

49th

ANNUAL REPORT

**DIRECTORS' REPORT AND AUDITED STATEMENT OF
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999**

Report



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For The Kutch Salt & Allied Industries Ltd.,


Director

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

। न मायुष्यत् परो धर्मः ।

"There is no religion greater than Humanity"

With deep sense of gratitude to our
respected Founder

Late Pujya Shri Karamshibhai J. Somaiya



* 16-5-1902 *

* 9-5-1999 *

“न त्वहं कामये राज्यं, न स्वर्गं नापुनर्भवम् ।

कामये दुःखतप्तानां प्राणिनस्यातिनाशनम् ॥”

*"Neither do I aspire for Kingdom nor for heaven, nor do I desire to be free from rebirth;
my only prayer is to alleviate the sufferings of all beings afflicted by pain!"*

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

BOARD OF DIRECTORS : DR. SHANTILAL K. SOMAIYA
SHRI KALYANRAY P. OZA
SHRI TARACHAND V. SHAH
SHRI RAMESH S. IYER
SHRI PRABHULAL M. KAPADIA

AUDITORS : Messers AMBALAL THAKKAR & CO.
Chartered Accountants

BANKERS : BANK OF INDIA, MUMBAI

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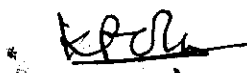
SOLICITORS : Messers HARIANI & COMPANY, MUMBAI

WORKS : KANDLA & JAKHAU

REGISTERED OFFICE : 48, Prospect Chambers Annexe,
5th floor,
317, Dr. Dadabhoy Naoroji Road,
Fort, Mumbai - 400 001.

Certified to be a true copy

For The Kutch Salt & Allied Industries Ltd.,


Director

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Forty-Ninth Annual General Meeting of the members of the KUTCH SALT & ALLIED INDUSTRIES LIMITED, will be held on Tuesday the 30th November, 1999 at 4.00 p.m. at the Registered Office of the Company, 48, Prospect Chambers Annexe, 5th floor, 317, Dr. Dadabhoy Naoroji Road, Mumbai - 400 001 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. S. K. Somaiya who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri K. P. Oza who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

5. To consider, and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT in supersession of the Resolution passed at the Annual General Meeting of the Company held on 28th September, 1993, that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956, for borrowing from time to time, for and on behalf of the Company any sum or sums of monies in any manner, which together with the monies already borrowed by the Company (Apart from the temporary loan obtained or to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart from any specific purposes, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed Rs. 10,00,00,000/- (Rupees Ten crores only)"

Registered Office :
48, Prospect Chambers Annexe,
5th Floor, 317, Dr. D. N. Road,
Mumbai - 400 001.

By the Order of the Board of Directors

(K. P. OZA)
Director

Mumbai, 15th October, 1999.

- NOTES :
1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
 2. Members are requested to bring their copy of Annual Report at the meeting.
 3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Resolution under item No. 5 is annexed herewith and forms part of this Notice.
 4. The register of Members and Share Transfer Books of the Company will remain close on 30-11-1999.
 5. Members are requested to notify immediately any change in their address to the Company.

ANNUAL REPORT 1998-99**ANNEXURE TO THE NOTICE**

Explanatory statement as required under Section 173 (2) of the Companies Act, 1956.

In conformity with the provisions of Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

ITEM NO. 5

Under Section 293(1) (d) of the Companies Act, 1956, the Board of Directors can not, except with the consent of the Company in General Meeting borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purposes.

By a Resolution passed at the Annual General Meeting of the Company held on 28th September, 1993, the members accorded their consent to the Board of Directors of the Company for borrowing monies upto Rs. 5,00,00,000/- (Rupees Five Crores only).

The Company has undertaken an expansion as well as modernisation programme requiring further capital investment, financed partly by term borrowings and bank borrowings. The working capital requirement of the Company has also correspondingly increased necessitating further bank borrowings.

Although, the cash credit arrangements and other facilities of the Company with the Company's Bankers are temporary loans obtained in the ordinary course of business it is deemed desirable as a matter of abundant caution, to consider such facilities to be covered by the borrowing powers of the Board.

In the light of the above, your Directors have thought it essential to seek your consent to increase the limit of the borrowings to Rs. 10,00,00,000/- (Rupees Ten Crores only) and accordingly commend the resolution under item No. 5 of the accompanying Notice for your approval.

None of the Directors of the Company is concerned or interested in the Resolution.

By the Order of the Board of Directors

(K. P. OZA)
Director

Mumbai, 15th October, 1999.

