

# 54th

## ANNUAL REPORT



# THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

**ANNUAL REPORT 2003-2004**

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**BOARD OF DIRECTORS** : SHRI BABULAL A. SINGHVI, (Chairman)  
SHRI ASHOK A. SINGHVI  
SHRI PRABHULAL M. KAPADIA  
SMT. JAYAMALA G. GODBOLE  
SHRI MUKESH B. SINGHVI

**AUDITORS** : Messers M. B. SORATHIA & CO.  
Chartered Accountants



**BANKERS** : GANDHIDHAM MERCANTILE CO-OPERATIVE BANK LTD.

**WORKS** : KANDLA & JAKHAU (KUTCH)

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

**THE KUTCH SALT & ALLIED INDUSTRIES LIMITED****NOTICE**

NOTICE is hereby given that the Fifty-Fourth Annual General Meeting of the members of THE KUTCH SALT & ALLIED INDUSTRIES LIMITED, will be held on Wednesday, the 29th December, 2004 at 3.00 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 Audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Smt. J. G. Godbole who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration

**SPECIAL BUSINESS :**

4. **To consider and, if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution :**  
 "RESOLVED THAT Shri Babulal A. Singhvi who was appointed as an Director and whose term of office expires at this annual general meeting pursuant to the provisions of the Companies Act, 1956 be and is hereby appointed as Director of the Company."
5. **To consider and, if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution :**  
 "RESOLVED THAT Shri Ashok A. Singhvi who was appointed as an Director and whose term of office expires at this annual general meeting pursuant to the provisions of the Companies Act, 1956 be and is hereby appointed as Director of the Company."
6. **To consider and, if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution :**  
 "RESOLVED THAT Shri Mukesh B. Singhvi who was appointed as an Director and whose term of office expires at this annual general meeting pursuant to the provisions of the Companies Act, 1956 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

**J. G. GODBOLE**  
 Director

Mumbai, 3rd December, 2004.

**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 of the Company.
2. An 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.
3. Members are requested to bring their copy of Annual Report at the meeting.
4. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the Special Business mentioned in the Notice is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from 28.12.2004 to 30.12.2004.

**ANNUAL REPORT 2003-2004****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF  
THE COMPANY ACT, 1956.**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice dated 3rd December, 2004.

In respect of Item Nos. 4, 5 and 6

Friends Bulk Handlers Limited had made an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for acquisition of shares in the Company from the existing promoters. The said open offer and all the other formalities under the SEBI Regulations had been completed by the said Friends Bulk Handlers Limited. Accordingly, at the Board meeting held on 3rd December, 2004. Shri Babulal A. Singhvi, Shri Ashok A. Singhvi and Shri Mukesh B. Singhvi representatives of the said Friends Bulk Handlers Limited were appointed as Additional Directors. As per the provisions of Section 260 of the Companies Act, 1956 their term of office expires at this annual general meeting. They, however being eligible, offer themselves for appointment. They are experienced businessmen in the field of salt industry. They have widely traveled and they have very good business contacts. The Company has received notices from members proposing their candidature as Directors alongwith the requisite deposit pursuant to the provisions of Section 257 of the Companies Act, 1956. Their appointment, if made will be in the interest of the Company. Except Shri Babulal A. Singhvi, Shri Ashok A. Singhvi and Shri Mukesh B. Singhvi, no other Director is interested in the proposed resolution.

Your Directors recommend your approval thereto.

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

By the Order of the Board of Directors

**J. G. GODBOLE**  
Director

Mumbai, 3rd December, 2004.

**CERTIFIED TRUE COPY**  
**For The Kutch Salt & Allied Industries Ltd.**

**Director.**

**THE KUTCH SALT & ALLIED INDUSTRIES LIMITED****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting their Fifty-fourth Annual Report alongwith Audited Statement of Accounts for the year ended 31st March, 2004.

