


55th

ANNUAL REPORT

A watermark logo for Report Junction, featuring a yellow diamond with a green arrow pointing right, and the text "Report Junction.com" in a green, rounded font.
DIRECTOR'S REPORT AND AUDITED STATEMENT OF
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

ANNUAL REPORT 2004-2005

BOARD OF DIRECTORS : SHRI BABULAL A. SINGHVI (CHAIRMAN)
SHRI ASHOK A. SINGHVI
SHRI JITENDRA S. SINGHVI
SHRI MUKESH B. SINGHVI
SHRI SANDEEP T. SINGHVI

AUDITORS : M/S. M.B. SORATHIA & CO.
CHARTERED ACCOUNTANTS



BANKERS : GANDHIDHAM MERCANTILE CO-OPERATIVE BANK LTD.

WORKS : KANDLA & JAKHAU (KACHCHH)

REGISTERED OFFICE : 48, PROSPECT CHAMBERS ANNEXE,
5th FLOOR,
317, DR. DADABHOY NAOROJI ROAD,
FORT, MUMBAI - 400 001.

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the FIFTY-FIFTH ANNUAL GENERAL MEETING of the members of THE KUTCH SALT & ALLIED INDUSTRIES LIMITED will be held on Friday, 30TH day of September, 2005 at 5:00 P.M at the Registered office of the Company situated at 48, Prospect Chambers Annexe, 5th Floor, 317, Dr. Dadabhoy Naorji Road, Mumbai-400 001 to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and, if approved, adopt the Audited Balance Sheet as at 31ST March, 2005 and Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors.
2. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint a Director in the place of Shri Babulal A. Singhvi who retires by rotation and being eligible offers himself for re-election.

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 Jitendra S. Singhvi who was appointed as an Additional 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 the 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 Sandeep T. Singhvi who was appointed as an Additional 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 the Director of the Company."

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

By order of the Board

BABULAL A. SINGHVI
CHAIRMAN

Mumbai, 30th June 2005

NOTE :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, but a 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 will remain closed from 29th September, 2005 to 1st October, 2005.

**EXPLANATORY STATEMENT PURSUANT TO 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 dated 30th June, 2005.

In respect of item Nos. 4 and 5

Two Directors, Smt. J.G. Godbole and Shri P.M. Kapadia had submitted their resignation from the Directorship of the Company. To handle the business activities of the Company efficiently, it was essential to broad base the Board with the person who has experience in the field of salt business. Therefore, Shri Jitendra S. Singhvi and Shri Sandeep T. Singhvi 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. The Company has received notices from the members proposing their candidature as Directors along with 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 Jitendra S. Singhvi and Shri Sandeep T. 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 order of the Board

BABULAL A. SINGHVI
CHAIRMAN

Mumbai, 30th June 2005

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

The Members,

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

MUMBAI

Your Directors are pleased to present their FIFTY-FIFTH ANNUAL REPORT together with the Audited Results for the year ended March 31, 2005.

FINANCIAL RESULTS

	Year ended 31.03.2005	Year ended 31.03.2004
Gross Income	4,78,86,481	3,26,12,818
Less: Total Expenditure	3,94,03,774	2,81,24,124
Profit/ Loss before Depreciation	84,82,707	44,88,694
Less: Depreciation	77,34,582	43,57,313
Profit /Loss before Tax	7,48,125	1,31,381
Less : Provision for Tax		
Current Tax	66,000	11,400
Deferred Tax	5,18,093	-----
Profit/ (Loss) After Tax	1,64,032	1,19,981
Add: Profit/(Loss) B/F from Previous year	28,61,271	25,56,592
Add: Excess Provision of tax for earlier years written back	-----	37,012
Add: Excess Provision of Deferred Tax written back	78	1,47,686
Balance carried to Balance Sheet	30,25,381	28,61,271
	=====	=====

2. OPERATIONS

The Company has already started the work of development of its salt field at Kandla and due to the said development activity in the year under review, the Company has reached the production target of approx. 2,20,000 MTS. The turnover of the Company has also increased from 1,17,500 MTS to 1,86,474 MTS in the year under review which in monetary terms has resulted in increase from Rs.235 Lacs to Rs. 347.8 Lacs. The Profit after tax has increased from Rs.1,19,981/- to Rs. 1,64,032/-.

3. DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

4. JAKHAU SALT WORKS

As reported in the Directors' Report of previous year, Company's Legal battle with the Government of Gujarat regarding cancellation of 1,430 Acres of salt land at Jakhau Salt Works is still going on and the Company has taken proper step to protect their right.

5. DIRECTORS

After the close of the year, Smt. J. G. Godbole and Shri P.M. Kapadia 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 Directorship with the Company.

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Shri Jitendra S. Singhvi and Shri Sandeep T. Singhvi were appointed as Additional Directors of the Company after close of the year. Their term of office expires at this Annual General Meeting. However, they being eligible, offer themselves for appointment.

Shri Babulal A. Singhvi retires by rotation and being eligible, offers himself for re-election.

6. DIRECTORS' RESPONSIBILITY STATEMENT

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, The Directors' Responsibility Statement is attached as per Annexure - A.

7. 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. M/s. M. B. Sorathai & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and are being eligible for re-appointment.

8. PERSONNEL

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

The Directors wish to place on record their sincere appreciation for the contribution made by the employees to the achievements in the year.

9. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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

10. CORPORATE GOVERNANCE

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

11. COMPLIANCE REPORT

The Compliance Report as per Section 383A of the Companies Act, 1956 from a Practicing Company Secretary is enclosed.

12. ACKNOWLEDGEMENT

The Directors gratefully acknowledge the valued co-operation and continued support extended to the Company by its valued customers, suppliers, sub-contractors and bankers for their support and employees at all levels in the conduct of its operations.

For and on behalf of the Board of Directors

BABULAL A. SINGHVI
CHAIRMAN

Mumbai, 30th June 2005

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

ANNEXURE – A

DIRECTORS' RESPONSIBILITY STATEMENT

To,

The Members,

We, the Directors of THE KUTCH SALT & ALLIED INDUSTRIES LIMITED confirm the following:-

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanations relating to material departures.
- (ii) That the Directors 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 & Loss of the Company for that period.
- (iii) That the Directors took proper and sufficient care to maintain adequate accounting record in accordance with the provisions of this Act to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- (iv) That the Directors prepared the Annual Accounts on a going concern basis.

For and on behalf of the Board of Directors

Mumbai, 30th June 2005

BABULAL A. SINGHVI
CHAIRMAN

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

AUDITOR'S REPORT

TO,
THE MEMBERS OF
THE KUTCH SALT & ALLIED INDUSTRIES LTD.

- 1 We have audited the attached Balance Sheet of the "THE KUTCH SALT & ALLIED INDUSTRIES LTD." as at 31st March, 2005, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed 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 mis-statement. 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 As required by the Companies (Auditor's 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 purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit & 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 & 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 representation received from the Directors, as on 31st March, 2005 and taken on record by the Board of the Directors, we report that none of the Director is disqualified as on 31st March, 2005 from being appointed as a Director under 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 explanation 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:
 - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2005; and
 - (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 the Cash Flow Statement of the cash flows for the year ended on that date.

For M. B. SORATHIA & CO.
CHARTERED ACCOUNTANTS

Place : Gandhidham-Kachchh

M. B. SORATHIA
Proprietor

Date : 30th June, 2005

Membership No. : 36992

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

ANNEXURE

RE. : THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

Referred to in paragraph 3 of our report of even date.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification, as reported by Management.
- (c) According to the information and explanations given to us, the Company has not disposed off substantial part of fixed assets and the going concern status of the Company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories 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. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted any loan, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause (iii)b to (iii)d of paragraph 4 of this Order are not applicable to the Company for the current year.
- (e) According to the information and explanations given to us, the Company has taken loan from a company covered in the Register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 150 Lacs and the year end balance of loan taken from such party was Rs. 150 Lacs.
- (f) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from the companies listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the Company.
- (g) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest during the year.
- (iv) 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 the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct
- (v) (a) In our opinion and according to the information and explanations given to us, and based on the representation received from the management, there is no transaction that needs to be entered in the register maintained under section 301 of the Act.
- (b) In view of the above, clause v (b) of this Order is not applicable for the current year.
- (vi) According to information and explanation given to us, the Company has not accepted deposits from public and hence directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956 and rules framed there under are not applicable for the year under audit.
- (vii) In our opinion, The company has an internal audit system commensurate with the size and nature of its business.