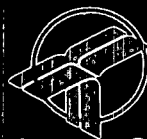


Report and Accounts
2002-2003

Karam Chand Thapar & Bros (Coal Sales) Ltd.



The Thapar Group



KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

DIRECTORS

MR. I. M. THAPAR

Chairman & Managing Director

MR. V. M. THAPAR

Vice Chairman & Jt. Managing Director

Mr. Himmat Singh

Mr. Anup Singh

Mr. P. L. Agarwal

VICE PRESIDENT & SECRETARY

Mr. S. K. Mahajan

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AUDITORS

Price Waterhouse

Chartered Accountants

Plot No. Y-14, Block-EP, Sector-V,

Salt Lake Electronic Complex,

Bidhan Nagar,

Kolkata-700 091.

REGISTERED OFFICE

"THAPAR HOUSE"

25, Brabourne Road,

Kolkata-700 001.



KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

NOTICE

The next Annual General Meeting of the Members of the Company will be held at its Registered Office at 'Thapar House', 25, Brabourne Road, Kolkata-700001 on Monday, the 29th September, 2003 at 12.30 P.M. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date together with the reports of the Auditors and Directors thereon.
2. To declare Dividend.
3. To elect a Director in place of Mr. V. M. Thapar, who retires being longest in office and is eligible for re-election.
4. To elect a Director in place of Mr. P. L. Agarwal, who retires being longest in office and is eligible for re-election.
5. To appoint Messrs Price Waterhouse, Chartered Accountants, the retiring Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification, the following resolution :

AS SPECIAL RESOLUTION :

"RESOLVED that in partial modification of the Special Resolution passed at the Extra-Ordinary General Meeting held on 24th December, 1997, relating to the holding and continuing to hold an office or place of profit of Mr. Adarsh Saran as Senior Vice-President under the Company and pursuant to Section 314(1-B) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof for the time being in force and any amendment(s) made hereafter and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to the payment of Rs. 60,150/- as additional medical expenses incurred for the financial year 2002-2003 beyond the usual entitlement to medical benefits' i.e. 1(One) month's salary per year on the protracted treatment of Mr. Adarsh Saran, Senior Vice-President and his wife Mrs. Neena Saran on her special treatment for serious illness.

RESOLVED FURTHER that in addition to usual entitlement to medical benefits of 1(one) month's salary per year the Board of Directors of the Company, subject to the approval of Central Government, be and is hereby authorised and empowered to sanction and pay the additional medical expenses not exceeding Rs. 1.50 lacs per year for both Mr. Adarsh Saran and his wife Mrs. Neena Saran for the special treatment required to be continued to be given to them for a period of 3(three) years effective from 1st April, 2003 i.e. upto the year 2005-2006 or till they recover whichever is earlier."

7. To consider and if thought fit, to pass with or without modifications, the following resolution :

AS SPECIAL RESOLUTION :

"RESOLVED that pursuant to Section 309 of the Companies Act, 1956 and the Article 126(c) of the Articles of Association of the Company and within the limits stipulated in Section 309(4) of the said Act, consent of the Company be and is hereby accorded to the payment of remuneration by way of commission to Directors who are neither in the wholetime employment of the Company



KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

nor Managing Director of the Company;

AND FURTHER that the gross amounts to be disbursed as remuneration to all such Directors shall not exceed -

i) 1% (One percent) of the net profits of the Company, computed in the manner referred to in Section 198 (1) of the Companies Act, 1956, or

ii) Rs. 5 Lacs (Rupees Five Lacs only) in aggregate, whichever is lower

to remain in force for 5 (five) financial years commencing from 1st April, 2004.

AND FURTHER that the Board of Directors may at its discretion decide the exact amount to be disbursed by way of commission within the limits stipulated above and its allocation amongst the eligible Directors."

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 6

Mr. Adarsh Saran was appointed as Senior Vice-President of the Company for a period of 10 years with effect from 1st January, 1998 to the holding and continuing to hold an office or place of profit under the Company on the remuneration and perquisites as approved by the Members of the Company at their Extra-Ordinary General Meeting held on 24th December, 1997. The Central Government also approved the appointment of Mr. Saran vide its letter No. 3/11/98/CL.VII dated 25.3.1998 on the same remuneration and perquisites as approved by the Members.

In terms of the said resolution Mr. Adarsh Saran is entitled to medical benefits for himself and his family not exceeding 1(One) month's salary once in a year.

Unfortunately, in April, 1998 Mr. Saran fell seriously ill resulting in paralysis and loss of control of movements in both the arms and legs.

