,342.58 lacs (p.y 18,953.54 lacs) consists of the following activities:

	2010-2011 (Rs. In lacs)	2009-2010 (Rs. In lacs)
Transmission Line Tower	1,462.59	344.29
Biomass	-	10.63
Construction	511.67	778.33
Warehousing Development	266.94	1,141.81
Properties for operation leases	20,266.65	16,678.48
Share in properties for BOOT Project	12,834.74	-
<b>TOTAL</b>	<b>35,342.58</b>	<b>18,953.54</b>

17. Secured non-convertible redeemable debentures of Group:

Sr. No.	Face Value Per Debentures (Rs.)	Date of Allotment	Amount Rs. lacs	Interest	Redeemable at face value
1	100,000	December 26, 2008	8,000	12.50% p.a. payable annually	At the end of 5th 6th & 7th year equally from date of allotment
2	1,000,000	July 15, 2009	7,000	9.55% p.a. payable semi annually	25% each at the end of 3rd and 4th year and 50% at the end of 5th year from the date of allotment
3	1,000,000	July 15, 2010	5,000	9.50% p.a. payable on quarterly basis.	Repayable in trenches at the end of 3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> year Rs. 1,500 lacs, Rs. 2,000 Lacs and Rs. 1,500 Lacs respectively.

Security :

The debentures stated in S.no 1 & 2 issued by Parent are secured by first pari passu charge alongwith consortium bankers and other debentures holders on fixed assets of Transmission & Distribution and Infrastructure Division (including land and building, situated at Gandhinagar, Gujarat) exclusive of assets charged to other financial Institutions and Bank, for which NOC is given.

The debentures stated in S.no 3 issued by one of the subsidiaries are secured by way of first pari-passu charge on movable fixed assets of the subsidiary to the extent of 1.25 times of the amount of NCDs and first charge by mortgage of a land at Maharajpura, Kadi, Gujarat.

18. Overdraft and bill discounting facilities availed by parent from banks outside India against assignment of project specific receivables proceeds.

19. The Management is of the opinion that as on the Balance Sheet date, there are no indications of a material impairment in the value of fixed assets. Hence, the need to provide for an impairment loss does not arise.

20. On May 06, 2010 the parent issued 41,92,114 equity shares of Rs.10/- each at a premium of Rs.1,064.20 per share totalling to Rs. 45,031.69 lacs to the Qualified Institutional Investors under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the purpose of capital expenditure, expansion of manufacturing capacity (transmission line towers), long-term investment in PPP, BOT, BOOT and BOOM projects, development of EPC services, further investment in existing divisions and

subsidiaries, working capital and such other purposes as may be permissible under applicable laws and government policies, including strategic initiatives such as investment and/or acquisitions. Pending utilization of the QIP proceeds for the purposes mentioned, they have been temporarily invested in fixed deposits with banks and units of mutual funds. The proceeds from the issue have been utilized as follows:

	Rs.in lacs
	March 31,2011
Utilisation in Working Capital	3,931.20
Investments in Subsidiary Companies	13,237.43
Share Issue Expenses	1,114.83
Investment in Jhajjar KT Transco Pvt. Ltd. (SPV)	3,814.75
Investment for Raipur Manufacturing Plant	2,483.48
Fixed Deposits with Banks	11,000.00
Investments in units of Mutual Funds	9,450.00
<b>TOTAL</b>	<b>45,031.69</b>

