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Report and Accounts  
2003 - 2004

Karam Chand Thapar & Bros (Coal Sales) Ltd.



The Thapar Group



**KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED**

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**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

*Certified to be true Copy*

*Vice-President & Secretary*

**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

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### 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 Wednesday, the 29th September, 2004 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, 2004 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. Anup Singh, who retires being longest in office and is eligible for re-election.
4. To elect a Director in place of Mr. Himmat Singh, 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 the Object Clause III of the Memorandum of Association of the Company be altered by inserting Sub-Clauses 5(a) to 5(e) after existing Sub - Clause 5.

- 5 (a) To carry on the business of purchase and sale of all forms of electrical power, both conventional and non-conventional and also to supply, import and export or otherwise deal in all forms of electrical energy in all aspects.

Without prejudice to generality of the above functions the Company shall carry out the business of :

- (i) Purchase of all forms of power / electricity from Independent Power Producers (IPPs), Captive Power Plants, Other Generating Companies, Transmission Companies, State Electricity Boards, State Governments, Statutory bodies, Licencees, Power utilities and to procure it from other sources (whether in Private, Public or Joint Sector Undertaking) including import from abroad.
- (ii) Sell all forms of electrical power to the State Electricity Boards, Vidyut Boards, Power Utilities,



## KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

Generating Companies, Transmission Companies, Distribution Companies, State Governments, Licensees, Statutory bodies, other organizations and bulk consumers of power etc. whether in private and public sector or joint sector undertakings in India and abroad.

- (iii) Supply, distribute, export or otherwise transfer / exchange of electrical power and
  - (iv) Co-ordinate with all concerned for purchase, import, sale, export, distribute and supply all forms of electrical power and undertake all connected functions.
- 5 (b) To carry on the business of generation, accumulation, distribution and supply of and to generally deal in electricity and in other forms of energy from any source whatsoever.
- 5 (c) To establish, operate and maintain generating stations, accumulation, tie lines, sub-stations, workshops, transmission lines and lay down cables and wires.
- 5 (d) To manufacture, deal in, let on hire, install, repair and maintain plant, machinery, equipment, appliances, components and apparatus of any nature whatsoever used in connection with generation, storage, supply, distribution, application of electrical energy.
- 5 (c) To plan, promote and take up necessary development work, selection of prospective / established Independent Power Producers / generating distribution Companies utilities and enter into contracts / Power Purchase Agreements / other Agreements with them to act as catalyst and also to provide connected services to them so as to augment power generation, distribution, optimum utilization of electrical power and its trading."
7. To consider and if thought fit, to pass with or without modification, the following resolution :

### AS SPECIAL RESOLUTION :

"RESOLVED that pursuant to Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956 approval is hereby accorded to the Company for commencing and undertaking all or any of the business as enumerated in the newly introduced Sub-Clauses 5(a) to 5(e) of the Object Clause of the Memorandum of Association of the Company upon the said Sub-Clauses becoming effective."

#### REGISTERED OFFICE :

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

***Certified to be true Copy***

***Vice-President & Secretary***

By Order of the Board

S.K. Mahjan  
Vice-President & Secretary

Dated : The 25th August, 2004.



## KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

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### 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, 1997 or any subsequent financial year are requested to make their claim with the Company.

Pursuant to the provisions of Section 205 A (5) of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1997 and thereafter, remaining unclaimed or unpaid for a period of 7 (Seven) years will be transferred to the 'Investor Education and Protection Fund' constituted by the Central Government.

It may be noted that dividend for the financial year ended 31st March, 1997 remaining unpaid / unclaimed till 6th November, 2004, will be transferred to 'Investor Education and Protection Fund' and no claim shall lie against the said Fund or the Company in respect of such amount.

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## KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

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

### Item Nos. 6 & 7

For some time past, the Board of Directors of the Company, in addition to the present activities, has been considering proposals for expanding the Company's activities. After taking into account of the financial resources of the Company and other relevant factors, the Board considers it possible and desirable to diversify the activities of the Company by undertaking the business of purchase and sale of all forms of electrical power both conventional and non-conventional and to deal in all forms of electrical energy in all aspects. The Board is satisfied that the proposed business though not germane to the existing business of the Company but can be combined conveniently and advantageously with the existing business of the Company under the existing circumstances.

As these activities are not covered by the Object Clause III of the Memorandum of Association of the Company, it is now proposed to amend the Object Clause as indicated in the Resolution.

According to Section 149 (2A) of the Companies Act, 1956, no Company can commence any new business which is not germane to the business it was carrying on unless the Company has approved the commencement of such new business by a Special Resolution passed in that behalf at a general meeting. As the commencement of the proposed business in terms of Sub-Clauses 5(a) to 5(e) of Clause III of the Memorandum of Association of the Company may be considered to be the commencement of a new business within the meaning of Section 149 (2A) of the Act, it is necessary to obtain the approval of the Members by a Special Resolution to such commencement of new business pursuant to the said Section.

