

52nd

ANNUAL REPORT

**DIRECTORS' REPORT AND AUDITED STATEMENT OF
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002**



THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

ANNUAL REPORT 2001-2002

BOARD OF DIRECTORS : DR. SHANTILAL K. SOMAIYA, (Chairman)
SHRI TARACHAND V. SHAH
SHRI RAMESH S.IYER
SHRI PRABHULAL M. KAPADIA
SHRI AMIT P. HARIANI, upto 31.01.2002
SHRI K. P. OZA, upto 19.06.2002
SMT. JAYAMALA G. GODBOLE, w.e.f. 30.04.2002

AUDITORS : Messers AMBALAL THAKKAR & CO.
Chartered Accountants

BANKERS : BANK OF INDIA, MUMBAI

SOLICITORS : Messers HARIANI & COMPANY, MUMBAI

WORKS : KANDLA & JAKHAU (KUTCH)

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

NOTICE

NOTICE is hereby given that the Fifty-second Annual General Meeting of the members of the KUTCH SALT & ALLIED INDUSTRIES LIMITED, will be held on Thursday the 31st October, 2002 at 4.00 p.m. at the Registered Office of the Company, at 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, 2002 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 T. V. Shah 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(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Smt. Jayamala G. Godbole, be and is hereby appointed as Director of the Company."

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

By the Order of the Board of Directors

(P. M. Kapadia)
Director

Mumbai, 5th September, 2002.

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 register of Members and Share Transfer Books of the Company will remain close on 23.10.2002 to 30.10.2002.
4. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Resolution under item No. 5 is annexed herewith and forms part of this Notice.
5. Members are requested to notify immediately any change in their address to the Company.

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE.

ITEM No. 5

The Board of Directors of the Company had appointed Smt. Jayamala G. Godbole as an Additional Director of the Company on 30.04.2002. The Company has received notice in writing from a shareholder under Section 257 of the Companies Act, 1956, signifying his intention to propose the name of Smt. Jayamala G. Godbole as a candidate for the office of the Director.

Smt. Jayamala G. Godbole is a Law Graduate having vast experience of Administration and Finance etc. and worked number of years as Dy. General Manager in B. E. S. T. The Directors consider that her services will be useful to the Company and therefore, recommend her appointment as a Director of the Company.

The Board recommends the Resolution No. 5 for approval of the Shareholders.

Except Smt. Jayamala G. Godbole, no other Director is concerned or interested in this Resolution.

By the Order of the Board of Directors

(P. M. Kapadia)
Director

Mumbai, 5th September, 2002.

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ANNUAL REPORT 2001-2002**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their Fifty-second Annual Report alongwith Audited Statement of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS :

	2001-02 Rs.	2000-01 Rs.
Profit /(Loss) before Depreciation	1,26,96,287	17,39,631
Less : Depreciation	1,14,98,858	13,88,504
Profit/(Loss) before tax	11,97,429	3,51,127
Less : Provision for taxation		
Current Tax	90,000	29,758
Deferred Tax	4,28,517	--
Profit/(Loss) after tax	6,78,912	3,21,369
Add : Profit brought forward from previous year	39,02,461	35,31,232
Add : Excess Provision of tax for earlier years written back.	5,886	49,860
Less : Short provision of tax from earlier years provided.	42,142	--
Less : Amount transferred to Capital Redemption Reserve	19,75,000	--
Balance carried to Balance Sheet	25,70,117	39,02,461

DIVIDEND :

Your Company does not propose any dividend during the current year due to requirement of funds for modernisation.

OPERATIONS :

Operation of the Company during the year under review were satisfactory. Your Company was able to achieve a production of 1,60,379 tonnes at Kandla Works as against production of 1,12,928 tonnes last year. Production activities at Jakhau Works could not be re-started after heavy damages to its Sagar-para, bund-para and crystalliers due to cyclone hit during May, 1999, which is under repair.

SALES/DESPATCHES :

Sales during the year under review increased by 60% in comparison to previous year from Rs. 262.71 lacs to Rs. 419.23 lacs, and despatches of salt increased by about 32% from 121.140 lacs tonnes to 159.467 lacs tonnes.

FINANCIAL REVIEW :

The Company, in terms of Term loan sanctioned by Gujarat Industrial & Investment Corporation (GIIC) issued Preference Share Capital of Rs. 84.00 lacs. However, due to some unavoidable circumstances, the Term Loan from GIIC could not be availed.

After the Earth-quake on 26.01.2001, the Company have approached to the State Government for the financial assistance for rehabilitation of Kandla Salt Works, as done last time during the super cyclone in June, 98 at Kandla. The Government of Gujarat has sanctioned the Exgratia payment to the tune of Rs. 60.00 lacs for its Kandla Salt Works.

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT :

The Board of Directors states :

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) 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 and Loss of the Company for that period;
- 3) 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 their irregularities;
- 4) that the Directors had prepared the Annual Accounts on a going concern basis.

DIRECTORS :

Shri K. P. Oza, Director of the Company expired on 19th June, 2002. The Board of Directors deeply condole the sudden demise of Shri K. P. Oza.

