

## CONSOLIDATED FINANCIAL STATEMENTS

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## CONSOLIDATED AUDITORS' REPORT

To,  
The Members of  
**ASHAPURA MINECHEM LIMITED**

We have audited the attached Consolidated Balance Sheet of **Ashapura Minechem Limited** (the Company), its Subsidiaries, Joint Venture Companies and Associate Companies (collectively hereinafter referred as "the Ashapura Group") as at 31<sup>st</sup> March, 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These Consolidated Financial Statements are the responsibility of the Ashapura Group's Management and have been prepared by the Management on the basis of separate Financial Statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Financial Statements of certain Subsidiaries have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the Consolidated Financial Statements.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) – 21 "Consolidated Financial Statements", Accounting Standard (AS) – 23 "Accounting for Investments in Associates" and Accounting Standard (AS) – 27 "Financial Reporting of Interest in Joint Ventures" issued

by the Institute of Chartered Accountants of India and on the basis of the separate Audited Financial Statements of the Company, its Subsidiaries and Joint Ventures and Unaudited Financial Statements of the Associate Companies.

In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company, its Subsidiaries and Joint Venture Companies and Unaudited financial statements of the Associate Companies, we are of the opinion that the Consolidated Financial Statements read with all the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the consolidated affairs of Ashapura Group as at 31<sup>st</sup> March, 2007;
- (b) In the case of the Consolidated Profit & Loss Account, of the **Profit** of Ashapura Group for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

**For SANGHAVI & COMPANY**  
Chartered Accountants

**MANOJ GANATRA**  
Partner  
Membership No. 043485

Place : Mumbai  
Date : 15<sup>th</sup> June, 2007

# ASHAPURA MINECHEM LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

	SCH.	31st March, 2007		31st March, 2006	
		Rs.		Rs.	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	A	78,242,570		64,508,000	
Employee Stock					
Option Outstanding		21,469,434		11,316,640	
Reserves and Surplus	B	<u>3,952,375,309</u>	<u>4,052,087,313</u>	<u>1,369,410,328</u>	1,445,234,968
<b>Minority Interest</b>	C		621,343		(77,169)
<b>Deferred Tax Liability (net)</b>			48,430,248		36,055,938
<b>Loan Funds</b>					
Secured Loans	D	1,694,092,296		1,318,267,321	
Deferred Payment Liabilities	E	31,291,408		23,062,825	
Unsecured Loans	F	—	<u>1,725,383,704</u>	48,745,000	1,390,075,146
<b>TOTAL</b>			<u><u>5,826,522,608</u></u>		<u><u>2,871,288,883</u></u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	G	1,241,854,675		997,537,146	
Less : Depreciation		<u>402,897,865</u>		<u>329,336,324</u>	
Net Block		838,956,810		668,200,822	
Capital work -in-progress		<u>92,420,874</u>	<u>931,377,684</u>	<u>117,613,428</u>	785,814,250
<b>Goodwill on Consolidation</b>			104,400,525		104,400,525
<b>Investments</b>	H		<u>1,281,776,028</u>		45,474,927
<b>Current Assets, Loans and Advances</b>					
Inventories	I	992,926,502		798,104,821	
Sundry Debtors		2,099,454,983		1,480,578,636	
Cash & Bank Balances		497,134,782		528,191,335	
Loans and Advances		<u>877,152,608</u>		<u>498,053,388</u>	
		<u>4,466,668,875</u>		<u>3,304,928,180</u>	
Less : Current Liabilities and Provisions	J	<u>960,885,717</u>	<u>3,505,783,158</u>	<u>1,378,847,671</u>	1,926,080,509
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	K		3,185,213		9,518,672
<b>TOTAL</b>			<u><u>5,826,522,608</u></u>		<u><u>2,871,288,883</u></u>
Notes on Accounts	S				

The Accompanying Schedules A to S are an integral part of these Financial Statements.

As per our Report of even date

For **SANGHAVI & COMPANY**  
Chartered Accountants

**MANOJ GANATRA**  
Partner

**SACHIN POLKE**  
Company Secretary

For and on behalf of the Board of Directors

**NAVNITLAL SHAH**  
Executive Chairman

**CHETAN SHAH**  
Managing Director and  
Chief Executive Officer

Place : Mumbai  
Date : 15th June, 2007

Place : Mumbai  
Date : 15th June, 2007



## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

	SCH.	2006-2007 Rs.	2005-2006 Rs.
<b>INCOME</b>			
Sales and Operational Income	L	12,724,428,289	8,543,704,300
Other Income	M	68,635,913	22,429,665
<b>TOTAL</b>		<b>12,793,064,202</b>	<b>8,566,133,965</b>
<b>EXPENDITURE</b>			
Change in Inventory	N	(187,317,954)	16,952,863
Materials, Mining & Manufacturing Expenses	O	4,988,960,278	2,915,356,010
Direct Selling & Distribution Expenses	P	5,518,379,244	3,979,618,011
Administrative Expenses	Q	400,861,234	383,122,548
Interest	R	136,941,417	124,271,325
Depreciation		73,475,412	54,204,660
<b>TOTAL</b>		<b>10,931,299,631</b>	<b>7,473,525,417</b>
Profit Before Tax		1,861,764,571	1,092,608,548
Less : Provision for Taxation			
Current Tax		529,050,000	282,332,398
Fringe Benefit Tax		6,997,014	5,946,741
Deferred Tax		12,374,310	13,382,809
Profit After Tax		1,313,343,247	790,946,600
Less : Prior Period Adjustments		7,326,944	7,081,907
Less : Share of Loss in Associate Companies		3,337,561	132,713
Net Profit		1,302,678,742	783,731,980
Less: Minority Interest		698,512	186,675
Profit After Tax and Minority Interest		1,301,980,230	783,545,305
Balance brought forward from last year		472,741,994	144,363,124
		1,774,722,224	927,908,429
<b>Less : Appropriations</b>			
Proposed Dividend		117,363,855	48,381,000
Corporate Dividend Tax		19,945,987	6,785,435
General Reserve		725,445,366	400,000,000
Balance Carried to Balance Sheet		911,967,016	472,741,994
Earning Per Share (Basic)		36.17	24.37
Earning Per Share (Diluted)		35.88	24.16
Face Value per Share		2.00	2.00

### Notes on Accounts

S

The Accompanying Schedules A to S are an integral part of these Financial Statements.

