

ANNUAL REPORT 2010-2011

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

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. Dáabhoy 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
Profit/ (Loss) before Depreciation	1786.27	1780.91
Less : Depreciation	1005.17	807.15
Profit / (Loss) before Tax	781.10	973.76
Less : <u>Provision for Tax</u>		
<i>Current Tax</i>	162.00	184.00
<i>Deferred Tax</i>	252.63	330.98
Profit/ (Loss) After Tax	366.47	458.78
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	---
Balance carried to Balance Sheet	1128.40	396.69

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 Shimal, 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 31st 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

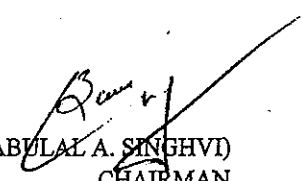
(B) Technology absorption, adaptation and innovation : Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	<u>Current Year</u>	<u>Previous Year</u>
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 Shrimal	---	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 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, 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 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 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 30th June, 2011 2nd 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
Total.....	211	100.00	250000	100.00

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	----	----
Total....	250000	100

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,
5th 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 31st 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.

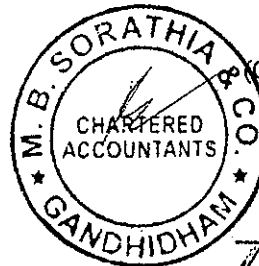
In our opinion and to the best of our information and according to the explanations given to us, and based on the representation made by the Directors and management, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the Listing Agreement.

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

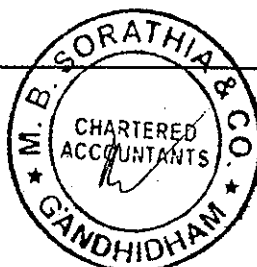
(M.B. SORATHIA)
PROPRIETOR

Membership No. 36992
Firm Reg. No. 110420W

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

Cash Flow Statement for the year ended 31st March, 2011

Particulars	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
A. <u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
<u>NET PROFIT AFTER TAX</u>	36646591	45878339
<u>ADJUSTMENTS FOR NON-CASH ITEMS:</u>		
Depreciation	100518410	80714796
Loss on sale of assets	19466	---
Income Tax	16200000	18400000
Deferred Tax	25263012	33098331
Prior Period Items	(643628)	132
Prior Period Items	37167649	---
	215171500	178091598
<u>ADJUSTMENTS FOR ITEMS REQUIRED TO BE DISCLOSED SEPARATELY:</u>		
Interest Paid	37866457	37866457
Non-Operating Income	(15600)	(9600)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	253022357	215948455
<u>ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL:</u>		
Trade & Other receivables	(157695573)	55536309
Inventories	30320814	(10408275)
Trade & other payables	119407825	(129534728)
	245055423	131541761
Deferred Revenue Expenditure	(1394375)	(1042141)
	243661048	130499620
CASH GENERATED FROM THE OPERATIONS		
Interest Paid	37866457	37866457
Other Non-Operating Income	(15600)	(9600)
NET CASH FLOW FROM OPERATING ACTIVITIES	205810191	92642763
B. <u>CASH FLOW FROM INVESTMENT ACTIVITIES:</u>		
Addition of Fixed Assets	(159117123)	(335948603)
Sale Of Fixed Assets	7000	17250
Sale of Investments	203000	---
NET CASH FROM INVESTMENT ACTIVITIES	(158907123)	(335931353)
C. <u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Issue of Preference Shares	---	---
Receipt of Loan (Secured)	(29840423)	(5852842)
Receipt of Loan (Unsecured)	411286	(1168852)
	(29429137)	(7021694)



Particulars		YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
D.	<u>CAPITAL WORK IN PROGRESS</u>	19590519	253092887
	Net Increase/(Decrease) in Cash AND Cash Equivalents (A+B+C+D)	37064450	2782603
A.	<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
	<u>CASH AND CASH EQUIVALENTS</u>		
	Cash and Bank Balances		
	Opening Balance	5651924	2968627
	Closing Balance	42706038	5651924
		37054114	2683297
	Cash Credit Account		
	Opening Balance	24669150	24768456
	Closing Balance	24658814	24669150
		10336	99306
		37064450	2782603

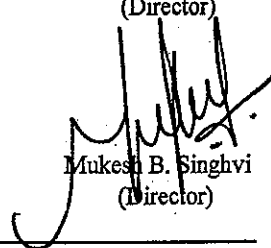
NOTE:

- 1 The figures in the Cash Flow Statement are based on or have been derived from the Annual Financial Statement of the Company.
- 2 Figures in brackets represents Outflow of Cash & payment

For and on behalf of Board of Directors


Babulal A. Singhvi
(Director)

Gandhidham, 20th August, 2011

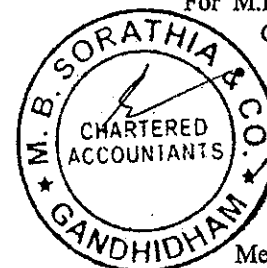

Mukesh B. Singhvi
(Director)


AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of THE KUTCH SALT & ALLIED INDUSTRIES LTD., for the year ended 31st March, 2011 and confirm that it has been derived from the audited accounts of the Company for the year ended 31st March, 2011 and 31st March, 2010.

