

# THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

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**57<sup>th</sup> ANNUAL REPORT**

*With Statement of Accounts for the year ended on 31<sup>st</sup> March, 2007*

**BOARD OF DIRECTORS** : SHRI. BABULAL A. SINGHVI (CHAIRMAN)  
SHRI ASHOK A. SINGHVI  
SHRI JITENDRA S. SINGHVI  
SHRI. MUKESH B. SINGHVI  
SHRI. SANDEEP T. SINGHVI  
SHRI. LEKHRAJ P. KANUNGO  
DR. SEEMA SHRIMAL

**AUDITORS** : M/S. M.B. SORATHIA & CO.  
CHARTERED ACCOUNTANTS  
21 AJANTA COMMERCIAL CENTRE  
NEAR HOTEL PRESIDENT  
GANDHIDHAM-KUTCH 370201

**BANKERS** : STATE BANK OF INDIA, AHMEDABAD  
PUNJAB NATIONAL BANK, GANDHIDHAM

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

**REGISTERED OFFICE** : 48, PROSPECT CHAMBERS ANNEXE,  
5<sup>TH</sup> FLOOR,  
317, DR. DADABHOY NAOROJI ROAD,  
FORT, MUMBAI-400 001

**NOTICE TO MEMBERS**

NOTICE is hereby given that the **FIFTY-SEVENTH ANNUAL GENERAL MEETING** of the members of **THE KUTCH SALT & ALLIED INDUSTRIES LIMITED** will be held on Friday, 28<sup>TH</sup> day of September, 2007 at 5:00 P.M at the Registered office of the Company situated at 48, Prospect Chambers Annexe, 5<sup>th</sup> Floor, 317, Dr. Dadabhoy Naoroji 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 31<sup>ST</sup> March, 2007 and Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors of the Company.
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.
4. To appoint a Director in the place of Shri Jitendra S. Singhvi, who retires by rotation and being eligible offers himself for re-election.

**Registered Office :**  
48, Prospect Chambers Annexe,  
5<sup>th</sup> Floor, 317, Dr. D.N. Road,  
Mumbai

By order of the Board

**(BABULAL A. SINGHVI)**  
CHAIRMAN

Mumbai, 10<sup>th</sup> August 2007

**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 register of members and share transfer books of the company will remain closed from 28<sup>th</sup> September, 2007 to 29<sup>th</sup> September, 2007.

**The Kutch Salt & Allied Industries Limited****57<sup>th</sup> ANNUAL REPORT****DIRECTORS' REPORT**

To,  
The Members,  
**THE KUTCH SALT & ALLIED INDUSTRIES LIMITED**  
**MUMBAI**

Your Directors are pleased to present their **FIFTY-SEVENTH ANNUAL REPORT** together with the Audited Results for the year ended March 31, 2007.

**1. FINANCIAL RESULTS**

	Year ended 31.03.2007	Year ended 31.03.2006
Gross Income	95,85,72,934	8,41,36,842
Less: Total Expenditure	90,89,9,8870	7,79,04,403
	-----	-----
<b>Profit/ Loss before Depreciation</b>	<b>4,95,74,064</b>	<b>62,32,439</b>
Less: Depreciation	4,69,47,665	1,97,89,447
	-----	-----
<b>Profit /Loss before Tax</b>	<b>26,26,399</b>	<b>(-)1,35,57,008</b>
Less : Provision for Tax		
Current Tax	3,00,000	----
Deferred Tax	10,04,862	----
Fringe Benefit Tax	26,000	39,000
	-----	-----
<b>Profit/ (Loss) After Tax</b>	<b>12,95,537</b>	<b>(-)1,35,96,008</b>
Add: Profit/(Loss) B/F from Previous year	59,29,977	30,25,381
Add: Excess Provision of Deferred Tax written back	--	46,40,650
	-----	-----
<b><u>Balance carried to Balance Sheet</u></b>	<b>46,34,440</b>	<b>(-)59,29,977</b>
	=====	=====

**2. OPERATIONS**

The Development of the Company's salt field at Kandla is going on and due to the same company has produced approx. 4,71,433 MTS of salt as compared to 3,42,135 MTS of salt produced in the preceding year. Due to expansion of the operation of the company from Manufacturing of Salt to trading in Iron ore, the turnover of the Company has also increased from Rs.565.40 Lacs to Rs. 7744.09 Lacs.