As per our Report of even date

For **SANGHAVI & COMPANY**  
Chartered Accountants

For and on behalf of the Board of Directors

**MANOJ GANATRA**  
Partner

**SACHIN POLKE**  
Company Secretary

**NAVNITLAL SHAH**  
Executive Chairman

**CHETAN SHAH**  
Managing Director and  
Chief Executive Officer

Place : Mumbai  
Date : 15th June, 2007

Place : Mumbai  
Date : 15th June, 2007

# ASHAPURA MINECHEM LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	<b>2006-2007</b>		(Rs in lacs)
			2005-2006
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax And Extraordinary Items	<b>18,617.65</b>		10,926.09
Adjustments for -			
Depreciation	<b>734.75</b>	542.05	
Amortization of Expenses	<b>63.33</b>	97.25	
Amortization of Stock Compensation	<b>101.52</b>	116.37	
Exchange Rate Adjustments (net)	<b>(62.86)</b>	(12.08)	
Loss (Profit) on sale of Fixed Assets	<b>(3.21)</b>	(2.98)	
Loss (Profit) on sale of Investments	<b>(10.37)</b>	—	
Prior Period Adjustments	<b>(73.27)</b>	(70.82)	
Dividend received	<b>(377.85)</b>	(0.09)	
Interest	<b><u>1,133.83</u></b>	<b><u>1,505.88</u></b>	<u>1,125.35</u>
Operating Profit Before Working Capital Changes	<b>20,123.52</b>		12,721.14
Adjustments for -			
Trade and Other Receivables	<b>(9,979.74)</b>	(2,794.62)	
Inventories	<b>(1,948.22)</b>	(51.12)	
Trade Payables	<b><u>(5,216.40)</u></b>	<b><u>(17,144.35)</u></b>	<u>7,955.78</u>
			<u>5,212.28</u>
		<b>2,979.17</b>	17,933.42
Cash Generated From Operations			
Interest Paid (net)	<b>(1,356.14)</b>	(1,269.59)	
Direct Taxes Paid (net)	<b><u>(5,215.15)</u></b>	<b><u>(6,571.30)</u></b>	<u>(2,761.13)</u>
			(4,030.72)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(3,592.12)</b>		13,902.70
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets	<b>(2,192.61)</b>	(2,746.08)	
Sale of Fixed Assets	<b>5.43</b>	8.24	
Purchase of Investments (Net)	<b>(12,386.03)</b>	(451.13)	
Interest received	<b>222.31</b>	144.24	
Dividend received	<b><u>377.85</u></b>	<u>0.09</u>	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(13,973.04)</b>		(3,044.64)



### C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds (Repayments) of loans borrowed (net)	<b>3,353.09</b>	(9,162.18)
Proceeds from issuance of Share capital (including premium)	<b>14,383.15</b>	44.81
Dividend Paid	<u>(481.64)</u>	<u>(254.67)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>17,254.59</b>	(9,372.04)
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(310.56)</b>	1,486.02
Cash and Cash Equivalents as at beginning of the year	<u>5,281.91</u>	<u>3,795.89</u>
Cash and Cash Equivalents as at end of the year	<u><u>4,971.35</u></u>	<u><u>5,281.91</u></u>

As per our Report of even date

For **SANGHAVI & COMPANY**  
Chartered Accountants

**MANOJ GANATRA**  
Partner

**SACHIN POLKE**  
Company Secretary

Place : Mumbai  
Date : 15th June, 2007

For and on behalf of the Board of Directors

**NAVNITLAL SHAH**  
Executive Chairman

**CHETAN SHAH**  
Managing Director and  
Chief Executive Officer

Place : Mumbai  
Date : 15th June, 2007

# ASHAPURA MINECHEM LIMITED

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

### SCHEDULE - A SHARE CAPITAL

	31st March, 2007 Rs.	31st March, 2006 Rs.
<b>Authorised</b>		
12,000,000 Equity Shares of Rs. 10/- each	120,000,000	120,000,000
300,000 Preference Shares of Rs. 100/- each	30,000,000	30,000,000
TOTAL	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
39,121,285 (32,254,000) Equity Shares of Rs. 2/- each fully paid-up	78,242,570	64,508,000
TOTAL	<u>78,242,570</u>	<u>64,508,000</u>

### SCHEDULE - B RESERVES AND SURPLUS

	31st March, 2007 Rs.	31st March, 2006 Rs.
<b>Capital Reserve</b>	31,611,461	31,611,461
<b>Securities Premium Account</b>		
Balance at the beginning of the year	83,301,124	77,578,000
Premium received during the year	1,455,001,679	5,723,124
Utilized for share expenses	<u>(30,421,470)</u>	—
<b>Capital Redemption Reserve</b>	390,000	390,000
<b>General Reserve</b>		
Balance at the beginning of the year	784,554,634	384,554,634
Transferred from Profit & Loss Account	<u>725,445,366</u>	400,000,000
<b>Foreign Currency Translation Reserve</b>	(9,474,501)	(3,188,885)
<b>Profit &amp; Loss Account</b>	911,967,016	472,741,994
TOTAL	<u>3,952,375,309</u>	<u>1,369,410,328</u>

### SCHEDULE - C MINORITY INTEREST

	31st March, 2007 Rs.	31st March, 2006 Rs.
As per last Year	(77,169)	(263,844)
Share of Profit for the Year	698,512	186,675
TOTAL	<u>621,343</u>	<u>(77,169)</u>



#### SCHEDULE - D SECURED LOANS

	31st March, 2007		31st March, 2006	
	Rs.		Rs.	
<b>TERM LOANS</b>				
From Financial Institutions (Foreign Currency Accounts)	<b>61,772,185</b>		115,089,420	
From Financial Institutions (Rupee Accounts)	—		5,146,354	
From Bank (Foreign Currency Accounts)	<b>74,659,671</b>		127,037,402	
From Banks (Rupee Accounts)	<b>14,812,445</b>	<b>151,244,301</b>	9,951,725	257,224,901
<b>Working Capital Finance</b>				
From Financial Institutions (Foreign Currency Accounts)	<b>314,872,072</b>		240,840,000	
From Banks (Foreign Currency Accounts)	<b>498,462,893</b>		682,426,777	
From Banks (Rupee Accounts)	<b>729,039,013</b>	<b>1,542,373,978</b>	137,775,643	1,061,042,420
<b>Hire Purchase Finance</b>		<b>474,017</b>		—
TOTAL		<b>1,694,092,296</b>		<b>1,318,267,321</b>

