

24th
ANNUAL REPORT
2005 -2006

PH TRADING LTD.

PH TRADING LTD.

BOARD OF DIRECTORS

MR. P. HIMATSINGKA
MR. A. K. BHUWALKA
MR. A. JHANWAR
MR. R. JHANWAR
MR. AVISHEK HIMATSINGKA

AUDITORS

M/S. SALARPURIA & PARTNERS
7, CHITTARANJAN AVENUE
KOLKATA-700 072

M. B. AGARWAL & CO.
204, MHATRE PEN BLDG. SENAPATI BAPAT MARG
DADAR (WEST), MUMBAI-400028

BANKERS

ORIENTAL BANK OF COMMERCE, KOLKATA
ORIENTAL BANK OF COMMERCE, MUMBAI
TAMILNADU MERCANTILE BANK, MUMBAI

REGISTERED OFFICE :

PODDAR POINT
'B' BLOCK, 10TH FLOOR
113, PARK STREET
KOLKATA-700 016

PH TRADING LTD.

NOTICE

Notice is hereby given that the Twenty-fourth Annual General Meeting of PH Trading Limited will be held at its Regd. Office at 113, Park Street, 10th floor, B-Block, Kolkata-700 016, on Wednesday, the 6th September, 2006 at 3.30 p.m. to transact the following Business :-

ORDINARY BUSINESS

- 1) To consider and adopt the Auditors & Directors report as well as audited Balance Sheet and Profit & Loss Account of Company for the year ended 31st March, 2006.
- 2) To declare dividend.
- 3) To appoint director in place of Mr. Rajendra Jhanwar who retires by rotation & being eligible offer himself for re-appointment.
- 4) To appoint auditors to hold office from the conclusion of this meeting until the conclusion of next annual general meeting and fix their remuneration.

SPECIAL BUSINESS

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

5) As a special Resolution

Resolved that in supersession to our earlier Resolution dated 15/06/2001 and pursuant to the provisions of section 198,269,309 and other applicable provisions of the Companies Act, 1956 the Company hereby accords its consent and approval to the re-appointment of Mr. Prakash Himatsingka as Managing Director of the Company for a period of Five years with effect from 1/07/2006 to 30/06/2011 on the following terms of remuneration (including the remuneration to be paid in the event of loss or inadequacy of Profits in any financial year during the aforesaid period) in accordance with Schedule XIII of the Companies Act, 1956.

i) SALARY :

Salary of Rs. 60,000/- per month including dearness and other allowances with such revisions as may be approved by the Board of Directors to increase from time to time subject to a maximum of Rs. 70,000/-.

ii) PERQUISITES :

In addition to the Salary and commission, Mr. Prakash Himatsingka will be allowed perquisites as below :

a) HOUSING :

Free unfurnished residential accommodation in absence there of allowance @ 20% of the salary with free use of all the facilities and amenities, such as air conditioners, refrigerator, stoves, geysers, gas, lift, electricity, water etc.

b) MEDICAL BENEFITS :

Full reimbursement of all medical expenses incurred for self and family including hospitalisation, membership of any hospital and/or doctor's scheme.

c) LEAVE TRAVEL CONCESSIONS :

Leave travel concession for Mr. Prakash Himatsingka and his family once a year.

PH TRADING LTD.

d) **CLUB FEES :**

Subscription of clubs subject to a maximum of two clubs (excluding admission fees and expenses). Provided that no life membership fees will be paid.

e) **INSURANCE :**

Personal accident and group insurance coverage for which premium not exceeding Rs. 10,000/- per annum.

The perquisite value of items (a) to (e) above to be evaluated as per Income Tax Rules wherever applicable, shall be subject to an overall annual ceiling of an amount equal to the salary for the relevant period.

iii) **OTHER PAYMENTS AND PROVISIONS :**

(a) Mr. Prakash Himatsingka will be entitled to retirement benefits as per the rules of Company, Contribution to Provident Fund, Super-annuation Fund or for other retirement benefits will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity will be paid as per the Company's Rules.

b) **CAR :**

Provision for Car with driver for use on Company's business purposes. Use of Car for private purpose shall be billed by the Company. The use of Company's Car for business purposes will not be considered as a perquisite

c) **TELEPHONE :**

Provision of telephone at residence will not be considered as perquisite, but personal long distance calls shall be billed by the Company.

d) **ENTERTAINMENT EXPENSES :**

Reimbursement of entertainment expenses actually and properly incurred for the business of the Company, subject to a reasonable amount approved by the Board of Directors from time to time.

iv) **MINIMUM REMUNERATION :**

In the event of absence or inadequacy of profits of the Company in any relevant financial year during the currency of tenure of Mr. Prakash Himatsingka as Managing Director, he shall be paid the above mentioned salary, perquisites and other allowances as the minimum remuneration subject to the limits specified in schedule XIII of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof) from time to time.

Regd. Office :
Poddar Point, 10th Floor, 'B' Block
113, Park Street, Kolkata-700 016
Date : The 29th of June 2006

By order of the Board
Prakash Himatsingka
Managing Director

PH TRADING LTD.