As per our report of even date

For M.B. SORATHIA & CO.
Chartered Accountants



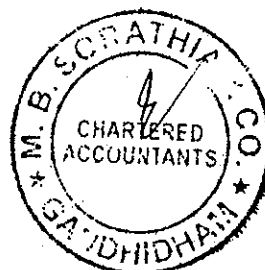

M.B. SORATHIA
Proprietor
Membership No. : 36992
Firm Reg. No. 110420W

Gandhidham, 20th August, 2011

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, 2011, 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 except non-fulfilment of AS-15 "Employee Benefits". Due to the same Profit of the company is overstated by Rs.12,62,052/- and also no effect on the profit is taken in respect of leave encashment payable to the employees.
 - (v) On the basis of the written representation received from the Directors, as on 31st March, 2011 and taken on record by the Board of the Directors, we report that none of the Director is disqualified as on 31st March, 2011 from being appointed as a Director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

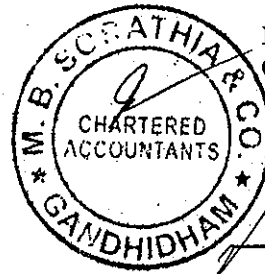


.....02.....

- (vi) In our opinion and to the best of our information and according to the explanations 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, 2011;
 - (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.

Place : Gandhidham-Kachchh

DATE : 20-08-2011



For M. B. SORATHIA & CO.
CHARTERED ACCOUNTANTS

(M. B. SORATHIA)

Proprietor

Membership No. : 36992

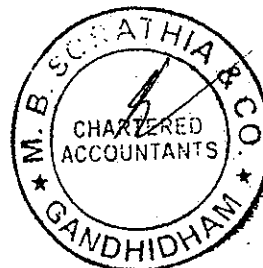
Firm Registration No.110420 W

ANNEXURE "A"

RE. : THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

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

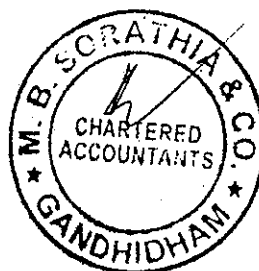
- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) All the assets have been physically verified by the management during the year and there is a regular programme of verification, which, in our opinion, is reasonable 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 the 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) According to the information and explanations given to us, the company has granted unsecured loans to three company, firm or other parties covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year in respect thereof was Rs. 2233.12 lacs and the year end balance of loan granted to such parties was Rs.2089.57 Lacs.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been given to companis, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- (c) The Company is regularly receiving the principal amount and interest as stipulated.
- (d) There is no overdue amount of loans granted to Companies, Firms or Other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (e) According to the information and explanations given to us, the Company has not taken any loan from a Company/Firm or other party covered in the Register maintained under section 301 of the Companies Act, 1956. Hence sub clause (f) & (g) of clause (iii) of the report are not applicable.



Cont.....02

.....02.....

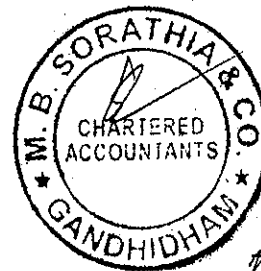
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, the transactions that need to be entered into the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees 5.00 (Five) lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) According to information and explanations given to us, the Company has not accepted deposits from public 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) As per the information and explanations given to us, the Company's internal control procedures together with the internal checks conducted by the management staff during the year can be considered as an Internal Audit System commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of Cost Records under section 209 (1) (d) of The Companies Act, 1956 for any of the product of the Company.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31-03-2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company does not have accumulated losses at the end of financial year. The Company has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a Financial Institution or Bank.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



Contd....3

.....03.....

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion, The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the Information & explanations given to us, term loans have been utilized for the purpose for which the same were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the Information and explanations given to us, the Company has not made any preferential allotment of Shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) During the year, the Company has not issued any Debentures hence clause (4) (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xx) During the year covered by our report, the Company has not raised any money by way of public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.



For M. B. SORATHIA & CO.
CHARTERED ACCOUNTANTS

(M. B. SORATHIA)

Proprietor

Membership No. : 36992

Firm Registration No.110420W

Place : Gandhidham-Kachchh

DATE : 20-08-2011

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED
GANDHIDHAM - KACHCHH

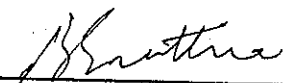
BALANCE SHEET AS ON 31-03-2011

PARTICULARS	SCH	RS.	AS ON	
			31/03/2011	31/03/2010
SOURCES OF FUNDS				
SHARE HOLDERS' FUND				
SHARE CAPITAL	"A"	126699825		126699825
RESERVE & SURPLUS	"B"	117982155		44811544
			244681980	171511369
LOAN FUNDS				
SECURED LOANS	"C"	654753197		684603956
UNSECURED LOANS	"D"	411286	655164483	
DEFERRED TAX LIABILITIES			57523930	32260918
			957370393	888376243
APPLICATION OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	"E"	951011704		792004692
Less: DEPRECIATION		341922751		241487985
NET BLOCK			609088953	550516707
CAPITAL WORK IN PROGRESS			8153171	27743690
INVESTMENTS	"F"		300000	503000
CURRENT ASSETS, LOAN & ADVANCES				
CLOSING STOCK	"G"	143606647		173927461
SUNDRY DEBTORS	"H"	123294100		1504984
CASH & BANK BALANCES	"I"	42706038		5651924
LOANS & ADVANCES	"J"	311080207		275173750
		620686992		456258119
Less: CURRENT LIABILITIES & PROVISIONS	"K"	283509015		147901190
NET CURRENT ASSETS			337177977	308356929
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF/ADJUSTED)			2650292	1255917
TOTAL.....			957370393	888376243

NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

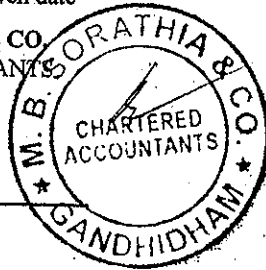
As per our Report attached of even date

FOR M.B. SORATHIA & CO.
 CHARTERED ACCOUNTANTS


 (M.B. SORATHIA)
 PROPRIETOR

Membership No. : 36992
 Firm Reg. No. 110420W

PLACE : GANDHIDHAM
 DATE : 20-08-2011



For THE KUTCH SALT & ALLIED INDUSTRIES LIMITED


 (DIRECTOR)


 (DIRECTOR)

PLACE : GANDHIDHAM
 DATE : 20-08-2011

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

GANDHIDHAM - KACHCHH

PROFIT & LOSS ACCOUNT FOR THE PERIOD 01-04-2010 TO 31-03-2011

PARTICULARS	SCH	AS ON	
		31/03/2011	31/03/2010
<u>INCOME</u>			
SALES		2354648877	881646904
OTHER INCOME	"L"	2518014	10634976
INCREASE/(DECREASE) IN STOCK	"M"	(33319482)	9869809
		2323847409	902151689
<u>EXPENDITURE</u>			
MANUFACTURING COST		76316393	80658386
PURCHASE		1788138469	303436551
EMPLOYEE'S EMOLUMENTS	"N"	6694182	5200908
POWER & FUEL		42729501	61376273
REPAIRS TO BUILDING, PLANT & MACHINERY		40831649	34147211
ADMINISTRATIVE & SELLING EXPENSES	"O"	101336830	177410359
FINANCIAL EXPENSES	"P"	89172372	61830535
DEPRECIATION		100518410	80714796
		2245737806	804775019
PROFIT BEFORE TAX		78109603	97376670
Less: <u>PROVISION FOR TAXATION</u>			
INCOME TAX		16200000	18400000
DEFERRED TAX		25263012	33098331
PROFIT AFTER TAX		36646591	45878339
Less: INCOME TAX OF EARLIER YEARS		643629	(133)
Add: BALANCE AS PER LAST YEAR		39669296	(6209176)
Add: MAT Credit (Previous years)		21600009	—
Add: MAT Credit (Current year)		15567640	—
PROFIT AVAILABLE FOR APPROPRIATION		112839907	39669296
BALANCE CARRIED OVER TO BALANCE SHEET		112839907	39669296
<u>EARNING PER SHARE (AS PER POINT NO. 09 OF SCHEDULE "O")</u>			
--- BASIC		146.58	183.51
--- DILUTED		146.58	183.51

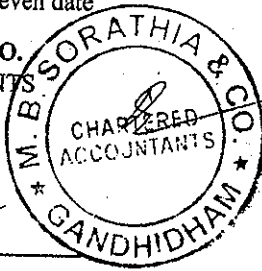
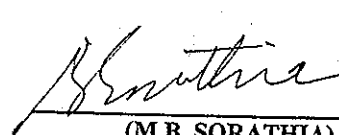
NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

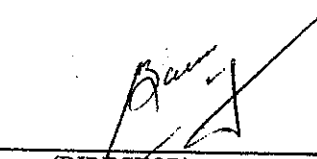
"Q"

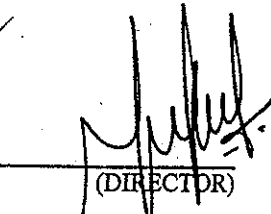
As per our Report attached of even date

FOR M.B. SORATHIA & CO.
CHARTERED ACCOUNTANTS

For THE KUTCH SALT & ALLIED INDUSTRIES LIMITED



 (M.B. SORATHIA)
 PROPRIETOR


 (DIRECTOR)


 (DIRECTOR)

Membership No. : 36992
 Firm Reg. No. 110420W
 Place : GANDHIDHAM - KACHCHH
 DATE : 20-08-2011

Place : GANDHIDHAM - KACHCHH
 DATE : 20-08-2011

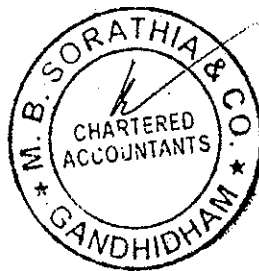
THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

GANDHIDHAM - KACHCHH

SCHEDULE TO BALANCE SHEET

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "A" : SHARE CAPITAL</u>		
<u>AUTHORIZED</u>		
500000 (500000) EQUITY SHARES OF RS. 10/- EACH.	5000000	5000000
13000000 (13000000) 12% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS. 10/- EACH.	130000000	130000000
	135000000	135000000
<u>ISSUED, SUBSCRIBED & PAID UP</u>		
250000 (250000) EQUITY SHARES OF RS. 10/- EACH FULLY PAID.	2500000	2500000
LESS : CALLS IN ARREARS	175	175
	2499825	2499825
12420000 12% REDEEMABLE CUMULATIVE PREFERENCE SHARES OF RS. 10/- EACH FULLY PAID.	124200000	124200000
	126699825	126699825

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "B" : RESERVE & SURPLUS</u>		
GENERAL RESERVE	942248	942248
CAPITAL REDEMPTION RESERVE	4200000	4200000
PROFIT & LOSS ACCOUNT	112839907	39669296
	117982155	44811544