#### SCHEDULE - E DEFERRED PAYMENT LIABILITIES

	31st March, 2007		31st March, 2006	
	Rs.		Rs.	
Sales Tax Deferred Payment Liability		<b>31,291,408</b>		23,062,825
TOTAL		<b>31,291,408</b>		23,062,825

#### SCHEDULE - F UNSECURED LOANS

	31st March, 2007		31st March, 2006	
	Rs.		Rs.	
From Directors		—		745,000
From Banks (against Personal Guarantee of one of the Directors)		—		48,000,000
TOTAL		—		48,745,000

## ASHAPURA MINECHEM LIMITED

## SCHEDULE - G FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As At 01-04-2006 Rs.	Additions Rs.	Deductions Rs.	As At 31-03-2007 Rs.	Up to 31-03-2006 Rs.	For the Period Rs.	On Deduction Rs.	Total Rs.	As At 31-03-2007 Rs.	As At 31-03-2006 Rs.
Land & Land Development	21,536,415	12,430,563	96,000	33,870,978	—	—	—	—	33,870,978	21,536,415
Leasehold Land	78,500	—	—	78,500	—	—	—	—	78,500	78,500
Compensation for premises right	24,434,113	—	—	24,434,113	2,283,142	2,283,142	—	4,566,284	19,867,829	22,150,971
Buildings (including barge berth)	199,543,686	44,994,841	—	244,538,527	36,146,950	8,468,878	—	44,615,828	199,922,699	163,396,736
Plant & Machinery	610,260,177	153,782,970	402,115	763,641,032	206,752,738	45,178,795	311,542	251,619,991	512,021,041	403,507,439
Barges	10,759,914	—	—	10,759,914	7,842,140	577,720	—	8,419,860	2,340,054	2,917,774
Vehicles	48,543,163	20,763,706	22,513	69,284,356	26,122,127	8,818,523	5,686	34,934,964	34,349,392	22,421,036
Office Equipment	43,842,512	8,166,531	12,566	51,996,477	29,374,696	4,898,391	4,968	34,268,119	17,728,358	14,467,816
Furniture & Fixtures	38,538,666	4,727,780	15,668	43,250,778	20,814,531	3,663,251	4,963	24,472,819	18,777,959	17,724,135
<b>TOTAL</b>	997,537,146	244,866,391	548,862	1,241,854,675	329,336,324	* 73,888,700	327,159	402,897,865	838,956,810	668,200,822
Capital work -in-progress	117,613,428	115,987,165	141,179,719	92,420,874	—	—	—	—	92,420,874	117,613,428
<b>TOTAL</b>	1,115,150,574	360,853,556	141,728,581	1,334,275,549	329,336,324	73,888,700	327,159	402,897,865	931,377,684	785,814,250

\* Rs. 413,288/- are transferred to pre-operative expenses



## SCHEDULE - H INVESTMENTS

		31st March, 2007 Rs.	31st March, 2006 Rs.
<b>Quoted - Long Term (at cost)</b>			
3,000 Equity Shares of Rs.10/- each of Bank of India		135,000	135,000
13,817 Equity Shares of Rs. 10/- each of Indian Bank		<u>1,257,347</u>	—
		<b>1,392,347</b>	135,000
<b>Unquoted - Long Term (at cost)</b>			
25,000 Equity Shares of Rs. 10/- each of Payvin Financial Services Limited		250,000	250,000
500 Equity Shares of Rs. 10/- each of Bhanot Property & Investment Limited		5,000	5,000
54 Shares of Rs. 25/- each of The Navanagar Co-operative Bank Limited		1,350	1,350
52 Shares of Rs. 100/- each of The Commercial Co-operative Bank Limited		5,200	5,200
National Savings Certificates (under lien with sales tax/mining authorities)		<u>460,800</u>	158,500
		<b>722,350</b>	420,050
<b>Investment in Mutual Funds</b>			
	Units		
Birla Fixed Term Plan	10,215,575	102,155,745	
DBS Chola Fixed Monthly Plan	5,000,000	50,000,000	
DBS Chola FMP Series 6	5,000,000	50,001,000	
J. M. Arbitrage Advantage Fund	5,133,707	52,090,804	
LIC MF Floating Rate Fund Collection	324,299	3,293,200	
LIC MF FMP Series	20,051,982	200,519,822	
Prudential ICICI FMP Series	13,158,046	131,580,555	
Prudential ICICI Monthly Income Plan	4,493,246	51,514,704	
Reliance FHF II-Series ii	5,077,916	50,779,155	
Reliance FHF-2 Qty Plan	22,364,243	223,642,427	
Reliance Fixed Horizon Fund ii Annual Plan	5,852,170	58,521,700	
Reliance Fixed Horizon Fund I	5,074,486	50,744,861	
Std Chtd FMP Qtly Series 3	5,074,679	50,746,792	
Tata Fixed Horizon Fund series 8	74,228	741,133	
Templeton Monthly Income Plan	8,422,258	102,142,620	
UTI Fixed Monthly Plan	5,152,812	<u>51,528,117</u>	—
	TOTAL - I	<u><b>1,232,117,333</b></u>	<u>555,050</u>

# ASHAPURA MINECHEM LIMITED

## SCHEDULE - H INVESTMENTS (Cont.)

	<b>31st March, 2007</b>	31st March, 2006
	<b>Rs.</b>	Rs.
<b>Investments in Associates</b>		
14,50,000 Equity Shares of Ringgit 1/- each of Hudson MPA SDN BHD, Malaysia		
Goodwill on Acquisition	<b>34,703,490</b>	34,703,490
Carrying amount of Investment	<b>10,349,100</b>	10,349,100
Accumulated share of Profit or (Loss)	<b>(2,835,713)</b>	(132,713)
	<b>42,216,877</b>	44,919,877
50,000 Equity Shares of Rs. 10/- each of Crystal Nanoclay Pvt Ltd., India		
Goodwill on Acquisition	<b>3,616,261</b>	
Carrying amount of Investment	<b>2,683,739</b>	
Accumulated Share of Profit or (Loss)	<b>(634,561)</b>	
	<b>5,665,439</b>	—
30,750 Equity Shares of Euro 1 each of Ashapura Amcol NV, Antwerp		
	<b>1,776,379</b>	—
	<b>49,658,695</b>	44,919,877
TOTAL - II	<b>49,658,695</b>	44,919,877
	<b>1,281,776,028</b>	45,474,927
TOTAL - I + II	<b>1,281,776,028</b>	45,474,927