NOTES :-

1. A member entitled to attend & vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not to be a member of the Company. Proxies, in order to be effective, must reach the Registered office of the Company at least 48 hours before the meeting.
2. The Registers of members & transfer book of the Company will remain closed from 01/09/06 to 06/09/06 (both days inclusive).
3. Members are requested to notify any change in address immediately to the Companies registered office.
4. As per the provisions of the Company Act, 1956 (as amended), the facility for making nomination is now available to individuals holding shares in the Company. Those who desires to avail this facility may send their request for nomination in the prescribed form 2B duly filled in and signed to the Company's registered office.
5. (a) As per provisions of Section 205A of the Companies Act, 1956, the Company has already transferred to the General Revenue Account of the Central Government the amount of all unclaimed dividends declared upto and including the financial year ended 31st March, 1998. Hence to claim dividend upto the said period, the members are advised to approach the Registrar of Companies, West Bengal 234/4, Acharya Jagadish Chandra Bose Road, Kolkata-700 020
(b) Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 dividend, for the financial year ended 31st March, 1999, and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the investor Education and Protection Fund established by the Central Government.
Members who have not encashed the dividend warrant (s) for the financial year ended 31st March, 1999 or any subsequent financial years are requested to make claim to the share department of the Company. It may also be noted that once the unclaimed dividend is transferred to the Fund, as above, no claims shall lie in respect of such dividend.
6. The Dividend on Equity Shares as recommended for the year ended 31st March, 2006, if approved at this meeting will be payable on or after 6th September, 2006 to those members whose names appear on the Register of members of the Company as on 6th September, 2006.
7. Explanatory statement under section 173(2) of the Companies Act 1956 for item no 5 is annexed here to.

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act 1956)

(Item 5) The present terms of appointment of Mr. Prakash Himatsingka as whole time director will expire on 30/06/2006. The board of directors feels that for the sake of continuity of the present Management and for efficient running of the company, the services of Mr. Prakash Himatsingka should be available to the company for a further period of five years with effect from 01/07/2006 in terms of the provisions of the Articles of Association of the Company. The Board of directors at a meeting held on 29th June 2006 appointed him as a Managing Director for a further period of five years with effect from 01/07/2006 with necessary changes in his remuneration as elaborated in the resolution, subject to approval of shareholders and in accordance with the limit laid down in suhedule XIII of the companies act 1956.

The board of Directors of the Company considers that the re-appointment of Sri Prakash Himatsingka as Managing Director will be beneficial to the Company.

Your Directors recommended the resolution for your approval. Only one Director Mr. Avishek Himatsingka is concerned or interested in the resolution and comply the provision of section 299, 300, 301 of the companies Act 1956.

Place : Kolkata

Dated : The 29th day of June, 2006

By order of the Board

PRAKASH HIMATSIKKA
Managing Director

PH TRADING LTD.

DIRECTOR'S REPORT

To

The Members,

Your Directors have pleasure in placing before you the 24th Annual Report of the Company together with the audited statement of account of the year ended March 31, 2006.

FINANCIAL RESULTS :

Profit during the year		Rs. 21,19,312
Add : Previous year balance		Rs. 64,15,361
Deferred Tax Liability (Assets)		Rs. 34,966
		Rs. 85,69,639
Less : Provision for taxation	Rs. 7,38,158	
Provision for FBT	Rs. 78,717	
Proposed dividend	Rs. 4,80,000	
Dividend Tax	Rs. 67,320	
		Rs. 13,64,195
Balance transferred to Balance Sheet		Rs. 72,05,444

DIVIDEND :

Your Directors are pleased to recommend a dividend @ Re. 1 per fully paid up equity share of Rs. 10/- each for the year ended 31st March, 2006.

DIRECTORS :

Sri Rajendra Jhanwar, Director of the Company retire by rotation but being eligible offers himself for re-appointment. The terms of appointment of Mr. Prakash Himatsingka as Managing Director of the Company, expired on 30/06/2006 and the Board of Directors in their meeting held on 29/06/06 reappointed him w.e.f. 1/7/2006 for approval of shareholders in ensuing Annual General Meeting. The necessary resolution seeking approval of Mr. Prakash Himatsingka's re-appointment as Managing Director and the terms of his remuneration w.e.f. 1/7/2006 is being placed before the members for their approval.

Directors Responsibility statement pursuant to section 217 (2AA) of the Companies Act, 1956.

The Directors hereby confirm.

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departure.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 or loss of the Company for that period.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on a going concern basis.

AUDITORS :

M/s. Salarpuria & Partners, Chartered Accountants of 7, Chittaranjan Avenue, Kolkata-72, the auditors of the Company and M/s M. B. Agarwal & Co. chartered Accountants of 204, Mhatre Pen Building Senapati Bapat Marg, Mumbai-28 branch auditors retire and are eligible and agreeable for reappointment.

DEPOSITS :

The Company has never accepted any deposit and as such absolves itself of any compliance in this behalf.

PERSONNEL :

There was no employee receiving remuneration according to section 217(2A) of the Companies Act and hence no statement has been given.

Information under section 217(1)E of the Companies Act., 1956.

Your Company has no activity relating to conservation of energy and Technology absorption. The Company does not have any foreign exchange earnings.

113, Park Street

10th Floor, Kolkata-700 016

Dated : Friday, the 29th June, 2006

By order of the Board

P. HIMATSINGKA

AVISHEK HIMATSINGKA

Directors

PH TRADING LTD.

