



REPORT AND ACCOUNTS

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2006-2007

Dr. J. K. Gupta & Bros. Chartered Accountants



The Institute of Chartered Accountants of India



**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

**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. (COALSALES) 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 28th September, 2007 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, 2007 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 31st August, 2007



## 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, 2001 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, 2001 or thereafter, remaining unpaid or unclaimed 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 Interim Dividend for the financial year ended 31st March, 2000 which was unpaid/unclaimed, transferred on 17th May, 2007 to the 'Investor Education and Protection Fund' constituted by the Central Government and no claim shall lie against the said Fund or the Company in respect of such amount.



## 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, 2007.

### ACCOUNTS :

	Rs.	Rs.	Rs.
Accounts of the Company after providing all expenses show a profit of			80,27,78,975
To which is added :			
Balance brought forward from previous year			26,93,34,078
			<u>1,07,21,13,053</u>
From which is deducted :			
Provision for Current Taxation	29,00,00,000		
Provision for Fringe Benefit Tax	45,00,000		
Provision for Defferred Tax	16,54,324		29,61,54,324
Profit available for appropriation			<u>77,59,58,729</u>
Which your Directors recommend be appropriated as follows :			
General Reserve		75,00,00,000	
Proposed Dividend on 3,85,844 Ordinary Shares @ 30%		1,15,75,320	
Tax on Proposed Dividend @ 16.995%		19,67,226	76,35,42,546
Carry forward to Next Year's Account			<u>1,24,16,183</u>

Regarding Item Nos. 5.1 to 5.3 of Para 5 of the Auditors' Report and Note 5 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 current year under review is Rs. 999 lacs as against Rs. 1757 Lacs last year. This year the chairlift supply has been for only one system as against 5 nos. last year. However, Coal India Ltd. has also decided to go in for a number of chairlift systems and we hope to get more orders in the current year.

Efforts are on to secure orders for the coke oven machines for which we have arranged a foreign collaboration.

### **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.

This Division has also commenced Power Trading Business in the year under review and though stiff competition is growing in this line, it is expected that in time to come gaining more experience and getting foot hold, this business should be generating additional income to your Company.

### **PRODUCE EXCHANGE DIVISION :**

#### **SCHEME OF ARRANGEMENT :**

The Hon'ble High Court at Calcutta vide its Order dated May 14, 2007 approved the Scheme of Arrangement for Demerger and Transfer of Paper Trading Business Unit of the Company to KCT Trading Private Limited (KTPL). The entire undertaking relating to Paper Trading Business was transferred to the said KTPL effective from 1st April, 2006 i.e. the Appointed Date on filing the certified copy of the said High Court Order with the Registrar of Companies, West Bengal on 3rd August, 2007.

### **TICIL DIVISION :**

The Board is pleased to inform you that the Tehri Stage-1 (4x250 MW) Power House Complex and appurtenant works, constructed by TICIL Division has been made fully operational during the year and has started generating electricity from all the four Units to cater to the needs of power starved Northern Power Grid. Additional preparatory work related to Phase II for 1000 MW Pump Storage Plant at Tehri Dam is in progress, which is likely to continue during the current year.

Your Company focused its attention for diversification into infrastructure and Metro Rail Projects. The Company has successfully made its entry into Roadwork contract of NHAI in Joint Venture with ERA Constructions (India) Ltd. for Section Bahadurgarh - Rohtak in the State of Haryana (for value Rs.480 Crores) awarded on BOT basis. A SPV (Special Purpose Vehicle) Joint Venture Company with ERA Construction has been formed and christened as "**West Haryana Highways Project Pvt. Ltd.**", solely for the purpose of executing this Project.

Your Company is going ahead with the preparation for winning Metro Rail Projects in Joint Venture with a Multinational Company well renowned in the field of Railways and Metro Rail construction work, bidding for 2 segments in Mumbai and two further DMRC track works to be invited shortly.

Other Hydro Projects viz. Tehri Pumped Storage Plant-Stage II (4x250 MW) works are shortly to be announced as an EPC Tender, which your Company proposed to address in a Joint Venture structure with a major MNC Electro Mechanical Group. Similarly, your Company have been invited by NTPC for the Lata Tapovan HE Project (3x57 MW) located Chamoli District, Uttarakhand for an EPC Tender due for submission on 23rd October, 2007; to address this your Company are in dialogue with a number of MNC Electro Mechanical Suppliers.



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

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### **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, 2007, 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, 2007 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.



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

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### **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 31st August, 2007.

**I.M. THAPAR**

Chairman & Managing Director







## KARAMCHAND 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 ; BHARAT WESTFALIA DIVISION :

To reduce energy consumption, installed power factor controller and CFL Lamps in place of Florescent Lamps.

#### B. Technology Absorption :

No technology absorption during the financial year 2006-07.

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

Foreign Exchange Earnings	NIL
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Foreign Exchange Outgo	Rs. 98,82,505/-
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## KARAM CHAND THAPAR & BROS. (COAL SALES) LIMITED

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### 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, 2007, 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 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. The reports on the audit of the four and ten 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 2.5 on Schedule 23 to the Accounts, final reconciliation of certain debit and credit balances of Rs.2.33 crores and 2.17 crores respectively with the transferee of a business unit is pending; the extent and nature of adjustments as may arise on completion of such reconciliation is currently not ascertainable.**
  - 5.2 **As indicated in Note 10 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.**