## SCHEDULE — I CURRENT ASSETS, LOANS AND ADVANCES

	31st March, 2007 Rs.	31st March, 2006 Rs.
<b>I. CURRENT ASSETS</b>		
<b>Inventories</b> (as taken, valued and certified by the Management)		
Finished and Semi-finished Goods	907,984,535	720,666,581
Raw Materials	31,096,414	31,674,342
Packing Materials	16,278,477	20,028,640
Stores and Spares	<u>37,567,076</u>	<u>25,735,258</u>
	<b>922,926,502</b>	798,104,821
<b>Sundry Debtors (considered good)</b>		
Secured :		
Over six months	—	—
Others	<u>419,638,169</u>	<u>884,145,904</u>
	<b>419,638,169</b>	<u>884,145,904</u>
Unsecured :		
Over six months	351,887,799	67,659,904
Others	<u>1,327,929,015</u>	<u>528,772,828</u>
	<b>1,679,816,814</b>	<u>596,432,732</u>
	<b>2,099,454,983</b>	1,480,578,636
<b>Cash &amp; Bank Balances</b>		
Cash on Hand	7,048,784	7,801,689
<b>Balances with Scheduled Banks</b>		
In Fixed Deposit Accounts	412,569,730	238,978,303
Funds in Transit	78,489	2,810,000
Margin Money Accounts	5,166,345	128,138,994
Current Accounts	71,570,741	149,980,731
Dividend Accounts	<u>700,693</u>	<u>481,618</u>
	<b>497,134,782</b>	528,191,335
TOTAL I	<b><u>3,589,516,267</u></b>	<b><u>2,806,874,792</u></b>
<b>II. LOANS AND ADVANCES</b> (unsecured, considered good)		
Advances recoverable in cash or kind or for value to be received	337,056,376	224,325,209
Trade Advances to Suppliers	501,269,241	234,539,769
Deposits	<u>38,826,981</u>	<u>39,188,410</u>
	<b>877,152,608</b>	498,053,388
TOTAL II	<b><u>877,152,608</u></b>	<b><u>498,053,388</u></b>
TOTAL I + II	<b><u>4,466,668,875</u></b>	<b><u>3,304,928,180</u></b>

# ASHAPURA MINECHEM LIMITED

## SCHEDULE - J CURRENT LIABILITIES AND PROVISIONS

	<b>31st March, 2007</b>	31st March, 2006
	<b>Rs.</b>	Rs.
<b>I. Current Liabilities</b>		
Sundry Creditors	<b>507,735,890</b>	1,030,253,415
Advances from Customers	<b>48,996,916</b>	111,545,657
Investors Education & Protection Fund :		
Unclaimed Dividend	<b>689,939</b>	473,066
Statutory Liabilities	<b>48,263,897</b>	31,049,433
Interest Accrued but not Due	<b>2,912,934</b>	1,585,585
Other Liabilities	<b>176,123,846</b>	112,073,989
TOTAL I	<b><u>784,723,422</u></b>	<u>1,286,981,145</u>
<b>II. Provisions</b>		
Provision for Bonus	<b>1,682,664</b>	3,221,879
Provision for Leave Encashment	<b>8,406,766</b>	7,361,367
Provision for Gratuity	<b>231,092</b>	18,901,906
Provision for Taxes (net)	<b>28,531,931</b>	7,214,939
Proposed Dividend	<b>117,363,855</b>	48,381,000
Provision for Corporate Dividend Tax	<b>19,945,987</b>	6,785,435
TOTAL II	<b><u>176,162,295</u></b>	<u>91,866,526</u>
TOTAL I + II	<b><u>960,885,717</u></b>	<u>1,378,847,671</u>

## SCHEDULE - K MISCELLANEOUS EXPENDITURE NOT WRITTEN OFF

	<b>31st March, 2007</b>	31st March, 2006
	<b>Rs.</b>	Rs.
Deferred Revenue Expenses	<b>3,185,213</b>	9,518,672
TOTAL	<b><u>3,185,213</u></b>	<u>9,518,672</u>



## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNTS

### SCHEDULE - L SALES AND OPERATIONAL INCOME

	<b>2006-2007</b>	2005-2006
	<b>Rs.</b>	Rs.
<b>Sales</b>		
Export Sales	<b>11,579,974,060</b>	7,656,920,325
Local Sales	<b>1,069,531,785</b>	8,404,808,243
Forward Contract Premium and Exchange Rate Difference (net)	<b>(59,819,873)</b>	(29,056,268)
Export Incentives and Credits	<b>985,446</b>	2,067,364
Freight Receipts on Sales	<b>133,243,868</b>	165,498,118
Other Operational Income	<b>513,003</b>	386,843
TOTAL	<b><u>12,724,428,289</u></b>	<u>8,543,704,300</u>

### SCHEDULE - M OTHER INCOME

	<b>2006-2007</b>	2005-2006
	<b>Rs.</b>	Rs.
Dividend received	<b>37,785,400</b>	9,134
Interest received	<b>22,231,241</b>	14,424,338
Profit on Sale of Assets (net)	<b>321,167</b>	297,685
Profit on Sale of Investment (net)	<b>1,037,066</b>	—
Miscellaneous Income	<b>7,261,039</b>	7,698,508
TOTAL	<b><u>68,635,913</u></b>	<u>22,429,665</u>

### SCHEDULE - N CHANGE IN INVENTORY

	<b>2006-2007</b>	2005-2006
	<b>Rs.</b>	Rs.
<b>Opening Stock</b>		
Finished and Semi-finished Goods	<b>720,666,581</b>	737,619,444
<b>Closing Stock</b>		
Finished and Semi-finished Goods	<b>907,984,535</b>	720,666,581
TOTAL	<b><u>(187,317,954)</u></b>	<u>16,952,863</u>

# ASHAPURA MINECHEM LIMITED

## SCHEDULE - O RAW MATERIALS, MINING AND MANUFACTURING EXPENSES

		2006-2007 Rs.	2005-2006 Rs.
<b>Materials Consumed</b>			
Opening Stock	31,674,342		27,976,425
Purchases and Expenses	513,731,426		323,337,527
	545,405,768		351,313,952
Closing Stock	31,096,414	514,309,354	31,674,342
			319,639,610
<b>Mining Expenses</b>			
Rent and Royalty	88,750,937		74,807,140
Mineral Digging, Carting & Other Mining Expenses	386,210,332	474,961,269	311,615,016
			386,422,156
<b>Manufacturing and Processing Expenses</b>			
Packing Materials Consumption and Expenses	71,978,272		54,099,785
Machinery Repairs and Maintenance	24,520,842		9,494,343
Power and Fuel	142,723,779		66,792,451
Carriage Inward	84,378,964		49,555,946
Stores & Spares Consumed	18,347,996		50,085,833
Other Expenses	83,634,579	425,584,432	60,866,261
			290,894,619
<b>Trading Purchases</b>		3,574,105,224	1,918,399,625
TOTAL		4,988,960,279	2,915,356,010

