



Value Beyond Mining

ANNUAL REPORT
2011 2012





Value Beyond Mining

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ASHAPURA MINECHEM LIMITED

BOARD OF DIRECTORS

Executive Directors

Mr. Navnitlal Shah
(Executive Chairman)

Mr. Chetan Shah
(Managing Director)

Non-Executive Directors

Mr. Piyush Vora

Mr. Ashok Kadakia

Mr. Abhilash Munsif

Mr. Harish Motiwalla

Mr. Rajendra Khanna
(Nominated by EXIM Bank)

Company Secretary

Mr. Sachin Polke

Auditors

M/s. Sanghavi & Company
Chartered Accountants

Bankers

Bank of India &
other Banks in the Consortium

● **REGISTERED AND ADMINISTRATIVE OFFICE**

Jeevan Udyog Bldg., 3rd Floor,
278, D.N.Road, Fort,
Mumbai - 400 001.
Tel No. +91-22-66221700
Fax No. : +91-22-22079395 / +91-22-22074452

● **SHARE TRANSFER AGENT**

M/s Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.
Tel. : +91-22-25963838, Fax: +91-22-25946969

E-mail : rnt.helpdesk@linkintime.co.in

● **PLANT LOCATIONS**

Plot No. 256/3, Village Baraya,
Bhuj-Mundra Highway, Tal. Mundra,
Kutch (Gujarat) - 370 415.

Survey No. 328/2, KINFRA Apparel Park,
Menamkulam, Thiruvananthapuram,
Kerala - 695586.

Plot No. 182, Baikampady Industrial Area,
Baikampady, New Mangalore- 575011

● **SHAREHOLDERS INFORMATION**

The Company's Securities are listed on the
following Stock Exchanges

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Limited
"Exchange Plaza", Bandra Kurla Complex,
Bandra (East), Mumbai - 400051



NOTICE

NOTICE is hereby given that the Thirty First **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Friday, the 28th day of September, 2012, at 11.00 a.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6th Floor, 12, K. Dubhash Marg, Kaala Ghoda, Fort, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri Piyush Vora, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Harish Motiwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Sanghavi & Co., Chartered Accountants, as Auditors of the Company and to pass the following resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sanghavi & Co., Chartered Accountants (Registration No – 109099W), be and are hereby appointed as the Auditors of the Company for the purpose of audit of the Company's Accounts and to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at such remuneration as may be mutually agreed between the Board of Directors and the Auditors of the Company."

5. To appoint Branch Auditors:

"RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors be and is hereby authorised to re-appoint in consultation with the Company's Auditors, M/s. B. Purushottam & Co., Chartered Accountants, Chennai, as Branch Auditors for Company's Branches at Chennai, Dharur, Hospet, Kodur & Trivendrum, for carrying out the audit of the books of

accounts for the financial year 2012-2013 and to hold their office until the conclusion of next Annual General Meeting and to fix their remuneration."

By order of the Board of Directors

sd/-

Sachin Polke
Company Secretary

Place : Mumbai

Date : 8th August, 2012

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members are requested to bring their copies of Annual Report and duly filled Attendance Slip for attending the Meeting.
4. Members are requested to address all correspondences, including dividend matters, to the Registrars and the Share Transfer Agents, M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
5. The members are requested to intimate, well in advance, to the Company and to the Depositories, as the case may be, of the changes in their addresses with the postal pin code numbers and also the e-mail id's & particulars of their Bank Account Numbers to minimise the chances of fraudulent encashment of the future dividend warrants/cheques/ drafts, if any.
6. The Company's Transfer Books will remain closed from 18th September, 2012 to 28th September, 2012 (both days inclusive).

7. The relevant details of Directors seeking re-appointment under item number 2 & 3 of the Notice, as required under clause 49 of the Listing Agreement entered into with the Stock Exchanges are appearing in the Corporate Governance Report, which forms part of the Annual Report.
8. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Company Secretary at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
9. Queries on accounts and operations of the Company, if any, may please be sent to the Company ten days in advance of the meeting so that the answers may be made available at the Meeting.
10. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered email addresses of shareholders.

To support this green initiative and to receive communication from the Company through electronic mode, members who have not registered their e-mail addresses and holding shares in physical form are requested to contact the Company's Registrar & Share Transfer Agent and register their e-mail ID and Members holding shares in dematerialised form are requested to contact their Depository Participant. Members may please note that notices, annual reports, etc. will also be available on the Company's website viz. www.ashapura.com.

By order of the Board of Directors

sd/-

Sachin Polke
Company Secretary

Place : Mumbai

Date : 8th August, 2012

Registered Office :

Jeevan Udyog Building,
3rd Floor, 278, D. N. Road, Fort,
Mumbai - 400 001.



DIRECTORS' REPORT

To
The Members

The Directors submit the Annual Report of the Company together with the Audited Statements of Accounts (Standalone & Consolidated) for the year ended 31st March, 2012.

FINANCIAL RESULTS AND PERFORMANCE:

	Ashapura Minechem Ltd.		Consolidated	
	(₹. in Lacs)		(₹. in Lacs)	
	2011-12	2010-11	2011-12	2010-11
Net Sales / Income from operations	42,764.22	45,080.32	65,259.99	63,562.06
Less: Total Expenditure	42,124.20	44,465.76	63,232.93	60,537.76
Profit /(Loss) from Operations before Dep., Interest, Other Income and exceptional items	640.02	614.56	2,027.06	3,024.30
Less: Depreciation	1,091.23	1,072.28	2,791.27	2,644.71
Profit /(Loss) from Operations before Other Income and exceptional items	(451.21)	(457.72)	(764.21)	379.59
Add: Other Income	1,333.85	1,090.28	1,116.18	915.35
Profit /(Loss) before Exceptional and Extraordinary Items and tax	882.64	632.56	351.97	1,294.94
Exceptional Items	(226.40)	(51,202.88)	(3,170.79)	(51,202.88)
Extra-ordinary Items	—	(214.73)	—	(214.73)
Profit /(Loss) before tax	656.24	(50,785.05)	(2,818.82)	(50,122.67)
Tax Expenses				
Current Tax	—	—	549.48	622.66
Earlier Year's Tax	(4.56)	151.63	(14.40)	213.36
Deferred	—	9,100.00	16.02	9,210.30
Net Profit / (Loss)	660.81	(60,036.68)	(3,369.92)	(60,168.99)
Minority Interest	—	—	(0.63)	(2.02)
Share of Profit/(Loss) in Associate Company	—	—	6.16	(35.39)
Net Profit / (Loss) of Group	660.81	(60,036.68)	(3,364.39)	(60,206.41)

During the year under review the Stand-alone Sales/Income from Operations for the year ended 31st March, 2012 stood at ₹. 42,764.22 Lacs as against ₹. 45,080.32 Lacs in year ended 31st March, 2011. The Net Profit of the Company stood at ₹. 660.81 Lacs.

In respect of Consolidated Accounts, the Sales / Income from Operations stood at ₹. 65,259.99 Lacs & the Net Loss stood at ₹. 3,364.39 Lacs for the year ended 31st March, 2012 which was mainly attributable to increase in Cost of Materials which stood at ₹. 13,572.57 Lacs as against ₹. 8,897.90 Lacs for the year ended 31st March, 2011.

DIVIDEND:

In view of losses incurred, your Directors have not recommended any Dividend for the year 2011-2012.

REVIEW OF OPERATIONS:

The standalone turnover for the year ended 31st March, 2012, stood at ₹ 41,881.64 lacs as against ₹ 45,198.35 lacs. The turnover for the entire Ashapura Group stood at ₹ 62,809.67 lacs as against ₹ 61,832.25 lacs in the previous year.

The Company has a unique a Multi-Mineral business model wherein each of the Company's Minerals caters to a diverse set of industries. This diversity of users in turn helps spread the industrial & geographical risks associated with the business.

The demand for the Company's Minerals was fairly resilient for a better part of the financial year. Bentonite which is an important constituent of the Company's Mineral portfolio is very versatile in its applications; it is used in iron ore pelletization, foundries, oil well drilling, etc. Value added Bentonite is also used in manufacture of paper and cosmetics. The Company's Bentonite business exhibited a fairly healthy growth over last year on a consolidated basis. Bauxite the other important constituent of the Company's Mineral portfolio is the primary ore for making Aluminium metal. Bauxite is also used as an additive in the Cement industry. Despite the benign metal prices for the second half of the financial year, the prices for Bauxite remained firm.

Bentonite and Bauxite together account for more than two thirds of the Company's revenue on a standalone basis.

The Company sources Barytes and Iron Ore in India and exports them to several countries. Global volatility in both demand and prices coupled with supply constrains restricted the Company's growth in these segments.

Mining being a primary industry, there is generally a time lag between the reflection of an economic acceleration or deceleration on the order book of the Company.

COMPANY'S REFERENCE TO BOARD FOR INDUSTRIAL & FINANCIAL RECONSTRUCTION (BIFR):

Your Company based on the Audited Accounts for the year ended 31st March, 2011, decided to make a reference to Board for Industrial & Financial Reconstruction (BIFR) and as such the same was registered with the BIFR as Case No. 34/2011.

At BIFR, after several hearings & submissions from the Company & other parties, your Company was declared a "SICK" Company U/s. 3(1)(o) of the SICA. Accordingly, the BIFR Bench appointed Bank of India as Operating Agency with directions to submit Draft Rehabilitation Scheme (DRS). The Company is now working on a draft DRS to be circulated to the Bankers for their review & consideration.

SUBSIDIARIES:

a) Bombay Minerals Limited

Bombay Minerals Limited is the wholly-owned subsidiary of your Company. The said Company reported a turnover of ₹ 1,193.38 lacs during the year as compared to ₹ 2,798.39 lacs in the previous year. The reduction in turnover resulted in net loss of ₹ 51.43 lacs as against net profit of ₹ 375.26 lacs in the previous year.

b) Ashapura International Limited

Ashapura International Limited, the wholly-owned subsidiary of your Company, has performed well during the year under review. The turnover of the said Company doubled during the year under review & stood at ₹ 15,581.16 lacs as against a turnover of ₹ 7,705.96 lacs in the previous year. However, the expenditure also increased in the same proportion which resulted in minimal increase in net profit which stood at ₹ 483.25 lacs as against ₹ 451.91 lacs in the previous year.

c) Ashapura Aluminium Limited

Ashapura Aluminium Limited is the wholly-owned subsidiary of your Company. The said Company is primarily engaged in creating a platform for setting up Alumina Refinery in the Kutch District of Gujarat, based on the in-principle approval received from the Government of Gujarat.

d) Ashapura Claytech Limited

Your Company owns 95.25 percent of the share capital of Ashapura Claytech Ltd. The turnover of the said Company increased by approx. 42 percent and stood at ₹ 649.24 lacs as against turnover of ₹ 457.15 lacs in the previous year. The net profit of the said Company stood at ₹ 13.23 lacs as compared to ₹ 42.54 lacs in the previous year.

e) Ashapura Minechem (UAE) FZE

Ashapura Minechem (UAE) FZE is the wholly-owned subsidiary of your Company established in United Arab Emirates (UAE) and is engaged in the business of import, export and distribution of industrial minerals and other related activities. The turnover of the said Company declined by approx. 52 percent and stood at ₹ 579.96 lacs (USD 12.15 lacs) as against turnover of approx. ₹ 1,149.80 lacs (USD 25.69 lacs) in the previous year. The net loss of the said Company stood at approx. ₹ 3,171.72 lacs (USD 66.45 lacs) as the Company provided for impairment of loss for investment in Joint Venture & advancing of loan to EMO Ashapura Energy & Mining Limited.



f) Ashapura Holdings (UAE) FZE

The said Company is a wholly-owned subsidiary of Ashapura Minechem (UAE) FZE and a step down subsidiary of your Company. During the year under review, there were no earnings in the said Company and the total expenditure incurred is considered as net loss which stood at approx ₹ 7.97 lacs (USD 16,699).

g) Ashapura Maritime FZE

The said Company is a wholly-owned subsidiary of Ashapura Holdings (UAE) FZE and a step down subsidiary of your Company. The said Company is engaged in ship management & operations and has currently leased a vessel from its 100 percent subsidiary – Asha Prestige Co, a Company incorporated in Marshall Islands. During the year under review, the Company earned an income of ₹ 1,295.94 lacs (USD 27.15 lacs). However, it incurred a net loss of approx. ₹ 2,578.37 lacs (USD 54.02 lacs) after providing for impairment on carrying value of vessel.

h) PT. Ashapura Resources Indonesia

The said Company is subsidiary of Ashapura Minechem (UAE) FZE and a step down subsidiary of your Company.

The said Company is incorporated with an object of tapping mining opportunities in Indonesia especially for minerals like Bauxite, Coal and Manganese Ore. During the year under review there was no operating income earned by the said Company and the expenditure incurred was considered as net loss which stood at approx. ₹ 112.16 lacs (USD 2.35 lacs).

The said Company is in the process of winding-up its operations in Indonesia and is exploring to look at other possible avenues in this industry.

JOINT VENTURES AND ASSOCIATES:

i) Ashapura Volclay Limited

Ashapura Volclay Limited is a 50:50 Joint Venture between your Company & M/s. Volclay International Corporation, USA. The said Company reported a turnover of ₹ 14,538.79 lacs as against a turnover of ₹ 12,614.08 lacs in the previous year. The net profit stood at ₹ 1,362.93 lacs for the year under review as compared to ₹ 935.86 lacs in the previous year.

During the year under review the said Company initiated the expansion process which will make its Bhuj facility the largest in the world for Acid Activated Bleaching Earth.

j) Ashapura Midgulf NV (previously known as “Ashapura Amcol NV”)

Your Company together with its wholly-owned subsidiary – Ashapura Minechem (UAE) FZE owns 50 percent stake in Ashapura Midgulf NV (previously known as “Ashapura Amcol NV”), a Company incorporated in Belgium with an object of developing, trading, manufacturing and marketing of clay mineral products & such other connected therewith.

During the year under review, the said Company’s sales income stood at ₹ 4,441.35 lacs (Euro 65.39 lacs) and the net profit stood at ₹ 1,855.68 lacs (Euro 27.32 lacs). The said Company’s Income Statement also shows other income which comprised of write-back of loan liability on settlement reached between the Company & M/s. Amcol Minerals Europe.

k) Ashapura Arcadia Logistics Private Limited

Your Company holds 50 percent of Share Capital in Ashapura Arcadia Logistics Private Limited. The said Company’s total income stood at ₹ 536.93 lacs as compared to income of ₹ 579.03 lacs in the previous year. The net profit of the said Company stood at ₹ 13.84 lacs as compared to a net loss of ₹ 55.65 lacs in the previous year.