**3. DEPOSITS**

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

**4. JAKHAU SALT WORKS**

The Company has lost its legal battle with the Government of Gujarat in respect of

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cancellation of 1414.19 acres of salt land at Jakhau. Now the balance land available to the company for production of salt remains 1205.81 acres only on which production activity is going on.

### 5. DIRECTORS

Shri Babulal A. Singhvi and Shri Jitendra S. 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. CORPORATE GOVERNANCE

As per clause 49 of the listing agreement with the stock exchange, a separate report on corporate governance together with a certificate from the Company's Auditors confirming the compliance of the conditions of corporate governance is attached to the report.

### 8. 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. Sorathia & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of the forthcoming Annual General Meeting and are being eligible for re-appointment.

### 9. 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.

### 10. 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.

### 11. 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.

Directors

For and on behalf of the Board of

Mumbai, 10<sup>th</sup> August, 2007

(BABULAL A. SINGHVI)  
CHAIRMAN

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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, 10<sup>th</sup> August, 2007

**(BABULAL A. SINGHVI)**  
**CHAIRMAN**

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## ANNEXURE TO DIRECTORS' REPORTS

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988

- A. DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY : Not applicable to salt industry.
- B. TECHNOLOGY ABSORPTION :
- (A) Research & Development :
- 1) Specific areas in which R & D was carried out by the Company : As the Company manufactures salt through natural process of Solar evaporation the question of technology absorption, adoption and innovation does not arise. However, a testing laboratory is maintained for controlling the quality of salt.
  - 2) Benefits derived as a result of the above R & D : Does not arise
  - 3) Future plan of action : Does not arise
  - 4) Expenditure on R & D :
    - a) Capital
    - b) Recurring NIL
    - c) Total :
    - d) Total R & D expenditure as per percentage of total turnover
- (B) Technology absorption, adaptation and innovation : Not Applicable
- (Rs. in lacs)**
- C. FOREIGN EXCHANGE EARNINGS AND OUTGO : 1. Foreign Exchange earning - 7005.32  
2. Foreign Exchange outgo - 1995.66

For and on behalf of the Board of Directors

(BABULAL A. SINGHVI)  
CHAIRMAN

Mumbai, 10<sup>th</sup> August 2007

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## REPORT ON CORPORATE GOVERNANCE

### 1. THE KUTCH SALT & ALLIED INDUSTRIES LIMITED'S PHILOSOPHY ON CODE OF GOVERNANCE:

The securities and Exchange Board of India had introduced a Code of Corporate Governance for implementation by companies listed with Stock Exchanges from the year 2001-2002. The Board of Directors of your Company strongly supports the principles of corporate governance. Further the Board lays emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders. The following are the detailed practices on Corporate Governance in your company.

### 2. BOARD OF DIRECTORS:

(a) Composition of the Board : (for the financial year 2006-2007)

Director	No. of Shares held in KSAIL	No. of meetings attended	*No. of outside Directorship held	Total No. of memberships/ chairmanship of Committees across all companies	
				Member	Chairman
MR.BABULAL A. SINGHVI	--	5	2	--	1
MR. ASHOK A. SINGHVI	--	5	1	1	--
MR. MUKESH B.SINGHVI	--	4	2	--	1
MR. JITENDRA S. SINGHVI	--	4	1	--	--
MR. SANDEEP T. SINGHVI	--	5	1	2	--
MR. LEKHRAJ P. KANUNGO	--	4	--	--	1
Dr. SEEMA SHRIMAL	--	4	--	1	--

\* ( Excluding alternate directorship and directorship in private limited companies, Foreign Companies and section 25 Companies.)

Mr. Babulal Singhvi is a Executive Chairman and Mr. Jitendra S. Singhvi is a non-independent Director.

All the Directors attended the last Annual General meeting held on 30<sup>th</sup> September, 2006.

6 Board Meetings were held during the financial year 2006-2007, as against the minimum requirement of 4 meetings. The dates on which meetings were held are given below : 30.04.2006,22.06.2006,31.07.2006,10.08.2006,31.10.2006, 31.01.2007.

### 3. AUDIT COMMITTEE

The company has an audit committee with scope of activities as set out in clause 49 of the Listing Agreement with the stock exchange read with Section 292A of the Companies Act, 1956. the broad terms of reference of the audit committee are as under:



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The primary objective of this committee is to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Audit Committee are in tandem with those laid down by stock exchange regulations and provisions of the Companies Act. In particular the Committee would review the financial reporting process, internal audit process, adequacy of internal control system, risk management policies and management audit process. The committee would also adopt matters such as auditors report, appointment of statutory auditors and their remuneration before consideration by the Board of Directors.