21. The Finance Act (2), 2009 has amended section 80-IA (4) of the Income Tax Act, 1961 by substituting an explanation to section 80-IA with retrospective effect from 01-04-2000. On the basis of the legal opinion of the experts and decided cases, one of the Subsidiaries has continued to claim deduction under section 80-IA (4) of the Act on eligible projects and consequently the subsidiary considers it appropriate not to create a liability for provision of Income Tax. However, an amount of Income tax (Net of Deferred Tax) of Rs. 431.19 Lacs for the current year and of Rs. 785.03 Lacs for the earlier years since FY 2006-07 (both - include the amount of tax applicable on the share of profit of Joint Venture Business claiming such deduction) has been disclosed as a contingent liability in note no. 3[x] to these Accounts
22. Face value of the Equity Shares of the Parent was sub-divided from 1 share of Rs.10/- each to 5 Shares of Rs.2/- each pursuant to the approval of Shareholders at Extra-Ordinary General Meeting held on August 28, 2010. Accordingly, the basic and diluted earnings per share of the previous period have been restated in accordance with Accounting Standard -20 "Earnings Per Share" to make the same comparable.
23. One of the Subsidiaries has got banking facilities of Rs.1020 lacs sanctioned in September, 2008 and received renewal sanction letter on 28<sup>th</sup> December, 2009 in which the interest rates were hiked by 2%. The Subsidiary did not accept the sanction and objected to bank about the increase in rates and on representation bank finally charged interest at the rate as per original sanction letter of 2008 on monthly basis till February, 2011. In March, 2011 the subsidiary received again renewal cum modification letter in which bank has restored the rate for the future period but for the intervening period from September, 2009 to February, 2011 bank put the condition to charge interest as per earlier sanction and accordingly charged a sum of Rs.214.55 lacs. The subsidiary has not accepted the new sanction of bank for additional interest and has represented at the higher authorities of bank and is expecting that this condition would be waived. In view of the above same is not considered as interest expense and correspondingly the balance shown in current account is higher by Rs. 178.26 lacs and in Cash Credit Account is lower by Rs. 36.29 lacs.
24. One of the Subsidiaries has entered into MOU with Rajasthan State Warehousing Corporation (RSWC), a Government of Rajasthan Undertaking, for storage of Agriculture/Non Agriculture produces on the basis of sharing of revenue for own and RSWC warehouses. The share of RSWC for the revenue billed by Subsidiary is shown as operating charges in schedule Q to the Profit & Loss Account.
25. One of the Subsidiaries has filed a writ petition in High Court of Rajasthan against order of Board of Revenue alleging violation of the principle of natural justice of audi alteram partem i.e. hearing the other party/side in the case where Board of Revenue questioned the purchase of land by the subsidiary at Alwar from the then owners. The land & building at book value is Rs.846.21 lacs. The subsidiary does not expect any liability on account of the same.
26. One of the subsidiaries had entered into MOU dated 4<sup>th</sup> July, 2008 with Panth Tradelink, a partnership firm to acquire 3372 Acres of land, all agricultural, to develop a Multi-product SEZ. The Subsidiary acquired 147 acres of land under sale deed with various farmers. The Subsidiary had applied for various approvals with Government of Gujarat and other authorities for the purpose of developing SEZ. During this process, it was informed by the Authorities that most of the land areas of SEZ fall or may fall under the Master plan for International Airport to be developed by Government nearby the area of SEZ. The Subsidiary therefore, considering that preparation of Master Plan of International Airport would take 2-3 years, on account of this uncertainty and considering the large gestation period and its cost, dropped the idea of developing SEZ Project. As per section 63AA of land revenue code, there couldn't be any other use of agricultural land as originally being agricultural land, the Subsidiary couldn't sale to others. Therefore, Subsidiary decided to reverse documents executed by it. Till 31<sup>st</sup> March-2011, 16 nos of sale deeds are reversed to original owners, at acquisition cost and balance 6 nos. of sale deeds are yet to be reversed. Cost of land appearing as work-in-progress since earlier years and other expenses incurred are not realizable

pertaining to work-in-progress of 6 nos of sale deeds, and the policy of the Subsidiary for valuation of work-in-progress being cost and net realizable value whichever is lower, sum of Rs. 58.17 lacs of such reduction in value of work in progress is part of expenses of the profit and loss account during the year.

27. Figures pertaining to the group companies have been re-classified wherever necessary to bring them in line with the parent's financial statements.
28. Previous year figures have been regrouped / rearranged wherever considered necessary. Figures for the previous year for the subsidiaries named Jhajjar Power Transmission Pvt. Ltd., Kalpataru Metfab Pvt. Ltd., and Brij Bhoomi Expressway Pvt. Ltd. and for the Joint Controlled Entities named Kurukshetra Expressway Pvt. Ltd and Jhajjar KT Transco Pvt. Ltd. are not included as the same became the subsidiaries/Joint Controlled Entities in the current year.

Signatures to Schedules 'A' to 'T'

