

M. Singh

ANNUAL REPORT 2009-2010

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

NOTICE TO MEMBERS

NOTICE is hereby given that the **SIXTY ANNUAL GENERAL MEETING** of the members of **THE KUTCH SALT & ALLIED INDUSTRIES LIMITED** will be held on 30th September, 2010 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, 2010, Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
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 place of **Shri Babulal A. Singhvi**, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a director in place of **Shri Ashok A. Singhvi**, who retires by rotation and being eligible offers himself for re-appointment.

Place : Gandhidham

Date : 16th August, 2010

By order of the Board

(BABULAL A. SINGHVI)
CHAIRMAN

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/ herself and such proxy need not be a member of the company.
2. Proxy in order to be effective, should duly stamped, completed and signed and must be deposited at the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.
3. The members are requested to bring the copy of annual report along with them at the meeting.
4. The Register of members and Share Transfer Books of the company shall remain closed from 23rd September, 2010 to 30th September, 2010 (both days inclusive)
5. Members seeking any information with regard to the accounts at the time of the meeting are requested to write to the company at least 10 days before the date of the meeting so as to enable the management to keep the relevant information ready.

Place : Gandhidham

Date : 16th August, 2010

By order of the Board

(BABULAL A. SINGHVI)
CHAIRMAN

DIRECTORS' REPORT

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

Your directors are pleased to present their **SIXTY ANNUAL REPORT** together with audited accounts for the financial year ended 31st March, 2010 and Auditor's Report thereon.

(Rs. in Lacs)

1. FINANCIAL RESULTS

	Current Year	Previous Year
Gross Income	8922.82	7351.03
Less: Total Expenditure	7141.91	7327.64
	-----	-----
Profit/ Loss before Depreciation	1780.91	23.39
Less: Depreciation	807.15	409.14
	-----	-----
Profit /(Loss) before Tax	973.76	(385.75)
Less : <u>Provision for Tax</u>		
Current Tax	184.00	--
Deferred Tax	330.98	(131.11)
Fringe Benefit Tax	--	0.11
	-----	-----
Profit/ (Loss) After Tax	458.78	(254.75)
Add: Profit/(Loss) B/F from Previous year	(62.09)	191.61
Add: Excess Provision of Income Tax. written back	--	0.51
Add: Excess Provision of FBT written back	--	0.54
	-----	-----
<u>Balance carried to Balance Sheet</u>	396.69	(62.09)
	=====	=====

2. OPERATIONAL / PERFORMANCE REVIEW :-

The Company operates in three main business segments viz, Manufacturing, Trading & Power. Manufacturing division consists of production of salt only whereas in the trading division main commodity is of Iron ore.

Manufacturing division account for 48.75 %, Trading division account for 48.15 % and Power division account for 3.10 % of the total turnover of the Company for the year ended 31st March 2010 as compared to 37.58 % of Manufacturing division, 60.33 % of Trading division and 2.09% of power division of the Company for the year ended 31st March, 2009. The financial year 2009-10 has witnessed some improvement in the economies around the globe but the Iron Ore Industry still passing through bad phases. The Iron ore Industry across the globe is suffering severely from weaker demand. Presently the entire Iron ore industry is going through turbulent times. Indian Iron ore industry witnessed substantially decrease in the turnover due to over all slow down in demand particularly from major export destinations viz. China.

In spite of such adverse factors turnover of your Company has increased to Rs.8922.82 lacs as against Rs. 7351.03 Lacs in the previous year; cash profit of Rs. 1780.91 Lacs as against Rs. 23.39 Lacs in the previous year and Profit after tax Rs.458.78 Lacs as against loss of Rs.254.75 lacs in the previous year.

The Business wise performance of each segment is as under :

Manufacturing : The Company has produced (Net of wastages etc.) 749903 MTS of salt as against 525415 Mts in the previous year. The total turnover of this segment has increased to Rs. 4309.22 Lacs as against Rs. 2760.64 Lacs in the previous year.

