

The Kutch Salt & Allied Industries Limited

58th Annual Report

**With Statement of Accounts
for the year ended on 31st March 2008**

The Kutch Salt & Allied Industries Limited**58th Annual Report**

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,
5TH FLOOR,
317, DR. DADABHOY NAOROJI ROAD,
FORT, MUMBAI-400 001

The Kutch Salt & Allied Industries Limited**58th Annual Report****NOTICE TO MEMBERS**

NOTICE is hereby given that the FIFTY-EIGHTH ANNUAL GENERAL MEETING of the members of THE KUTCH SALT & ALLIED INDUSTRIES LIMITED will be held on 25th September, 2008 at 5:00 P.M at the Registered office of the Company situated 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, if approved, adopt the Audited Balance Sheet as at 31st March, 2008 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 Sandeep T. Singhvi who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Shri Lekhraj P. Kanungo, who retires by rotation and being eligible offers himself for re-election.

Registered Office:

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

By order of the Board

(BABULAL A. SINGHVI)
CHAIRMAN

Mumbai, 15th August, 2008

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.

The Kutch Salt & Allied Industries Limited**58th Annual Report**

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DIRECTORS' REPORT

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

Your Directors are pleased to present their **FIFTY-EIGHTH ANNUAL REPORT** together with the Audited Results for the year ended March 31, 2008.

	Year ended <u>31.03.2008</u>	(Rs in Lacs) Year ended <u>31.03.2007</u>
1. <u>FINANCIAL RESULTS</u>		
Gross Income	10850.09	9585.73
Less: Total Expenditure	10219.79	9089.99
Profit/ Loss before Depreciation	630.30	495.74
Less: Depreciation	192.90	469.48
Profit /Loss before Tax	437.40	26.26
Less : Provision for Tax		
<i>Current Tax</i>	50.00	3.00
<i>Deferred Tax</i>	150.42	10.05
<i>Fringe Benefit Tax</i>	0.60	0.26
Profit/ (Loss) After Tax	236.38	12.95
Add: Profit/(Loss) B/F from Previous year	(46.34)	(59.30)
Add: Excess Provision of Income Tax written back	1.20	--
Add: Excess Provision of FBT written back	0.37	--
Balance carried to Balance Sheet	191.61	(46.34)

2. OPERATIONS

The Development of the Company's salt field at Kandla is going on and due to the same company has produced approx. 507316 MTS of salt as compared to 471433 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.7744.09 Lacs to Rs. 12490.43 Lacs.

The Kutch Salt & Allied Industries Limited**58th Annual Report****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 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 Sandeep T. Singhvi and Shri Lekhraj P. Kanungo 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 retire 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.

For and on behalf of the Board of Directors

Mumbai, 15th August, 2008

(BABULALA. SINGHVI)
CHAIRMAN

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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.

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For and on behalf of the Board of Directors

Mumbai, 15th August, 2008

(BABULAL A. SINGHVI)
CHAIRMAN

The Kutch Salt & Allied Industries Limited**58th Annual Report**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 10276.28
2. Foreign Exchange outgo 3636.54

For and on behalf of the Board of Directors

(BABULAL A. SINGHVI)
CHAIRMAN

Mumbai, 15th August, 2008

The Kutch Salt & Allied Industries Limited**58th Annual Report****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 2007-2008)

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	--	4	2	--	1
MR. ASHOKA. SINGHVI	--	5	1	--	--
MR. MUKESH B. SINGHVI	--	5	2	--	--
MR. JITENDRA S. SINGHVI	--	4	1	1	1
MR. SANDEEP T. SINGHVI	--	5	1	2	--
MR. LEKHRAJ P. KANUNGO	--	4	--	--	1
Dr. SEEMA SHRIMAL	--	4	--	2	--

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

Mr. Babulal Singhvi is a Executive Chairman, Mr. Ashok A. Singhvi, Mr. Mukesh B. Singhvi are the executive director.

Mr. Lekhraj P. Kanungo, Dr. Seema Shrimal, Mr. Jitendra S. Singhvi & Mr. Sandeep T. Singhvi are the independent directors.

All the Directors attended the last Annual General meeting held on 28th September, 2007.

8 Board Meetings were held during the financial year 2007-2008, as against the minimum requirement of 4 meetings. The dates on which meetings were held are given below :
11.04.2007, 29.05.2007, 21.08.2007, 28.11.2007, 04.01.2008, 20.02.2008, 27.02.2008, 10.03.2008.

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 :

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 four non-executive directors viz Mr. Lekhraj P.Kanungo, as Chairman and Mr. Sandeep T. Singhvi, Jitendra S. Singhvi and Dr. Seema Shrimal as members.

The committee met 6 times during the year on 26-07-07, 25-09-07, 27-11-07 and 11-12-07, 06.02.08 & 28.03.08. The attendance of the members at the meetings is stated below.

Members	Committee meetings attended
Sri. Lekhraj P.Kanungo	6
Sri. Sandeep T. Singhvi	4
Dr. Seema Shrimal	6
Sri. Jitendra S. Singhvia	5

The Chairman of the committee Mr. Lekhraj P. Kanungo was present at the Annual General Meeting held on 28th Sep 2007.

4. REMUNERATION COMMITTEE

The Policy of the company 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. Jitendra S. 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 were received from the shareholders.