STATUS OF THE PENDING LITIGATIONS:

a) The Contracts of Affreightment entered into by the Company with Shipping Companies - viz. [1] British Marine PLC [2] I.H.X. (UK) Ltd [3] Eitzen Bulk A/s and [4] Armada Singapore Pte Ltd.

The Company has successfully settled the claims with British Marine Plc. In case of the other shipping companies, the Company is facing applications for enforcement of ex-parte awards passed in respect of three Contracts of Affreightment in the Bombay High Court filed by remaining shipping companies for approx. US \$ 126.07 million.

Since the award of claims of each of the three shipping companies were heavily exaggerated the Company has much prior in time filled an application for enforcement of award, initiated legal proceedings against the alleged arbitration award in the Civil Court at Jam-Khambhaliya, Gujarat on the ground of opposed to the Public Policy of India.

- b) In case of Forex Derivatives Contracts, the Company has taken legal opinion that these contracts are void and are not legally enforceable. It has been further advised by the counsels that the Company can take legal actions for challenging the validity of the said contracts. In light of the recently concluded court cases, the Company has approached the Bankers to settle the claims amicably.
- c) United States Bankruptcy Court, S.D. New York Granted the Petition for Recognition of Foreign Proceeding with the admonition that periodic status conferences shall be held, approximately once every 60 days, regarding the progress of the SICA Proceeding and without prejudice to the rights of the Objectors or other affected creditors to show that the proceedings in India, in actual practice, are prejudicing the rights of the Objectors and of other unsecured creditors similarly situated to the Objectors.

SUBSIDIARIES:

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011, respectively has granted a general exemption from compliance with provisions of Section 212 of the Companies Act, 1956. Accordingly, the Annual Report of the Company does not contain the individual financial statements of its subsidiaries. However, a gist of the financial details of the Subsidiary Companies is contained in the Annual Report.

The Annual Accounts of the Subsidiary Companies along with the related information are available for inspection at the Company's Registered Office and copies shall be provided on request.

EMPLOYEE STOCK OPTION SCHEME:

Your Company, as approved by the members at the Extra Ordinary General Meeting held on 31st May, 2004, had introduced a Stock Option Scheme - the Employees Stock Option Plan – 2004 ("ESOP 2004") for its employees and the employees of its subsidiary Companies.

The said 'Employees Stock Option Scheme – 2004' expired on 14th June, 2011 and all the remaining options stand lapsed

The information required to be disclosed in terms of the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is set out in the Statement annexed hereto (Annexure II) and forms part of this Report.

As required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999, the Auditors' Certificate on ESOP is set out in the Statement annexed hereto (Annexure III) and forms part of this Report.

CORPORATE GOVERNANCE:

Pursuant to the Clause 49 of the Listing Agreement entered into with Stock Exchanges, Report on Corporate Governance alongwith Management Discussion and Analysis and Auditor's Certificate on compliance with the Corporate Governance requirements is set out in the Statement annexed hereto (Annexure IV) and forms part of this Report.

DIRECTORS:

Retire by Rotation:

In accordance with the provisions of Section 256 of the Companies Act, 1956, Shri Piyush Vora and Shri Harish Motiwalla are liable to retire by rotation and being eligible offer themselves for re-appointment.

The brief details of the said Directors have been provided in Corporate Governance Report under the heading "Board of Directors".

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- i) that in the preparation of the Annual Accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 ended 31st March, 2012 and of the PROFIT of the Company for the year under review;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records 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 Annual Accounts for the year ended 31st March, 2012, have been prepared on a 'going concern' basis.

STATUTORY INFORMATION:

The information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is set out in the Statement annexed hereto (Annexure I) and forms part of this Report.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not given, as there are no employees employed during the year or part thereof as required under Section 217(2A).

Your Company has not accepted any Fixed Deposits during the year under review.

The Company's Equity Shares are listed at the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the Annual Listing Fees have been paid to each of these Exchanges whose addresses have been mentioned under the heading Shareholder information.

AUDITORS:

M/s. Sanghavi and Co., Chartered Accountants (Registration No. 109099W), the Auditors of the Company hold their office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment as the Company's Auditors for the Financial Year 2012-2013. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Company has also received a copy of the Peer Review Certificate received by the Auditors from the Institute of Chartered Accountants of India.

AUDITORS' OBSERVATION:

With reference to the observations made by the Auditors in their Report, the Directors hereby state as follows:

- a) In case of interest free loan to wholly-owned subsidiary, the Management stated that the said wholly-owned subsidiary was incorporated to set up the Alumina Project. However, the said project is still in the Initial Stage of being set-up, which impelled the Parent Company to provide interest free loan.
- b) Other observations made by the Auditors in their Report are self-explanatory and need not require any further clarification.

BRANCH AUDITORS:

M/s. B. Purushottam & Co., Chartered Accountants, Chennai, the Branch Auditors appointed pursuant to Section 228 of the Companies Act, 1956, for Chennai, Dharur, Hospet, Kodur and Trivendrum Branch Offices of the Company, hold their offices till the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

COST AUDITORS:

Pursuant to the provisions of Section 233B of the Companies Act, 1956, and in terms of circular No. 52/10/CAB-2010 issued by the MCA dated June 3, 2011 and with the prior approval of the Central Government, M/s. S. K. Rajani & Co., Cost Accountants, were appointed to conduct audit of cost records of Bauxite, Calcined Bauxite, Bleaching Clay, Bentonite & Allied Minerals and Kaolin for the year ended 31st March, 2012.

The year under review being first year of Cost Audit, the Cost Audit Reports would be submitted to the Central Government within the prescribed time.

ACKNOWLEDGEMENT:

Your Directors takes this opportunity to express their gratitude for the assistance and co-operation received, especially in such tough times and difficult circumstances faced by the Company, from employees at all level, who stood firm with the Company. We would also thank all our investors, clients, bankers and other business associates for their continued support and encouragement during the year.

We also thank all government agencies for their support during the year and look forward for their contributed support in future.

For and on Behalf of the Board of Directors

sd/-	sd/-
Navnital Shah	Chetan Shah
Executive Chairman	Managing Director

Place : Mumbai

Date : 8th August, 2012

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED U/S 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY:

a) Energy Conservation measures taken:

- i) The Company has been strictly observing and monitoring the power consumption.
- ii) The grinding operation with keeping the automatic regulator of feeds has been maintained to minimise power consumption.
- iii) Dual fuel burner was installed.

b) Impact of above measures:

Higher power above 0-9 and optimization of the grind-ability has been maintained.

B. POWER AND FUEL CONSUMPTION:

Particulars	2011-2012	2010-2011
i) Electricity		
(a) Purchased:		
Units	15,109,761	11,137,155
Total Amount (₹)	85,697,048.00	59,649,884.00
Rate / unit (₹)	5.67	5.36
(b) Own generation:		
Through diesel generator		
Units	20,944	36,707.40
Total Amount (₹)	349,118.00	1,340,306.00
Cost / unit (₹)	16.85	36.51
ii) Coal		
Qty. (Tonnes)	129	2,090.77
Total Cost (₹)	847,282.00	12,842,022.00
Average Rate (₹)	6,568.08	6,142.24
iii) Furnace Oil/Diesal		
Qty. (K. Liters)	48,093	1,000
Total Cost (₹)	21,34,213.00	42,280.00
Average Rate (₹)	44.38	42.28
iv) Others/Sugarcane Briquetts		
Qty. (tonnes)	---	0.47
Total Cost (₹)	Nil	1,578.00
Average Rate (₹)	---	3,357.44
v) Kerosene		
Qty. (liters)	---	111,652.68
Total Cost (₹)	Nil	4,063,967.00
Rate / unit (₹)	---	36.40



vi) Biomass :		
Qty. (Tonnes)	8,926.02	7,093.12
Total Cost (₹)	42,455,594.00	34,846,433.00
Rate / unit (₹)	4,756.39	4,912.71
TOTAL (₹)	<u>131,464,133.00</u>	<u>112,786,470.00</u>

C. ACTUAL PRODUCTION:

Production of	2011-2012 Qty. (in MTS)	2010-2011 Qty. (in MTS)
Bentonite Granules	22,335	10,606
Bentonite Powder	185,149	117,471
Bentonite Processed Lumps	358,586	263,546
Bentonite Unactivated Lumps	88,997	11,060
Bauxite Lumps	760,197	766,310
Attapulgate Lumps	2,853	13,597
Bleaching Clay	—	—
Kaolin	33,623	16,439
China Clay	75,108	109,322

D. RESEARCH & DEVELOPMENT (R & D):

i) Specific areas in which R & D is conducted by the Company	<p>Company's Innovation and Knowledge Centre, focused on various Minerals and its processing leading to the mineral specific process development and value addition. Innovation & knowledge Centre also focussed on product development as well as process development and process improvement. Major focus during this year has been on upgrading Bentonite, value added products from Bentonite, Calcined Kaolin, Organoclay, Chamotte and Mullite.</p> <p>For example:</p> <ol style="list-style-type: none"> 1. Different Mullite grades for higher grade refractory application developed. 2. Upgraded Bentonite for IOP and Foundry applications. 3. Different grades of Organoclay developed
ii) Benefits derived as a result of above R & D	<ol style="list-style-type: none"> a) IOP grade bentonite material developed by Innovation & Knowledge Centre is introduced in the market. This material is considered as a high value added bentonite for IOP customer. b) Complete technical support for major projects like Bhuj Kaolin and Ball clay project. c) Up-grading low grade Bentonite in order to optimize the consumption and conservation of resources. d) Technical input to the marketing team for customer support and hence improved realization on products and better customer satisfaction. e) Resource generation based projects by utilisation of mineral processing laboratory facilities.
iii) Further Plan of Action	<p>Company's continued focus on new areas of development of minerals and in specific application to ceramics, refractories, paints, paper etc., and improvement of existing products. To name a few:</p>

	<ol style="list-style-type: none"> 1. Kaolin based products for various advanced applications. 2. Ceramic product development based on Ball Clay, Feldspar, Quartz, China Clay etc. 3. Re-use of fines of Bleaching Earth products. 															
iv) Management Review	<p>Research and Development activities at Innovation & Knowledge Centre, have been one of the most priority areas of our Company. Our focus on R&D along with our customer as partner puts us in win-win situation even during the difficult time. Our dedicated experts at Innovation & Knowledge Centre work on the new areas of mineral development to convert this to new business opportunity for the group.</p>															
v) Expenditure on R&D	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">2011-2012 (₹.)</th> <th style="text-align: center;">2010-2011 (₹)</th> </tr> </thead> <tbody> <tr> <td>a) Capital</td> <td style="text-align: right;">1,536,892</td> <td style="text-align: right;">14,374,914</td> </tr> <tr> <td>b) Recurring</td> <td style="text-align: right;">9,345,392</td> <td style="text-align: right;">7,401,768</td> </tr> <tr> <td>c) Total</td> <td style="text-align: right;">10,882,284</td> <td style="text-align: right;">21,776,682</td> </tr> <tr> <td>d) Total R&D Expenditure as a Percentage of total turnover</td> <td style="text-align: right;">0.25%</td> <td style="text-align: right;">0.47%</td> </tr> </tbody> </table>		2011-2012 (₹.)	2010-2011 (₹)	a) Capital	1,536,892	14,374,914	b) Recurring	9,345,392	7,401,768	c) Total	10,882,284	21,776,682	d) Total R&D Expenditure as a Percentage of total turnover	0.25%	0.47%
	2011-2012 (₹.)	2010-2011 (₹)														
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c) Total	10,882,284	21,776,682														
d) Total R&D Expenditure as a Percentage of total turnover	0.25%	0.47%														

E. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION:

	2011-2012	2010-2011
a) Efforts, in brief, made towards technology absorption, adaptation and innovation	Mullite processing Technology	—
b) Benefits derived as a result of the above	Mullite Production	—
c) <i>In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)</i>		
1. Technology imported	—	—
2. Year of import	—	—
3. Has technology been fully absorbed	—	—
4. if not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	—	—

F. FOREIGN EXCHANGE EARNING OUTGO:

<p>Activities relating to exports; initiatives taken to increase exports; developments of new exports markets for products and services; and export plans;</p>	<p>In view of the volatilities in the freight and foreign exchange markets, the company has significantly reduced its risk exposure by focusing on Free On Board sales versus sales. Cost Insurance Freight basis along with a bias towards INR denominated sales. However it continues to enjoy a healthy market share in Bentonite and Barite export markets.</p>	
	2011-2012 (₹)	2010-2011 (₹)
Total Foreign Exchange used	49,000,362.00	35,344,569.00
Total Foreign Exchange earned (F.O.B.)	1,913,974,452.00	1,705,447,805.00

For and on Behalf of the Board of Directors

Place : Mumbai
Date : 8th August, 2012

sd/-
Navnitlal Shah
Executive Chairman

**INFORMATION REGARDING EMPLOYEES STOCK OPTION PLAN, 2004
(AS ON 31st MARCH, 2012)****EMPLOYEE STOCK OPTION SCHEME**

The disclosures as required by Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are as under:

A. ESOP (I) 2004 – for the Options granted on 15th June, 2004:

- a) Options granted: The total number of options granted to Employee on 15th June, 2004 were for 70,050 shares (including 20,000 options granted to Senior Management Personnel).
- b) Pricing formula: The options/shares were granted at ₹ 65.80p, calculated at a discount of 30% on an average of the weekly high and low of the closing prices of the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 4 weeks preceding the date of grant of options.
- c) The number of options vested on 15th June, 2005 were 68,100 shares
- d) Details of options exercised:

Date	No. of shares
23 rd June, 2005	48,150
1 st August, 2005	14,650
25 th October, 2005	4,250
30 th January, 2006	1,050

- e) Options lapsed are for 1,950 Shares
- f) The number of options in force: NIL
- g) There has been no variation in terms of options
- h) Money realized by exercise of options: ₹ 44,80,980.00
- i) Employee wise details of options granted to:
 - i. The Executive Director of the Company was granted 20,000 options/shares.
 - ii. There were no other Employee who received a grant of options equal to or exceeding 5% or more of the options granted during the year.
 - iii. There were also no employees who received a grant of options equal to or exceeding 1% of the issued Capital of the Company.
- j) Diluted Earning per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS-20) is ₹16.81 (Diluted EPS – before subdivision – ₹ 84.05/-) (As on 31st March, 2006 since no options were in force during the year under review).

B. ESOP (II) 2004 – for the Options granted on 22nd June, 2005:

- a) Options granted: The total number of options granted to Employees on 22nd June, 2005, were 412,250 (including 35,000 options granted to Senior Management Personnel).