Trading : The Company has traded 64870 Mts. of Iron ore as against 112530 Mts. in the previous year. The total turnover of this segment has reduced to Rs. 3210.13 Lacs as against Rs. 4430.18 in the previous year.

Your management is trying hard to meet the prevailing challenges by focusing its efforts on further reduction of cost and by improving operational efficiencies. Your management is hopeful that company will improve its performance in the Coming periods.

3. **DEPOSITS**

During the year the Company has not accepted any deposits from the public.

4. **DIRECTORS**

Shri Babulal A. Singhvi and Shri Ashok A. Singhvi retires by rotation and being eligible, offers themselves for re-appointment.

5. **DIRECTOR'S RESPONSIBILITY STATEMENT :-**

- (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 had selected such accounting policies and applied them consistently and made judgments 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/Losses 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 the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors had prepared the annual accounts on a going concern basis.

6. **AUDIT COMMITTEE**

The company has already constituted an Audit Committee pursuant to the provisions of section 292A of the Companies Act, 1956 and clause 49 of the listing Agreement. The Audit Committee consists of Dr. Seema Shrimal, Mr. Jitendra S. Singhvi, Mr. Sandeep T. Singhvi as members and Mr. Lekhraj Kanungo is the Chairman of the committee.

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 as Annexure-II to this report.

8. **AUDITORS**

The observations made in the Auditors' Report and Notes forming part of the Accounts are self-explanatory and requires no comments. M/s. M. B. Sorathia & Co., Chartered Accountants, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors as required under section 224(1B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the limits specified in the said section.

9. **PARTICULARS OF EMPLOYEES**

None of the employees of the company is covered under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule, 1975.

10. **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

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

11. **LISTING**

The equity share of the company are listed on Bombay Stock Exchange Ltd. (BSE). The Company has already paid listing fee for the financial year 2009-10 to BSE.

12. **ACKNOWLEDGEMENT**

Your directors would like to express their appreciation for the assistance and co-operation received from the financial institution, banks and shareholders. They also place on record their appreciation for the co-operation of employees at all levels.

For and on behalf of the Board of Directors


(BABULAL A. SINGHVI)
CHAIRMAN

Gandhidham, 16th August, 2010

ANNEXURE - I TO DIRECTORS' REPORT

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 and forming part of the Directors' Report for the year ended 31st March, 2010.

- 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 : Nil
- b) Recurring : Nil
- c) Total : Nil
- d) Total R & D expenditure as per percentage of total turnover : Nil
- (B) Technology absorption, adaptation and innovation : Not Applicable

		<u>(Rs. in lacs)</u>	
		<u>Current Year</u>	<u>Previous Year</u>
C. FOREIGN EXCHANGE EARNINGS AND OUTGO :	1. Earning	4832.34	5292.75
	2. Outgo	980.96	1136.37

For and on behalf of the Board of Directors

Gandhidham, 16th August, 2010

(BABULAL A. SINGHVI)
CHAIRMAN

Annexure – II To DIRECTORS' REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE 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 2009-2010)

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	--	7	2	--	1
MR. ASHOK A. SINGHVI	--	5	1	--	--
MR. MUKESH B. SINGHVI	--	6	2	--	--
MR. JITENDRA S. SINGHVI	--	7	1	1	1
MR. SANDEEP T. SINGHVI	--	5	1	2	--
MR. LEKHRAJ P. KANUNGO	--	4	--	--	2
Dr. SEEMA SHRIMAL	--	5	--	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 are the Independent Director, Mr. Jitendra S. Singhvi & Mr. Sandeep T. Singhvi are the non – executive director.

All the Directors attended the last Annual General meeting held on 30th September, 2009.