AUDITOR'S REPORT :

TO THE MEMBERS :

We have Audited the attached Balance Sheet of PH TRADING LTD. as at 31st March, 2006 and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash flow statement for the period ended on that date. 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.

We have 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.

As required 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, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditor's Report's have been forwarded to us and have been appropriately dealt with.
- (iii) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches.
- (iv) In our opinion the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the Directors, as on 31st March, 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

Subject to Non provision of Bad and doubtful debts amounting to Rs. 364,629/-

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;

(b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date and;

(c) in the case of cash flow statement, of the cash flows for the year ended on that date.

7, Chittaranjan Avenue
Kolkata-700 072
The 22th day of June, 2006

FOR SALARPURIA & PARTNERS
Chartered Accountants
N. R. NAYAK
Partner

PH TRADING LTD.

ANNEXURE TO THE AUDITOR'S REPORT

- i) a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) These fixed assets are physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) Substantial part of fixed assets have not been disposed off during the year to the question of affecting the going concern does not arise.
- ii) a) Physical verification of inventory has been conducted at reasonable intervals by the Management.
- b) The procedures for verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of the same.
- iii) a) The company has not granted any loans, secured or unsecured to companies, Firms or other Parties covered in the register maintained under Section 301 of the Act and such clause iii(a) to iii(d) of the order are not applicable.
- iii) e) The company has taken unsecured loans from companies, Firms or other Parties covered under the register maintained under Section 301 of the Act viz.

Name of the Party	Opening Balance as at 1.4.05	Amt. taken together with Interest	Amount paid	Closing Balance as at 31.3.05
Abhishek Chemicals Pvt. Ltd.	14,595,472	130,592,151	138,412,899	6,774,724
Himatsingka Chemical Pvt. Ltd.	22,398,304	55,130,806	70,290,525	7,238,585
Prakash Himatsingka Swan	3,336,901	7,291,254	7,849,079	2,779,076
Swan Silverwares Pvt. Ltd.	13,589,070	64,128,222	66,263,835	11,453,457
Variable Plaza Pvt. Ltd.	3,404,402	2,165,647	4,427,932	1,1,142,117
Davesh Developers Pvt. Ltd.	624,098	178,003	135,417	666,684
AH Chemicals Pvt. Ltd.	145,491	115,230,420	115,092,758	283,153
Himatsingka Properties Pvf. Ltd.	—	1,073,459	1,012,606	60,853

- f) In our opinion, the rates of interest and Terms & Conditions on which loan have been taken are not prima facie, prejudicial to the interest of the Company.
- g) They are regular in the payment of Principal & Interest as stipulated and there is no overdue amounts of loans taken from parties listed in the registers maintained under section 301 of the Companies Act.
- iv) There is an adequate internal control system commensurate with the size and the nature of its business or the purchase of inventory and fixed assets and for the sale of goods and service.
- v) a) The contract or arrangement that need to be entered into a register in persuance of sec. 301 have been so entered.

PH TRADING LTD.

- b) Transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The company has not accepted deposits from the public.
- vii) The company has an internal audit system commensurate with its size and nature of business.
- viii) The maintenance of cost records has not been prescribed by the Central Government U/s. 209 (1) (d) of the Companies Act, 1956 (1 of 1956). Therefore the item (viii) of the aforesaid order is not applicable.
- ix) a) The Company is regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other Statutory dues with the appropriate authorities. As per management the Provident Fund Act and Employees State Insurance Act are not applicable to the company.
b) As per management there are no disputed dues of sales tax/income tax/custom tax/wealth tax/excise duty / Service Tax /cess etc.
- x) Item (x) of the order is not applicable to the company.
- xi) The company has not defaulted in repayment of dues to any financial institution or bank.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence the question of maintenance of adequate documents and records does not arise.
- xiii) The Company is not chitfund, Nidhi/Mutual benefit fund or societies.
- xiv) The company is dealing in shares, securities, debentures and other investments and proper records have been maintained of the transactions and timely entries have been made therein and such shares, securities debentures and other investments have been held by the company in its own name.
- xv) As per management, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) The company has not taken any loan, so the question about its applicability for the required purpose does not arise.
- xvii) There is no fund raised on short term basis and hence question of used it for long term investment does not arise.
- xviii) No share issues have been made during the year so there could not have been any preferential allotment of shares to parties covered in the Register maintained U/s. 301 of the Act.
- xix) No debentures issue have been made by the company and so the question of its securitisation & chargeation does not arise.
- xx) No public issues were made in this period, so end use money utilisation relating to the same does not arise.
- xxi) No fraud on by the company has been noticed or reported during the year.

7, Chittaranjan Avenue
Kolkata-700 072
The 29th day of June, 2006

FOR SALARPURIA & PARTNERS
Chartered Accountants
N. R. NAYAK
Partner

PH TRADING LTD.

BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULE	AS AT		AS AT	
		31.03.2006		31.03.2005	
		Rs.	Rs.	Rs.	Rs.
Sources of Funds :					
Share Capital	A		4,800,000		4,800,000
Reserves & Surplus	B		7,205,444		6,415,361
Secured Loans	C		15,153,759		12,215,733
Unsecured Loans	D		62,494,595		84,629,226
			<u>89,653,798</u>		<u>108,060,320</u>
Application of Funds :					
Fixed Assets	E				
Gross Block		4,186,357		4,156,867	
Less : Depreciation		<u>2,845,689</u>		<u>2,559,805</u>	
			1,340,668		1,597,062
Investments :	F		723,378		725,128
Current Assets, Loans & Advances	G				
Current Assets :					
Inventories		47,855		47,855	
Sundry Debtors		92,253,721		133,979,769	
Cash & Bank Balances		4,792,099		5,467,667	
Loans & Advances		6,744,764		5,435,161	
			<u>103,838,439</u>		<u>144,930,452</u>
Less : Current Liabilities And Provisions :					
Current Liabilities	H	10,802,314		34,457,002	
Provisions	I	<u>5,481,339</u>		<u>4,735,320</u>	
			16,283,653		39,192,322
Net Current Assets			<u>87,554,786</u>		<u>105,738,130</u>
Deferred Tax Assets			34,966		—
			<u>89,653,798</u>		<u>108,060,320</u>
Notes on Accounts	J				

As per our separate report of even date attached hereto

FOR SALARPURIA & PARTNERS

Chartered Accountants

N. R. NAYAK

Partner

7, Chittaranjan Avenue

Kolkata-700 072

The 29th day of June, 2006

P. HIMATSINGKA

AVISHEK HIMATSINGKA

Directors

PH TRADING LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	SCHEDULE	YEAR ENDED 31.03.2006 Rs.	YEAR ENDED 31.03.2005 Rs.
INCOME :			
Sales (Net)		491,124,102	887,276,875
Other Income	K	1,216,664	1,325,758
Closing Stock of Shares		47,855	47,855
TOTAL - A		<u>492,388,621</u>	<u>888,650,488</u>
EXPENDITURE :			
Opening Stock of Shares		47,855	47,855
Purchases (Net)		460,419,801	853,722,782
Freight & Octroi Charges		6,330,023	8,357,198
Administrative Selling & Others	L	7,158,192	6,471,777
Interest	M	10,887,412	14,738,972
Depreciation		302,669	392,993
Bad Debts		4,425,497	992,287
Directors Remuneration		682,450	476,300
Sales Tax A/c		15,410	—
TOTAL - B		<u>490,269,309</u>	<u>885,200,164</u>
Profit Before Taxation ('A' - 'B')		2,119,312	3,450,324
Less : Provision for Income Tax		738,158	1,325,000
Less : Deferred Tax Liability		(34,966)	(9,956)
Less : Provision for Fringe Benefit Tax		78,717	—
Profit After Taxation		1,337,403	2,135,280
Add : Balance Brought forward from Prev. Year		6,415,361	4,827,401
Amount Available for Appropriation		<u>7,752,764</u>	<u>6,962,681</u>
APPROPRIATIONS :			
Proposed Dividend		480,000	480,000
Dividend Tax		67,320	67,320
Balance Carried to Balance Sheet		7,205,444	6,415,361
		<u>7,752,764</u>	<u>6,962,681</u>
Basic / Diluted Earning Per Share		2.78	4.45
Notes on Accounts	J		

As per our separate report of even date attached hereto

FOR SALARPURIA & PARTNERS

Chartered Accountants

N. R. NAYAK

Partner

7, Chittaranjan Avenue

Kolkata-700 072

The 29th day of June, 2006

P. HIMATSINGKA

AVISHEK HIMATSINGKA

Directors

PH TRADING LTD.

SCHEDULES

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
SCHEDULE : A		
SHARE CAPITAL :		
Authorised		
5,00,000 Equity Shares of Rs. 10/- Each.	<u>5,000,000</u>	<u>5,000,000</u>
ISSUED, SUBSCRIBED & PAID UP :		
4,80,000 Equity Shares of Rs. 10/- each fully paid in cash	<u>4,800,000</u>	<u>4,800,000</u>
	<u>4,800,000</u>	<u>4,800,000</u>
 SCHEDULE : B		
RESERVES & SURPLUS :		
Profit & Loss Account		
(Balance (Cr.) as per Account Annexed)	<u>7,205,444</u>	<u>6,415,361</u>
	<u>7,205,444</u>	<u>6,415,361</u>
 SCHEDULE : C		
SECURED LOANS :		
ICCI Car Loan against Hypothecation of Motor Car	51,228	285,124
Oriental Bank of Commerce C.C. A/c. (Kolkata)		
(against Book Debts)	<u>14,389,631</u>	<u>11,217,709</u>
L.I.C. (against Keyman Insurance Policy)	<u>712,900</u>	<u>712,900</u>
	<u>15,153,759</u>	<u>12,215,733</u>
 SCHEDULE : D		
UNSECURED LOANS : (Including Interest)		
From Companies	<u>59,715,519</u>	<u>81,292,325</u>
From Directors	<u>2,779,076</u>	<u>3,336,901</u>
	<u>62,494,595</u>	<u>84,629,226</u>

PH TRADING LTD.