**FINANCIAL RESULTS :**

	<b>2003-04 Rs.</b>	<b>2002-03 Rs.</b>
Profit/(Loss) before Depreciation	<b>44,88,694</b>	58,61,149
Less : Depreciation	<b>43,57,313</b>	58,63,402
Profit/(Loss) before tax	<b>1,31,381</b>	(2,253)
Less : Provision for taxation		
Current Tax	<b>11,400</b>	--
Deferred Tax	--	11,273
Profit/(Loss) after tax	<b>1,19,981</b>	(13,526)
Add : Profit brought forward from previous year	<b>25,56,592</b>	25,70,117
Add : Excess Provision of tax for earlier years written back.	<b>37,012</b>	--
Add : Excess Provision of Deferred tax Written back.	<b>1,47,686</b>	--
Balance carried to Balance Sheet	<b>28,61,271</b>	25,56,591

**CHANGE IN THE MANAGEMENT OF THE COMPANY :**

Friends Bulk Handlers Limited had made an open offer under SEBI (Substantial Acquisition of Shares and Take Overs) Rules, 1997 for acquisition of shares in the Company from the existing promoters of the Company. The said open offer has been completed and the said acquirers have fulfilled all obligations under the SEBI Regulations. Accordingly, representatives of Friends Bulk Handlers Limited have been appointed as Directors on the Board of the Company at the Board meeting held on 3rd December, 2004 and majority of the existing promoters resigned as Directors.

**OPERATIONS :**

The operations of the Company were hampered due to climatic conditions prevailed during the year. As a result, the Company was able to achieve salt production of 1,40,674 MT at Kandla works against last year's production of 2,04,376 MT. However, sales have been increased to Rs. 235 Lacs against Rs. 207 Lacs for the last year due to better sales realization. Moreover your Company is engaged in modernization and up gradation of technology for salt production to achieve production capacity of 5.00 Lac MT in two years' time.

**JAKHAU SALT WORKS :**

Government of Gujarat has cancelled 1430 acres of our Jakhau Salt Works presumably at the suggestion of Gujarat Maritime Board, on the ground of requiring that land for carrying on port activities, and have taken technical possession of the land without presence of authorised officers. Your Company has disputed the same at the appropriate forum is taking up further steps as may be required to protect rights of the Company.

**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;

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- 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 have 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 have prepared the Annual Accounts on a going concern basis.

**DIRECTORS :**

After the close of the year, Dr. S. K. Somaiya, Shri Tarachand V. Shah and Shri Ramesh S. Iyer resigned as Directors of the Company. The Board of Directors places on record its appreciation for valuable services rendered by them during their tenure of directorships with the Company.

Shri Babulal A. Singhvi, Shri Ashok A. Singhvi and Shri Mukesh B. Singhvi were appointed as Additional Directors of the Company after the close of the year. Their term of office expires at this annual general meeting. However, they, being eligible, offer themselves for appointment.

Smt. J. G. Godbole retires by rotation and being eligible, offers herself 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. M. B. Sorathia & Co., Auditors of the Company, are being eligible, offer themselves for re-appointment.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE :**

The particulars prescribed by the Companies (Disclosure 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 (2A) 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 :**

As paid up Capital of the Company is less than Rs. 3 Crores, usual clauses of terms of Corporate Governance and of the Listing Agreement with Stock Exchange are not applicable in the case of our Company.

**COMPLIANCE REPORT :**

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

**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 both in Kutch and at Jaipur, our bankers Gandhidham Mercantile Co-operative Bank Ltd. and employees at all levels in the conduct of its operations.

For and on behalf of the Board of Directors

Mumbai, 3rd December, 2004.

**BABULAL A. SINGHVI**  
Chairman

## **THE KUTCH SALT & ALLIED INDUSTRIES LIMITED**

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REPORT of the AUDITORS to the MEMBERS of

## **THE KUTCH SALT & ALLIED INDUSTRIES LIMITED**

on the

ACCOUNTS for the year ended 31st March, 2004

1. We have audited the attached Balance Sheet of M/s. THE KUTCH SALT & ALLIED INDUSTRIES LIMITED as at 31st March, 2004 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.
2. 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.
3. As required by the Manufacturing and other Companies (Auditors' Report) Order 2003 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;
4. 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 law have been kept by the Company so far as it appears from our examination of those books.
  - iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - 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 the written representations received from the Directors, as on 31st March, 2004 and taken on record by the Board of Directors, we report that none of the Director are disqualified as on 31st March, 2004 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274, of the Companies Act, 1956;

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- 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 required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- a) in the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2004;
  - b) in the case of Profit & Loss Account, of the Profit/Loss of the Company for the year ended on that date; and
  - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For M. B. SORATHIA & CO.**  
*Chartered Accountants*

**M. B. SORATHIA**  
Proprietor  
Memership No. 36992

Gandhidham, 26th October, 2004.



  
**Director.**