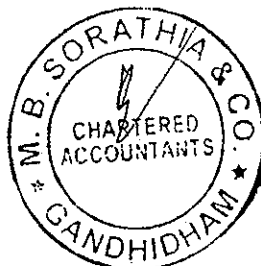


THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

GANDHIDHAM - KACHCHH

SCHEDULE TO BALANCE SHEET

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	31/03/2011	31/03/2010
SCHEDULE "C" : SECURED LOANS		
TERM LOAN ACCOUNT WITH PUNJAB NATIONAL BANK, GANDHIDHAM	11444672	27535268
TERM LOAN ACCOUNT WITH STATE BANK OF INDIA, AHMEDABAD (SECURED AGAINST HYPOTHECATION OF PLANT & MACHINERY).	22818423	45201776
EXPORT PACKING CREDIT ACCOUNT WITH PUNJAB NATIONAL BANK, GANDHIDHAM	174963173	182434857
EXPORT PACKING CREDIT ACCOUNT WITH STATE BANK OF INDIA, AHMEDABAD	126059218	125557699
CASH CREDIT ACCOUNT WITH STATE BANK OF INDIA, AHMEDABAD	15824512	15099037
CASH CREDIT ACCOUNT WITH STATE BANK OF INDIA, GANDHIDHAM (SECURED AGAINST HYPOTHECATION OF STOCKS)	8834302	9570113
TERM LOAN ACCOUNT WITH SUNDARAM FINANCE LIMITED (SECURED AGAINST HYPOTHECATION OF JEEP BOLERO CAMPER 3 NOS., SOIL COMPACTOR, VOLVO EXCAVATOR 8 NOS. & DIESEL TANKER).	14378950	28136219
TERM LOAN ACCOUNT WITH MAGMA FINCORP LTD. (SECURED AGAINST HYPOTHECATION OF WINDMILL 2 NOS.).	87269636	113468179
TERM LOAN ACCOUNT WITH SIDBI (SECURED AGAINST HYPOTHECATION OF WINDMILL).	108737967	131229427
TERM LOAN ACCOUNT WITH TATA CAPITAL LIMITED (SECURED AGAINST HYPOTHECATION OF LIUGONG LOADERS 4 NOS.).	2284294	4674513
TERM LOAN ACCOUNT WITH ICICI BANK LTD. (SECURED AGAINST HYPOTHECATION OF BOLERO CAMPER JEEP).	---	28939
TERM LOAN ACCOUNT WITH HDFC BANK LTD. (SECURED AGAINST HYPOTHECATION OF CAR FORD EDEVOUR).	1085740	1667929
TERM LOAN ACCOUNT WITH ICICI BANK LTD. (SECURED AGAINST HYPOTHECATION OF WIND MILL).	81052310	---
	654753197	684603956
SCHEDULE "D" : UNSECURED LOANS		
FROM BANK	411286	---
	411286	---

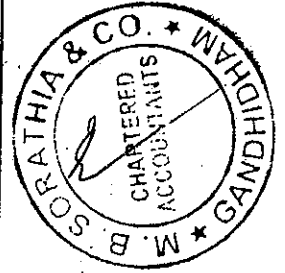


THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

GANDHIDHAM - KACHCHH

SCHEDULE TO BALANCE SHEET
SCHEDULE "E" : FIXED ASSETS

Sr. No.	Particulars	Gross Block			Depreciation			Net Block.			
		As on 01/04/2010	Additions	Deductions	As on 31/03/2011	Previous Year 01/04/2010	During the year	Recouped	Total	As on 31/03/2011	As on 31/03/2010
							year				
1)	Land	5912	-	-	5912	-	-	-	-	5912	5912
2)	Building & Roads	67629130	4746855	-	72375985	21034654	4867530	-	25902184	46473801	46594476
3)	Furniture Fittings & Office Equipments	1111081	1345939	-	2457020	505216	315211	-	820427	1636593	605865
4)	Plant & Machinery	239834779	41708280	-	281543059	64331414	26994041	-	91325455	190217604	175503365
5)	Reservoir & Pans	118281439	-	-	118281439	107665364	10616075	-	118281439	-	10616075
6)	Vehicles	3815290	3564501	110111	7269680	1303857	931856	83645	2152068	5117612	2511433
7)	Wind Mill	361327061	107751548	-	469078609	46647480	56793698	-	103441178	365637431	314679581
	TOTAL :-	792004692	159117123	110111	951011704	241487985	100518411	83645	341922751	609088953	550516707
	Previous Year	456073339	335948603	17250	792004692	160773190	80714796	270	241487985	550516707	295300149
9)	Capital Work in Progress	27743690	139493264	159083783	8153171	-	-	-	-	8153171	-
	Previous Year	280836577	82971689	336064576	27743690	-	-	-	-	27743690	-
	TOTAL :-	-	-	-	959164875	-	-	-	341922751	617242124	550516707



THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

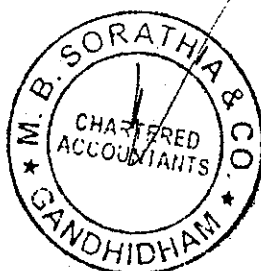
GANDHIDHAM - KACHCHH

SCHEDULE TO BALANCE SHEET

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "F" : INVESTMENTS</u>		
(AS VALUED, VERIFIED & CERTIFIED BY THE MANAGEMENT)		
<u>INVESTMENT IN EQUITY SHARES (UNQUOTED)</u>		
200 SHARES OF BHUJ MERCANTILE CO-OP. BANK LTD. OF RS. 100/- EACH FULLY PAID UP	20000	20000
640 SHARES OF GANDHIDHAM MERCANTILE CO-OP. BANK LTD. OF RS. 100/- EACH FULLY PAID UP	64000	64000
NATIONAL SAVING CERTIFICATE (PLEDGE WITH GOVT. AUTHORITIES)	216000	419000
	300000	503000

