



# Report and Accounts

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2005 - 2006

## Karam Chand Thapar & Bros. (Coal Sales) Ltd.



The Thapar Group



**KARAMCHAND 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

**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.



## KARAMCHAND 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-700 001 on Monday, the 25th September, 2006 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, 2006 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.

By Order of the Board

S.K. Mahajan

Vice - President & Secretary

Registered Office :

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

Dated : The 29th August, 2006

**KARAMCHAND 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, 1999 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, 1999 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, 1999 remaining unpaid/ unclaimed till 4th October, 2006, 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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## KARAMCHAND 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, 2006.

<b>ACCOUNTS :</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Account of the Company after providing all expenses show a profit of			120,77,76,071
To which is added :			
Balance brought forward from previous year			7,82,73,284
			<u>128,60,49,355</u>
From which is deducted :			
Provision for Current Taxation	30,00,00,000		
Provision for Fringe Benefit Tax	45,00,000		30,45,00,000
			<u>98,15,49,355</u>
To which is added :			
Provision for Defferred Tax written back			9,83,482
			<u>98,25,32,837</u>
Profit available for appropriation			98,25,32,837
Which your Directors recommend be appropriated as follow :			
General Reserve		70,00,00,000	
Proposed Dividend on 3,85,844 Ordinary Shares @ 30%		1,15,75,320	
Tax on Proposed Dividend @ 14.025%		16,23,439	71,31,98,759
			<u>26,93,34,078</u>
Carry forward to Next Year's Account			26,93,34,078

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.



## KARAMCHAND THAPAR & BROS. (COAL SALES) LIMITED

### BHARAT WESTFALIA DIVISION

The turnover of this Division for the current year under review is Rs. 1757 lakhs as against Rs. 626 Lacs in the last year. Out of the order for 6 chair lifts as reported last year, 5 have already been supplied and the 6th one has also been supplied in the current year. We are hopping to receive further orders of such systems.

Meanwhile, efforts are on to secure collaboration with a foreign company for manufacture of equipment which has ready market in the steel industry.

### COAL SALES DIVISION :

This Division has maintained steady performance in the year under review and it is expected in the year 2006-07 it will continue to perform satisfactorily.

### PRODUCE EXCHANGE DIVISION :

This Division aimed to increase its volume of Paper Sale in the year under review and successfully posted a turnover of Rs. 128 Crores against Rs. 102 Crores of 2004-05. The initial months had shown good result but in the latter period of the year the market slumped due to increased cost of paper which was not accepted by the market and had to be absorbed by the Distributor. Also our principal, BILT has started a multi-branding scheme which in turn has let to their appointing many new Distributors. Therefore competition has become intense and margins have fallen. In addition, BILT has discontinued manufacturing NSS which has greatly impacted our bottom line in upcountry markets. However, efforts are nevertheless being made to achieve better result in the current year.



### TICIL DIVISION :

### TEHRI PROJECT :

HPP Civil Work for the first phase 1000 MW underground powerhouses in 3 packages awarded to the Company has been successfully completed during the year. The Board is pleased to inform you that your Company has constructed one of the largest underground powerhouse in Asia which has started generating power effective from 18th July, 2006. First power generating unit of 250 MW has been formally commissioned by the Union Power Minister, Mr. Sushil Kumar Shinde on 30th July, 2006. Other three Units of 250 MW will be successively commissioned by December 2006. The value of work done by your Company upto 31st March, 2006 has exceeded 277% of original contract value of the HPP work. M/s Tehri Hydro Development Corporation (THDC) has awarded some preparatory additional work related to phase II for 1000 MW Pump Storage plan, which we hope, will be completed by March, 2007. The total estimated value of the work till completion will be about Rs. 700 Crores, which includes original HPP civil work, additional work and part of PSP work as awarded upto now.

The dispute (in regard to Rebate under Clause 34 of the Contract) was referred to Arbitration and is in advanced stage of the arbitration proceedings. There are several other claims relating to HPP work, which are under settle through various processes like THDC Corporate Office, Special Committee formed by CMD of THDC and the DRB. The Company is hopeful of favourable decisions in these claims.

### PYKARA PROJECT :

Preparation of final bill is under progress.



## **KARAMCHAND THAPAR & BROS. (COAL SALES) LIMITED**

### **OTHER PROJECTS :**

Various claims relating to Kangan Project, Salal Project and Diversion Tunnel work at Tehri are in progress before the Arbitrators and Courts.

Opening up of the power sector and infrastructure projects is presenting many new opportunities in the Country and your Company is well poised to explore the avenues. The Company further proposed to leverage its expertise in such infrastructure and hydro power projects and is proactive in its efforts to participate in such projects in different parts of the Country.

### **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, 2006, 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;



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

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- iv) that the directors had prepared the accounts for the financial year ended 31st March, 2006 on the 'going concern' basis.

### **DIRECTORS :**

Mr. Anup singh and Mr. Himmat Singh, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

### **AUDITORS :**

Messers 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

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Kolkata

Dated, the 28th August, 2006.

**(I.M. THAPAR)**

Chairman & Managing Director





## 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 :

UNIT : BHARAT WESTFALIA DIVISION

Installation of power factor controller, which enables to reduce consumption of energies (Electricity).

#### B. Technology Absorption :

No technology absorption during the financial year 2005-06.

#### C. Foreign Exchange Earnings and Outgo :

Foreign Exchange Earnings	Nil
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Foreign Exchange Outgo	Rs. 4,11,87,545
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## 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, 2006, 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, (the 'Order') 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 12 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.**