

## ANNUAL REPORT 2010-2011

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### 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, GANDHIDHAM  
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

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## NOTICE TO MEMBERS

NOTICE is hereby given that the SIXTY FIRST ANNUAL GENERAL MEETING of the members of THE KUTCH SALT & ALLIED INDUSTRIES LIMITED will be held on 30th September, 2011 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, 2011, 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 Jitendra S. Singhvi, who retires by rotation and being eligible offers himself for re-appointment.
- 4 To appoint a director in place of Shri Mukesh B. Singhvi, who retires by rotation and being eligible offers himself for re-appointment.

By order of the Board

Gandhidham, 20-08-2011

  
(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 24th September, 2011 to 30th September, 2011. ( 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.

By order of the Board

Gandhidham, 20-08-2011

  
(BABULAL A. SINGHVI)  
CHAIRMAN

## DIRECTORS' REPORT

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

Your Directors are pleased to present their **SIXTY FIRST ANNUAL REPORT** together with the Audited Results for the year ended March 31, 2011 AND Auditor's Report thereon.

1 <u>FINANCIAL RESULTS</u>	(Rs. In lacs)	
	Year Ended 31/03/2011	Year Ended 31/03/2010
Gross Income	23571.67	8922.82
Less : Total Expenditure	21785.40	7141.91
<b>Profit/ (Loss) before Depreciation</b>	<b>1786.27</b>	<b>1780.91</b>
Less : Depreciation	1005.17	807.15
<b>Profit / (Loss) before Tax</b>	<b>781.10</b>	<b>973.76</b>
Less : <u>Provision for Tax</u>		
<i>Current Tax</i>	162.00	184.00
<i>Deferred Tax</i>	252.63	330.98
<b>Profit/ (Loss) After Tax</b>	<b>366.47</b>	<b>458.78</b>
Add : Profit/(Loss) B/F from Previous year	396.69	-62.09
Add : MAT Credit (Current year as well as Previous year)	371.68	—
Less : Income Tax of earlier year	6.44	—
<b>Balance carried to Balance Sheet</b>	<b>1128.40</b>	<b>396.69</b>

## 2 OPERATIONS

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 in the year under review is of Raw Cotton.

Manufacturing division account for 16.90 %, Trading division account for 80.96 % and Power division account for 2.14 % of the total turnover of the Company for the year ended 31st March 2011 as compared to 48.75 % of Manufacturing division, 48.15 % of Trading division and 3.10% of power division of the Company for the year ended 31st March, 2010. The financial year 2010-11 has witnessed some improvement in the economies around the globe but the Iron Ore Industry still passing through bad phases due to restriction in mining activity imposed by Supreme Court in and around surrounding area of Karnataka from where your company mainly purchasing the Iron Ore. However, due to application made in the current year your company had allotted quota for export of cotton bales which was successfully completed by your company and in turn has earned handsome profit on such transaction which has the effect of setting off the loss incurred in Iron Ore business.

In spite of such adverse factors turnover of your Company has increased to Rs.23571.67 lacs as against Rs. 8922.82 Lacs in the previous year; cash profit of Rs. 1786.28 Lacs as against Rs. 1780.91 Lacs in the previous year but Profit after tax has reduced to Rs.366.12 Lacs as against profit of Rs.458.78 lacs in the previous year.

The Business wise performance of each segment is as under :

**Manufacturing** : The Company has produced (Net of wastages etc.) 739254 MTS of salt as against 749903 Mts in the previous year. The total turnover of this segment has decreased to Rs. 3976.63 Lacs as against Rs. 4309.22 Lacs in the previous year.

**Trading** : Due to ban imposed by Hon'ble Supreme Court in and around the State of Karnataka for mining activity mainly relating to Iron Ore, no trading activity was carried out during the year under review. However, on the basis of application made by the company has been allowed to export 71557 bales of Raw Cotton during the year and because of that total turnover of this segment has increased to Rs. 19074.90 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 Jitendra S. Singhvi and Shri Mukesh B. Singhvi retires by rotation and being eligible, offers themselves for re-appointment.

**5 DIRECTORS' RESPONSIBILITY STATEMENT**

As required by the provisions of Section 217(2AA) of the Companies Act, 1956, The Directors have to state:

- (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/ 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 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.

## 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 31<sup>st</sup> March, 2011.

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 actino : 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

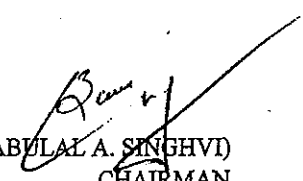
(B) Technology absorption, adaptation and innovation : Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Rs. In lacs)	
	Current Year	Previous Year
1. Earning	20815.18	4832.34
2. Outgo	257.04	980.96

For and on behalf of the Board of Directors

Gandhidham, 20th August, 2011

  
(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 2010-2011)

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. Ashok A. Singhvi	---	3	1	---	---
Mr. Mukesh B. Singhvi	---	4	2	---	---
Mr. Jitendra S. Singhvi	---	5	1	1	1
Mr. Sandeep T. Singhvi	---	4	1	2	---
Mr. Lekhraj P. Kanungo	---	5	---	---	2
Dr. Seema Shimal	---	4	---	2	3

\* (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 Shimal 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, 2010.