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "G" : CLOSING STOCK</u>		
(AS VALUED, VERIFIED & CERTIFIED BY THE MANAGEMENT)		
FINISHED GOODS	44831791	78151273
TRADING GOODS	94459690	94459690
STORES & SPARES	4315166	1316498
	143606647	173927461

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "H" : SUNDRY DEBTORS</u>		
(CONSIDERED GOOD UNLESS OTHERWISE STATED)		
DEBTORS EXCEEDING SIX MONTHS	418540	581353
OTHER DEBTS	122875560	923631
	123294100	1504984



THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

GANDHIDHAM - KACHCHH

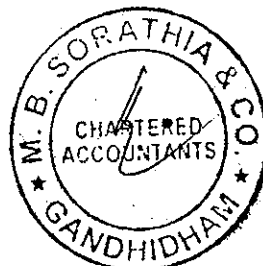
SCHEDULE TO BALANCE SHEET

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "I" : CASH & BANK BALANCES</u>		
CASH ON HAND	54985	157593
<u>BANK BALANCES</u>		
<u>WITH SCHEDULED BANKS</u>		
ON CURRENT ACCOUNTS	42637073	5482437
<u>WITH NON-SCHEDULED BANKS</u>		
ON CURRENT ACCOUNTS	13980	11894
	<u>42706038</u>	<u>5651924</u>

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "J" : LOANS & ADVANCES</u>		
(UNSECURED BUT CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED INCLUDES RS. NIL. DUE (PREVIOUS YEAR RS. N I L) FROM COMPANIES AND FIRMS IN WHICH DIRECTORS ARE DIRECTORS AND PARTNERS.	291033223	251872703
DEPOSITS	11796082	16566990
PREPAID EXPENSES	7322890	6348012
ACCRUED INCOME	928012	386045
	<u>311080207</u>	<u>275173750</u>

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "K" : CURRENT LIABILITIES & PROVISIONS</u>		
(A) <u>CURRENT LIABILITIES</u>		
(i) SUNDRY CREDITORS	264381151	125963536
(ii) OTHER LIABILITIES	2927864	3537654
(B) <u>PROVISIONS</u>		
FOR INCOME TAX	16200000	18400000
	<u>283509015</u>	<u>147901190</u>

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "L" : OTHER INCOME</u>		
DIVIDEND	15600	9600
LIABILITIES WRITTEN BACK	626228	---
INTEREST	325657	256830
DUTY DRAW BACK	---	1018139
VISHESH KRISHI UPAJ YOJNA	---	628092
FOREIGN EXCHANGE RATE DIFFERENCE	1550529	8722315
	<u>2518014</u>	<u>10634976</u>

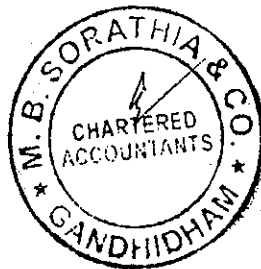


THE KUTCH SALT & ALLIED INDUSTRIES LIMITED
GANDHIDHAM - KACHCHH

SCHEDULE TO BALANCE SHEET

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "M" : INCREASE/(DECREASE) IN STOCKS</u>		
<u>CLOSING STOCK</u>		
COMMON SALT	44831791	78151273
IRON ORE	94459690	94459690
	139291481	172610963
LESS :		
<u>OPENING STOCK</u>		
COMMON SALT	78151273	87929030
IRON ORE	94459690	74812124
	172610963	162741154
INCREASE/(DECREASE) IN STOCK	(33319482)	9869809

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
<u>SCHEDULE "N" : EMPLOYEES' EMOLUMENTS</u>		
SALARY, WAGES & BONUS	6301584	4906857
PROVIDENT FUND & OTHER FUNDS	111817	130773
STAFF WELFARE & BENEFITS	280781	163278
	6694182	5200908

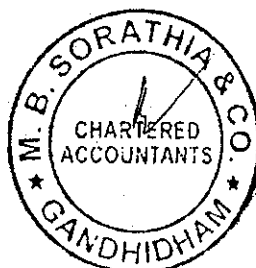


THE KUTCH SALT & ALLIED INDUSTRIES LIMITED
GANDHIDHAM - KACHCHH

SCHEDULE TO BALANCE SHEET

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
SCHEDULE "O" : ADMINISTRATIVE & SELLING EXPENSES		
RENT, RATES & TAXES	1585539	1371807
VEHICLE EXPENSES	2092437	652982
INSURANCE	1700948	1061261
PRINTING & STATIONERY	30303	54456
POSTAGE & TELECOMMUNICATION	130589	82201
ADVERTISEMENT	51327	283989
TRAVELLING & CONVEYANCE	1005835	182296
LEGAL & PROFESSIONAL FEES	1548740	212688
LEASE LAND RENEWAL EXPENSES	---	10004
AUDIT & OTHER FEES	50000	50000
MISCELLANEOUS EXPENSES	165336	131524
LABORATORY EXPENSES	17677	24961
WATER EXPENSES	207415	238425
WORKSMEN COMPENSATION	750000	199500
VESSEL FREIGHT	---	86536110
SALT TRANSPORTATION	---	16884945
SALES & DESPATCH	90017762	67886940
ECGC PREMIUM CHARGES	1586729	1349205
PRELIMINARY EXPENSES WRITTEN OFF	---	154200
OFFICE ELECTRICITY	13992	18865
DONATION	151000	---
DEBIT BALANCE WRITTEN OFF	101450	---
LOSS ON SALE OF ASSETS	19466	---
COMPUTER SOFTWARE EXPENSES	110285	24000
	101336830	177410359