In terms of our report attached

**For Kishan M. Mehta & Co.,**  
Chartered Accountants

**(Kishan M. Mehta)**  
Partner  
(M. No. 13707)

AHMEDABAD : May 16, 2011

**For Deloitte Haskins & Sells,**  
Chartered Accountants

**(Gaurav J. Shah)**  
Partner  
(M. No. 35701)

For and on behalf of the Board

**Mofatraj P. Munot**  
Chairman

**Kamal Jain**  
President & CFO

MUMBAI : May 14, 2011

**Pankaj Sachdeva**  
Managing Director

**Bajrang Ramdharani**  
Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	INFLOW/(OUTFLOW)	
	2010-2011 Rs.in Lacs	2009-2010 Rs.in Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before Taxation, Extraordinary items and Minority Interest	28,993.58	26,466.03
Adjustments for :		
Depreciation	8,796.86	7,453.24
Interest Paid	11,928.46	10,919.65
Dividend Received	(953.01)	(2.82)
Interest Received	(1,179.40)	(255.09)
Amortisation of Employees Compensation (ESOP)	62.83	84.12
Provision for Diminution in Investment		(1.34)
Loss (-) Profit on sale of assets	(162.93)	(7.41)
Foreign Currency Translation Difference	(29.16)	621.63
Unrealised Foreign Exchange (gain) / Loss (net)	650.52	(633.05)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>48,107.75</b>	<b>44,644.96</b>
Adjustment for:		
Trade and other Receivables	(42,886.89)	(38,006.05)
Inventories	(5,507.67)	(2,150.28)
Margin Deposits with Banks	(4.94)	2.23
Trade Payables	43,313.29	50,299.07
<b>CASH GENERATED FROM OPERATIONS</b>	<b>43,021.54</b>	<b>54,789.93</b>
Income Tax Paid	(8,846.11)	(8,891.63)
Prior Year's Adjustment	(119.74)	49.87
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>34,055.69</b>	<b>45,948.17</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(33,711.89)	(30,389.92)
Sale of fixed assets	4,211.58	179.56
Investments in Mutual Fund	(12,702.16)	-
Investments in Shares	(117.26)	23.08
Investments in Partnership Firm	(28.84)	-
Share of Profit in Joint Venture (Net)	(54.03)	(344.15)
Interest Received on Loans & Deposits	1,179.40	255.09
Dividend Received	953.01	2.82
Loans & Deposits	(11,161.06)	396.01
Lien with Banks	5.80	41.39
<b>CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(51,425.45)</b>	<b>(29,836.12)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Issue of Equity Shares (net of issue expenses)	43,928.43	-
Proceeds from Issuance of Non Convertible Debentures	5,000.00	7,000.00
Proceeds from Term Borrowings	7,281.06	6,207.27
Repayment of Term Loan	(6,499.54)	(4,984.26)
Working Capital Finance	(13,467.67)	(4,010.28)
Unsecured Loans	867.21	(8,332.45)
Interest Paid	(11,671.51)	(10,693.15)
Dividend Paid	(2,301.91)	(1,987.50)
Corporate Dividend Tax	(399.15)	(406.26)
Grant in Aid (Viability Gap Funding)	504.62	-

	2010-2011 Rs.in lacs	2009-2010 Rs.in lacs
Payment (to)/from Minority Shareholders	(3,755.93)	1,309.48
Share issue expenses	-	(32.97)
<b>CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)</b>	<b>19,485.61</b>	<b>(15,930.12)</b>
<b>D NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>2,115.85</b>	<b>181.93</b>
<b>E. Opening Cash and Cash Equivalent</b>	<b>4,814.95</b>	<b>4,633.02</b>
<b>F. Closing Cash and Cash Equivalent</b>	<b>6,930.80</b>	<b>4,814.95</b>
NOTES :	AS AT 31/03/2011 Rs. in lacs	AS AT 31/03/2010 Rs. in lacs
Cash & Cash Equivalents		
Cash & Bank Balance (Schedule I)	18,734.15	5,567.52
(Includes margin money, deposit and lien)		
Margin Money with Banks	(23.08)	(18.15)
Deposits with Banks	(11,438.19)	(386.56)
Lien with Banks	(342.08)	(347.86)
Cash and Cash Equivalents As per Cash flow statement	6,930.80	4,814.95

In terms of our report attached

For **Kishan M. Mehta & Co.,**  
Chartered Accountants

**(Kishan M. Mehta)**

Partner  
No. 13707]

AHMEDABAD : May 16, 2011

For **Deloitte Haskins & Sells,**  
Chartered Accountants

**(Gaurav J. Shah)**

Partner  
(M. No. 35701]