* Thereafter, vide a Special Resolution passed at the Annual General Meeting of the Company held on 18th September, 2007, the members approved the issue of bonus shares in the ratio of 1: 1 for the options existing as on that date, to be issued as and when the options were exercised within the validity period of the scheme and the price and the number of options was adjusted accordingly so that the total value of the Employee Stock Options remained the same.

Subsequently all the requisite formalities were complied with and the necessary approvals were received from the BSE, NSE and ASE, where Company's Shares are listed.

- b) Pricing formula: The options/ Shares were granted at ₹.66.14p, calculated at a discount of 35% on the average of the weekly high and low of the closing prices of the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 4 weeks preceding the date of grant of options.
- c) The number of options vested on 22nd June, 2006 were 402,500 shares (excluding Bonus).
- d) Details of options exercised:

Date	No. of shares	Bonus
3 rd July, 2006	119,300	NA
26 th July, 2006	56,800	NA
18 th October, 2006	87,195	NA
30 th January, 2007	63,730	NA
27 th March, 2007	40,260	NA
15 th June, 2007	16,700	NA
31 st July, 2007	9,690	NA
31 st August, 2007	2,000	NA
29 th November, 2007	1,765	1,765
30 th January, 2008	1,645	1,645
TOTAL	399,085	3,410

- e) Options lapsed are for 9,750 Shares
- f) The number of options in force: 3,415 (including bonus 6,830 Equity Shares)
- g) There has been no variation in terms of options
- h) Money realized by exercise of options: ₹ 26,395,481.90
- i) Employee wise details of options for granted to:
- The Executive Director of the Company was granted 35,000 options/shares.
 - There were no other Employee who received a grant of options equal to or exceeding 5% or more of the options granted during the year.
 - There were also no employees who received a grant of options equal to or exceeding 1% of the issued Capital of the Company.
- j) Diluted Earning per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS-20) is ₹ (32.35).

C ESOP (III) 2004 – for Options granted on 26th July, 2006:

- a) Options granted: The total number of options granted to Employees on 26th July, 2006 were 455,750.
- * Thereafter vide a Special Resolution passed at the Annual General Meeting of the Company held on 18th September, 2007, the members approved the issue of bonus shares in the ratio of 1: 1 for the options existing as on that date, to be issued as and when the options were exercised within the validity period of the scheme and the price and the number of options were adjusted accordingly so that the total value of the Employee Stock Options remained the same.
- Subsequently all the requisite formalities were complied with and the necessary approvals were received from the BSE, NSE and ASE, where Company's Shares are listed.
- b) Pricing formula: The options/ Shares were granted at Rs. 121.30p, calculated at a discount of 35% on the average of the weekly high and low of the closing prices of the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 4 weeks preceding the date of grant of options.
- c) The numbers of options vested on 26th July, 2007, were 455,750 shares (excluding Bonus).



d) Details of options exercised :

Date	No. of shares	Bonus
31 st July, 2007	223,738	NA
31 st August, 2007	36,044	NA
29 th November, 2007	48,330	48,330
30 th January, 2008	23,098	23,098
30 th June, 2008	8,754	8,754
TOTAL	339,964	80,182

- e) Options lapsed are for 8750 shares.
- f) The number of options in force: 107,036 (including bonus 214,072 Equity Shares).
- g) There has been no variation in terms of options.
- h) Money realized by exercise of options: ₹ 41,237,633.20
- i) Employee wise details of options for granted to:
- The Senior Management Personnel are not granted any options/shares.
 - There were no other Employee who received a grant of options equal to or exceeding 5% or more of the options granted during the year.
 - There were also no employees who received a grant of options equal to or exceeding 1% of the issued Capital of the Company.
- j) Diluted Earning per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS-20) is ₹ (32.35).

NOTE:

1. Since the Company has not granted any options under ESOP (I) 2004, ESOP (II) 2004 and ESOP (III) 2004, disclosures under sub-clause (l), (m) and (n) of Clause 12.1 of SEBI (ESOP & ESPS) Guidelines, 1999 are not applicable.

2. 'The Employees Stock Option Scheme – 2004' introduced by the Company pursuant to the Members approval at their Meeting held on 31st May, 2004, expired on 14th June, 2011.

As required under the Security Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999, the Auditors' Certificate on ESOP is given as an Annexure IV here to and forms a part of the report.

For and on Behalf of the Board of Directors

sd/-

**NAVNITLAL SHAH
EXECUTIVE CHAIRMAN**

Place : Mumbai
Date : 8th August, 2012

ANNEXURE - "III"

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEME

We have examined the books of accounts and other relevant records and based on the information and explanations given to us, we certify that, in our opinion, **ASHAPURA MINECHEM LIMITED** ("The Company") has, during the financial year 2011-2012, implemented the Employees Stock Option Scheme in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolution of the Company as passed in the General Meeting held on 31st May, 2004.

For **SANGHAVI & COMPANY**
Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA
Partner

Membership No. 043485

Place : Mumbai
Date : 8th August, 2012

ANNEXURE - "IV"

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
ASHAPURA MINECHEM LIMITED

We have examined the compliance of conditions of Corporate Governance by **ASHAPURA MINECHEM LIMITED** ("The Company") for the year ended 31st March, 2012, as stipulated by Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied in all material respects with the conditions of corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **SANGHAVI & COMPANY**
Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA
Partner

Membership No. 043485

Place : Mumbai
Date : 8th August, 2012

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. This Code has been posted on the Company's web site.

I confirm that the Company has in respect of the financial year ended 31st March, 2012, received from the Senior Management Team of the Company and the Members of the Board a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Board Members, Senior Management and all employees in and above Officer Level as on 31st March, 2012.

sd/-

CHETAN SHAH
MANAGING DIRECTOR

Place : Mumbai
Date : 8th August, 2012



REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2011-12

1. Company's Philosophy on Code of Corporate Governance:

Corporate Governance refers to a set of laws, regulations and good practices that enables an organisation to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders. Corporate Governance at 'Ashapura' envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, the government, lenders and the society.

Your Company believes that by employing Good Corporate Governance policy, it can serve all stakeholders and help to translate into being a responsible Corporate Citizen. The Company has adopted a Code of Conduct for its employees including the Executive Chairman, the Managing Director and the Non-Executive Directors.

Your Company confirms the compliance of Corporate Governance as contained in clause 49 of the Listing Agreement, the details of which for the financial year ended 31st March, 2012 are as follows:

2. Board of Directors:

The Board of Directors of the Company holds fiduciary position in a way that it oversees the management functions and also supervises, directs and manages the performance of the Company. The Board has constituted various Committees of Directors', for the matters requiring special attention and their effective and efficient disposal.

Your Company's Board of Directors comprises of 7 Directors including an Executive Chairman and a Managing Director. Of these, 5 Directors are Independent Directors which include 1 Nominee Director. Clause 49 of the Listing Agreement requires that if the Chairman is Executive then half of the Board of Directors of such company should consist of Independent Directors and we are in compliance with the above requirement of Clause 49 of the Listing Agreement.

All the Directors have intimated periodically about their Directorship and Membership in the various Board committees of other companies, which are within permissible limits of the Companies Act, 1956 and Corporate Governance Code.

The details of the attendance of each Director at the Board Meetings & Annual General Meeting held during the year and Directorships, Membership/Chairmanship in Board Committees of other Companies are as follows:

Director	Category	No of Board Meetings Attended	Attendance at last AGM	No of other Directorships Held #	No of Committee Positions held including Ashapura Minechem Ltd. ##	
					Member	Chairman
Shri Navnitlal Shah	Executive Chairman, Non- Independent	5	Present	3	1	—
Shri Chetan Shah	Managing Director, Non- Independent	5	Present	8	1	—
Shri Piyush Vora	Non-Executive, Independent	2	Absent	1	1	—
Shri Ashok Kadakia	Non-Executive, Independent	4	Present	4	—	2
Shri Harish Motiwalla	Non-Executive, Independent	5	Present	6	3	2
Shri Abhilash Munsif	Non-Executive, Independent	4	Present	—	—	—
Shri Rajendra Khanna*	Nominee, Independent	3	Present	2	—	—

- * Shri Rajendra Khanna was co-opted on Board of Directors as the Nominee Director (Exim Bank) of the Company w.e.f. 8th June, 2011.
- # Excludes Directorship held in Private Limited Companies, Foreign Companies and Companies incorporated under section 25 of the Companies Act, 1956.
- ## Represents only Membership/ Chairmanship of Audit Committee and Shareholders' / Investors' Grievance Committee of Indian Public Limited Companies.

Details of Directors retiring by rotation and being eligible for re-appointment are as under:

In accordance with the provisions of Section 256 of the Companies Act, 1956, Shri Piyush Vora and Shri Harish Motiwala are liable to retire by rotation. Both being eligible, offer themselves for re-appointment. A brief resume and other information as required under Clause 49(VI) (G) of the Listing Agreement in respect of the said Directors is given as under:

	Shri Piyush Vora	Shri Harish Motiwala
Date of Birth	30.12.1961	24.03.1945
Qualifications	He is a B.com Graduate and a Member of Institute of Chartered Accountants of India.	He is a Fellow Member of Institute of Chartered Accountants of India. He is also a Law Graduate. He has also completed DISA certification course conducted by ICAI.
Profile	He is a Qualified Chartered Accountant. He has experience of more than 16 years in the professional practice and in Investment and Portfolio Management, Accounts, Law and Finance.	He is a Practising Chartered Accountant and has vast expertise in the field of accounts, finance and corporate governance. He has contributed several articles on the subject of Taxation, Company Law & Finance.
Directorship in other Public Companies	1. Varaad Ventures Limited	1. Excel Industries Limited 2. Hi-Tech Plast Limited 3. Gujarat Organic Limited 4. Multibase India Limited 5. Balkrishna Synthetics Limited 6. Siyaram Silk Mills Limited
No. of shares held in the company as on 31.03.2012	Nil	Nil

Board's Functioning and Procedure

Company's Board of Directors play the primary role in ensuring good governance and functioning of the Company. All statutory and other significant and material information including information as mentioned in Annexure IA to Clause 49 of the Listing Agreement is placed before the Board to enable it to discharge its responsibility.

Board Meetings:

During the financial year under review, 5 (five) Board Meetings were held as detailed below:

Sr. No.	Date of Board Meeting
1.	30 th May, 2011
2.	2 th August, 2011
3.	28 th September, 2011
4.	20 th October, 2011
5.	9 th February, 2012



3. Committees of the Board of Directors:

The Board has constituted four Committees to deal with the matters and activities falling within the terms of reference as follows:

I. Committee of Directors:

The role of Committee of Directors:

The role of Committee of Directors covers inter-alia detailed review of following matters before they are placed before the Board for ratification:

- i. reviewing various day-to-day administrative, operational & finance matters requiring urgent decisions;
- ii. availing/making of loans, raising of funds, giving of corporate guarantees/securities considering the limits and provisions as specified in the Companies Act, 1956;
- iii. investment/disinvestment of company's funds, decisions in respect of establishment of Wholly-owned subsidiary(s), Export Oriented Unit(s) in accordance with the provisions of Companies Act, 1956 and other related Acts;
- iv. such other matter as may be delegated by the Board to the Committee pursuant to the provisions of the Companies Act, 1956 and such other Acts.

Composition and Meetings:

The composition of the Committee of Directors and the attendance record of the members of the Committee at the Meetings are given below:

Name of Directors	Category	No. of Meetings during the year 2011-2012	
		Held	Attended
Shri Navnitlal Shah (Chairman)	Executive, Non-Independent	12	12
Shri Chetan Shah	Executive, Non-Independent	12	12
Shri Piyush Vora	Non-Executive, Independent	12	10
Shri Ashok Kadakia	Non-Executive, Independent	12	12

During the year under review 12 meetings of Committee of Directors were held on 18th April, 2011, 10th May, 2011, 17th June, 2011, 18th July, 2011, 5th August, 2011, 12th September, 2011, 21th October, 2011, 28th November, 2011, 16th December, 2011, 5th January, 2012, 10th February, 2012 and 15th March, 2012.

II. Audit Committee:

Your Company has an Audit Committee at the Board level which acts as a link between the management, the Statutory and Internal auditors and the Board of Directors and effectively supervises the Company's financial reporting process with a view to provide accurate, timely and proper disclosure and oversees the integrity and quality of financial reporting. The Committee presently comprises 3 Non-Executive Directors, all of whom are Independent Directors.

During the year under review 4 meetings of the Audit Committee were held on 30th May, 2011, 2nd August, 2011, 20th October, 2011 and 9th February, 2012 to deliberate on various matters and the details of the attendance by the Committee members are as follows:

Name of Director	No. of Meetings during the year 2011-2012	
	Held	Attended
Shri Ashok Kadakia (Chairman)	4	3
Shri Piyush Vora	4	2
Shri Harish Motiwalla	4	4

1. Shri Ashok Kadakia Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 28th September, 2011.
2. General Manager - Accounts and Audit Co-ordinator of the Company alongwith the representative of the Statutory Auditors, Head to the Internal Audit are permanent invitees to the Audit Committee.
3. Shri. Sachin Polke, Company Secretary, acted as Secretary to the Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement entered into with the Stock Exchanges.

This reference inter-alia broadly includes:

- i. discussion and review of quarterly, half yearly and annual standalone/consolidated financial results;
- ii. review of financial reporting systems and ensuring its compliance with regulatory guidelines;
- iii. discussion and review of quarterly/annual internal audit report;
- iv. recommendation for appointment of statutory auditors, branch auditors, cost auditors and their remuneration.

III. Shareholders'/Investors' Grievance Committee:

The Company has a Shareholders'/Investors' Grievance Committee at a Board level to deal with various matters relating to the redressal of the Shareholders and investors grievances, such as

- i. issue of Duplicate Share Certificates;
- ii. matters connected with transfer/credit of Securities
- iii. redressal of Investors' / Shareholders' complaints related to non-receipt of declared dividend, transfer of shares, non-receipt of annual reports, non-receipt of duplicate share certificates, etc.

During the year under review, 5 (five) meetings of Shareholders'/Investors' Grievance Committee were held on 30th May, 2011, 24th September, 2011, 28th November, 2011, 16th January, 2012 & 3rd February, 2012. The Composition of the committee is as follows:

Name of Directors	Category	No. of Meetings during the year 2011-2012	
		Held	Attended
Shri Ashok Kadakia (Chairman)	Non-Executive, Independent	5	5
Shri Navnitlal Shah	Executive, Non-Independent	5	5
Shri Chetan Shah	Executive, Non-Independent	5	3
Shri Piyush Vora	Non-Executive, Independent	5	3

Shri Sachin Polke, Company Secretary, acts as Compliance Officer and is available at 'Ashapura Minechem Limited', Jeevan Udyog Building, 3rd Floor, 278, D. N. Road, Fort, Mumbai – 400 001.