The audit committee presently consists of three non-executive directors viz Mr. Lekhray P. Kanungo, as Chairman and Mr. Sandeep T. Singhvi and Dr. Seema Shrimal as members.

The committee met 4 times during the year on 18-05-2006, 24-10-2006, 27-01-2007 and 11-03-07. The attendance of the members at the meetings is stated below.

Members	Committee meetings attended
Sri. Lekhray P. Kanungo	4
Sri. Sandeep T. Singhvi	2
Dr. Seema Shrimal	4

The Chairman of the committee Mr. Lekhray P. Kanungo was present at the Annual General Meeting held on 30th Sep 2006.

#### 4. REMUNERATION COMMITTEE

The Policy of the committee is not to make payment of remuneration to any director of the company hence no remuneration committee is constituted for that matter.

#### 5. SHAREHOLDERS / INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE :

The Shareholders / Investors Grievance and Share Transfer Committee consists of 3 non-executive Directors viz.,

- |                           |                           |
|---------------------------|---------------------------|
| 1. Mr. Mukesh B. Singhvi  | Chairman of the committee |
| 2. Mr. Sandeep T. Singhvi | Director                  |
| 3. Dr. Seema Shrimal      | Director                  |

The committee met 3 times during the year, during the year, no complaints was received from the shareholders.

#### 6. GENERAL BODY MEETINGS

Location and time for last three Annual General Meeting were :

Year	AGM	Location	Date	Time
2003-2004	AGM	48, Prospect Chambers Annexe, 5 <sup>th</sup> Floor, 317, Dr. Dadabhoy Naoroji Road, Fort, Mumbai-1	9 <sup>th</sup> Dec. 2004	5 P.M.
2004-2005	AGM	Same as above	3 <sup>0th</sup> Sep 05	5 P.M.
2005-2006	AGM	Same as above	30 <sup>th</sup> Sep 06	5 P.M.

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All special resolutions moved at the last Annual General Meeting were passed, by show of hands unanimously by all members present at the meeting. No postal ballots were used / invited for voting at these meetings.

**7. DISCLOSURES :**

There were no materially significant related party transactions with Directors / Promoters / Management, which has potential conflicts with the interests of the Company at large.

Details of related party transactions are furnished in Note No. 5 of Schedule No. 10 under Notes on Accounts.

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty / strictures been imposed on the Company by the Stock Exchange or SEBI or any other statutory authority on such matters.

**8. MEANS OF COMMUNICATIONS :**

Half yearly report sent to each household of share holders	No
Quarterly & half yearly results	Are published in "The Free Press Journal" & "Nav Shakti"
Any website, where displayed, whether it also displays Official news releases, and the presentation to institutions investors or to the analysts	No
Whether MD & A is a part of Annual Report or not	No

**9. GENERAL SHARE HOLDERS INFORMATION****9.1 Annual general Meeting**

Date and time : 28<sup>th</sup> September 2007, at 5 P.M.

Venue: 48, Prospect Chambers Annexe,  
5<sup>th</sup> Floor, 317, Dr.Dadabhoy Naoroji Road,  
Fort, Mumbai-400 001

9.2 Financial Calendar : Annual General Meeting 28<sup>th</sup> September, 07  
Results for quarter ending 30<sup>th</sup> Jun, 2007 Last week of Jul07  
Results for quarter ending 30<sup>th</sup> Sep, 2007 Last week of Oct07  
Results for quarter ending 31<sup>st</sup> Dec, 2007 Last week of Jan08  
Results for quarter ending 31<sup>st</sup> Mar, 2008 Last week of Apl08

9.3 Book closure date : 27<sup>th</sup> September, 2007 to 29<sup>th</sup> September, 2007

9.4 Dividend payment date : The Directors have not recommended any dividend on equity shares for the financial year 2006 - 2007

9.5 Listing of equity shares on Stock Exchange at : The Bombay Stock Exchange Ltd. Mumbai

9.6 Stock Code : 506540

9.7 Stock market data : Since the shares are not actively traded hence no details is given.

9.8 Registrar and Share Transfer work of the company is done in house.