For and on behalf of the Board

**Mofatraj P. Munot**  
Chairman

**Kamal Jain**  
President & CFO

**Pankaj Sachdeva**  
Managing Director

**Bajrang Ramdharani**  
Company Secretary (M.

MUMBAI : May 14, 2011


**Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies:**

Name of the Subsidiary Company	JMC Projects (India) Ltd.	JMC Mining & Quarries (India) Ltd.	Brij Bhoomi Expressway Private Limited (subsidiary of JMC Projects (India) Ltd.)	Shree Shubham Logistics Ltd.	Energylink (India) Ltd.	Amber Real Estate Ltd.	Jhajar Power Transmission Private Limited	Kaipataru Metfab Pvt. Ltd	Kaipataru Power Transmission Nigeria Ltd.	Kaipataru SA (Proprietary) Ltd.	Kaipataru Power Transmission (Mauritius) Ltd.	Kaipataru Power Transmission USA, INC	Adeshwar Infrabuild Limited	Saicharan Properties Limited (Subsidiary of Energylink (India) Pvt. Ltd.
Financial year of the subsidiary company ended on	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011
Number of Equity Shares in the subsidiary company held by Kalpataru Power Transmission Ltd. at the above date and %:	17,548,908	-	-	23,000,000	1,000,000	990,000	5,099	10,000	1,000,000	374,500	11,275	500,000	500,000	-
The net aggregate profit less losses of the subsidiary company so far as it concerns the members of Holding Company.	67.19%	67.19%	67.19%	85.19%	100%	100.00%	50.99%	100.00%	100.00%	74.90%	100.00%	100.00%	100.00%	100.00%
(i) Dealt with or provided for in the accounts of Holding Company amounted to :	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(a) for the subsidiary's financial year ended March 31, 2010	Nil	Nil	Nil	Nil	Nil	Nil	Not Applicable, Since it became subsidiary during the year	Not Applicable, Since it became subsidiary during the year	Nil	Nil	Nil	Nil	Nil	Nil
(b) for previous financial years of the subsidiary since it became subsidiary :	Nil	Nil	Nil	Nil	Nil	Nil	Not Applicable, Since it became subsidiary during the year	Not Applicable, Since it became subsidiary during the year	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Not dealt or provided for in the accounts of Holding Company amounted to :	2501.47	NIL	NIL	203.80	(72.45)	(1.42)	(0.93)	(0.55)	(26.66)	(1.15)	(8.61)	(25.45)	(23.56)	NIL
(a) for the subsidiary's financial year ended March 31, 2011 (Rs. in lacs)	5820.42	NIL	Applicable, Since it became subsidiary during the year	(240.99)	48.14	(4.39)	Not Applicable, Since it became subsidiary during the year	Not Applicable, Since it became subsidiary during the year	Nil	(0.02)	(11.71)	(7.14)	(0.42)	NIL
(b) for previous financial years of the subsidiary since it became subsidiary : (Rs. in lacs)														

**Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies**

Sr. No.	Name of Subsidiary Companies	JMC Projects (India) Ltd.	JMC Mining & Quarries (India) Ltd.	Brij Bhoomi Expressway Private Limited (subsidiary of JMC Projects (India) Ltd.)	Shree Shubham Logistics Ltd.	Energylink (India) Ltd.	Amber Real Estate Ltd.	Jhajar Power Transmission Private Limited	Kaipataru Metfab Pvt. Ltd	Kaipataru Power Transmission Nigeria Ltd.	Kaipataru SA (Proprietary) Ltd.	Kaipataru Power Transmission (Mauritius) Ltd.	Kaipataru Power Transmission USA, INC	Adeshwar Infrabuild Limited	Saicharan Properties Limited (Subsidiary of Energylink (India) Pvt. Ltd.
	Financial year of the subsidiary companies ended on	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011	31/03/2011
1	Capital	2,611.83	50.00	1,000.00	4,200.00	100.00	99.00	1.00	1.00	28.80	33.00	5.03	223.25	5.00	5.00
2	Reserves	34,848.39	31.07	(10.54)	(75.21)	(25.44)	(6.64)	(1.82)	(0.53)	(26.66)	29.80	(20.19)	(29.43)	(23.99)	(2.21)
3	Total Liabilities	88,885.09	177.51	74.19	17,185.92	14,109.84	7,557.90	1.82	0.53	10.54	0.71	16.38	25.99	19.87	12,615.57
4	Total Assets	126,326.95	258.59	1,063.65	21,310.71	14,182.38	7,650.26	1.00	1.00	12.68	63.52	1.22	219.80	0.89	12,618.36
5	Investments [Other than in subsidiaries]	3,810.09	2.47	-	28.84	-	-	-	-	-	-	-	-	-	-
6	Turnover	137,380.71	324.33	-	13,603.19	24.00	-	-	-	-	-	-	106.84	-	-
7	Profit before taxation	5,204.68	5.59	(10.54)	346.76	(72.00)	(1.42)	(1.82)	(0.53)	(26.66)	(1.51)	(8.61)	(31.15)	(23.56)	(0.57)
8	Provision for taxation	1,025.45	1.88	-	107.51	0.45	-	-	-	-	-	-	(5.19)	-	-
9	Profit after taxation	4,179.23	3.72	(10.54)	239.25	(72.45)	(1.42)	(1.82)	(0.53)	(26.66)	(1.51)	(8.61)	(25.95)	(23.56)	(0.57)
10	Proposed dividend %	20%	-	-	-	-	-	-	-	-	-	-	-	-	-

As on 31.03.2011: 1 USD = INR 44.65 , 1 ZAR = INR 6.59956 , 1 NGN = INR 0.28797

[illegible]