The status of Investors' Complaints received and dealt within the year 2011-12 are as given below:

No. of Investor complaints received	Pending at the end of the year	No. of pending Share transfers
19	Nil	Nil

IV. Remuneration Committee:

The broad terms of reference of the Remuneration Committee are as under:

- i. Reviewing and approving the Company's policy on remuneration packages for the Executive Chairman, Managing Director, Executive Directors and other Senior Management of the Company including pension rights and any compensation payment;
- ii. Reviewing and approval of the minimum and maximum remuneration payable to such Directors in terms of such provisions as may be in force from time to time;
- iii. Reviewing and approval of the commission and/or other incentives payable to Non-Executive Directors of the Company;
- iv. Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

Composition:

The composition of the Remuneration Committee is as under :

Name of Directors	Category
Shri Ashok Kadakia (Chairman)	Non-Executive, Independent
Shri Abhilash Munsif	Non-Executive, Independent
Shri Piyush Vora	Non-Executive, Independent

During the year under review Remuneration Committee met once on 30th July , 2011, were all the Members were present.



Non Executive Director's compensation and disclosure:

All fees/compensation including sitting fees paid to the Non-Executive Directors of the Company, fixed by Board of Directors are within the limits as per Companies Act, 1956.

The Details of Remuneration, fees paid to the Directors for the year ended 31st March, 2012.

(a) Paid to Non-Executive Directors:

Name of the Directors	Sitting Fees for various Meetings attended
Shri Piyush Vora	*₹. 20,000/-
Shri Ashok Kadakia	*₹. 35,000/-
Shri Harish Motiwalla	*₹. 45,000/-
Shri Abhilash Munsif	₹. 20,000/-
Shri Rajendra Khanna \$	*₹. 15,000/-

* Includes sitting fees paid for attending Audit Committee Meetings.

\$ Shri Rajendra Khanna has been nominated by EXIM Bank w.e.f. 08.06.2011.

(b) Paid to Executive Director:

Name of Directors	Designation	Salaries & Perquisites (Including privilege entitlement)
Shri Navnitlal R. Shah	Executive Chairman	₹. 18,00,000/-*
Shri Chetan N. Shah	Managing Director	₹. 18,00,000/-*

* TDS as applicable has been deducted from the above.:

Notes:

- The Remuneration Committee after reviewing the Audited Accounts for F.Y. 31st March, 2012, informed the Board that the Company's effective capital as calculated under the provisions of Schedule XIII was negative and that the maximum remuneration that can be paid to the Executive Chairman and Managing Director under the provisions of the Companies Act, 1956 was ₹. 1,50,000 p.m. The Remuneration Committee then put forward the same before the Board for their deliberation and consideration.
- The Executive Chairman & Managing Director after considering the financial position of the Company opted to receive minimum remuneration. The Board thereafter recommended the same for Shareholders approval.
- The Shareholders at the Annual General Meeting held on 28th September, 2011, approved the payment of remuneration @ ₹. 1,50,000/- p.m. to the Executive Chairman & the Managing Director.

4. Code of Conduct:

In order to further enhance the ethical and transparency process in conducting and managing the affairs of the Company, the Board of Directors has adopted Ashapura's Code of Conduct for the Board of Directors and Senior Management and all employees at and above officer level of the Company. The Code is available on the Company's website- www.ashapura.com.

All Board Members and Senior Management personnel have affirmed their compliance with the said Code for the financial year ended 31st March, 2012.

5. Subsidiary Companies:

The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board Meeting for their review.

6. Disclosures:

There are no materially significant related party transactions during the year having potential conflict with the interests of the Company.

The Company places all the relevant details before the Audit Committee from time to time. Attention of the Members is drawn to the disclosures of transaction with the related parties' as set out in the Notes of Accounts forming part of the Annual Report.

Your Company has comprehensive risk management policy and it is periodically reviewed by the Audit Committee of the Company.

Management Discussion and Analysis Report is prepared in accordance with the Clause 49 of the Listing Agreement and forms part of this Annual Report.

The Company has complied with the requirements of SEBI and other statutory authorities on all matters relating to capital market and complied with all the requirements of the Corporate Governance as per the Listing Agreement.

Your Company has fulfilled some non-mandatory requirement as prescribed in Annexure 1D to Clause 49 of the Listing Agreement with Stock Exchange such as Remuneration Committee. Company has a Remuneration Committee comprising of three directors, all of them are Non-Executive Directors and Chairman of the Committee is an Independent Director.

7. General Body Meetings:

Location, date and time, where last three Annual General Meeting (AGMs) held:

Financial Year	Date	Time	Location
2008-2009	22-09-2009	11.00 a.m.	Walchand Hirachand Hall, 4 th Floor, Indian Merchants' Chamber, Mumbai 400020.
2009-2010	24-09-2010	11.30 a.m.	Walchand Hirachand Hall, 4 th Floor, Indian Merchants' Chamber, Mumbai 400020.
2010-2011	28-09-2011	11.30 a.m.	The K R Cama Oriental Institute Hall, 136, opp. Lion Gate, Fort, Mumbai 400023

In the last three years following Special Resolutions were passed at the AGMs:

Financial Year	Special Resolutions passed for :
2008-2009	--
2009-2010	--
2010-2011	1. Re-appointment of Shri Navnitlal Shah as the Executive Chairman of the Company. 2. Re-appointment of Shri Chetan Shah as the Managing Director of the Company.

No resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

8. Means of communication:

Financial Results

The quarterly, half yearly and annual results are published in:

Newspaper	Cities of Publication
Business Standard	Mumbai Edition
Sakal	Mumbai Edition

The results are also uploaded on the Company's Website at www.ashapura.com:

Other Information

The other information about Company's products, new projects, technology, social events are available on the Company's website at www.ashapura.com. The Company has dedicated help desk with email ID: cosec@ashapura.com in the Secretarial Department, to enable the Company's Investors to raise queries, if any.

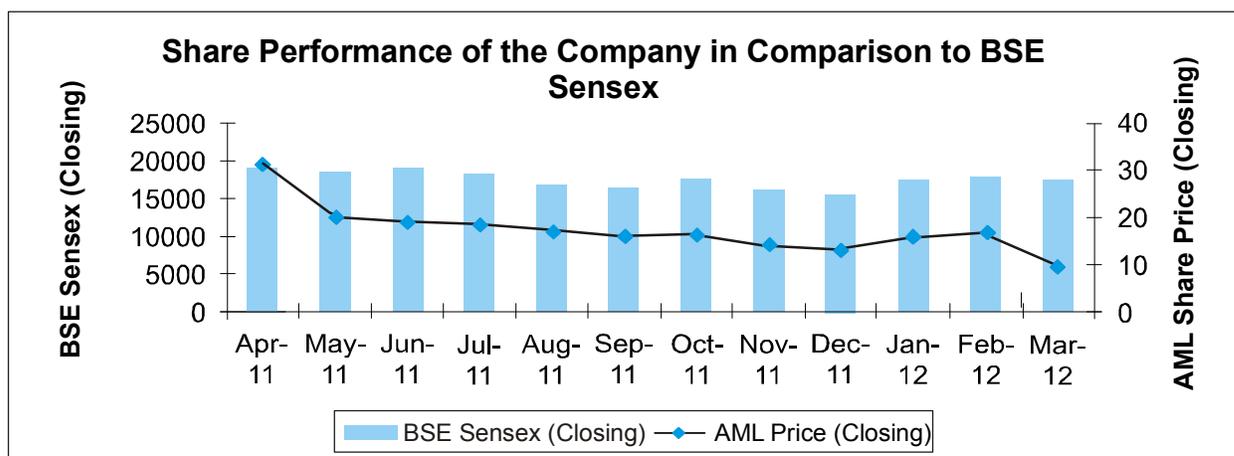
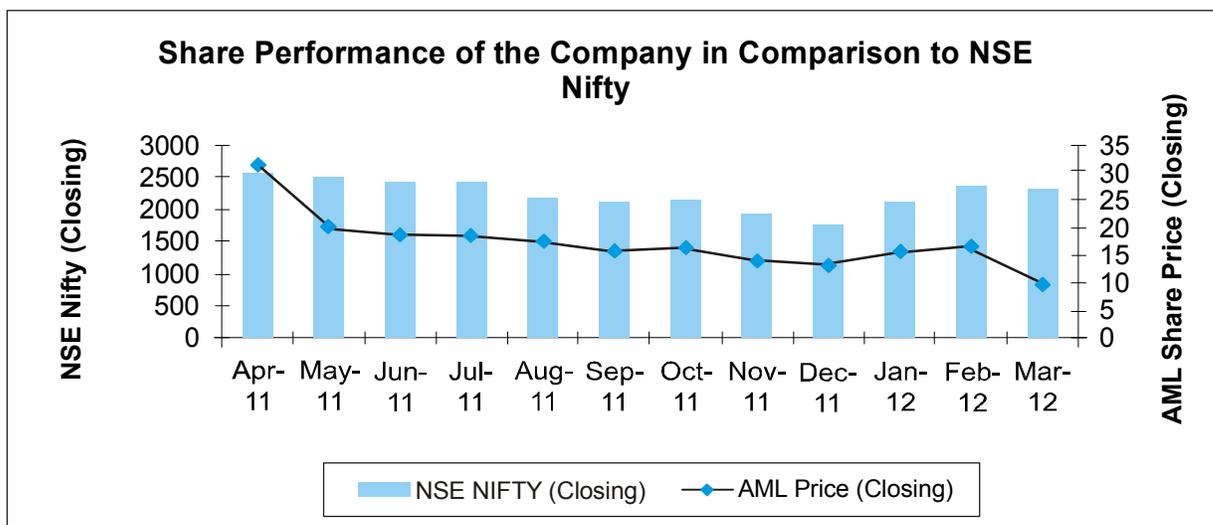


9. General Shareholder Information:

Annual General Meeting :	Date : 28 th September, 2012 Time : 11.00 a.m. Venue : Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6 th Floor, 12, K. Dubhash Marg, Kaala Ghoda, Fort, Mumbai - 400 001.
Financial Calendar :	Financial reporting for the quarter ending 30 th June, 2012: On or before 14 th August, 2012 Financial reporting for the quarter ending 30 th September, 2012: On or before 14 th November, 2012 Financial reporting for the quarter ending 31 st December, 2012: On or before 14 th February, 2013 Financial reporting for the quarter ending 31 st March, 2013: On or before 30 th May, 2013
Date of Book Closure :	18 th September, 2012 to 28 th September, 2012 (Both days inclusive)
Dividend Payment Date :	No Dividend is recommended for the FY. 2011-12
Listing Details :	Equity Shares are listed on following exchanges: Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. National Stock Exchange of India Limited “Exchange Plaza”, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. Listing Fees has been paid to all the Stock Exchanges.
Stock Code :	Bombay Stock Exchange Ltd. 527001 National Stock Exchange of India Ltd. ASHAPURMIN
ISIN Number :	INE348A01023

Market Price Data:

Period	Indices		BSE		NSE	
	Indices (₹.)		Rate (₹.)		Rate (₹.)	
	High	Low	High	Low	High	Low
April, 2011	19811.14	18976.19	35.85	29.55	36.00	29.55
May, 2011	19253.87	17786.13	32.25	19.80	32.45	19.80
June, 2011	18873.39	17314.38	23.75	17.30	23.85	17.10
July, 2011	19131.70	18131.86	23.45	18.50	24.40	18.20
August, 2011	18440.07	15765.53	19.50	15.15	19.50	13.70
September, 2011	17211.80	15801.01	18.10	15.50	18.05	15.25
October, 2011	17908.13	15745.43	17.45	14.50	17.50	14.30
November, 2011	17702.26	15478.69	17.60	13.55	17.60	13.10
December, 2011	17003.71	15135.86	16.90	12.20	16.85	12.60
January, 2012	17258.97	15358.02	18.00	13.10	18.00	13.00
February, 2012	18523.78	17061.55	18.15	14.85	18.25	14.50
March, 2012	18040.69	16920.61	17.30	9.55	17.25	9.55





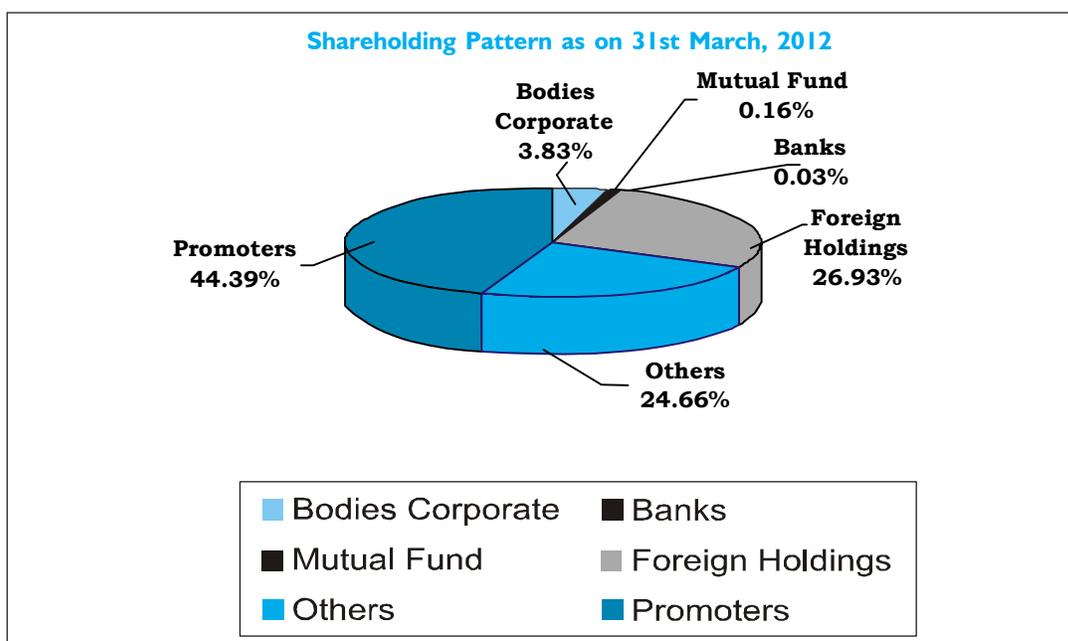
Registrar and Transfer Agents :	M/s. Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078															
Share Transfer System :	The Company's shares are traded on the Stock Exchanges in Demat Mode as well as in Physical Mode. In Demat mode, the transfers are affected through NSDL & CDSL. Majority of the Share Transfers take place in this Form. In Physical mode, the Transfer of shares is processed and approved weekly and the certificates are returned to the shareholders within 15 days from the date of receipt, subject to documents being valid and complete in all respects.															
Distribution of Shareholding & Category-wise distribution :	Refer Table A & B															
Dematerialization of Shares and Liquidity:	As on 31 st March, 2012, 99.25% of the paid up share capital (face value of Equity Shares of ₹. 2/- each) has been dematerialized. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Mode</th> <th>No. of Shares</th> <th>% to Total Share Capital</th> </tr> </thead> <tbody> <tr> <td>Physical</td> <td>5,83,913</td> <td>0.74%</td> </tr> <tr> <td>Electronic (A) NSDL</td> <td>5,37,36,719</td> <td>68.03%</td> </tr> <tr> <td>(B) CDSL</td> <td>2,46,65,466</td> <td>31.23%</td> </tr> <tr> <td>TOTAL</td> <td>7,89,86,098</td> <td>100.00%</td> </tr> </tbody> </table>	Mode	No. of Shares	% to Total Share Capital	Physical	5,83,913	0.74%	Electronic (A) NSDL	5,37,36,719	68.03%	(B) CDSL	2,46,65,466	31.23%	TOTAL	7,89,86,098	100.00%
Mode	No. of Shares	% to Total Share Capital														
Physical	5,83,913	0.74%														
Electronic (A) NSDL	5,37,36,719	68.03%														
(B) CDSL	2,46,65,466	31.23%														
TOTAL	7,89,86,098	100.00%														
Plant Locations :	<ol style="list-style-type: none"> Plot No. 256/3, Village Baraya, Bhuj-Mundra Highway, Tal. Mundra, Kutch (Gujarat) – 370 415. Survey No. 328/2, KINFRA Apparel Park, Menamkulam, Thiruvananthapuram, Kerela – 695586. Plot No. 182, Baikampady Industrial Area, Baikampady, New Mangalore-575011. 															
Address for Correspondence :	The Company's Registrar and Transfer Agents, M/s Link Intime India Pvt. Ltd., provide all shareholder related services. Any query relating to shares and requests for transactions such as transfers, transmissions and nomination facilities, duplicate share certificates, change of address and also dematerialisation of shares may please be taken up with: M/s. Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078. Tel.: +91-22-25963838 Fax: +91-22-25946969. E-mail : rnt.helpdesk@linkintime.co.in															