FIXED ASSETS

SCHEDULE - E :

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost	Additions	Sold	Cost	Upto	During	Adjustment	Total	As At	As At
	as on	during	during	as on	01.04.2005	the	A/c.	Upto	31.03.2006	31.03.2005
	01.04.2005	the year	the year	31.03.2006		year	of Sales	31.03.2006		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Premises	839,496	—	—	839,496	554,120	14,269	—	568,389	271,107	285,376
Residential Building	253,373	—	—	253,373	100,249	7,656	—	107,905	145,468	153,124
Furniture & Fixtures	398,592	—	—	398,592	335,960	10,641	—	346,601	51,991	62,632
Air Conditioner	209,800	—	—	209,800	66,663	20,029	—	86,692	123,108	143,137
Motor Car	1,359,422	—	—	1,359,422	693,828	172,323	—	866,151	493,271	665,594
Office Equipment	160,832	—	—	160,832	109,195	7,351	—	116,546	44,286	51,637
Generators	16,587	—	—	16,587	15,002	220	—	15,222	1,365	1,585
Computers	642,548	—	—	642,548	563,457	32,914	—	596,371	46,177	79,091
Telex	19,780	—	19,780	—	16,785	—	16,785	—	—	2,995
Fax Machine	97,352	49,270	—	146,622	52,526	12,875	—	65,401	81,221	44,826
Mobile Phone	24,895	—	—	24,895	10,391	2,018	—	12,409	12,486	14,504
Television	27,690	—	—	27,690	14,411	1,847	—	16,258	11,432	13,279
Motor Cycle	106,500	—	—	106,500	27,218	20,526	—	47,744	58,756	79,282
Total :	4,156,867	49,270	19,780	4,186,357	2,559,805	302,669	16,785	2,845,689	1,340,668	1,597,062
Previous year Figures	4,104,810	94,800	42,743	4,156,867	2,200,176	392,993	33,364	2,559,805	1,597,062	

PH TRADING LTD.

SCHEDULE : F

LONG TERM INVESTMENTS (AT COST)

Name of the holdings	Kind of Stock	Face Value	No. of Shares/Debentures		Cost as on 31.03.2006	Cost as on 31.03.2005
(A) Quoted :						
United Diamonds Ltd. *	Equity	10/-	356	(356)	5,938	5,938
Unique Mfg. & Mkt. Ltd. *	-do-	10/-	50	(50)	160	160
Hindusthan Dev. Corp. Ltd. *	Debentures	50/-	3	(3)	120	120
A.C.C. Ltd. *	-do-	10/-	—	(10)	—	1,750
Kanoi Paper & Inds. Ltd.	-do-	10/-	1,500	(1,500)	27,200	27,200
TOTAL : A					<u>33,418</u>	<u>35,168</u>
(B) Unquoted :						
P. C. Properties Ltd.	Equity	10/-	1,500	(1,500)	15,000	15,000
Buxa Doars Tea Co. Ltd.	-do-	10/-	52,000	(52,000)	674,960	674,960
TOTAL : B					<u>689,960</u>	<u>689,960</u>
TOTAL INVESTMENTS (A+B)					<u>723,378</u>	<u>725,128</u>

Aggregate Market Value of Quoted Investments :

* In absense of Market Quotation no Market Value mentioned.

PH TRADING LTD.

	AS AT 31.03.2006		AS AT 31.03.2005	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE : G				
CURRENT ASSETS, LOANS AND ADVANCES :				
Current Assets :				
INVENTORIES :				
Shares (At cost)	47,855		47,855	
		47,855		47,855
SUNDRY DEBTORS :				
Debts Outstanding for a Period Exceeding Six Months				
Considered Good	5,429,713		22,848,558	
Considered Doubtful	364,629		553,740	
Others Debts				
(Unsecured considered good)	86,459,379		110,577,471	
		92,253,721		133,979,769
CASH & BANK BALANCES :				
Cash-in-Hand (As per Books & Certified)	45,003		111,571	
With Scheduled Banks :				
In Current A/c.	3,862,445		2,879,750	
In Fixed Deposit A/c.	883,488		2,473,833	
(Pledged with Bank against Bank Guarantee)				
In Unpaid Dividend A/c. (O.B.C. Ltd.)	1,163		2,513	
		4,792,099		5,467,667
LOANS & ADVANCES :				
(Unsecured considered Good)				
Security Deposits	72,865		80,865	
Advance Income Tax	3,901,466		3,251,466	
Income Tax Refundable	30,371		30,371	
Tax Deducted at Source	1,165,034		1,149,991	
Advance to Suppliers	834,887		316,902	
Advance to Staff	17,692		1,000	
Advance to Others	321,000		321,000	
Insurance claim	—		—	
prepaid Expenses	363,146		265,120	
Hire Purchase Charge payable	303		18,446	
Discount receivable	38,000		—	
		6,744,764		5,435,161
		<u>103,838,439</u>		<u>144,930,452</u>

PH TRADING LTD.

	AS AT	AS AT
	31.03.2006	31.03.2005
	Rs.	Rs.

SCHEDULE : H

CURRENT LIABILITIES :

Sundry Creditors

For Goods (Due to S. S. I. Units Rs. NIL)	2,878,505	26,025,849
For Expenses	4,711,677	4,491,479
Advance From Customer	942,642	1,330,705
Tax deducted at source	2,268,327	2,606,456
Unclaimed Dividend*	1,163	2,513
	<u>10,802,314</u>	<u>34,457,002</u>

* There are no amounts due and outstanding to be credited to the investors Education and protection fund.