9 Board Meetings were held during the financial year 2009-2010, as against the minimum requirement of 4 meetings. The dates on which meetings were held are given below :

[14.04.2009, 29.06.2009, 01.07.2009, 07.07.2009, 10.08.2009, 27.10.2009, 15.12.2009, 01.01.2010, 24.02.2010]

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 directors viz Mr. Lekhraj P. Kanungo, as Chairman, Dr. Seema Shrimal as independent directors and Mr. Sandeep T. Singhvi & Jitendra S. Singhvi are as Non- Executive directors.

The committee met 5 times during the year on 14-04-09,20-07-09,10-08-09,25-10-09 and 25-01-2010

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

The Chairman of the committee Mr. Lekhraj P. Kanungo was present at the Annual General Meeting held on 30th Sep 2009.

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. Lekhraj P. Kanungo | Chairman of the committee |
| 2. Mr. Mukesh B. Singhvi | Non-Executive Director |
| 3. Dr. Seema Shrimal | Non-Executive Director |

The committee met 3 times during the year

During the year, no complaints were received from the shareholders.

6. **GENERAL BODY MEETINGS**

Location and time for last three Annual General Meeting were :

Year	AGM	Location	Date	Time
2006-2007	AGM	48, Prospect Chambers Annexe, 5 th Floor, 317, Dr.Dadabhoy Naoroji Road,Fort, Mumbai-400 001	28 th Sep. 07	5 P.M.
2007-2008	AGM	Same as above	25 th Sep 08	5 P.M.
2008-2009	AGM	Same as above	30 th Sep 09	5 P.M.

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 :**

I. **Details of Related Party Transactions**

As required by the accounting standard AS-18 the details of related party transaction are given in Note No.4 of Schedule 17 to the annual accounts.

II. **Disclosure of accounting treatment in preparation of financial statements** The company has generally followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of financial statement. Except Account Standard 15 "Accounting for Retirement benefit in the financial statement of Employer.

III. **Details of Non Compliance by the company**

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.

IV. Compliance with clause 49 of the listing agreement

The company is fully compliant with the applicable mandatory requirements of clause 49 of the listing Agreement

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 : 30th September 2010, at 5 P.M.
 Venue : 48, Prospect Chambers Annexe,
 5th Floor, 317, Dr.Dadabhoy Naoroji Road,
 Fort, Mumbai-400 001

9.2 Tentative Financial Calendar : Results for quarter ending 30th June, 2010 Last week of July, 2010.
 Results for quarter ending 30th Sept, 2010 Last week of Oct, 2010.
 Results for quarter ending 31st Dec, 2010 Last week of Jan, 2011.
 Results for quarter ending 31st Mar, 2011 Last week of April, 2011.

9.3 Book closure date : 25TH September 2010 to 30th September 2010

9.4 Dividend payment date : The Directors have not recommended any dividend on equity shares for the financial year 2009 – 2010.

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.

9.9 Share transfer system :

The Board has constituted a share transfer committee for physical transfer of shares. Shares lodged for transfer are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.

9.10 Distribution of Shareholding as on 31st March 2010

No of Shares	No of holders	% of Shareholders	No of Share held	Voting Strength (%)
Upto 500	205	97.15	6375	02.55
501 – 1000	1	00.47	625	00.25
1001 – 2000	1	00.47	1935	00.77
2001 – 3000	1	00.47	2500	01.00
3001 – 10,000	2	00.97	8550	03.42
10001 and above	1	00.47	230015	92.01
Total	211	100	250000	100

Shareholding pattern :

Category	As on 31 st March 2010	
	No of Shares	%
Promoters /Persons acting in concert	230015	92.01
UTI & Mutual Funds	-----	----
Financial Institutions / Banks / Insurance Companies	-----	----
Private Corporate Bodies	626	00.25
Resident Individuals	19359	07.74
NRI's / OCB's	-----	----
Total	250000	100

9.11 Dematerialisation of shares

No Dematerialisation of the equity shares of the company has been carried out.