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2012
TABLE A

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Shares Amount in Rupees	% of Shareholding
1-5000	26238	98.07	1,07,82,763	13.65
5001-10000	287	1.07	20,86,662	2.64
10001-20000	126	0.47	17,69,016	2.24
20001-30000	29	0.11	7,33,435	0.93
30001-40000	7	0.03	2,36,494	0.30
40001-50000	12	0.04	5,43,213	0.69
50001-100000	24	0.09	18,07,796	2.29
100001 & above	33	0.12	6,10,26,719	77.26
TOTAL	26756	100.00	7,89,86,098	100.00

CATEGORY-WISE DISTRIBUTION AS ON 31ST MARCH, 2012
TABLE B

Categories	Total No. of Shares	% of Holding
A) Promoters Holding:		
Individuals	34968741	44.272
Bodies Corporate	93040	0.118
Total (A)	35061781	44.390
B) Public Holding:		
i) Institutions:		
Mutual Fund	130000	0.165
Foreign Mutual Fund	5400	0.007
Foreign Inst. Investors	3917957	4.960
Nationalised Bank	21900	0.028
Total (B) (i)	4075257	5.159
ii) Non-Institutions:		
Bodies Corporate	3025014	3.830
Foreign Company	15714690	19.896
Non Resident Indian	745338	0.944
Non Resident (non-repatriable)	886778	1.123
Market Maker	73420	0.093
Clearing Members	240538	0.305
Trust	1434340	1.816
Public	17728942	22.446
Total (B) (ii)	39849060	50.451
Total (B) [(B) (i) + (B) (ii)]	43924317	55.610
Grand Total (A+B)	78986098	100.000





MANAGEMENT DISCUSSION AND ANALYSIS

CAUTIONARY STATEMENT :

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company's actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations which among others include demand & supply of raw materials, energy and finished goods; cyclical changes in prices; significant changes in political and economic environment in India/ Abroad; changes in Government policies; tax regimes; exchange rate fluctuations; litigations; labour relations and acts of god.

The Management of Ashapura Minechem Limited presents the analysis of the performance of the Company during the year 2011-2012 and an outlook for the future, which is based on the assessment of the current business environment. The business environment may vary due to the future economic, political and other developments, both in India and Abroad.

ECONOMIC ENVIRONMENT :

The Indian economy grew at 6.5% in FY 2012 as compared to 8.4% in the FY 2011. Given the global headwinds and constraints within which the RBI has had to maneuver its monetary policy a sharpish deceleration seemed only natural. The illusion that the Indian economy would grow over 8% on autopilot has come apart, and the growing consensus is that India's economy would need structural changes rather than fiscal or monetary band-aids to regain its momentum.

Globally, the state of the eurozone economies as a whole seems fragile from a growth perspective whereas the United States of America is unlikely to take any bold policy measures until the conclusion of its presidential elections. China hopefully isn't running out of rabbits to pull out of its hat and would help balance the omnipresent gloom.

In conclusion, persistent weakness in the major developed countries over past few years has watered down the growth in demand for commodities and raw materials.

INDUSTRY SCENARIO :

Minerals are valuable natural resources being finite & non-renewable. On paper India has plentiful mineral reserves and has the potential to emerge as a global mineral and commodity powerhouse. Rationalization of the country's regulatory framework for mining and energy sectors would propel growth in the economy as a whole and help the country reach its potential in mineral and commodity production and exports.

During the year under review, there was decline in mineral production due to various factors which among others were central & state government policies, restriction on exports, temporary discontinuance of mining for want of environmental clearance & such other. However, the Ministry of Mines has intended to undertake various measures under New National Mineral Policy which amongst other initiatives includes greater liberation, private sector involvement and nursing that the benefit of the economic activity in the mining sector flows equitably to the stakeholders. The said measures will bring uniformity in mineral administration across the country, ensures that the development of mineral resources keeps pace and is in consonance with the National goals.

OUTLOOK :

Global uncertainties have for the last couple of years impeded the growth in the demand for minerals; however the core demand base for minerals & ores remains fairly inelastic especially during downturns.

The Company's two major mineral portfolios of Bentonite and Bauxite have continued to exhibit a healthy growth. Many of the downstream user industries such as iron ore pelletization, foundries, oil well drilling have thus far demonstrated exceptional demand resilience;

Benign freight rates and favorable foreign exchange rates have enhanced the competitiveness and value proposition of the Company's mineral portfolio.

FINANCIAL PERFORMANCE :

The Financial Statements for the year ended 31st March, 2012, have been prepared in accordance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India and are based on the historical cost convention on an accrual basis.

During the financial year under review, the net sales / income from operations of the Company stood at ₹. 42,764.22 lacs as compared to ₹. 45,080.32 lacs in the previous year. Even though the quantum of mineral sold by the Company increased there was decline in the total realisation on account of sales mix.

The Company achieved Earnings Before Interest Tax Depreciation & Amortisation (EBITDA) of ₹. 5,379.87 lacs (i.e. 12.58 % of revenue) as compared to the previous year's EBITDA of ₹. 5,145.63lacs (i.e. 11.41 % of revenue).

OPPORTUNITIES :

In a scenario of volatile metal & commodity prices, customers more than ever appreciate cost competitiveness, quality, consistency and punctuality. Over the years, the Company has established itself as a preferred and reliable raw materials supplier to many large companies & conglomerates world over, in uncertain economic environments reliability gets its due weightage. The Company's ability to consistently ensure certainty of cost, quality and delivery for the customer in an uncertain business scenario is what makes it an outlier in the industry.

Many other mineral rich countries such as Indonesia are in the process of implementing policies that reduce the flow of minerals to global markets and such global supply imbalances may augur well for the Company.

THREATS :

The economic uncertainty that is currently prevalent world over could either just be a passing phase or a harbinger for a protracted slowdown. In case of the latter, companies will have to accordingly recalibrate their growth plans.

In India some of the large aluminium producers have been unable to access their captive reserves on account of several socio-political reasons; the Company has been alternate source of raw material for such metal producers. Resumption of access to captive reserves may lead to a reduction in the domestic sale of the Company's Bauxite. However, the Company is confident of tapping the export market in the event of reduction of domestic demand if any.

The mining and mineral resources sector has been no exception to the general regulatory and governance status prevalent in the Indian economy today. Progressive regulations such as the Mining Bill are still languishing on the drawing board; even decisions on periodic renewals of mining leases or applications for new mining leases are being unreasonably delayed. Prolonged delays or procrastination in regulatory decisions making could prove to be serious impediments in the long/medium term for the industry.

RISK & CONCERNS :

Based on the audited accounts for the year ended 31st March, 2011, The Board for Industrial and Financial Reconstruction ('BIFR') has declared the company a 'sick company' vide its order dated 20th March, 2012. The Company is in the process of drawing up a Draft Rehabilitation Scheme as directed by the BIFR. The Company may be required to follow any operational, administrative or financial directives envisaged in the scheme or as stipulated by BIFR.

The Company continues to face applications for enforcement of ex-party awards passed in respect of three Contracts of Affreightment for USD 126.07 million; these applications for enforcement of ex-party awards passed outside India are being contested by the Company at appropriate Indian courts.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY :

The Company has a comprehensive system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations.

The Company, with a view to encourage independent approach, has outsourced the function of internal auditors to qualified professionals, who conduct operational and system audits in accordance with an audit plan adopted by the audit committee.



Internal auditors as part of their assignment, evaluate and assess the adequacy and effectiveness of internal control measures and the compliance with policies, plans and statutory requirements. Recently upon recommendations of audit committee an initiative has been taken by senior management alongwith internal auditors to develop & document Standard Operating Procedures (SOP) for various departments of the Company for detecting deviations so that timely remedial measures can be taken without inviting any significant loss.

The internal audit reports are reviewed at audit committee meetings and appropriate action on the recommendations is initiated by the management.

RESEARCH & DEVELOPMENT :

At Ashapura, we have since our inception recognized the importance of knowledge and innovation. Research and Development activities at Innovation & Knowledge Centre, have been one of the most priority areas of our Company. It not only focuses on various Minerals but also it's processing leading to mineral specific process development and value addition. Major focus during this year has been on upgrading Bentonite, value added products from Bentonite, Calcined Kaolin, Organoclay, Chamotte and Mullite.

Company's continued focus on new areas of development of minerals has led to improvement of existing products & process like re-use of fines of bleaching earth products, up-grading low grade Bentonite to optimize the consumption and conservation of resources.

Our dedicated experts at Innovation & Knowledge Centre work on the new areas of mineral development to convert this to new business opportunity for the group, as also provide technical inputs to marketing team for customer support and thereby improved realization on products and better customer satisfaction.

HUMAN RESOURCES :

Your Company is a people driven Company and believe that every employee of the Company is its asset. Here we nurture talent; appreciate & reward hard work & respect loyalty. Over the years the Company has organized professional & self-improvement courses, seminars, lectures and other training programme regularly to ensure each employee is able to perform to its optimum level.

Your Company has experienced staff and executives at different levels and employees over 1,400 proficient employees spread across diverse locations. It is the commitment of employees at all levels and their contribution to innovation and change that is essential to compete successfully in an increasingly competitive global market place. The Company believes in '*working not for each other but with each other*'.

The employees of Ashapura are tied by a unique culture which binds them into a successful team under the challenging situations.

CORPORATE SOCIAL RESPONSIBILITY (CSR) :

Ashapura Group carries out its CSR activities with vigor and purpose towards the underprivileged section of society. The Company has been engaged in series of community welfare program especially in the area of Education, Healthcare & Social awareness.

During the year under review, it has rendered many healthcare services such as mobile medical services & awareness to 120 remotest villages of Lakhpat, Nakhtrana, Abdasa & Mandavi in Gujarat. At Mumbai, it has organized camps for conducting cancer detection test and medical check-up camps for the general public, health awareness lectures in schools and colleges, coordinating & helping families under Group Medical Insurance (3rd year in a row), distributing food grains to the needy and poor families. It has also published social and medical books and CDs for the benefit of people at large.

On Social front it has rendered services / activities such as safe drinking water connectivity – including UV Plant for 266 Aanganwadi of Nakhtrana, Mandvi and Lakhpat Taluka in Gujarat which benefited thousands of students, construction of water hut for schools, water recharge management and repair of Check Dams at Lakhpat which benefited agricultural lands & distribution of seeds in villages which benefited agricultural lands of farmers, vaccination to cattle for prevention of foot to mouth diseases. It has also provided training programmes in coordination with NABARD to women folk for generating income through activities like manufacture of incense sticks & candles.



AUDITORS' REPORT

To,
The Members of

ASHAPURA MINECHEM LIMITED

We have audited the attached Balance Sheet of Ashapura Minechem Limited as at 31st March, 2012 and also the Profit & Loss Account and the Cash Flow Statement of the Company 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.

We conducted our audit in accordance with the 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 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.

1. As required by the Companies (Auditors' 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 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph (1) 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 accounts as required by the law have been kept by the company so far as appears from our examination of those books;
 - (iii) The reports of Branch Auditors on the accounts of the branches not audited by us have been forwarded to us as required by clause (c) of sub-section (3) of section 228 and the same have been adequately dealt with while preparing this report;
 - (iv) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (v) 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, to the extent applicable;
 - (vi) Based on the written representations received from the directors of the Company and taken on the record

by the Board of Directors, we report that no director is disqualified as on 31st March, 2012 from being appointed as director under clause (g) of sub-section (1) of section 274 of the Companies Act 1956;

(vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to* -

- *note no. 25(i) in respect of write-back and non-provision for losses on foreign currency derivatives transactions and certain loans in connection thereto in the earlier years aggregating to ₹ 39,436.76 lacs;*
- *note no. 25(ii) in respect of non-provision of foreign currency derivatives losses of ₹ 3,925.27 lacs; and*
- *note no. 25(iii) in respect of non-provision for losses on foreign currency derivatives transactions by marking them to market (MTM) aggregating to ₹ 3,131.20 lacs (previous year ₹ 3,084.28), and thereby overstatement of the net profit in the financial statements by ₹ 3,972.19 lacs and overstatement of reserves and surplus by ₹ 43,408.95 lacs.*

and read with all the notes thereon 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, 2012;
- (b) In the case of the Profit & Loss Account, of the PROFIT of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of cash flows of the Company for the year ended on that date.

