



Report and Accounts
2004 - 2005

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

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.



KARAMCHANDTHAPAR & 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-700 001 on Friday, the 30th September, 2005 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, 2005 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.

By Order of the Board

S.K. Mahajan

Vice-President & Secretary

Registered Office :

'Thapar House'

25, Brabourne Road,

Kolkata-700 001

Dated : The 2nd September, 2005



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, 1998 or any subsequent financial year are requested to make their claim with the Company.

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1998 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, 1998 remaining unpaid/unclaimed till 28th October, 2005 (29th October being holiday), 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

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, 2005.

ACCOUNTS :	Rs.	Rs.	Rs.
Account of the Comapny after providing all expenses show a profit of			89,16,34,555
To which is added :			
Balance brought forward from previous year	6,51,23,337		
Provision for Income Tax Written Back	<u>9,50,00,000</u>		<u>16,01,23,337</u>
			1,05,17,57,892
From which is deducted :			
Provision for Current Taxation	36,00,00,000		
Provision for Deferred Tax	<u>2,85,849</u>		<u>36,02,85,849</u>
Profit available for appropriation			69,14,72,043
Which your Directors recommend be appropriated as follow :			
General Reserve		60,00,00,000	
Proposed Dividend on 3,85,844 Ordinary Shares @ 30%		1,15,75,320	
Tax on Proposed Dividend @ 14.025%		<u>16,23,439</u>	<u>61,31,98,759</u>
Carry forward to Next Year's Account			7,82,73,284

Regarding Item Nos. 5. 1 and 5.2 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 of this Division for the year under review is Rs. 626 lakhs as against Rs. 1025 Lakhs in the previous year. As reported last year, though your Company expected order for some more but received order for only 1 No. Chair Lift System. However, during the current year your Company already received order for 6 Nos. Chair Lift Systems. Your Company is happy to report that as indicated in the previous year, it has made a good beginning of manufacturing diversified items and it is expected that during the current year, will further improve its order book in diversified items.

COAL SALES DIVISION :

This Division has shown slight improvement in its performance in the year under review, and it is expected that in the year 2005-06 it will continue to perform satisfactorily.

PRODUCE EXCHANGE DIVISION :

This Division continued to show improved performance in the year under review as compared to earlier year despite competition in the market. Just got new variety of coated papers for Delhi market. During the initial months of current year, this Division faces cut-throat competition with imported paper which is much cheaper and moreover the sluggish condition of the local market dampens our performance. Nevertheless efforts are being made to achieve better result in the current year also.

VIDHARBHA PRINTERS :

Due to un-economic operation, on account of high wage costs, etc., the Unit is lying closed from 1st April, 2005.

TICIL DIVISION :

TEHRI PROJECT :

HPP Civil Work at Tehri is more or less complete, only 5% of the awarded work was left as on 31st March, 2005 which is expected to be completed by December, 2005. The value of work done upto 31st March, 2005 exceeded 265% of the original contract value of the work and it is estimated that the value of the work alongwith some additional work related to Phase-II i.e. Pump Storage Work awarded by M/s. Tehri Hydro Development Corporation Limited (THDC) will be Rs. 620 crores. M/s. THDC has provisionally approved time extension till 31st December, 2005 for Package-I & II. Work in Package-III is practically over.

Rebate under Clause-34 of the Contract Agreement as claimed by M/s. THDC was referred to Dispute Review Board (DRB) for its decision. The decision of the DRB has been partially awarded in favour of the Company by majority view. However, both M/s. THDC and the Company have challenged the DRB decision for different reasons and it has now been referred to Arbitration and its proceedings will start shortly. There are several other claims of your Company relating to HPP Work which are under the settlement through various processes at the Project, M/s. THDC H.O. and DRB.

PYKARA PROJECT :

The Pykara Project Work was completed on 31st August, 2004. The value of work upto completion was around Rs. 60 Crores against the original contracted value of Rs. 42.75 Crores. Final bill is under preparation which is likely to be finalised during the current year. Some claims of your Company are in active consideration by Tamil Nadu Electricity Board (TNEB).



KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

CLAIMS :

Arbitration proceedings in respect of Kangan Project, Salal Project and Diversion Tunnel Work at Tehri are in progress before different Arbitrators.

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, 2005, 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, 2005 on the 'going concern' basis.



KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

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 :

Messers PriceWaterhouse, 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 2nd September, 2005.

(I.M. THAPAR)

Chairman & Managing Director

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KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

ANNEXURE TO DIRECTORS' REPORT :

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.

A. Conservation of Energy :

Measures taken :

UNIT : VIDARBHA PRINTERS

- i) Electrical Circuits reorganised to balance the power load equally on all phases.
- ii) Staggering of the Operations of Machines to curb the maximum demand of power at peak hours.
- iii) Stabilizers and Microprocessors Controllers provided in all Machines to avoid power losses.

UNIT : BHARAT WESTFALIA DIVISION

The Company is keeping a constant vigil to ensure timely replacement of old/deteriorated parts, thus eliminating power loss. This will help the Company to conserve energy.

B. Technology Absorption :

The Research and Development efforts relates to quality control and source development of raw materials. These are carried out as normal functions in the factory and no special Research and Development Wing has been established.

C. Foreign Exchange Earnings and Outgo :

Foreign Exchange Earnings	Nil
Foreign Exchange Outgo	Rs. 93,02,712



KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

AUDITORS' REPORT

To the members of
KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED.

1. We have audited the attached Balance Sheet of Karam Chand Thapar & Bros. (Coal Sales) Limited as at 31st March, 2005, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amount 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. The reports on the audit of the four and eleven branches of Coal Sales and Produce Exchange Divisions respectively by P.K. Chopra & Co. and K.K. Mankeswar & Co. and on the audit of TICIL Division by Lovelock & Lewes under Section 228 of the Companies Act, 1956, have been forwarded to us as required by Clause (c) of Sub-Section 3 of that Section and have been considered in preparing our report.
4. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in Paragraph 3 above, we report that :
 - 5.1 **As indicated in Note 8 on Schedule 23 to the accounts, accrued liability for leave encashment benefits has not been ascertained and accounted for, which is not in keeping with the Accounting Standard (AS)-15 "Accounting for Retirement Benefits in the Financial Statements of Employers" issued by the Institute of Chartered Accountants of India.**
 - 5.2 **As indicated in Note 13 on Schedule 23 to the accounts, the extent and the nature of adjustments, including those pertaining to adhoc receipt of Rs. 30 crores as indicated in Note 2(a) on Schedule 23 to the accounts, as may be required upon final reconciliation of accounts with a party as stated therein is not ascertainable at this stage.**