The Central Government vide its letter No. 3/60/99-CL.VII dated 15.2.2000 on the application submitted to it, sanctioned the payment of additional medical expenses of Rs. 2,64,320/- for the financial year 1998-99 in addition to his usual entitlement to medical benefits for the said financial year.

The Company also had to incur for treatment of Mr. and Mrs. Saran in addition to their usual entitlement to medical benefits i.e. 1(One) month's salary per year, the additional medical expenses of Rs.60,150/- during the financial year 2002-2003.

The Special Resolution set out in the Notice is intended to seek consent of the Shareholders subject to the approval of the Central Government with the authority of the Board of Directors to sanction and pay additional medical expenses upto a limit of Rs. 1.50 lacs per year beyond the monetary limit of re-imbursment of medical expenses for both of Mr. and Mrs. Saran for the special treatment required to be continued to be given to them for a period of 3 (three) years effective from 1st April, 2003 i.e. upto the year 2005-



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2006 or till they recover whichever is earlier.

Having regard to the proven ability and the background Mr. Saran has to his credit, it is desired in the interest of the Company that the benefits of the additional medical expenses as mentioned above be allowed for special treatment of Mr. and Mrs. Saran like other employees as a special case.

Mr. I. M. Thapar, Chairman & Managing Director and Mr. V. M. Thapar, Vice-Chairman & Jt. Managing Director being related to Mr. Adarsh Saran and Mrs. Neena Saran are concerned or interested in the resolution.

Item No. 7

The Directors who are neither in the wholtime employment of the Company nor Managing Director of the Company, are paid remuneration by way of commission @1% of the net profit or Rs. 5 Lacs in aggregate whichever is lower. The Special Resolution which was passed on 23.9.1998 for 5(five) years is due to expire on 31st March, 2004. It is now proposed that the Directors who are not in the wholtime employment of the Company nor Managing Director be paid a gross commission not exceeding Rs. 5 Lacs (Rupees Five Lacs only) or 1% (One Percent) of the net profits of the Company per year, whichever is lower, to remain in force for 5(five) financial years commencing from 1st April, 2004 The exact amount to be disbursed as commission and its distribution amongst the eligible Directors within the above limit is proposed to be left to the discretion of the Board.

The Special Resolution set out in the Notice is intended to obtain the approval of the Members and the Board recommends the acceptance thereof.

Save and except Mr. I. M. Thapar, Chairman and Managing Director and Mr. V. M. Thapar, Vice - Chairman and Jt. Managing Director all other Directors may be deemed to be concerned or interested in the resolution.

REGISTERED OFFICE :

'Thapar House',
25, Brabourne Road,
Kolkata-700 001.

By Order of the Board
S. K. Mahajan
Vice President & Secretary

Dated : The 3rd September, 2003.



KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

NOTES :

- 1) A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and that a proxy need not be a Member of the Company. The proxy form duly completed, must reach the Company's Registered Office at least 48 hours before the time of the Meeting.
- 2) Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1996 or any subsequent financial year are requested to make their claim with the Company.

Pursuant to the provisions of Section 205 A/205 C of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1996 and thereafter, remaining unclaimed or unpaid for a period of 7 years will be transferred to the 'Investor Education and Protection Fund' (IEP Fund) constituted by the Central Government.

It may be noted that once the unclaimed dividend is transferred to the IEP Fund as aforesaid, no claim shall lie against the said Fund or the Company in respect of such amount.





KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

DIRECTORS' REPORT :

To the Members,

We have pleasure in presenting to you the Annual Report together with audited Statement of Accounts of the Company for the year ended 31st March, 2003.

ACCOUNTS :

	Rs.	Rs.
Accounts of the Company after providing all expenses show a profit of		83,50,62,687
To which is added :		
Balance brought forward from previous year		20,54,657
		<u>83,71,17,344</u>
From which is deducted :		
Provision for Current Taxation	35,00,00,000	
Provision for Deferred Taxation	8,58,406	35,08,58,406
		<u>48,62,58,938</u>
Which your Directors recommend be appropriated as follows :		
Capital Reserve	20,73,210	
General Reserve	45,16,07,650	
Proposed Dividend on 3,85,844 Ordinary Shares @ 30%	1,15,75,320	
Tax on Proposed Dividend	14,83,088	46,67,39,268
Carry forward to Next Year's Account		<u>1,95,19,670</u>

Regarding Item Nos. 5.1, 5.2 and 5.3 of para 5 of the Auditors' Report and Note No. 3 in Schedule 23 as referred to by the Auditors in their Report, the notes given in Schedule 23 in respect of the above items being self explanatory, the Directors consider that no further clarification is necessary.



KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

BHARAT WESTFALIA DIVISION :

The turnover for the year under review has suffered further decline of Rs. 267 Lacs against Rs. 306 Lacs in the previous year. This decline is mainly because of continued sluggish demand for underground coal mining equipment. Sluggish demand in turn has reduced the nett selling price year after year.

However, the Division has made a break through in this year by getting an order for 4 Nos. of Chair Lift System which is under execution in the current year. This is expected to improve the working in the current year.

COAL SALES DIVISION :

This Division continues to maintain steady performance and in the current year also it is expected to keep the same level of working.

PRODUCE EXCHANGE DIVISION :

As reported in the last year, the initial months had shown signs of recovery, however, in the later period the market slumped with the result the Division could not achieve expected improvement in its performance in the year under review.

Efforts are nevertheless being made to achieve better results in the current year.

TICIL DIVISION :

TEHRI PROJECT :

Major portion of HPP Civil Work has been completed. There has been substantial increase in volume and value of work in all the three packages over the work estimated in the contract awarded to us. Upto 31st March, 2003, 199% of the contract value of work in Package-I, 107% in Package-II and 121% in Package-III have been executed. Further work amounting to Rs. 29.53 crores (14% of the contract value) still remain to be executed as on date. A part of the Adit work of Pumped Storage Plant, a Phase-II Tehri Project in the offing has been awarded to the company along with the on going project work.

Delay in execution of work for reasons beyond the control of the contractor has been acknowledged by M/s THDC and extension of time granted for Package-I till June, 2003 and for Package-II & III till December, 2003. The Company's request for further extension of time for Package-I till December, 2004 is under their consideration.

Dispute Review Board (D.R.B.) has been formed to settle the Company's claims arising out of various factors not within the control of the Company. D.R.B. has started functioning.

PYKARA PROJECT :

Upper Limb of Pressure Shaft of Pykara Project is more or less complete. Only plugging and finishing works is remaining to be done. Work at the Shaft between Adit-2 and Adit-7 also stands completed. Work at the pressure Shaft between Adit-2 and Adit-7 and the horizontal reach is under progress. Completion period for the work has expired on 31st March, 2003. Further extension till 31st December, 2003 is under consideration with the authority.

KANGAN PROJECT :

The demobilization of Kangan Project has been completed and the Final Bill is under preparation for submission. There are claims on account of this work which will be submitted to the "Power Development Corporation", J&K with the request to settle the matter through Arbitration.



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SALAL PROJECT :

The matter of jurisdiction of the 'Salal Flood Claim Arbitration Award' has been pronounced in favour of the Company by the Supreme Court and the case is under transfer from Jammu High Court to Delhi High Court.

The Arbitration proceedings of Salal TRT Work Claims (1995 Claims) are at stand still since the matter regarding arbitrability etc. are in the Court against the decision of the Arbitrator. An Arbitrator has been appointed by the Delhi High Court for the remaining matters of Salal Project. The Arbitrator has entered into reference and the Arbitration proceedings will commence shortly.

L. B. D. T. WORKS :

The Arbitration proceedings of Left Bank Diversion Tunnel works at Allahabad which was progressing satisfactorily has come to an abrupt halt due to sudden and sad demise of the Sole Arbitrator. The re-appointment of an Arbitrator through Court as per provisions of Contract is being pursued and it is expected that Arbitrator should be in place in the coming two/three months.

Your Company is actively participating in Tenders for certain Hydro Power Projects in different States.

CYNERA INVESTMENTS & HOLDINGS LIMITED :

As required by Section 212 of the Companies Act, 1956, a statement in respect of this Company being subsidiary of your Company, is appended to this Report.

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 :

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given to the extent applicable in the Annexure which forms part of this Report.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 :

Information pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended is given in the Annexure which forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed -

- i) that in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 under review;



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- 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 preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the accounts for the financial year ended 31st March, 2003 on the 'going concern' basis.

DIRECTORS :

Mr. V. M. Thapar and Mr. P. L. Agarwal, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

AUDITORS :

Messrs Price Waterhouse, Chartered Accountants, Auditors of the Company, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT :

Your Directors wish to record their deep appreciation to the contribution made by the employees at all levels.

On behalf of the Board of Directors

Kolkata
Dated, the 3rd September, 2003.

I. M. THAPAR
Chairman & Managing Director