PARTICULARS	CURRENT YEAR 31/03/2011	PREVIOUS YEAR 31/03/2010
SCHEDULE "P" : FINANCIAL EXPENSES		
INTEREST	65508479	37866457
FINANCE CHARGES	14947688	23022101
LOAN DOCUMENTATION	5020309	643363
FOREIGN EXCHANGE RATE DIFFERENCE	581389	---
BANK CHARGES	3114507	298614
	89172372	61830535



THE KUTCH SALT & ALLIED INDUSTRIES LIMITED

GANDHIDHAM - KACHCHH

SCHEDULE "O" : NOTES FORMING PART OF ACCOUNTS

Significant Accounting Policies :

1. The Significant accounting policies adopted by the Company are as follows :-

A. System of Accounting :

The Company follows the mercantile system of accounting recognizes Income and Expenditure on accrual basis. The Accounts are prepared on historical cost convention basis and as a going concern. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

B. Fixed Assets :

Fixed Assets are stated at cost of acquisition including freight, duties, taxes, pre-operative and other incidental expenses, related to acquisition and installation and any directly attributed cost of bringing the assets to its working condition for intended use. The financial cost till commencement of commercial production and adjustments arising from exchange rate variation attributable to the fixed assets are capitalized.

C. Depreciation :

Depreciation on Fixed Assets of the Company is charged on written down value method & at the rates prescribed under schedule XIV of the Companies Act, 1956.

D. Impairment of Assets :

At each balance sheet date, an assessment is made whether any indication exist that an assets has been impaired in terms of AS -28 issued by ICAI. If any such indication exists, an impairment loss i.e. the amount by which carrying amount of an assets exceeds its recoverable amount is provided in the books of accounts and charged to the profit & loss account. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

E. Revenue Recognition :

- a) Revenue from sale of goods is recognized at the point of passing of title of the goods to the customers which generally coincides with delivery.
- b) Export sales are accounted for on the basis of date of bill of lading.
- c) Revenue in respect of export incentive is recognized when such incentive accrues upon filling of claim with the appropriate authority.

F. Inventories :

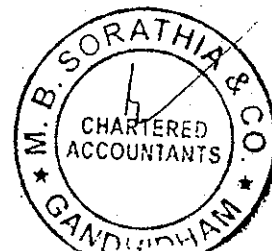
- a) Closing stock of Finished and Trading Goods are valued at cost or net realizable value which ever is lower.
- b) Stock of Stores, Spare and Fuel Oil & Lubricants are valued at cost.

G. Investments :

Investments are stated at cost.

H. Foreign Exchange Transactions

Transaction in foreign currency are recorded at the exchange rates prevalent at the time of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the period end exchange rates. Whereas non-monetary foreign currency items like Investment in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.



I. Borrowing Cost

Borrowing costs directly attributable to the acquisition/construction of qualifying fixed assets are capitalized as a part of the cost of the assets, up to the date the assets put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

J. Provision for Current tax and deferred tax

Provision for Current Tax is made on the basis of taxable Income for the period computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from timing difference between book profit and profit as per Income Tax Act, 1961 is accounted for at the enacted rate of tax, to the extent that the timing differences are expected to crystallize. Deferred Tax Assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable profits will be available against which such deferred tax assets can be realized.

K. Retirement Benefits :

- a) Provision for Gratuity, as required by Accounting Standard 15, has not been made in the accounts as the same is accounted as and when paid. The liability on this account as on 31.03.2011 as per actuarial valuation is Rs.12,62,052/- (Previous year Rs. 10,72,054/-).
- b) Provision for leave encashment, as required by Accounting Standard 15, has not been made in the accounts as the same is accounted as and when paid.
- c) Fixed contribution to provident fund are recognized in the accounts on actual cost to the company.

L. Earning Per Share :

The earning considered in ascertaining the company's earning per share comprise the net profit after tax (and includes the post tax effect of any extra ordinary items). The number of shares used in computing basic earning per share is weighted average number of shares outstanding during the year.

M. Provisions, Contingent Liabilities and Contingent Assets :

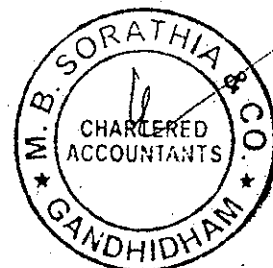
Provisions involving substantial degree of estimation in measurement are recognized where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources; Contingent liabilities are not recognized but are disclosed in the notes, Contingent Assets are neither recognized nor disclosed in the financial statements.

N. Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations of during the reporting year. Although these estimates are based on management's best knowledge of current events and action, actual result could differ from these estimates.