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485

Place : Mumbai
Date : 30th May, 2012

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph I of the report of even date of the Auditors to the members of **ASHAPURA MINECHEM LIMITED** on the accounts for the year ended 31st March, 2012.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

- 1 In respect of fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. Fixed assets were physically verified during the year by the management at reasonable intervals in a phased manner in accordance with a programme of physical verification. According to information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. There was no substantial disposal of fixed assets during the year.
- 2 In respect of inventories:
 - a. The inventories were physically verified by the management at reasonable intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, 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 has maintained proper records of its inventories and as informed to us, no material discrepancies were noticed on physical verification carried out by the Company.
- 3 In respect of loans granted or taken to/from companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956:
 - a. The Company has granted unsecured loans (excluding trade advances) to the companies covered in the register maintained under section 301 of the companies Act, 1956. The number of companies to which loans are granted, are four and the amount involved in the transactions is ₹ 1,215.80 lacs and the year-end balances were ₹ 7,141.50 lacs.
 - b. The rate of interest and other terms and conditions of loans given by the company, wherever stipulated, are *prima facie* not prejudicial to the interest of the company *except that no interest is charged on the loans to a wholly owned subsidiary company, aggregating to ₹ 1,979.06 lacs.*
 - c. Since no stipulations as to the recovery of principal amount as well as payment of interest are made for the loans granted as stated in (a) above, we can not offer any comments for regularity of payments or overdue amounts, if any.
- d. The Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act. The number of parties from whom such loans are taken were one and the amount involved in the transactions and the year-end balance are ₹ 2,000.00 lacs and ₹ Nil respectively.
- e. The rate of interest and other terms and conditions of loans taken by the company, are *prima facie* not prejudicial to the interest of the company.
- f. The repayments of the loans taken by the Company were regular.
- 4 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 for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls. There are certain operational areas, which needs improvement for which the company is taking necessary steps.
- 5 In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956:
 - a. Based on the audit procedures applied by us and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
 - b. According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are *prima facie*, reasonable having regard to the prevailing market prices at the relevant time, wherever such comparison is possible.
- 6 The company has not accepted any deposits within the meaning of section 58A and 58AA of the Companies Act 1956 and the rules framed there under.
- 7 In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.
- 8 The Companies (Cost Accounting Records) Rules 2011 have been applicable to the Company w.e.f. the financial year 2011-2012. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained.



We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9 In respect of statutory and other dues:

- The Company has generally been regular in depositing 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 statutory dues, to the extent applicable, with the appropriate authorities during the year.
- There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable.
- There are no statutory dues as prescribed under the clause, which have not been deposited on account of any dispute except for the followings:

Nature of Dues	Name of the Statute	₹ in lacs	Relevant Year	Forum where dispute is pending
Value Added Tax	Kerala Commercial Tax Act	5.67	2007-08	The Dy Commissioner of Sales Tax (Appeals)
Value Added Tax	Andhra Pradesh Value Added Tax Act	16.12	2006-07 to 2009-10	The Commercial Tax Officer
Custom Duty	Central Excise & Custom	28.75	2009-2010	The Custom Officer
Service Tax	Service Tax Rules	6.05	2008-09, 2009-10	CESTAT - Ahmedabad
Baraya Gram Panchayat Tax	Gram Panchayat	15.00	2010-11	District Development Officer - Kutch

- The Company has accumulated losses as at the end of the financial year exceeding its entire net worth. The Company has not incurred cash losses during the current year. However, the Company has incurred cash losses in the immediately preceding financial year.*
- Based on our audit procedures and the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions *except for the dues of certain banks in respect of losses on foreign currency derivatives transactions and certain loans in connection thereto are unpaid and being disputed by the Company as stated in note no. 25 and to the extent the amounts stated under notes no.4 and 6.* The Company has not obtained any borrowings by way of debentures.
- The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) are not applicable to the company.
- The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by the subsidiary, associates and joint venture companies from banks and financial institutions are, prima-facie not prejudicial to the interest of the company.
- In our opinion, the term loans raised have been applied for the purpose for which they were raised.
- According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *funds raised on short-term basis including increase in current liabilities have been used for long-term investment.*
- The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- The Company did not have any outstanding debentures during the year.
- The Company has not raised any money through a public issue during the year.
- To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For SANGHAVI & COMPANY
Chartered Accountants
FRN : I09099W

sd/-
MANOJ GANATRA
Partner
Membership No. 043485

Place : Mumbai
Date : 30th May, 2012

ASHAPURA MINECHEM LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	31 st March, 2012 ₹.	31 st March, 2011 ₹.
EQUITY AND LIABILITIES :			
Shareholders' Funds			
Share Capital	2	157,972,196	157,972,196
Reserves and Surplus	3	<u>(3,632,136,189)</u> (3,474,163,993)	<u>(3,698,216,794)</u> (3,540,244,598)
Non-Current Liabilities			
Long-term Borrowings	4	136,452,272	212,300,635
Other Long Term Liabilities		—	—
Long-term Provisions	5	<u>5,263,389</u>	<u>3,928,234</u> 216,228,869
Current Liabilities			
Short-term Borrowings	6	2,827,232,993	2,897,201,576
Trade Payables		724,792,106	735,354,963
Other Current Liabilities	7	6,430,437,261	6,159,669,163
Short-term Provisions	8	<u>9,210,050</u>	<u>8,434,048</u> 9,800,659,750
TOTAL		<u>6,659,224,078</u>	<u>6,476,644,021</u>
ASSETS :			
Non-Current Assets			
Fixed Assets	9		
Tangible Assets		1,538,194,307	1,567,220,192
Intangible Assets		3,840,849	2,132,780
Capital Work-in-Progress		<u>51,883,089</u>	<u>81,494,679</u>
		1,593,918,245	1,650,847,651
Non-current Investments	10	434,696,248	433,622,548
Long-term Loans and Advances	11	968,021,103	753,517,014
Other Non-current Assets		—	—
		<u>2,996,635,596</u>	<u>2,837,987,213</u>
Current Assets			
Current Investments	12	354,800	60,500
Inventories	13	1,363,990,418	1,536,065,231
Trade Receivables	14	1,371,368,016	933,636,175
Cash and Bank Balances	15	50,756,343	103,921,176
Short-term Loans and Advances	16	876,118,905	1,064,973,726
Other Current Assets		—	—
		<u>3,662,588,482</u>	<u>3,638,656,808</u>
TOTAL		<u>6,659,224,078</u>	<u>6,476,644,021</u>

The accompanying notes 1 to 46 are an integral part of these financial statements.

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485

Place : Mumbai

Date : 30th May, 2012

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

ASHISH DESAI

G. M. - Accounts

Place : Mumbai

Date : 30th May, 2012

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

	Note No.	2011-2012 ₹	2010-2011 ₹
REVENUE :			
Revenue from Operations	17	4,276,421,584	4,508,031,957
Other Income	18	133,384,938	109,028,003
TOTAL		4,409,806,522	4,617,059,960
EXPENSES :			
Cost of Materials Consumed	19	820,276,785	582,301,273
Purchases of Stock-in-Trade		832,237,883	1,360,095,452
Changes in Inventories	20	99,894,616	(78,150,029)
Employee Benefits Expenses	21	198,120,961	172,971,973
Finance Costs	22	473,984,560	453,107,017
Depreciation and Amortization		109,122,980	107,227,838
Other Expenses	23	1,787,904,708	1,956,250,002
TOTAL		4,321,542,493	4,553,803,526
Profit / (Loss) before exceptional and extraordinary items and tax		88,264,029	63,256,434
Exceptional Items	35	(22,639,593)	(5,120,288,244)
Profit / (Loss) before extraordinary items and tax		65,624,436	(5,057,031,810)
Extraordinary Items		—	(21,473,027)
Profit / (Loss) Before Tax		65,624,436	(5,078,504,837)
Tax Expenses			
Current tax		—	—
Earlier years' tax		(456,169)	(15,163,285)
Deferred tax		(456,169)	(910,000,000)
Net Profit / (Loss) for the year		66,080,605	(6,003,668,122)
Face Value per Equity Share		2.00	2.00
Earnings per Equity Share			
Basic / Diluted (Before Exceptional and Extra Ordinary Items)		1.12	(10.91)
Basic / Diluted (After Exceptional and Extra Ordinary Items)		0.84	(76.01)

The accompanying notes I to 46 are an integral part of these financial statements.

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner

Membership No. 043485

Place : Mumbai

Date : 30th May, 2012

For and on Behalf of the Board of Directors

sd/-

NAVINITLAL SHAH

Executive Chairman

sd/-

ASHISH DESAI

G. M. - Accounts

Place : Mumbai

Date : 30th May, 2012

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary

ASHAPURA MINECHEM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	2011-2012 (₹. in lacs)	2010-2011 (₹. in lacs)
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax and Extraordinary Items	882.64	632.56
Adjustments for -		
Depreciation	1,091.23	1,072.28
Loss (Profit) on sale of Investments	—	(20.40)
Loss (Profit) on Sale/disposal of Fixed Assets	211.37	(115.06)
Provisions and Write-offs	—	198.31
Dividend	(92.76)	(111.67)
Interest (net)	1,323.05	3,697.58
Operating Profit Before Working Capital Changes	3,415.53	5,353.60
Adjustments for -		
Trade and Other Receivables	(4,052.93)	1,382.38
Inventories	1,720.75	(1,779.90)
Trade and Other Payables	2,623.81	55,377.20
Cash Generated From Operations	3,707.16	60,333.28
Direct Taxes Paid / Refund Receipts	1,318.78	1,491.46
Cash Flow before Exceptional / Extra Ordinary Items	5,025.94	61,824.74
Exceptional / Extra Ordinary Items	(226.40)	(51,417.61)
NET CASH FROM OPERATING ACTIVITIES	4,799.54	10,407.13
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(764.74)	(1,257.25)
Sale of Fixed Assets	31.44	158.55
Sale (Purchase) of Investments	(13.68)	583.37
Increase (decrease) in Non-cash Equivalents	248.30	(342.62)
Interest Received	545.34	524.21
Dividend Received	92.76	111.67
NET CASH USED IN INVESTING ACTIVITIES	139.42	(222.07)



C CASH FLOW FROM FINANCING ACTIVITIES :

Proceeds (Repayments) from Long Term Borrowings	(758.48)	(5,410.54)
Proceeds (Repayments) from Short Term Borrowings	(699.69)	20.11
Increase in Capital Reserve	—	15.00
Loans lent / recovered	(1,895.10)	(806.33)
Dividend Paid	(0.65)	(0.58)
Interest Paid	(1,868.39)	(4,221.79)
NET CASH USED IN FINANCING ACTIVITIES	(5,222.31)	(10,404.13)
Net Increase in Cash and Cash Equivalents	(283.35)	(219.07)
Cash and cash equivalents as at beginning of the year	476.71	695.78
Cash and cash Equivalents as at end of the year	<u>193.36</u>	<u>476.71</u>
Cash and Cash Equivalents :		
Cash and Bank Balances	507.56	1,039.21
Statutory restricted accounts	(314.20)	(562.50)
	<u>193.36</u>	<u>476.71</u>

As per our Report of even date

For SANGHAVI & COMPANY
Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA
Partner
Membership No. 043485

Place : Mumbai

Date : 30th May, 2012

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH
Executive Chairman

sd/-

ASHISH DESAI
G. M. - Accounts

Place : Mumbai

Date : 30th May, 2012

sd/-

CHETAN SHAH
Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE
Company Secretary

Note No. I SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING:

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) in India, the Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 and are based on the historical cost convention on an accrual basis.

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.

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 asset.

Depreciation is provided on Written Down Value method except for building, plant & machinery, laboratory equipment and excavators where depreciation is provided on Straight Line Method 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.

INVESTMENTS:

Long-term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at lower of cost or market value determined category wise. Dividends/interest is accounted for as and when the right to receive the same is established.

INVENTORIES:

- i. Raw materials and Stores & Spares are valued at cost determined on FIFO basis or net realizable value whichever is lower.
- ii. Stock of finished and semi-finished goods is valued at lower of the cost or net realizable value.

SALES:

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

MINING EXPENSES:

Expenses incurred on mining including removal of overburden of mines are charged to the profit & loss account as mining cost based on quantity of minerals mined during the year since removal of overburden and mining are carried out concurrently and relatively within short period of time. Mining restoration expenses are annually reviewed and provided for.

RESEARCH AND DEVELOPMENT EXPENSES:

Revenue expenditure on Research and 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.

FOREIGN CURRENCY TRANSACTIONS:

- a. Foreign currency transactions are accounted for at the rates prevailing on the date of transaction. Exchange rate differences related to sales and other transactions are dealt with in the profit & loss account.
- b. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year except where the ultimate recovery or the payment, as the case may be, are uncertain, are translated at the closing rates and profit or loss arising therefrom 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 & loss account of the year in which they are cancelled.

FINANCIAL DERIVATIVES TRANSACTIONS:

In view of the legal advice received by the Company that the financial derivative contracts are void, the Company has not provided for unpaid claims of the counter parties and has written back in earlier years, provisions made for such unpaid claims/ converted loans in connection with such losses. The Company has, however, accounted for such claims wherever paid due to uncertainty of recovery of such claims.

BORROWING COSTS:

Net cost of borrowed funds for the projects 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.

EMPLOYEE BENEFITS:

Post-employment benefit plans

- i. Defined Contribution Plan : Contribution for provident fund are accrued in accordance with applicable statutes and deposited with the Regional Provident Fund Commissioner.
- ii. Defined Benefit Plan : The liabilities in respect of gratuity and leave encashment are determined using Projected Unit Credit Method with actuarial valuation carried out as at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur.

Contributions in respect of gratuity are made to the Group Gratuity Scheme with Life Insurance Corporation of India. Employee benefits recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of respective fund.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employee renders the service.

TAXATION:

Provisions are made for current income tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax is recognised, 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.

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.

PROVISION AND CONTINGENCIES:

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

ASHAPURA MINECHEM LIMITED

2.1 Share Capital :

	31 st March, 2012 ₹	31 st March, 2011 ₹
Authorised :		
125,000,000 (110,000,000) Equity Shares of ₹ 2/- each	250,000,000	220,000,000
6,500,000 (300,000) Preference Shares of ₹ 100/- each	650,000,000	30,000,000
TOTAL	<u>900,000,000</u>	<u>250,000,000</u>
Issued, Subscribed and Paid up :		
78,986,098 Equity Shares of ₹ 2/- each	157,972,196	157,972,196
TOTAL	<u>157,972,196</u>	<u>157,972,196</u>

a. Of the total capital, 65,543,049 Equity Shares were issued as fully paid-up bonus Shares including 39,493,049 Equity Shares issued during the preceding five years.