The Company's Memorandum of Association is open for inspection at the Registered Office of the Company during the usual business hours on any working day.

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

None of the Directors is concerned or interested in the aforesaid Special Resolutions.



## 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, 2004.

<b>ACCOUNTS :</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Accounts of the Company after providing all expenses show a profit of			81,80,30,130
To which is added :			
Balance brought forward from previous year	1,95,19,670		
Provision for Deferred Tax Written Back	6,61,607		2,01,81,277
			<u>83,82,11,407</u>
From which is deducted :			
Provision for Current Taxation			<u>31,00,00,000</u>
Profit Available for appropriation			52,82,11,407
Which your Directors recommend be appropriated as follows :			
General Reserve		45,00,00,000	
Proposed Dividend on 3,85,844 Ordinary Shares @ 30%		1,15,75,320	
Tax on Proposed Dividend (including cess)		<u>15,12,750</u>	<u>46,30,88,070</u>
Carry forward to Next Year's Account			6,51,23,337

Regarding Item Nos. 4.1, 4.2 and 4.3 of para 4 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 of this Division for the year under review is Rs. 1,025 lacs against Rs. 267 lacs in the previous year. As reported last year, the increase is predominantly on account of supply of 4 Nos. of Chair Lift Systems which have been successfully supplied and commissioned and is in line of getting further Order for the Chair Lift System in the current year. It has also diversified into material handling system and fabrication which is expected to maintain the present level of turnover. Your Directors expect this diversification will help this Division to stand in good footing in the future.

### **COAL SALES DIVISION :**

This Division continues to maintain steady performance and in the current year also, barring unforeseen circumstances, it is expected to keep the same level of operation.

### **PRODUCE EXCHANGE DIVISION :**

This Division has achieved much better result in the year under review inspite of unfavourable market condition. Efforts are being made to increase the volume of business and the Division is expected to do better in the current year.

### **TICIL DIVISION :**

### **TEHRI PROJECT :**

HPP Civil Works at Tehri is nearing completion. Construction work at Package-III is over. Only 'River Joining Work' is to be completed. Construction work at Power House (under Package-II) will be completed by December, 2004. With this, the Company will achieve a rare distinction of constructing one of the largest Underground Power Houses in Asia. Construction work at Package-I is almost over, except a critical work in Control Gate Shaft No.4 owing to difficult geological conditions encountered, which is expected to be completed by March, 2005.

The value of work done upto 31st March, 2004 exceeded 250% of original contract value of the work and with this, the Company has achieved a land-mark of Rs. 500 Crores worth of work in a single Project. Further work that still remains to be executed as on date is about Rs. 58 Crores. Further additional work, related to Phase - II i.e. 'Pump Storage Work' similar to HPP Contract under execution is anticipated to be awarded to the Company, but will be tendered. Vast increases in work and various factors not within the control of the Company, restricting the progress of work has been acknowledged by M/s Tehri Hydro Development Corporation Limited (THDC) and Corporation has granted 'Extension of Time' for completion till 31st October, 2004. However, Company's request for a further realistic 'Extension of Time' till 31st March, 2005 is under their (THDC) consideration.

A rebate under "Clause-34" of the Contract Agreement as claimed by M/s THDC has been disputed by the Company and the proceedings are before the Dispute Review Board for its decision. There are other claims of the Company which are under settlement through the same process.

### **PYKARA PROJECT :**

The work of the Pykara Project is likely to be completed by 31st August, 2004. The value of the work executed upto March, 2004 was around Rs. 58 Crores against original contracted value of Rs. 42.75 Crores.

Balance work as on date is about Rs. 48 Lacs. M/s. Tamil Nadu Electricity Board has granted Extension of Time till 31st August, 2004, within which completion is expected to be achieved.





## **KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED**

### **CLAIMS :**

Arbitration proceedings in respect of claims of Kangan Project, Salal Project and L.B.D.T. works at Tehri are continuing before different Arbitrators. Some claims for Pykara Project are under active consideration of M/s. Tamil Nadu Electricity Board.

The Company, apart from its areas of core competence like construction of tunnels, power houses etc., is planning to diversify its activities to construction of Roads, Railway Lines, set up of Power Plants etc.

### **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, 2004, 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;
- 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, 2004 on the 'going concern' basis.



## **KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED**

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### **DIRECTORS :**

Mr. Anup Singh and Mr. Himmant Singh, 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.

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On behalf of the Board of Directors

Kolkata  
Dated, the 25th August, 2004.

**I. M. THAPAR**  
Chairman & Managing Director

***Certified to be true Copy***

  
***Vice-President & Secretary***