SCHEDULE : I

PROVISIONS :

For Taxation	4,926,158	4,188,000
Proposed Dividend	480,000	480,000
Dividend Tax	67,320	67,320
Fringe Benefit Tax	7,861	—
	<u>5,481,339</u>	<u>4,735,320</u>

PH TRADING LTD.

SCHEDULE : J

NOTES ON ACCOUNTS :

1. Contingent Liabilities not provided for in respect of :

Bill Discounted with Bank.	Rs. 101.38 Lakhs	(Rs. 100.00 Lakhs)
Claims against the company pending in court, not acknowledged as debts, amount unascertainable.		
2. Other Advances includes Rs. 101,000/- against which the Company has filed a suit for recovery.
3. Fixed Deposit Rs. 8.83 Lakhs (24.64 Lakhs) pledged with Oriental Bank of Commerce, Park Street Branch against Bank guarantee of Rs.150 Laks (Rs. 9,000,000/-) and Rs. 5,000/- (Rs. 10,000/-) with the commissioner of Sales Tax as security for the issue of blank 'C' forms and Form '14'.
4. Motor Car includes Rs. 764,979/- (Rs. 764,879/-) under Hire Purchase Scheme. Future Interest Payable in car Purchased under said scheme amounting to Rs. 303/- (Rs. 18,446/-)
5. Managerial Remuneration (Included under Salary & Allowances) :

Salary	Rs. 675,000/-	(Rs. 470,000/-)
Other Benefits	Rs. 7,450/-	(Rs. 6,300/-)
6. Additional Information pursuant to the provisions of Paragraph 3 & 4 of part-II of Schedule VI of the Companies Act, 1956.

i) Quantitative Information : Trading Goods

Class of Goods	Unit	Opening Stock Qty.	Value Rs.	Purchases @ Qty.	Value Rs.	Sales @ Qty.	Value Rs.	Closing Stock Qty.	Value Rs.
Phenol	MT	—	—	7,394,150	460,419,800	7,394,150	491,124,102	—	—
		(—)	(—)	(11,267,262)	(849,434,782)	(11,267,262)	(884,126,875)	(—)	(—)
Caustic Soda	MT	—	—	—	—	—	—	—	—
		(—)	(—)	(175,000)	(4,288,000)	(175,000)	(3,150,000)	(—)	(—)
* Shares	Nos.	—	47,855	—	—	—	—	—	47,855
		—	(47,855)	(—)	(—)	(—)	(—)	(—)	(47,855)
Total			47,855		460,419,800		491,124,102		47,855
			(47,855)		(853,722,782)		(887,276,875)		(47,855)

* Net of Discount

PH TRADING LTD.

SCHEDULE : J

NOTES ON ACCOUNTS :

Details of Shares Stock-In-Trade As on 31st March, 2006

Name of the Company	Opening Stock		Purchases		Sales		Closing Stock		
	Face Value	Nos.	Value	Nos.	Value	Nos.	Value	Nos.	
	Rs.		Rs.		Rs.		Rs.		
M.P.U. Poly Proplines Ltd.	10/-	18	180	—	—	—	—	18	180
	(10/-)	(18)	(180)	(—)	(—)	(—)	(—)	(18)	(180)
Brownia Business Ltd.	10/-	50	255	—	—	—	—	50	255
	(10/-)	(50)	(255)	(—)	(—)	(—)	(—)	(50)	(255)
Unit Trust of India	10/-	100	920	—	—	—	—	100	920
(Master Share)	(10/-)	(100)	(920)	(—)	(—)	(—)	(—)	(100)	(920)
Kanoi Paper & Inds. Ltd.	10/-	1,860	46,500	—	—	—	—	1,860	46,500
	(10/-)	(1,860)	(46,500)	(—)	(—)	(—)	(—)	(1,860)	(46,500)
TOTAL :			<u>47,855</u>		<u>NIL</u>		<u>NIL</u>		<u>47,855</u>
			<u>(47,855)</u>		<u>(NIL)</u>		<u>(NIL)</u>		<u>(47,855)</u>

(ii) Expenditure / Earnings in Foreign Currency

(NIL) (NIL)

7. Related Party Disclosure

Information relating to Related Party Transaction as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India is given below :

A) Name of the related party	Relationship
(a) Abhishek Chemicals Pvt. Ltd.	Associate Company
Davesh Developors Pvt. Ltd.	Associate Company
Himatsingka Chemicals Pvt. Ltd.	Associate Company
Himatsingka Properties Pvt. Ltd.	Associate Company
P. C. Properties Pvt. Ltd.	Associate Company
Swan Silverwares Pvt. Ltd.	Associate Company
Variable Plaza Pvt. Ltd.	Associate Company
AH Chemicals Pvt. Ltd.	Associate Company
(b) Prakash Himatsingka	Key Managerial Personnel
Ashok Kr. Jhanwar	Key Managerial Personnel
Prakash Chandra Vikram Kumar	Relative of Key Managerial Personnel
Binayak Prasad Prakash Chandra	Relative of Key Managerial Personnel
K. Kumar & Co.	Relative of Key Managerial Personnel
Nirmal Himatsingka Rice & Sugar Mills	Relative of Key Managerial Personnel
Sumit Kumar Jhanwar	Relative of Director

Note : Related Party Relationship is as identified by the Company and relied by Auditors.