2.2 Share Capital Reconciliation :

Particulars	Equity Shares		Preference Shares	
	No.of Shares	₹	No.of Shares	₹
Shares outstanding at the beginning of the year	78,986,098	157,972,196	—	—
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	78,986,098	157,972,196	—	—

2.3 Shares held by each shareholder holding more than five percent shares :

Name of Shareholder	31 st March, 2012		31 st March, 2011	
	No.of shares	% of holding	No.of shares	% of holding
Volclay International Corporation	15,714,690	19.90	15,714,690	19.90
Mr. Chetan Navnitlal Shah	11,543,814	14.61	11,543,814	14.61
Mr. Navanital Ratanji Shah	10,619,087	13.44	10,619,087	13.44
Mrs. Dina Chetan Shah	7,768,020	9.83	7,768,020	9.83



Note No. 3 RESERVES AND SURPLUS

	31 st March, 2012 ₹	31 st March, 2011 ₹
a. Capital Reserve		
Balance at the beginning of the year	3,400,694	1,900,694
Current year transfer	—	1,500,000
Written back in current year	—	—
Balance at the end of the year	<u>3,400,694</u>	<u>3,400,694</u>
b. Capital Redemption Reserve		
	100,000	100,000
c. Securities Premium Account		
	1,494,818,645	1,494,818,645
d. Stock Options Outstanding Account		
Balance at the beginning of the year	7,108,918	7,108,918
Current year transfer	—	—
Written back in current year (Refer note no. 32)	(7,108,918)	—
Balance at the end of the year	<u>—</u>	<u>7,108,918</u>
e. General Reserve		
Balance at the beginning of the year	—	800,023,071
Current year transfer	—	—
Adjustment in the debit balance in the profit & loss statement	—	(800,023,071)
Balance at the end of the year	<u>—</u>	<u>—</u>
f. Surplus		
Balance at the beginning of the year	(5,203,645,051)	—
Outstanding Stock options written back	7,108,918	—
Net Profit / (Loss) for the year	66,080,605	(6,003,668,122)
Transfer from general reserve	—	800,023,071
Balance at the end of the year	<u>(5,130,455,528)</u>	<u>(5,203,645,051)</u>
TOTAL	<u><u>(3,632,136,189)</u></u>	<u><u>(3,698,216,794)</u></u>

ASHAPURA MINECHEM LIMITED

Note No. 4 LONG TERM BORROWINGS

	31 st March, 2012 ₹	31 st March, 2011 ₹
a. SECURED		
Term loans from financial institutions (Foreign currency accounts)	108,372,326	137,277,602
Term loans from banks (Foreign currency accounts)	27,109,620	73,447,567
Term loans from banks (Indian rupee accounts)	608,556	821,681
Hire purchase finance	361,770	753,785
TOTAL	<u>136,452,272</u>	<u>212,300,635</u>

Notes:

Term Loans from banks, financial institutions and others are against hypothecation of plant & equipment and vehicles and further secured by equitable mortgage of immovable assets of the company and also against personal guarantees of some of the directors.

Hire purchase finance is against hypothecation of vehicles.

Period of default	Various dates	N. A.
Amount	70,246,599	Nil

b. UNSECURED

—	—
—	—
<u>136,452,272</u>	<u>212,300,635</u>

Note No. 5 LONG TERM PROVISIONS

	31 st March, 2012 ₹	31 st March, 2011 ₹
Provision for leave encashment	5,263,389	3,928,234
TOTAL	<u>5,263,389</u>	<u>3,928,234</u>



Note No. 6 SHORT TERM BORROWINGS

	31 st March, 2012 ₹	31 st March, 2011 ₹
a. Secured		
Working capital finance from financial institutions (Indian rupee accounts)	—	390,000,000
Working capital finance from banks (Foreign currency accounts)	334,109,075	321,938,033
Working capital finance from banks (Indian rupee accounts)	2,493,123,918	2,077,122,276
TOTAL	2,827,232,993	2,789,060,309

Exports packing credit finance and post-shipment finance from banks and financial Institution are against hypothecation of inventories, book debts and discounting of export bills and further secured by equitable mortgage of fixed assets of the company

Amount of default : Of the above, accounts with aggregate balances of ₹ 2,455,362,553 have been classified by the respective bankers as non-standard.

b. UNSECURED

Loan from a subsidiary company	—	59,000,000
Inter corporate loans	—	49,141,267
Loan from banks	—	—
TOTAL	2,827,232,993	2,897,201,576

Note No. 7 OTHER CURRENT LIABILITIES

	31 st March, 2012 ₹	31 st March, 2011 ₹
Current maturities of long-term debt	183,760,278	124,886,044
Interest accrued but not due on borrowings	33,634,731	32,355,817
Interest accrued and due on borrowings	240,536,936	2,283,055
Payables on purchase of capital assets	1,713,878	2,719,080
Advances from customers	36,189,649	40,058,395
Statutory liabilities	21,473,690	60,582,214
Unclaimed dividends	1,220,201	1,284,628
Shipping claims payable	5,620,288,244	5,620,288,244
Other liabilities	291,619,654	275,211,686
TOTAL	6,430,437,261	6,159,669,163

Note No. 8 SHORT TERM PROVISIONS

	31 st March, 2012 ₹	31 st March, 2011 ₹
Provision for bonus	8,157,986	7,812,449
Provision for leave encashment	1,052,064	621,599
TOTAL	9,210,050	8,434,048

Note No. 9 FIXED ASSETS

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK		
	As at 1 st April 2011 ₹	Additions ₹	Deductions ₹	As at 31 st March, 2012 ₹	As at 1 st April 2011 ₹	Depreciation For the Year ₹	On Deductions ₹	As at 31 st March, 2012 ₹	As at 1 st April 2011 ₹
OWNED TANGIBLE ASSETS									
FREEHOLD LAND	128,454,145	—	519,006	127,935,139	—	—	—	127,935,139	128,454,145
BUILDINGS	516,357,575	30,064,815	25,546,961	520,875,429	60,429,994	15,537,524	2,907,363	447,815,274	455,927,580
PLANT AND EQUIPMENT	1,153,600,179	68,111,871	743,432	1,220,968,618	259,075,928	73,965,706	—	887,926,984	894,524,251
BARGES	7,598,314	—	—	7,598,314	7,293,621	60,329	—	7,353,950	304,693
VEHICLES	82,878,488	652,289	1,651,613	81,879,164	56,417,080	6,696,950	1,276,741	20,041,875	26,461,408
FURNITURE & FIXTURES	83,368,446	2,683,481	—	86,051,927	41,392,427	8,024,182	—	36,635,318	41,976,019
OFFICE EQUIPMENT	61,226,502	2,477,391	4,000	63,699,893	41,654,406	4,450,358	224	17,595,353	19,572,096
TOTAL	2,033,483,649	103,989,847	28,465,012	2,109,008,484	466,263,456	108,735,049	4,184,328	1,538,194,307	1,567,220,192
OWNED INTANGIBLE ASSETS									
COMPENSATION FOR PREMISES RIGHTS	1,602,693	—	—	1,602,693	—	—	—	1,602,693	1,602,693
COMPUTER SOFTWARES	1,309,373	2,096,000	—	3,405,373	912,981	387,931	—	2,104,461	396,392
MINING LEASE RIGHTS	133,695	—	—	133,695	—	—	—	133,695	133,695
TOTAL	3,045,761	2,096,000	—	5,141,761	912,981	387,931	—	3,840,849	2,132,780
CAPITAL WORK IN PROGRESS	81,494,679	47,873,156	77,484,746	51,883,089	—	—	—	51,883,089	81,494,679
GRAND TOTAL	2,118,024,089	153,959,003	105,949,758	2,166,033,334	467,176,437	109,122,980	4,184,328	1,593,918,245	1,650,847,651
PREVIOUS YEAR	1,999,038,485	128,935,242	9,949,639	2,118,024,088	362,339,103	107,227,838	2,390,504	1,650,847,651	1,636,699,382



Note No. 10 NON-CURRENT INVESTMENTS

	31 st March, 2012 ₹	31 st March, 2011 ₹
Unquoted; at cost :		
a. Investments in Subsidiary Companies:		
3,000,000 Equity Shares of Ashapura International Limited of ₹ 10/- each (A wholly owned subsidiary)	32,727,000	32,727,000
3,410,000 Equity Shares of Ashapura Claytech Limited of ₹ 10/- each (extent of holding: 95.25%)	34,100,000	34,100,000
10,000 Equity Shares of Ashapura Consutancy Pvt Limited of ₹ 10/- each (A wholly owned subsidiary)	100,000	100,000
10,000 Equity Shares of Sharda Consutancy Pvt Limited of ₹ 10/- each (A wholly owned subsidiary)	100,000	100,000
10,000 Equity Shares of Peninsula Property Developers Pvt Limited of ₹ 10/- each (A wholly owned subsidiary)	100,000	100,000
700,000 Equity Shares of Prashansha Ceramics Limited of ₹ 10/- each (A wholly owned step down subsidiary)	14,700,000	14,700,000
218,080 Equity Shares of Bombay Minerals Limited of ₹ 10/- each (A wholly owned subsidiary)	96,154,325	96,154,325
50,000 Equity Shares of Ashapura Aluminum Limited of ₹ 10/- each (A wholly owned subsidiary)	500,000	500,000
68 Equity Shares of Ashapura Minechem UAE FZE of AED 150,000 (A wholly owned subsidiary)	112,312,634	112,312,634
TOTAL	290,793,959	290,793,959
b. Investments in Joint Ventures:		
8,966,590 Equity Shares of Ashapura Volclay Limited of ₹ 10/- each (extent of holding: 50.00%)	89,665,900	89,665,900
30,750 Equity Shares of Ashapura Midgulf NV (AMCOL) Antwerp of Euro 1.00 each (extent of holding: 50.00%)	1,776,379	1,776,379
TOTAL	91,442,279	91,442,279
c. Investments in Associates:		
1,700,000 Equity Shares of Hudson Malayasia of Ringgit 1.00 each (extent of holding: 25.00%)	48,012,010	48,012,010
55,000 Equity Shares of Ashapura Arcadia Logistics Pvt Limited of ₹ 10/- each (extent of holding: 50.00 %)	550,000	550,000
TOTAL	48,562,010	48,562,010
d. Investments in Other Equity Shares:		
186,285 Equity Shares of Shantilal Multiport Infrastructure Pvt Limited of ₹ 10/- each	2,500,000	2,500,000
TOTAL	2,500,000	2,500,000
e. Investments in Government Securities:		
National Savings Certificates (under lien with sales tax/mining authorities)	1,398,000	324,300
	1,398,000	324,300
TOTAL	434,696,248	433,622,548

ASHAPURA MINECHEM LIMITED

Note No. 11 LONG-TERM LOANS AND ADVANCES

	31 st March, 2012 ₹	31 st March, 2011 ₹
Unsecured (considered good, unless otherwise stated)		
Capital advances	46,999,810	57,053,150
Security deposits	205,911,244	167,291,060
includes -		
Security deposits towards land and premises to directors, firms and companies in which some of the directors are interested ₹ 23,200,000 (23,200,000)		
security deposits towards premises to subsidiary companies ₹ 44,100,000 (46,600,000)		
Loans to subsidiary companies	497,928,193	440,096,434
Loans to a joint venture company	195,643,671	65,765,585
Loans to associate companies	20,578,598	18,778,778
Loans to staff	959,587	4,532,007
TOTAL	968,021,103	753,517,014

Note No. 12 CURRENT INVESTMENT

	31 st March, 2012 ₹	31 st March, 2011 ₹
Investments in Government Securities:		
National Savings Certificates (under lien with sales tax/mining authorities)	354,800	60,500
TOTAL	354,800	60,500

Note No. 13 INVENTORIES

	31 st March, 2012 ₹	31 st March, 2011 ₹
(as taken and certified by the management; valued as stated in note no. 1)		
Raw materials	88,807,516	171,225,814
Work-in-progress	13,161,051	12,421,554
Finished goods	1,132,742,421	1,121,664,494
Stock-in-trade	78,057,295	189,769,335
Stores & spares	32,509,470	24,911,842
Packing materials	18,712,665	16,072,192
TOTAL	1,363,990,418	1,536,065,231



Note No. 14 TRADE RECEIVABLES

	31 st March, 2012 ₹	31 st March, 2011 ₹
Unsecured (considered good, unless otherwise stated)		
Over six months	255,700,866	276,785,216
Others	1,170,807,428	716,886,914
	<u>1,426,508,294</u>	<u>993,672,130</u>
less: Provision for doubtful debts	55,140,278	60,035,955
TOTAL	<u><u>1,371,368,016</u></u>	<u><u>933,636,175</u></u>
includes -	<u>More than Six Months</u>	<u>Others</u>
due from subsidiaries	4,342,469	31,731,893
due from joint venture and associate companies	88,838,127	28,904,317
due from firms and companies in which directors are interested	3,732,019	4,524,762

Note No. 15 CASH AND BANK BALANCES

	31 st March, 2012 ₹	31 st March, 2011 ₹
I. Cash and Cash Equivalents		
a. Balances with Banks :		
Current accounts	17,838,925	34,198,009
Short term deposits	—	31,654,579
	<u>17,838,925</u>	<u>65,852,588</u>
b. Cash on Hand	<u>1,496,802</u>	<u>5,964,660</u>
	<u>19,335,727</u>	<u>71,817,248</u>
II. Other Bank Balances		
Dividend accounts	1,218,202	1,275,531
Terms deposits with more than 12 months maturity	1,271,485	175,957
Other terms deposits	28,930,929	30,652,440
	<u>31,420,616</u>	<u>32,103,928</u>
TOTAL	<u><u>50,756,343</u></u>	<u><u>103,921,176</u></u>

Term deposits of ₹ 30,202,414 are under lien with banks against working capital finance, letter of credits and bank guarantees (previous year ₹ 54,974,396)

ASHAPURA MINECHEM LIMITED

Note No. 16 SHORT-TERM LOANS AND ADVANCES

	31 st March, 2012 ₹		31 st March, 2011 ₹	
Unsecured (considered good, unless otherwise stated)				
Trade advances to suppliers	681,527,203		695,391,458	
less: Provision for doubtful advances	<u>31,100,211</u>	<u>650,426,992</u>	<u>31,100,211</u>	<u>664,291,247</u>
includes -				
Trade advances to subsidiaries, joint venture and associate companies ₹ 163,836,432 (170,106,837)				
Trade advances to companies or firms in which some of the directors are interested ₹ 24,568,911 (25,068,910)				
Advance payments of income tax (net of provisions)	32,478,869		163,900,770	
Loans and advances to staff	4,468,614		3,823,106	
Claims receivable	130,904,059		161,780,633	
Prepaid expenses	10,248,952		12,827,904	
Other loans and advances	47,591,419		58,350,066	
TOTAL	<u><u>876,118,905</u></u>		<u><u>1,064,973,726</u></u>	