2. Contingent liabilities not provided for :

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 1,16,75,000/- (Previous Year Rs. 1,56,37,000/-)
- b) Gujarat Water Supply and Sewerage Board has demanded water charges at enhanced rate w.e.f. 01.01.1988. The liability for such claims comes to Rs. 4.34 lacs for which no provision is made. The company has filed suitable replies to the concerned authorities. (Previous year Rs. 4.34 Lacs)



Accounting Standard-20 : Earning per Share

	F.Y. 2010-11	F.Y. 2009-10
(i) Profit After tax	36646591	45878339
(ii) Weighted average No. of equity shares	250000	250000
(iii) Weighted average No. of diluted shares	250000	250000
(iv) Nominal Value of Equity Shares	10	10
(v) Basic / Dilated earning per share	146.58	183.51

5. Deferred Tax Liability /Assets (Net) pursuant to Accounting Standard -22.

Particulars	Deferred Tax Liability/ (Assets) as at 01/04/10	Current Year Charge / (Credit)	Deferred Tax Liability/ (Assets) as at 31/03/11
Deferred Tax Liability			
Defference between book and tax depreciation	97399706	18889480	116289186
(A)	97399706	18889480	116289186
Deferred Tax Assets			
i) Disallowances U/s.43B of Income Tax Act, 1961	290136	(71143)	218993
ii) Unabsorbed Depreciation	64848652	(6302389)	58546263
(B)	65138788	(6373532)	58765256
Deferred Tax Liability / (Assets) (NET) (A-B)	32260918	25263012	57523930

6. Payments to Auditors:

	2010-2011	2009-2010
Audit Fee	40000	40000
Other Capacity	10000	10000

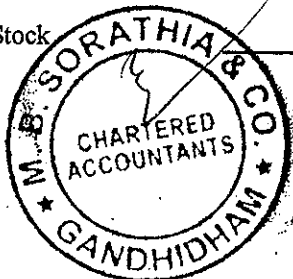
- There are no micro, small and medium enterprises to whom the Company owes dues which are outstanding for more than 45 days at the balance sheet date. The said details have been determined to the extent such parties have been identified on the basis of information available with the company.
- The Balances of Sundry Debtors and Sundry Creditors and some other debit and credit balances are subject to their confirmation.
- The Company has not paid any remuneration to its Directors including sitting fees, hence, provisions of the Companies Act, 1956 pertaining to Managerial Remuneration is not applicable.
- Previous years figures have been regrouped / rearranged wherever consider necessary, to make them comparable.
- Schedule A to Q Form integral part of Balance Sheet and Profit and Loss Account and have been duly authenticated as such.
- Additional information as required under paragraph 3 and 4 of part – II of schedule VI of the companies Act, 1956 are as follows :-

SCHEDULE TO THE ACCOUNTS

Additional information under Part II of Schedule VI to the Companies Act, 1956 :

A) FINISHED GOODS

	COMMON SALT		2009 - 2010	
	2010 - 2011			
	QTY. MTS	VALUE (RS.)	QTY. MTS	VALUE (RS.)
Opening Stock	251188.820	75649859	330032.000	85858843
*Production	739253.640	---	749902.720	---
Sales	835755.533	390241660	828745.900	428868943
Closing Stock	154686.927	41865817	251188.82	75649859



3. **Segment Reporting**

Sr.	Particulars	Manufacturing	Trading	Power	Unallocable	Total
1	<u>BUSINESS SEGMENT</u>					
	<u>Segment Revenue</u>					
	External Sales	397662894	1907490083	49495900	---	2354648877
	Inter Segment Sales	---	---	---	---	---
	Other Income	627891	837427	1052696	---	2518014
	Total Revenue	398290785	1908327510	50548596	---	2357166891
2	<u>SEGMENT RESULT</u>					
	Segment Revenue before tax & Interest	108395637	68960910	(18790777)	---	158565770
	Interest	14076697	40768901	25610569	---	80456167
	Profit after Interest	94318940	28192009	(44401346)	---	78109603
	Segment Result	94318940	28192009	(44401346)	---	78109603
3	Current Tax	---	---	---	16200000	16200000
4	Deferred Tax	---	---	---	25263012	25263012
5	Net Profit After Tax	---	---	---	---	36646591
	<u>Other Information</u>					
6	Segment Assets	421505542	402271780	379934437	---	1203711759
7	Segment Liabilities	160797854	494975689	282899953	---	938673496
8	Capital Expenditure including CWIP	8153171	---	---	---	8153171
9	Depreciation	43724712	---	56793698	---	100518410
10	<u>GEOGRAPHICAL SEGMENT</u>					
	<u>Revenue</u>					
	India	224262893	337717	49497777	---	274098387
	Outside India	174027892	1907989793	1050819	---	2083068504

Note:

- Geographical segment considered for disclosure as follows :
Revenue within India includes sales to customers located within India
Revenue outside India includes sales to customers located outside India

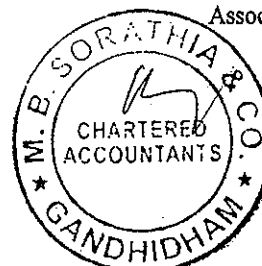
4. **Related Party Disclosure**

Details of transactions entered into with related parties during the year as required by Accounting Standard – 18 issued by ICAI are as under :-

Sr.	Name of Transactions	Amount
1	Loans & Advances	2089.57
2	Handling & Transportation services	397.96
3	Sales of Goods	2168.89

Name of related parties and description of relationship:

	Name of Concern	Nature of Relation
1	Friends Bulk Handlers Ltd.	Associate Enterprise
2	Gautam Freight Pvt. Ltd.	Associate Enterprise
3	Friends & Friends Shipping Pvt. Ltd.	Associate Enterprise
4	Terapanth Foods Limited	Associate Enterprise
5	Kandla Export Corporation	Associate Enterprise
6	Friends Salt Works & Allied Industries	Associate Enterprise