PH TRADING LTD.

B) Transactions during the year	With (a)	With (b)
i) Sales	23,930,836	—
iii) Director's Remuneration	—	675,000
iv) Salaries	—	72,000
vi) Rent Received	18,000	9,600
xi) Repair & maintainance	103,538	—
vii) Intercorporate Deposits Received	362,938,354	7,015,000
viii) Intercorporate Deposits Paid	387,649,074	7,205,000
ix) Interest Paid (Provision)	5,556,089	276,254
x) Outstanding balances as at 31.03.2006		
a) Intercorporate Deposit accepted	27,619,573	2,779,076
x) Sundry Balances W/off (Due to Reconciliation)	34,500	—
8. Since company is having single activity i.e. Trading so segment reporting in accordance with Accounting Standard 17 issued by ICAI is not applicable.		
9. During the year deferred tax assets. In accordance with accounting standard 22 has been created. Deferred Tax Assets due to timing difference as at 31.03.2006		
a) Depreciation	Rs. 34,966/-	
10. <u>Earning per Share</u>		
a) Net Profit available to the Equity Shareholders	<u>31.03.2006</u> 1,337,403	<u>31.03.2005</u> 2,135,280
b) No. of Equity Shares	480,000	480,000
c) Basic/Diluted earning per share	2.78	4.45
11. No provision have been considered necessary for diminution in value of permanent Investment being temporary in nature.		
12. Provision has not been made for doubtful debts amounting to Rs. 364,629/- (Previous Year Rs. 553,740/-)		
13. Service Tax includes Rs.122,084/- written off during the year in of cenvat credit receivable of Service Tax for earlier years.		
14. Figures of the last year have recasted & regrouped wherever found necessary.		

ACCOUNTING POLICIES :

INCOME / EXPENDITURES

1. **All income & expenditures are accounted for on Accrual basis except :**
Dividend, debenture interest, which are accounted for on cash basis.
2. **Investments :**
All investments are valued at cost.
3. **Depreciation :**
Depreciation has been provided on all assets on W.D.V. basis as per rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on Fixed Asset at Branch has been provided under W.D.V. Method at the rates prescribed under the Income Tax Act, 1961, and the rules made there under.
4. **Inventories are valued at cost.**
5. **Gratuity :**
Gratuity has been deposited partly into LIC fund & partly into the bank account jointly held in the name of companies and the nominees of the company. Such Liability being calculated by the Management.
6. **Leave Salary :**
No provision for leave encashment has been made in the accounts (amount unascertained) Leave Salary accrued and payable to the employees are being encashed by the employees during the accounting year
7. **Sales and purchases are stated in accounts at net of discount thereon.**

PH TRADING LTD.

BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

(In terms of amendment of Schedule VI Part IV)

I. Registration Details

Registration No.	<u>35011/82</u>	State Code	<u>21</u>
Balance Sheet Date	<u>31.03.2006</u>		

II. Capital raised during the Year (Amount in Rs. Thousands)

Public Issue	<u>NIL</u>	Right Issue	<u>NIL</u>
Bonus Issue	<u>NIL</u>	Private Placement	<u>NIL</u>

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)

Total Liabilities	<u>89,653</u>	Total Assets	<u>89,653</u>
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Sources of Funds

Paid up Capital	<u>4,800</u>	Reserve & Surplus	<u>7,205</u>
Secured Loans	<u>15,154</u>	Unsecured Loans	<u>62,494</u>

Application of Funds :

Net Fixed Assets	<u>1,341</u>	Investments	<u>723</u>
Net Current Assets	<u>87,588</u>	Misc. Expenditure	<u>NIL</u>
Accumulated Loss	<u>NIL</u>		

IV. Performance of the Company (Amount in Rs. Thousands)

Total Income	<u>492,389</u>	Total Expenditure	<u>490,269</u>
Profit before tax	<u>2,120</u>	Profit after tax	<u>1,337</u>
Earning Per Share	Rs. <u>2.78</u>	Dividend Rate %	<u>10.00</u>

V. Generic names of Three Principal Products/Services of Company (As per Monetary term)

Item Code No. (I.T. C. Code) —	<u>N. A.</u>
Product Description —	<u>N. A.</u>

PH TRADING LTD.

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
SCHEDULE : K		
OTHER INCOME :		
Rent Received	27,600	27,600
Profit on Sale of Fixed Assets	—	621
Interest Received [TDS. Rs. 131,604 (Rs. 260,920)]	957,525	1,269,373
Dividend Received [TDS. Rs. NIL (Rs. NIL)]	540	520
Miscellaneous Income [TDS. Rs. NIL (Rs. NIL)]	<u>230,999</u>	<u>27,644</u>
	<u>1,216,664</u>	<u>1,325,758</u>

PH TRADING LTD.