## SCHEDULE - P DIRECT SELLING AND DISTRIBUTION EXPENSES

		2006-2007 Rs.	2005-2006 Rs.
Discount & Rate Difference		4,823,975	1,332,054
Sales Commission		107,949,916	50,329,179
Export Freight and Insurance		3,169,004,835	2,495,305,211
Shipment and Other Expenses		2,233,017,343	1,426,525,163
Royalty paid on Sales		3,583,175	6,126,404
TOTAL		5,518,379,244	3,979,618,011



## SCHEDULE - Q ADMINISTRATIVE EXPENSES

	2006-2007 Rs.	2005-2006 Rs.
<b>Personnel Costs</b>		
Salaries, Wages, Bonus and Other Expenses	<b>118,716,087</b>	105,071,733
Contribution to PF, ESI & Other Funds	<b>9,007,272</b>	6,641,639
Employee Stock Option Compensation	<b>23,231,813</b>	11,637,164
Directors' Remuneration	<b>14,070,532</b>	9,832,945
	<b>165,025,704</b>	133,183,481
<b>Administrative and Other Expenses</b>		
Travelling Expenses (Including Directors' travelling of Rs.2,777,083; previous year Rs.3,410,209)	<b>35,098,134</b>	26,961,273
Other Travelling Expenses	<b>32,321,051</b>	23,551,064
Rent	<b>5,810,036</b>	4,709,984
Rates and Taxes	<b>2,331,127</b>	2,097,908
Insurance Expenses	<b>4,610,577</b>	3,781,706
Repairs to Buildings and Others	<b>3,983,995</b>	4,466,858
Advertisement and Business Promotion Expenses	<b>10,770,492</b>	4,771,201
Directors' Sitting Fees	<b>137,250</b>	126,250
Commission to Non-Whole time Directors	<b>2,000,000</b>	750,000
Guarantee commission to Directors	<b>3,159,000</b>	2,275,700
Legal and Professional Fees	<b>32,598,574</b>	11,265,688
Payments to Auditors	<b>2,416,970</b>	2,519,899
Bad Debts/Misc. Balances Written Off (net)	<b>1,651,177</b>	62,059,781
Donations	<b>13,861,205</b>	12,214,786
Wealth Tax	<b>135,000</b>	180,000
Non-Compete Agreement Deferred Expenses	<b>2,750,000</b>	5,500,000
Other Deferred Revenue Expenses (Amortization)	<b>2,707,503</b>	4,060,508
Preliminary Expenses Written Off	<b>81,305</b>	163,310
General Expenses	<b>111,733,184</b>	102,034,215
	<b>235,835,530</b>	249,939,067
TOTAL	<b>400,861,234</b>	383,122,548

## SCHEDULE - R INTEREST

	2006-2007 Rs.	2005-2006 Rs.
Working Capital Finance	<b>119,783,573</b>	91,042,294
Term Loans	<b>14,875,788</b>	33,181,843
Others	<b>2,282,056</b>	47,188
TOTAL	<b>136,941,417</b>	124,271,325

# ASHAPURA MINECHEM LIMITED

## SCHEDULE – 5 NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007

- a. Figures in the brackets are the figures for the previous year, unless otherwise stated.
- b. All the amounts are stated in Indian Rupees, unless otherwise stated.
- c. Previous year's figures are regrouped and rearranged, wherever necessary.

### 1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Consolidated Financial Statements relate to Ashapura Minechem Limited ("the Company"), its Subsidiary Companies, Joint Venture Companies and Associates. The Consolidated Accounts have been prepared on the following basis:

- a. The financial statements of the Subsidiaries and Joint Ventures used in the consolidation are drawn up to the same reporting date as that of the Parent Company, i.e. year ended 31<sup>st</sup> March, 2007.
- b. The financial statements of Associate Companies used in the consolidation are Unaudited Financial Statements provided by the Associate Companies. The reporting period of Foreign Associate Companies is different than that of the Company whereas the reporting period of the Indian Associate Company is same as that of the Company.
- c. The Consolidated Financial Statements present the consolidated accounts of Ashapura Minechem Limited with its following Subsidiaries, Joint Ventures and Associate Companies.

	Proportion of Ownership Interest as at 31 <sup>st</sup> March, 2007 (either directly or through subsidiaries)
<b>Subsidiaries:</b>	
1 Ashapura International Limited	100.00 %
2 Ashapura Claytech Limited	95.25 %
3 Bombay Minerals Limited	100.00 %
4 Prashansha Ceramics Limited	100.00 %
5 Peninsula Property Developers Private Limited	100.00 %
6 Sharda Consultancy Private Limited	100.00 %
7 Ashapura Consultancy Service Private Limited	100.00 %
8 Ashapura Minechem (UAE) FZE	100.00 %
<b>Joint Ventures:</b>	
1 Ashapura Volclay Limited	50.00 %
2 Ashapura Volclay Chemicals Private Limited	50.00 %
<b>Associates:</b>	
1 Hudson MPA SDN BHD – Malaysia	25.00 %
2 Crystal Nanoclay Private Limited –India	50.00 %
3 Ashapura Amcol NV – Antwerp	50.00 %

- d. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable and are based on the historical cost convention on an accrual basis.



## 2. PRINCIPLES OF CONSOLIDATION

- a. The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of the assets, liabilities, income and expenses, after fully eliminating therefrom intra-group balances and intra-group transactions as per Accounting Standard (AS) – 21 “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- b. Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) – 27 “Financial Reporting of Interest in Joint Ventures” issued by the Institute of Chartered Accountants of India.
- c. Interest in Associates have been accounted for by using the equity method as per Accounting Standard (AS) – 23 “Accounting for Investments in Associates” issued by the Institute of Chartered Accountants of India.
- d. The financial statements of the Parent Company and its Subsidiaries and Joint Ventures have been consolidated using uniform accounting the policies for like transactions and other events in similar circumstances.
- e. The excess of cost to the Parent Company of its investment in each of the Subsidiary over its share of equity in the respective Subsidiary, on the acquisition date, is recognized in the financial statements as Goodwill on Consolidation and carried in the Balance Sheet as an asset.
- f. The investment in Associates is initially recorded at cost. Goodwill arising at the time of acquisition and the carrying amount is adjusted to recognize the share of profit or loss of the investee after the date of acquisition.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Use of Estimates

The preparation of financial statement in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 3.2 Fixed Assets

Tangible Assets are stated at cost less depreciation. All costs incurred till the date the asset is ready for use, including interest on loans relating to the acquisition, installation and substantial modification to the fixed assets are capitalized and included in the cost of the respective Fixed Assets.