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

DIRECTORS' REPORT

To the Members,

At the outset, the Board wishes to record with a deep sense of sorrow the sad demise of Founder of the Group, Shri K. J. Somaiya on the 9.5.1999. Shri K. J. Somaiya put up first sugar factory of the Godavari Sugar Mills Ltd., (GSM) at 'Sakarwadi', Kanhegaon in 1939 and the second factory viz. 'Lakshmiwadi' in 1941 at Kopergaon, both in District Ahmednagar, (Maharashtra). The GSM's third sugar factory, viz. 'Sameerwadi' was put up in the year 1971 at Saidapur, Taluka Mudhol, Dist. Bagalkot in Karnataka State. In course of time, as per the policy of Maharashtra Govt. to co-operativise the Joint Stock sugar factories, Sakarwadi and Lakshmiwadi plants were taken over by the State Govt. for co-operativisation in 1984-85.

Simultaneously with the development of the Sugar Factories, Shri K. J. Somaiya turned his attention to diversification leading to the setting up of Distillery for Industrial Alcohol, Alcohol based Organic Chemicals factories and management of the Company was taken over in 1967.

The Company owes its present position solely to the efforts made by the Founder Shri K. J. Somaiya and the team of dedicated workers. Shri K. J. Somaiya was not merely an industrialist but a humanist, a philanthropist, an educationist and a visionary. The Board paid flowing tributes to the services rendered by the founder.

Your Directors have pleasure in presenting their Forty-ninth Annual Report alongwith Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :

	1998-99 Rs.	1997-98 Rs.
Profit/Loss before Depreciation	(2,76,675)	40,02,559
Less : Depreciation	5,62,514	7,90,061
Profit/Loss before tax	(8,39,189)	32,12,498
Less : Provision for taxation	-	13,50,000
Profit/Loss after tax	(8,39,189)	18,62,498
Add : Profit brought forward from previous year	40,79,541	20,06,692
Add : Development Rebate Reserve written off	-	4,85,351
Amount available for appropriations	32,40,352	43,54,541
Less : 1) Proposed Dividend	-	2,50,000
2) Corporate Dividend Tax	-	25,000
Balance carried to Balance Sheet	32,40,352	40,79,541

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The financial results of the Company during the year under report reflect an adverse position as during the year the Company became a victim of natural calamity unparalleled in the Company's history. As has been reported in our last year's report an unprecedented Cyclonic storm with high tidal waves lashed the coastal areas in Kutch and Saurashtra on 9th June, 1998. As a result, our Kandla Salt Works suffered heavy damages to earth work and other fixed assets. Stocks of salt and other items lying in the Salt Works on 9th June, 1998, were completely washed away. The several Salt Works in Kutch and Saurashtra suffered heavy damages but the damage inflicted on our Kandla Salt Works was the highest.

The Company has received Rs. 35.41 lacs from Insurance Companies against the claims and Rs. 26.35 Lacs by way of assistance from Salt Department, Govt. of India towards damages occurred due to natural calamity.

DIVIDEND :

Owing to what has been stated in the foregoing para, your Directors' regret their inability to recommend any Dividend for the year 31st March, 1999.

PRODUCTION :

Production activities at Kandla were also hampered due to the said natural calamity. In view of total destruction of earth work, electric and other installations, it took long time to set right the same. This delayed the commencement of production activities at our Kandla Salt Works. With strenuous efforts at Kandla, production during the year was about 61,280 M.T. as against 1,08,289 M.T. last year. At Jakhau, the production was 54,566 MT against the previous year's production of 37,598 M.T.

SALES/DESPATCHES :

Sales during the year under Report came down to Rs. 263.82 lacs from Rs. 380.89 lacs in the previous year since despatches of salt during the year were lower at 81,152 M.T. as against 1,33,054 MT during the previous year mainly due to depleted salt stocks at Kandla.

**CYCLONIC STORM & HEAVY RAINS AND
DAMAGES TO THE EARTH WORK AT JAKHAU :**

Your Directors take this opportunity to report that after the end of year under review, the Jakhau Salt Works was subjected to another cyclonic storm and heavy torrential rains on 18th/19th May, 1999. The sea water level was raised to 5 mtrs. and entered into the entire salt works. It caused heavy damages to earthwork, sagarpara and other properties. Most of stocks of salt lying at platforms, stacking yard were washed away and production activities were completely disrupted. However, since there was a timely warning in advance, all workmen had been shifted to the near by town and hence there was no loss of human life.

The Company have approached the Central Government including Salt Department as well as State Government for the relief and assistance for rehabilitation of Salt Works at Jakhau just as done last time for Kandla.

**RECONSTRUCTION AND MODERNISATION PROGRAMME OF OUR KANDLA AND
JAKHAU SALT WORKS :**

Your Company is rebuilding its Salt Works on modern lines of mechanisation to improve the quality and yield per acre in future. The measures being taken now will help the Company to substantially augment the production in the long run.