Your Board of Directors place on records its appreciation of the valuable services with his rich experience and able guidance given by him during his tenure as Director of the Company and Pray to the Almighty that his Soul may rest in peace.

Dr. S. K. Somaiya and Shri T. V. Shah, Directors of the Company retire by rotation and being eligible, offer themselves for re-election.

AUDITORS :

The observations made in the Auditors' Report and Notes forming part of the Accounts are self-explanatory and therefore do not call for further comments.

You are requested to appoint auditors for the current year and fix their remuneration, M/s. Ambalal Thakkar & Associates (formerly M/s. Ambalal Thakkar & Co.) Auditors of the Company, being eligible, offer themselves for re-appointment.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE :

The particulars prescribed by the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 are furnished in the Annexure to this report.

PERSONNEL :

There were no employees employed during the year or part thereof drawing remuneration as mentioned in Section 217 (2) of the Companies Act, 1956.

Industrial Relations continued to be cordial and harmonious during the year under report. The Directors wish to place on record their appreciation of the valuable services rendered by the Workmen, Staff and Officers at all levels.

CORPORATE GOVERNANCE :

In terms of the Listing Agreement with Stock Exchange, the Company is required to comply with the Corporate Governance provisions by 2002-2003. The Company is taking steps towards complying with the requirements.

COMPLIANCE REPORT :

The Compliance Report as per Sec. 283 A of the Companies Act, 1956 from Practicing Company Secretary enclosed herewith.

ACKNOWLEDGEMENT :

Your Directors would like to place on record their sincere appreciation for the continuous support and co-operation extended to the Company by the Salt Department, our bankers Bank of India and employees at all levels in the conduct of its operations.

By the Order of the Board of Directors

(S. K. Somaiya)
Chairman

Mumbai, 5th September, 2002.

REPORT of the AUDITORS to the MEMBERS**THE KUTCH SALT & ALLIED INDUSTRIES LIMITED**

on the

ACCOUNTS for the year ended 31st March, 2002

We have audited the attached Balance Sheet of M/s. KUTCH SALT AND ALLIED INDUSTRIES LIMITED as at 31st March, 2002 and also the annexed Profit & Loss Account of the Company for the year ended on that date annexured thereto. 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 conducted our audit in accordance with 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 issued by the Company Law Board in terms of Section 227 4(A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order;
2. Further to our comments in the annexed report under MAOCARO :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) Subject to Note No. 1f(a) and 1f(b) and 3 of schedule 20 annexed to the final accounts regarding non-provision of Gratuity and leave encashment as per Accounting Standard 15 "Accounting of Retirement Benefits", the Balance Sheet and Profit and Loss A/c., are prepared as per the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956.
 - d) On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the said Directors are disqualified as on 31st March, 2002 from being appointed as Directors in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
 - e) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts of the Company.
 - f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, subject to -
 - i) Our remark in para 2 (c) above,
 - ii) Note No. 4 of schedule 20 annexed to the final accounts regarding non-provision of enhanced demand of Rs. 4,19,965.80. pertaining to Gujarat Water Supply and Sewerage Board and read together with other notes thereon give the information required by the Act in the manner so required and present a true and fair view :
 - a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - b) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For AMBALAL THAKKAR & CO.
Chartered Accountants

G. P. BHATT
Partner

Mumbai, 5th September, 2002.

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002 OF THE KUTCH SALT & ALLIED INDUSTRIES LTD.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during normal course of audit, which were necessary to the best of our knowledge and belief we report that :-

1. The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The physical verification of all the assets has been conducted by the management at the regular intervals and no material discrepancies were noticed.
2. None of the Fixed Assets of the Company has been revalued during the year.
3. Physical verification has been conducted by the Management at reasonable intervals in respect of finished goods stores, spare-parts and raw material and no material discrepancies have been noticed on such physical verification as compared to book records. In our opinion the procedures followed by the Management for physical verification are reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles applied on the same basis as in the previous year except as mentioned in Note No.8 of Schedule 20 annexed to the final accounts.
4. The Company has taken loans from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and from the Companies under the same Management as defined in Section 370 (1-B) of the Companies Act, 1956. The rate of interest and terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
5. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the Register maintained under Section 301 or to the Companies under the same management as defined in Section 370 (1-B) of the Companies Act, 1956.
6. The parties/employees to whom loans and advances in the nature of loans have been given by the Company, are repaying principal amounts as stipulated and also regular in paying the interest, wherever applicable, as stipulated.
7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of Stores, Plant and Machineries, Equipments and other Assets and for the sale of goods.
8. According to the information and explanations given to us, there are no transaction of purchase and sale of goods, materials and services made in pursuance of contract or arrangements entered in the register(s) maintained under Section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50,000/- or more in respect of each party.
9. As informed to us and per the usual practice of the Company, the unsalable and obsolete stock of stores is shown at nil value and no provision for the loss has been made in the books of account.
10. The Company has maintained reasonable records for the sale and disposals of realisable by-products.
11. Provision of Section 58A of Companies Act, 1956 and the Companies (Acceptance of Deposits) rules, 1975 with regard to the Deposit are not applicable as the Company has not invited the Deposit from the public.