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
SCHEDULE : L		
ADMINISTRATIVE, SELLING & OTHER EXPENSES :		
Salary and Allowances	613,191	955,464
Staff Welfare Expenses	56,883	35,244
Rates & Taxes	78,105	62,883
Insurance Premium	430,027	440,345
Legal & Professional Charges	153,817	154,074
Repair & Maintenance (Others)	228,978	186,313
Electric Charges	305,091	234,823
Telephone Expenses	406,151	451,411
Director's Meeting Fees	2,750	3,250
Printing & Stationery	81,305	70,930
Computer Expenses	64,859	57,525
Service Charges	—	361,600
Certification Fees	2,285	2,204
Auditors' Remuneration :		
Internal Audit Fees	2,204	2,204
As Audit Fees (Including Branch Auditor)	32,070	36,109
As Tax Audit Fees	5,510	5,510
Out of Pocket Expenses	<u>632</u>	<u>841</u>
Travelling & Conveyance	40,416	44,664
Vehicle Expenses	282,735	535,518
Advertisement	105,589	184,067
Bank Charges	40,156	82,551
Donation	61,341	1,079,811
Commission & Brokerage	241,800	301,200
Sales Promotion Expenses	3,318,294	652,740
Miscellaneous Expenses	—	176,019
Rent	589,465	266,076
Postage and Telegram	36,000	68,570
Sundry Balance Written off	63,022	51,806
Subscription	(54,203)	10,467
	10,135	2,222
	<u>7,158,192</u>	<u>6,471,777</u>
SCHEDULE : M		
INTEREST : (Net)		
To Bank	1,100,546	2,132,599
To Others	9,510,612	11,920,514
To Director	276,254	685,859
	<u>10,887,412</u>	<u>14,738,972</u>

PH TRADING LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2006

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
A. Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items		
Adjustments For :	2,119,312	3,450,324
Depreciation :	302,669	392,993
Loss of Fixed Assets :	2,995	(621)
Profit/(Loss) on Sale of Investment :	(1,950)	—
Interest / Dividend (Income) :	(958,065)	(1,269,893)
Interest Paid :	10,887,412	14,738,972
Operating Profit before Working Capital Changes :	<u>12,352,373</u>	<u>17,311,775</u>
Adjustments For :		
Trade and Other receivables. :	41,081,487	(31,101,123)
Inventories :	—	—
Trade Payable :	(23,654,688)	8,466,817
Change in short term borrowing :	(22,134,631)	22,527,537
Cash generated from operations :	<u>7,644,541</u>	<u>17,205,006</u>
Interest Received on Trade Deposits :	—	—
Direct taxes paid (Includes Fringe Benefit Tax) :	(735,899)	(1,498,224)
Cash Flow before Extra Ordinary Items :	<u>6,908,642</u>	<u>15,706,782</u>
Net Cash from operating activities	<u>6,908,642</u>	<u>15,706,782</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets :	(49,270)	(94,800)
Sale of Fixed Assets :	—	10,000
Purchase of Investments :	—	—
Sale of Investments :	3,700	66,000
Interest Received :	957,525	1,269,373
Dividend Received :	540	520
Net Cash from in investing activities	<u>912,495</u>	<u>1,251,093</u>

Contd. Next page

PH TRADING LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2006

	AS AT 31.03.2006 Rs.	AS AT 31.03.2005 Rs.
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital	—	—
Proceeds from Long Term Borrowings	2,938,026	1,877,963
Repayment for Finance Lease Liabilities	—	—
Interest Paid	(10,887,412)	(14,738,972)
Dividend Tax Paid	(67,320)	(46,125)
Dividends Paid	(480,000)	(360,000)
Net Cash used in Financing Activities	<u>(8,496,706)</u>	<u>(13,267,134)</u>
Net increase in Cash and Cash Equivalents (A+B+C)	(675,569)	3,690,741
Cash and Cash Equivalents as at (Opening Balance)	5,467,667	1,776,926
Cash and Cash Equivalents as at (Closing Balance)	4,792,098	5,467,667

P. HIMATSINGKA | Directors
AVISHEK HIMATSINGKA

Notes :

1.	<u>Cash & Cash Equivalent</u>	<u>Current Year</u>	<u>Prev. Year</u>
	Cash in hand	45,003	111,571
	with schedule bank		
	In Current A/c	3,862,445	2,879,750
	In Fixed Deposit	883,488	2,473,833
	In unpaid Divident A/c	1,162	2,513
	Accrued Interest	—	—
		<u>4,792,098</u>	<u>5,467,667</u>

2. The cash flow statement has been prepared under the 'Indirect Method' as set out in Accounting standard 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

7, Chittaranjan Avenue
Kolkata-700 072
The 29th day of June, 2006

FOR SALARPURIA & PARTNERS
Chartered Accountants
N. R. NAYAK
Partner

PH TRADING LTD.

Registered Office : Poddar Point, 'B' Block, 10th Floor
113, Park Street, Kolkata-700 016

PROXY FORM

Reg. Folio No. : _____

I / We, _____

of _____

being a member / members of PH TRADING LTD. here by appoint of _____

or failing him / her _____

_____ of _____

as my / our proxy to vote for me / us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Wednesday, the 6th of September, 2006 and any adjournment thereof.

Signed this _____ day of _____ 2006

Signed by the Said _____

NOTE :

This form, in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting .

Under Certificate of Posting

Printed Matter

If undelivered. Please return to :

PH TRADING LTD.

Poddar Point, 'B' Block, 10th Floor
113, Park Street, Kolkata-700 016