Depreciation is provided at the rates and in the manner specified in the Schedule XIV in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956.

### 3.3 Investments

Investments are stated at cost. Dividends/interests are accounted for as and when the right to receive the same is established.

### 3.4 Inventories

- i. Raw Materials and Stores and Spares are valued at cost determined on FIFO basis or net realizable value, whichever is lower.
- ii. Stock of finished and semi-finished goods of mineral ores to the extent to which sales is assured is valued at net realizable value.
- iii. Other inventories of finished and semi-finished goods are valued at lower of the cost or net realizable value.

### 3.5 Sales

Sales comprise of sale of goods and services and are stated net of inter division transfer of sales and services.

### 3.6 Mining Expenses

Expenses incurred on mining including removal of overburden of mines are charged to the Profit & Loss Account as mining cost on the basis of quantity of minerals mined during the year since removal of overburden and mining are carried out concurrently and relatively within short period of time.

### 3.7 Provision For Retirement Benefits

Liabilities in respect of gratuity to the employees of the Parent Company and its Indian Subsidiaries and Joint Ventures are provided based on the Group Gratuity Scheme with Life Insurance Corporation of India. Liabilities in respect of leave encashment benefit to the employees are made based on the leave balance and the salary of the respective employee as on the Balance Sheet date. Contribution to the provident and other statutory funds is charged to the Profit and Loss Account in the year in which it is incurred.

In respect of the Foreign Subsidiary, the provision for Gratuity is made in accordance with the local labour laws.

### 3.8 Research and Development

Revenue expenditure on Research & Development is charged against the profit for the year in which it is incurred. Capital expenditure on Research and Development is shown as an addition to the fixed assets and is depreciated on the same basis as other fixed assets.

### 3.9 Foreign Currency Transactions

- a. Foreign currency transactions are accounted for at the rates prevailing on the date of transactions. Exchange rate differences related to sales and other transactions are dealt with in the Profit & Loss Account.
- b. Current assets, current liabilities and long-term loans relating to foreign currency transactions remaining unsettled at the end of the year are translated at the closing rates and profit or loss arising there from is dealt with in the Profit & Loss Account.
- c. In respect of forward foreign exchange contracts, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense, as the case may be, over the life of the contract.
- d. Realized gain or loss on cancellation of forward exchange contracts are recognized in the Profit and Loss Account for the year in which they are cancelled.
- e. In case of open foreign exchange forward contracts including derivatives and options, the difference between the contracted rate and the rate at the end of the year are not accounted as income or expenses as they are in the nature of hedging contracts to mitigate the risk of fall or rise in value of foreign exchange income or expenses.
- f. Operations of the Foreign Subsidiary Company are classified as non-integral. Revenue items of the Foreign Subsidiary are translated at average rate. Monetary assets and liabilities of the Foreign Subsidiary are translated at the closing rate.

In respect of operations of the foreign subsidiary, the translation of functional currency into reporting currency is performed for the consolidation purpose. The gain or loss resulting from such translation is recognized in foreign currency translation reserve.

### 3.10 Borrowing Costs

Net cost of borrowed funds for the projects till its completion are capitalized and included in the cost of Fixed Assets till its completion and other borrowing costs are recognized as expenses in the period in which they are incurred.

### 3.11 Deferred Revenue Expenditure

Deferred revenue expenditure of earlier years is amortized over a period of time over which the benefit of such expenditure is likely to accrue. Deferred revenue expenditure from the year 2003-04 covered under Accounting Standard (AS) - 26 issued by the Institute of Chartered Accountants



of India and against which no intangible assets are acquired are charged to the Profit & Loss Account.

### **3.12 Employee Stock Option Based Compensation**

The compensation cost of stock options granted to the employees is calculated using intrinsic value of stock options. The compensation expenses are amortized uniformly over the vesting period of the option.

### **3.13 Income Tax**

Provision for income tax is based on the assessable profits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

### **3.14 Earning Per Share**

Basic earning per share is computed by dividing the net profit attributable to equity shareholders for the year by weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding at year-end.

### **3.15 Share Issue Expenses**

Share issue expenses are written off to the Securities Premium Account.

4. The Company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the Management could be better viewed, when referred from the individual financial statements.
5. Provision for gratuity in respect of Parent Company along with its Indian Subsidiaries and Joint Ventures was hitherto made on the basis of the completed years of service of the employees as on the Balance Sheet date in accordance with the provisions of the Payment of Gratuity Act, 1972. From this year, the company has carried out the actuarial valuation of cost and benefits in respect of gratuity to the employees under the scheme of Life Insurance Corporation of India and the actuarial gratuity liability is paid to the Life Insurance Corporation of India by way of Group Gratuity Scheme premium. Pursuant to this, the short provision of gratuity for earlier years (net) Rs.344,871/- is charged to the Profit & Loss Account.
6. The Company has, during the year, acquired 50.00% equity interest each in Ashapura Amcol NV, Antwerp and Crystal Nanoclay Private Ltd, India, w.e.f. 11<sup>th</sup> October, 2006 and 5<sup>th</sup> January, 2007 respectively. The share of profit or loss of these Associates has been recognized in the Consolidated Financial Statements.
7. As the Group's major business activity, in the opinion of the Management, falls within a single primary segment i.e. bulk minerals for industrial consumption and its derivatives, which are subject to the same risks and returns, the disclosure requirements of Accounting Standard (AS) – 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India are, in the opinion of the Management, not applicable.
8. In the opinion of the Directors, the current assets, loans and advances are approximately of the value as stated in the Balance Sheet, if realized in the ordinary course of the business. The provision of all known liabilities is adequate and not in excess of the amount reasonably required.
9. Balances with Debtors, Creditors and for Loans and Advances are subject to confirmations from the respective parties.
10. Certain transactions between the Parent company and the parties covered under Section 301 of the Companies Act, 1956 are subject to necessary compliance and approval under Section 297 from the concerned authorities.