GYPSUM

	2010 - 2011		2009 - 2010	
	QTY. MTS	VALUE (RS.)	QTY. MTS	VALUE (RS.)
Opening Stock	36636.347	2501414	27148.965	2070187
*Production	8396.811	---	12805.962	---
Sales	12876.76	7421234	3318.580	2053804
Closing Stock	32156.398	2965974	36636.347	2501414

B) TRADING GOODS

IRON ORE FINES

	2010 - 2011		2009 - 2010	
	QTY. MTS	VALUE (RS.)	QTY. MTS	VALUE (RS.)
Opening Stock	34599.511	94459690	36320.830	74812124
Purchase	---	---	64096.681	209326631
Sales	---	---	65818.000	321013267
Closing Stock	34599.511	94459690	34599.511	94459690

RAW COTTON

	2010 - 2011		2009 - 2010	
	QTY. MTS	VALUE (RS.)	QTY. MTS	VALUE (RS.)
Opening Stock	---	---	---	---
Purchase	12164.198	1788138469	---	---
Sales	12164.198	1907490083	---	---
Closing Stock	---	---	---	---

* Net Washages / Wastages

	(Rs. In lacs)	
	Current Year	Previous Year
3 Value of Import on C.I.F. basis	---	---
4 Expenditure in foreign currency	257.04	980.96
5 Earning in foreign exchange on account of export of goods	20815.18	4832.34

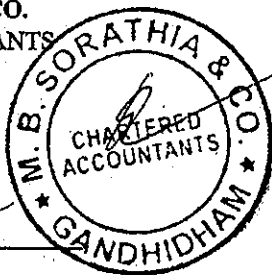
Signatures to Schedule "A" to "Q"

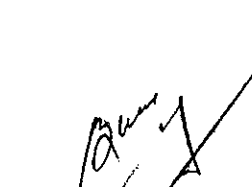
As per our attached report of even date


For M.B. SORATHIA & CO.
CHARTERED ACCOUNTANTS

For THE KUTCH SALT & ALLIED INDUSTRIES LIMITED


(M.B. SORATHIA)
PROPRIETOR




(DIRECTOR)


(DIRECTOR)

Membership No. : 36992
Firm Reg. No. 110420W

PLACE : GANDHIDHAM
DATE : 20-08-2011

THE KUTCH SALT & ALLIED INDUSTRIES LIMITED
GANDHIDHAM-KACHCHH

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI
OF THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details

Registration No. (CIN) : L24238MH1950PLC008313
State Code : 11
Balance Sheet Date : 31/03/11

Capital Raised during the year

Public Issue : NIL
Right Issue : NIL
Bonus Issued : NIL
Private Placement : NIL

Position of Mobilisation and Deployment of Funds

Total Liabilities : Rs. 957370393
Total Assets : Rs. 957370393

Sources of Funds

Paid-up Capital : Rs. 126699825
Reserves & Surplus : Rs. 117982155
Secured Loans : Rs. 654753197
Unsecured Loans : Rs. 411286
Deferred Tax Liability : Rs. 57523930

Application of Funds

Net Fixed Assets : Rs. 609088953
Investments : Rs. 300000
Net Current Assets : Rs. 337177977
Miscellaneous Expenditure (to the extent not adjusted) : Rs. 2650292

Performance of Company

Turnover including other Income : Rs. 2357166891
Total Expenditure : Rs. 2245737806
Profit Before Tax : Rs. 78109603
Profit After Tax : Rs. 36646591
Earning per share in Rs. : Rs. 146.58
Dividend Rate % : Rs. ---

Generic Names of Three Principal Products/ Services of Company : N.A.
(as per Monetary Terms)

Item Code No. (ITC Code) : 250100.09

Product Description : Manufacturing of Salt, Traders & Exporter of Goods & Commodities.

Place : GANDHIDHAM
DATE : 20-08-2011

(DIRECTOR)

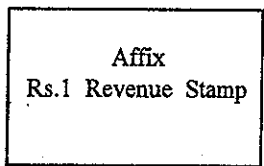
(DIRECTOR)

THE KUTCH SALT & ALLIED INDUSTRIES LTD.
REGD. OFFICE: 48, PROSPECT CHAMBERS ANNEXE, 5TH FLOOR, 317,
DR. DADABHOY NAOROJI ROAD, MUMBAI-400 001

FORM OF PROXY

I/We.....of.....
.....being a member/members of The Kutch Salt & Allied Industries Ltd.
.....or failing him/her
..... as my/our proxy to vote for me/us on my/our behalf at the Sixty Annual General Meeting of the
Company to be held on 30th September, 2011 and at 5.00 p.m. or adjournment thereof.

Signed this Day of 2011.



(Signature of Member)

The Proxy in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the company not later than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the company.

THE KUTCH SALT & ALLIED INDUSTRIES LTD.
ATTENDANCE SLIP

To be handed over at the entrance in the Meeting Hall

I hereby record my presence at the SIXTY FIRST ANNUAL GENERAL MEETING of THE KUTCH SALT & ALLIED INDUSTRIES LTD. held at Registered Office of the Company at 48, PROSPECT CHAMBERS ANNEXE, 5TH FLOOR, 317, DR. DADABHOY NAOROJI ROAD, MUMBAI-400 001 on Friday, the 30th September, 2011.

Full Name of the member attending :

Full name of the first joint-holder :
(To be filled in if first-named joint-holder does not attend the Company)

Name of Proxy :
(To be filled in Proxy Form has been duly deposited with the Company)

Registered Folio No.

No. of Shares held

(Signature of Shareholders / Proxy)