6 Board Meetings were held during the financial year 2010-2011, as against the minimum requirement of 4 meetings. The dates on which meetings were held are given below :  
[30.04.2010, 30.06.2010, 16.08.2010, 30.09.2010, 31.10.2010 and 15.02.2011]

### **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 Shimal 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 28-04-10, 14-08-10, 28-09-10, 31-10-10 and 14-02-11.

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

The Chairman of the committee Mr. Lekhraj P. Kanungo was present at the Annual General Meeting held on 30th Sep 2010.

#### 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	Shri Lekhraj P. Kanungo	Chairman of the Committee
2	Shri Mukesh B. Singhvi	Non-Executive Director
3	Dr. Seema Shrimal	Non-Executive Director

The committee met 4 times during the year

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

#### 6 **GENERAL BODY MEETINGS**

Location and time for last three Annual General Meeting were :

Year	AGM	Location	Date	Time
2007-2008	AGM	48, Prospect Chambers Annex, 5th Floor, 317, Dr. D.N. Road, Fort, Mumbai- 400001	25th Sept., 2008	5.00 P.M.
2008-2009	AGM	Same as above	30th Sept., 2009	5.00 P.M.
2009-2010	AGM	Same as above	30th Sept., 2010	5.00 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 "Q" 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 Accounting Standard 15 "Employee Benefits".

##### 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 any penalty / strictures have 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, 2011 at 5.00 P.M.  
 Venue : 48, Prospect Chambers Annex, 5th Floor, 317, Dr. D.N. Road, Fort, Mumbai-400001

9.2 Tentative Financial Calendar : Results for quarter ending 30<sup>th</sup> June, 2011 2<sup>nd</sup> week of Aug.2011.  
 Results for quarter ending 30th Sept, 2011 2nd week of Nov. 2011  
 Results for quarter ending 31st Dec, 2011 2nd week of Feb, 2012.  
 Results for quarter ending 31st Mar, 2012 2nd week of May, 2012.

9.3 Book closure date : 24th September 2011 to 30th September 2011

9.4 Dividend payment date : The Directors have not recommended any dividend on equity shares for the financial year 2010 – 2011.

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

9.6 Stock Code : 506540

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

9.9 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 2011:

No. of Shares	No. of holder	% of Shareholders	No. of Share held	Voting Strength (%)
Upto 5000	205	97.15	6375	2.55
501 - 1000	1	0.47	625	0.25
1001 - 2000	1	0.47	1935	0.77
2001 - 3000	1	0.47	2500	1.00
3001 - 10000	2	0.97	8550	3.42
10001 and above	1	0.47	230015	92.01
<b>Total.....</b>	<b>211</b>	<b>100.00</b>	<b>250000</b>	<b>100.00</b>



Shareholding pattern:

Category	As on 31st March, 2001	
	No. of Shares	%
Promoters/Persons acting in concern	230075	92.03
UTI & Mutual Funds	-----	-----
Financial Institutions/Banks/Insurance Companies	-----	-----
Private Corporate Bodies	626	0.25
Resident Individuals	19299	7.72
NRI's / OCB's	-----	-----
<b>Total....</b>	<b>250000</b>	<b>100</b>

9.11 Dematerialisation of shares

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

9.12 Outstanding GDR / Warrants and convertible Bonds, conversion date and likely impact on equity : None

9.13 Plant Location:

- a) Kandla : ZERA PORT, New Kandla, 370 210
- b) Jakhau : Jakhau : Kutch, Taluka : Abadasa, 370 640

9.14 Investors Correspondence:

Registered Office of the Company :

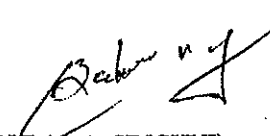
48, Prospect Chambers Annexe,  
5<sup>th</sup> Floor, 317, Dr. Dadabhoy Naoroji Road,  
Fort, Mumbai-400 001

10 CODE OF CONDUCT

Your Company has always encouraged and supported compliance to ethical business practices in personal and corporate by its employees. Your Company in order to further strengthen corporate practices has framed a specific code of conduct for the members of the Board of Directors and Senior Management personnel of the Company.

For and on behalf of the Board of Directors

Gandhidham, 20th August, 2011

  
(BABULAL A. SINGHVI)  
CHAIRMAN

**CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER  
CLAUSE 49 OF THE LISTING AGREEMENT**

To,  
The members of The Kutch Salt & Allied Industries Limited.

We have examined the compliance of conditions of Corporate Governance by The Kutch Salt & Allied Industries Limited for the year ended on 31<sup>st</sup> March , 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

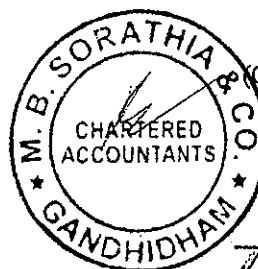
In our opinion and to the best of our information and according to the explanations given to us, and based on the representation made by the Directors and management, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investor's grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

PLACE : GANDHIDHAM

DATE : 20th August, 2011



FOR M.B. SORATHIA & CO.  
(CHARTERED ACCOUNTANTS)

*M.B. Sorathia*  
(M.B. SORATHIA)  
PROPRIETOR

Membership No. 36992  
Firm Reg. No. 110420W