# ASHAPURA MINECHEM LIMITED

11. Sundry Debtors for more than six months include Rs.2,747,851/- (Rs.4,725,318/-) due from a firm/company in which some of the Directors are interested.
12. Deferred tax liabilities of Rs.12,374,310/- (net) arising during the year, a major component of which is due to timing difference related to depreciation charged in the accounts and as claimed under the Income Tax Act, 1961 is debited to the Profit & Loss Account. Details of the balance of Rs.48,430,248/- are as under:

Particulars	Rs.
Depreciation	51,839,749
Disallowances u/s 43B of the Income Tax Act	(3,092,414)
Others	(317,087)
Total	<u>48,430,248</u>

13. The proportionate share of assets, liabilities, income and expenses in respect of the Company having interest in the jointly controlled entities, Ashapura Volclay Limited (holding: 50%) and Ashapura Volclay Chemicals Pvt. Limited (holding: 50%) are as under:

	Current Year Rs. In Lacs	Previous Year Rs. In Lacs
<b>Assets</b>		
Fixed Assets (Net Block including WIP)	2995.58	2971.30
Investments	10.00	10.00
Current Assets	1043.97	614.46
Loans and Advances	192.84	211.69
Miscellaneous Expenditure	31.84	59.73
Total	<u>4274.23</u>	<u>3867.18</u>
<b>Liabilities</b>		
Secured Loans	1795.47	1762.59
Deferred Sales Tax Liabilities	206.31	161.03
Unsecured Loans	41.40	77.37
Current Liabilities	501.25	568.91
Total	<u>2544.43</u>	<u>2569.90</u>
<b>Income</b>		
Sales and Operational Income	2215.83	1679.10
Other Income	6.76	18.75
Total	<u>2222.59</u>	<u>1697.85</u>
<b>Expenses</b>		
Manufacturing and Other Expenses	1460.18	1162.79
Interest	119.20	89.51
Depreciation	146.94	107.63
Total	<u>1726.32</u>	<u>1359.93</u>



#### 14. CONTINGENT LIABILITIES

	<b>2006-2007</b> <b>(Rs.in Lacs)</b>	2005-2006 (Rs.in Lacs)
a. In respect of guarantees given by the Bank and counter guaranteed by the Company	<b>309.48</b>	812.89
b. In respect of guarantees given by Inter-group Companies counter guaranteed by the respective Company	<b>Nil</b>	253.03
c. Guarantees to Banks against credit facilities extended to Group Companies	<b>5,758.24</b>	5,658.13
d. Guarantees given to others on behalf of Inter-group Companies	<b>1,337.36</b>	1,016.50
e. Guarantees given to various Government Authorities and others	<b>2,945.50</b>	2,534.56
f. In respect of guarantees given by the Company	<b>457.84</b>	349.99
g. In respect of disputed Income Tax liabilities	<b>1,119.50</b>	10.48
h. Claims against the Company not acknowledged as debt	<b>6117.23</b>	628.20
i. In respect of contracts remaining to be executed	<b>5491.00</b>	18.46
j. In respect of land revenue taxes	<b>Nil</b>	3.88
k. In respect of Other matters	<b>23.42</b>	23.70
l. Some retrenched employees of one of the subsidiaries have filed suit in the Labour Court for compensation and reinstatement. The liability in respect of this is, in the opinion of the Management, unascertainable		

#### 15. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED INCLUDES

	<b>2006-2007</b>	2005-2006
Loans to Bodies Corporate	<b>37,666,267</b>	24,461,423
Loans to Others	<b>3,730,623</b>	16,368,736
Loan to a Firm in which the Company was a partner	<b>2,450,049</b>	2,450,049
Loans and advances to Staff	<b>14,576,535</b>	10,153,952
Trade advance to Firms and Companies in which some of the Directors are interested	<b>17,053,407</b>	27,994,972
Security deposit towards land and premises to Directors and Firms in which some of the Directors are interested.	<b>15,955,000</b>	13,575,000
Claims receivable	<b>3,958,631</b>	9,838,850
Unrealized Gain on Forward Exchange Contracts	<b>9,295,936</b>	8,807,497
Prepaid expenses	<b>8,990,062</b>	21,651,860
Pre-operative expenses for various new projects	<b>43,742,015</b>	19,849,957
Other advances and receivables	<b>179,637,861</b>	69,172,913

# ASHAPURA MINECHEM LIMITED

## 16. RELATED PARTY TRANSACTIONS

- a. Associates
- Ashapura Shipping Limited
  - Ashapura Volclay Limited
  - Ashapura Volclay Chemicals Private Limited
  - Ashapura Exports
  - Ashapura Minerals
  - Gem Ashapura Granite (Gujarat) Private Limited
  - Sharda Industrial Corporation
  - Prabhudas Vithaldas
  - Ashapura Infin Private Limited
  - Hudson MPA SDN BHD, Malaysia
  - Crystal Nanoclay Private Limited
  - Ashapura Amcol NV, Antwerp
  - EMO Energy & Mining Company Limited, Nigeria
- b. Key Management Personnel:
- Mr. Navnitlal Shah
  - Mr. Chetan Shah
  - Mr. Piyush Vora
  - Mrs. Dina Shah
  - Mr. Tanuj Roy
  - Mr. Sheikh Dawood Mohideen Mohamed

Particulars of Transactions	Rs.
<b>Associates:</b>	
Sales of materials	45,894,993
Purchases of materials	237,401,825
Interest received	1,894,458
Mining charges received	168,172,813
Export freight commission paid	567,051
Export freight received	1,817,641
Lease Rent paid	1,320,000
Miscellaneous Income	387,572
Guest house expenses receipt	92,023
<b>Outstanding Balances as on 31<sup>st</sup> March, 2007</b>	
Sundry Creditors	64,848,164 Cr.
Sundry Debtors	14,125,321 Dr.
Loans and Advances	67,122,037 Dr.
Security Deposits	13,095,000 Dr.



### Key Management Personnel

Remuneration and Perquisites	14,333,907
Guarantee commission paid	3,159,000
Rent paid	144,000
Salary paid	234,000
Directors' Sitting Fees	12,750

### Outstanding Balances as on 31<sup>st</sup> March, 2007

Sundry Creditors	172,783	Cr.
Security Deposits	2,800,000	Dr.
Other Liabilities	3,729,786	Cr.

17. In accordance with the Accounting Standard (AS) - 20 on "Earnings per share" issued by the Institute of Chartered Accountants of India, the earning per share is as under:

Particulars	2006-2007	2005-2006
Profit After Tax and Minority Interest	<b>1,301,980,233</b>	783,545,305
Weighted average number of Equity Shares for computation of basic EPS	<b>35,993,915</b>	32,157,630
Weighted average number of Equity Shares for computation of diluted EPS	<b>36,285,761</b>	32,437,985
Nominal value of Equity Share	<b>2.00</b>	2.00 *
Earning per share – Basic	<b>36.17</b>	24.37 *
Earning per share – Diluted	<b>35.88</b>	24.16 *

\* Adjusted for sub-division of Capital

18. Figures pertaining to the Subsidiary Companies as well as a Joint Venture Companies have been reclassified wherever necessary to bring them in line with the Parent Company's financial statements.

19. Figures for the previous year are regrouped and rearranged, wherever necessary.

Signatures to Schedules A to S

As per our Report of even date

For **SANGHAVI & COMPANY**  
Chartered Accountants

**MANOJ GANATRA**  
Partner

**SACHIN POLKE**  
Company Secretary

Place : Mumbai  
Date : 15th June, 2007

For and on behalf of the Board of Directors

**NAVNITLAL SHAH**  
Executive Chairman

**CHETAN SHAH**  
Managing Director and  
Chief Executive Officer

Place : Mumbai  
Date : 15th June, 2007

# ASHAPURA MINECHEM LIMITED

## FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED MARCH 31, 2007

Name of the Subsidiary Company	Ashapura International Limited	Ashapura Claytech Limited	Bombay Minerals Limited	Prashansa Ceramics Limited	Ashapura Minechem (UAE) FZE.	Peninsula Property Developers (P) Limited	Sharda Consultancy (P) Limited	Ashapura Consultancy Service (P) Limited
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Closing Exchange Rate against INR	—	—	—	—	USD 1\$ = Rs. 43.59 (As on 31/03/07)	—	—	—
Capital	30,000,000	35,799,000	2,180,800	14,500,000	1,781,087	100,000	100,000	100,000
Reserves (including balance in Profit & Loss account)	24,666,674	(22,706,783)	16,973,488	(36,153,826)	348,949,850	(720,278)	(5,394,441)	(10,842,082)
Total Assets (Incl. Investments)	380,548,367	57,078,030	377,391,408	19,139,882	475,375,104	1,157,710	8,493,460	13,566,396
Total Liabilities	325,881,6933	43,985,813	358,237,120	40,793,708	124,644,167	1,778,716	13,787,901	24,308,478
Investments (except in case of investments in subsidiary) #	351,000	—	11,450	135,100	—	—	—	—
Turnover (including other income)	680,519,456	66,977,904	554,621,128	9,000	3,098,874,898	120,000	300,000	400,000
Profit / (Loss) before taxation	15,875,397	14,270,948	36,439,714	(549,012)	124,250,362	(120,947)	(857,656)	(1,655,024)
Provision for taxation	6,879,649	(291,147)	3,907,026	—	—	25,706	(412,132)	(691,210)
Profit / (Loss) after taxation	8,995,748	14,562,094	32,532,688	(549,012)	124,250,362	(146,653)	(445,524)	(963,814)
Proposed Dividend	—	—	—	—	—	—	—	—
Misc Expense	—	—	—	—	—	728	—	—

### # Details of Investment in Subsidiary

Name of the Subsidiary Company	Particulars of Investments	Nature of Investments	Face Value	Numbers	Armt in Rs.
Bombay Minerals Limited	Prashansa Ceramics Limited	Equity Shares	Rs. 10/- each	750,000	7,500,000

### Note:

In terms of approval granted by the Central Government under Section 212 (8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors' and the Report of the Auditors' of the Subsidiary Companies have not been attached with Annual Report of the Company. The Company will make available these documents and the related details upon request by any investor of the Company and of its Subsidiaries, on all working days except Saturdays and holidays, between 11 am to 1 pm at the Registered Office of the Company at Jeevan Udyog Building, 278, 3<sup>rd</sup> Floor, Dr. D. N. Road, Fort, Mumbai - 400001.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date : 15<sup>th</sup> June, 2007

**SACHIN POLKE**  
Company Secretary

**NAVINITAL SHAH**  
Executive Chairman

**CHETAN SHAH**  
Managing Director and  
Chief Executive Officer

# ASHAPURA MINECHEM LIMITED

Regd. Office : Jeevan Udyog Bldg., 3rd Floor,  
278, D. N. Road, Fort, Mumbai - 400 001.

## PROXY FORM

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

DP. ID / A/c. ID \_\_\_\_\_

I/ We \_\_\_\_\_

of \_\_\_\_\_ a member/members of **ASHAPURA MINECHEM LIMITED** hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ or failing him/her  
\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to  
attend and vote for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held  
on Tuesday, 18<sup>th</sup> September, 2007 at 11.00 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2007

Affix Re.1/- Revenue Stamp
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### Notes :

- The Form should be signed across the stamp as per specimen signature registered with the Company.
- The Proxy Form duly completed must be deposited at the Registered Office of the Company, Jeevan Udyog Bldg., 3rd Floor, 278, D. N. Road, Fort, Mumbai - 400 001 not later than 48 hours before the time fixed for holding the aforesaid meeting.

----- TEAR HERE -----

# ASHAPURA MINECHEM LIMITED

Regd. Office : Jeevan Udyog Bldg., 3rd Floor,  
278, D. N. Road, Fort, Mumbai - 400 001.

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting room)

### ANNUAL GENERAL MEETING - 18<sup>th</sup> SEPTEMBER 2007

I/We hereby record my/our presence at the Twenty-Sixth Annual General Meeting being held at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants' Chamber, IMC LNM Building, IMC Marg, Churchgate, Mumbai-400 020 on Tuesday, 18<sup>th</sup> September, 2007 at 11.00 A.M.

\_\_\_\_\_  
NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)

\_\_\_\_\_  
NAME OF THE PROXY

(To be filled in if the Proxy attends instead of the Member(s))

\_\_\_\_\_  
(SIGNATURE OF THE MEMBER(S) OR PROXY(IES) PRESENT)

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

DP.ID./A/C.ID. \_\_\_\_\_

- Notes :
- Please complete and sign this attendance slip and handover at the entrance of the meeting room.
  - Only Member(s) or their Proxies with this attendance slip will be allowed entry to the meeting.