Note No. 17 REVENUE FROM OPERATIONS

	2011-2012 ₹		2010-2011 ₹	
Sale of Products				
Export sales	2,086,678,288		2,067,904,026	
Domestic sales	<u>1,841,252,994</u>	<u>3,927,931,282</u>	<u>1,996,972,062</u>	<u>4,064,876,088</u>
Sale of Services				
Cargo handling income	260,232,284		454,958,435	
Other Operating Revenue				
Export incentives and credits	3,444,770		971,535	
Foreign currency fluctuation gain/(loss)	74,068,886		(14,921,136)	
Other operational income	<u>10,744,362</u>	<u>88,258,018</u>	<u>2,147,035</u>	<u>(11,802,566)</u>
TOTAL	<u><u>4,276,421,584</u></u>		<u><u>4,508,031,957</u></u>	
Particulars of Sale of Products				
Processed Industrial Minerals	2,970,006,348		2,401,743,834	
Traded Industrial Minerals	957,924,934		1,663,132,254	
TOTAL	<u><u>3,927,931,282</u></u>		<u><u>4,064,876,088</u></u>	



Note No. 18 OTHER INCOME

	2011-2012 ₹	2010-2011 ₹
Dividend receipts		
from subsidiary companies	—	—
from joint venture companies	8,966,590	8,966,590
from others	<u>309,114</u>	<u>2,200,852</u>
	9,275,704	11,167,442
Interest receipts	54,534,306	52,420,752
Insurance claims receipts	5,314,465	9,234,122
Profit on sale of investments (net)	—	2,040,219
Profit on sale of assets (net)	1,502,822	11,505,677
Sundry balances / excess provisions written back	55,389,601	9,423,826
Miscellaneous income	7,368,040	13,235,965
TOTAL	<u>133,384,938</u>	<u>109,028,003</u>

Note No. 19 COST OF MATERIALS CONSUMED

	2011-2012 ₹	2010-2011 ₹
Materials and Mining Expenses		
Opening stock	171,225,814	82,036,556
Purchase and direct expenses	<u>393,402,583</u>	<u>321,423,326</u>
	564,628,397	403,459,882
Closing stock	<u>88,807,516</u>	<u>171,225,814</u>
	475,820,881	232,234,068
Rent and royalty	35,807,288	106,806,501
Mining expenses	308,648,616	243,260,704
TOTAL	<u>820,276,785</u>	<u>582,301,273</u>

ASHAPURA MINECHEM LIMITED

Note No. 20 CHANGES IN INVENTORIES

		2011-2012 ₹	2010-2011 ₹
Opening Stock			
Finished Goods	1,121,664,494	1,097,847,171	
Stock-in-trade	189,769,335	141,655,062	
Work-in-progress	<u>12,421,554</u>	<u>1,323,855,383</u>	6,203,121
			1,245,705,354
Closing Stock			
Finished Goods	1,132,742,421	1,121,664,494	
Stock-in-trade	78,057,295	189,769,335	
Work-in-progress	<u>13,161,051</u>	<u>1,223,960,767</u>	12,421,554
			1,323,855,383
TOTAL		<u><u>99,894,616</u></u>	<u><u>(78,150,029)</u></u>

Note No. 21 EMPLOYEE BENEFIT EXPENSES

		2011-2012 ₹	2010-2011 ₹
Salaries, wages, allowances and bonus		163,325,554	146,124,002
Contribution to employee benefit funds		20,687,588	13,612,447
Staff welfare expenses		14,107,819	13,235,524
TOTAL		<u><u>198,120,961</u></u>	<u><u>172,971,973</u></u>
includes directors' remuneration		3,600,000	9,600,000

Note No. 22 FINANCE COSTS

		2011-2012 ₹	2010-2011 ₹
Interest			
Working capital finance	373,991,713	315,550,954	
Term loans	46,863,089	73,985,800	
Others	<u>5,517,098</u>	<u>426,371,900</u>	11,285,910
Loss / (gain) on foreign currency borrowings		43,087,939	48,321,408
Other borrowing costs		4,524,721	3,962,945
TOTAL		<u><u>473,984,560</u></u>	<u><u>453,107,017</u></u>



Note No. 23 OTHER EXPENSES

	2011-2012 ₹	2010-2011 ₹
Manufacturing Expenses		
Power & Fuel	131,464,133	112,786,471
Machinery repairs and maintenance	13,055,408	9,931,584
Packing materials and expenses	65,976,851	60,102,262
Carriage inward	28,192,571	34,671,306
Other expenses	<u>122,744,182</u>	<u>72,698,067</u>
	361,433,145	290,189,691
Selling and Distribution Expenses		
Sales commission	4,996,587	5,516,723
Cargo handling expenses	230,828,268	394,450,866
Export freight and insurance	172,703,836	362,456,221
Export and other shipment expenses	<u>766,961,434</u>	<u>660,097,617</u>
	1,175,490,125	1,422,521,426
Administrative and Other Expenses		
Travelling expenses	31,440,530	26,834,426
Rent	13,623,996	12,289,116
Rates and taxes	8,070,947	7,842,755
Insurance premium	2,722,305	1,738,165
Building and other repairs	8,932,812	6,541,239
Advertisement and business promotion	4,637,718	5,564,221
Directors' sitting fees	135,000	185,000
Legal and professional fees	61,993,877	61,207,013
Payments to auditors	3,290,696	3,471,495
Provision for doubtful debts and advances	35,309,449	19,830,829
Bank discount, commission and other charges	14,784,661	22,887,464
Donations	116,705	354,056
Prior period expenses (net)	661,677	1,677,463
General expenses	<u>65,261,066</u>	<u>73,115,643</u>
	250,981,438	243,538,885
TOTAL	<u>1,787,904,708</u>	<u>1,956,250,002</u>

- 24** Based on the audited annual accounts for the year ended 31st March, 2011, the company became a sick industrial company within the meaning of section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 and pursuant the proviso to section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

The Board of Industrial & Financial Restructuring (BIFR) on considering the material on their record, declared the company as a sick company vide its order dated 20th March, 2012. Further, in terms of the order passed and the powers available u/s 17(3) of SICA, the Bench has appointed Bank of India as Operating Agency with directions to submit Draft Rehabilitation Scheme within three months in terms of the guidelines for preparation of Rehabilitation Scheme.

- 25** Certain foreign currency derivatives contracts entered into by the Company with the various bankers are under litigation at various stages. Based on the legal opinion obtained by the Company, these contracts are void in nature and cannot be legally enforced.

In view of the above,

- (i) The Company has, in the previous year, written back liabilities of ₹ 15,334.50 lacs on account of the provision for such foreign currency derivatives losses; and not provided for foreign currency derivatives losses of ₹ 24,102.26 lacs in the earlier year.
- (ii) Apart from the above, the Company has also not provided for the losses arising during the year on foreign currency derivatives contracts aggregating to ₹ 3,925.27 lacs.
- (iii) The mark to market (MTM) valuation of foreign currency derivatives outstanding as on the balance sheet date in accordance with the announcement dated 29th March, 2008 by the Institute of Chartered Accountants of India, indicates loss of ₹ 3,131.20 (previous year: 3,084.28) lacs, which is not provided for by the company.

As a result of the above, net profit for the year is overstated by ₹ 3,972.19 lacs whereas reserves and surplus are overstated by ₹ 43,408.95 lacs.

- 26** The company had entered into Contract of Affreightment (COA) with four shipping companies viz. (i) British Marine, (ii) IHX Pacific (UK), (iii) Eitzen Bulk A/S and (iv) Armada (Pte) Singapore.

The company has settled the claim of British Marine Plc, for ₹ 22.64 crore as against award passed for ₹ 553.41 crore, which was initially claimed by British Marine Plc.

The quantum of awards in respect of the other three companies are as under:

Shipping Company	₹ in crore
IHX (UK) Limited	107.97
Eitzen Bulk S/A	161.83
Armada (Singapore) Pte Ltd.	292.23
Total	562.03

Since the award of claims of each of the three shipping companies were heavily exaggerated. the company has, much prior in time to filing of the application for enforcement of the award, initiated legal proceedings against the alleged arbitration awards by filing an Application under Section 34 of the Arbitration & Conciliation Act, 1996 against each of the three shipping companies in the Court of Civil Judge at Jamkhabaliya on the ground of opposed to the public policy of India.

By an order dated 20th December, 2010, passed in the Petition filed by IHX Pacific (UK) Ltd. (a) under Section 9 (being arbitration petition No.25 of 2010) and (b) Section 44 to 47 (being arbitration petition No.24 of 2010) of the Arbitration and Conciliation Act, 1996, the company has been allowed to contest the proceedings including Application under Section 34 provided the company furnishes security to an extent of ₹ 107.73 crore.

Aggrieved by the above order, the Company has preferred an appeal before the divisional bench of Bombay High Court, wherein the matter got stayed.

IHX (UK) Ltd. moved to the Supreme Court and at present matter is pending before the Supreme Court.

In view of the above, the Company has “strictly without prejudice and without admitting the claims of the shipping companies” made the provision of ₹ 562.03 cr. in the previous year against the shipping claims.

The Company has been declared as a sick company by the BIFR as stated in note no. 24 above and the matter is sub-judice.

- 27** Balances for trade payables, trade receivables, for Loans and Advances are subject to confirmations from the respective parties and reconciliations, if any, in many cases. In absence of such confirmations, the balances as per books have been relied upon by the auditors.

- 28** The management of the Company has, during the year, carried out technological valuation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) – 28 prescribed under the Companies (Accounting Standards)



Rules, 2006. Based on the judgment of the management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.

- 29 As the company's main business activity, in the opinion of the management, falls within a single primary segment i.e. bulk minerals for industrial consumption and its derivatives and other activities incidental thereto, which are subject to the same risks and returns, the disclosure requirements of Accounting Standard (AS) – 17 "Segment Reporting" prescribed under the Companies (Accounting Standards) Rules, 2006, in the opinion of the management, not applicable.
- 30 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.
- 31 In accordance with Accounting Standard (AS) 13 prescribed under the Companies (Accounting Standards) Rules, 2006, the long-term investments held by the company are carried at cost. All the investments of the company in subsidiaries, joint ventures and associate companies have been considered by the management to be of a long-term nature and diminution in the value of investments, being considered by the management to be for a temporary period, and hence, is not provided for.

32 Employees Stock Option:

The Employee Stock Option Scheme – 2004, introduced by the Company pursuant to the members' approval at their meeting held on 31st May, 2001, expired on 14th June, 2011. Outstanding options 110,451 aggregating to ₹ 7,108,918 are transferred to surplus account.

Options outstanding as on the balance sheet date: Nil (110,451)

- 33 Of total loans granted to other bodies corporate, including subsidiary companies, (excluding trade advances) loans aggregating to ₹ 197,906,356 (₹ 193,987,008) are granted free of interest.
- 34 Based on the principles of prudence and in view of the uncertainty, deferred tax assets arising out of the carried forward business losses are not accounted for in accordance with the provisions of Accounting Standard (AS) – 22 "Accounting for Taxes on Income."
- 35 One of the manufacturing units of the company at Dharur was shifted to another unit of the company at Baraya. Loss on account of dismantling of certain assets aggregating to ₹ 22,639,593 is stated as an exceptional items
- 36 Extra ordinary items in the previous year ₹ 21,473,027 are losses suffered at various locations of the Company due to natural calamities.
- 37 The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures relating to amounts unpaid as at the year-end together with interest paid/ payable under this Act have not been given.

38 Contingent Liabilities:

(₹ in lacs)

Particulars	31 st March	
	2011-2012	2010-2011
Guarantees to banks against credit facilities extended to Subsidiary Companies	3,100.00	3,100.00
Guarantees to banks against credit facilities extended to Joint Venture and Associate Companies	7,827.00	7,827.00
Guarantees given by the Company to various Government Authorities	4,432.94	4,469.11
In respect of contracts remaining to be executed	31.99	222.67
In respect of disputed Income Tax Matters	—	269.78
In respect of Other Matters	568.16	410.85

39 Payments to Auditors:

Particulars	2011-2012	2010-2011
	₹.	₹
Audit Fees including Limited Review	2,750,000	2,750,000
Tax audit Fees	400,000	400,000
Other Services and Service Tax	99,411	213,075
Reimbursement of Expenses	41,285	108,420

40 DISCLOSURE AS PER AS – 15 (REVISED) ON “EMPLOYEE BENEFIT” FOR THE YEAR ENDED 31ST MARCH, 2012:

Gratuity Plan	2011-12	2010-2011
Change in the defined benefit obligations		
Defined benefit obligations as at 1 st April, 2011	28,692,145	23,451,665
Service cost	2,636,894	2,118,776
Interest cost	2,295,372	1,876,133
Actuarial loss / (Gain)	8,172,378	3,730,189
Benefits paid	(2,501,393)	(2,484,618)
Defined benefit obligations as at 31 st March, 2012 (a)	39,295,396	28,692,145
Change in plan assets		
Fair Value of plan assets as at 1 st April, 2011	33,517,117	33,056,080
Expected return on plan assets	2,984,772	2,945,655
Contributions by employer	—	—
Actuarial Gain / (loss)	—	—
Benefits paid	(2,501,393)	(2,484,618)
Fair Value of plan assets as at 31 st March, 2012 (b)	34,000,496	33,517,117
Present Value of unfunded obligations (a-b)	5,294,900	Nil
The net amount recognized in the statement of profit and loss for the year ended 31 st March, 2012 is as follows:		
Current service cost	2,636,894	2,118,776
Interest cost	2,295,372	1,876,133
Expected return on plan assets	(2,984,772)	(2,945,655)
Net actuarial loss / (gain) recognized	8,172,378	3,730,189
Net amount recognized	10,119,872	4,779,443
Actual Return on Plan Assets		
The principal actuarial assumptions used as at 31 st March, 2012 are as follows :		
Discount Rate	8.00%	8.00%
Expected rate of return on plan assets	9.00%	9.00%
Rate of increase in compensation levels	4.00%	4.00%



41 In view of the inadequacy of net profit in accordance with section 198 read with section 349 and 350 of the companies Act, 1956, remuneration of ₹. 1,800,000 each to two of the directors is paid as per Schedule XIII to the Companies Act, 1956.

42 RELATED PARTY TRANSACTIONS:

a. Subsidiaries:

- Ashapura International Limited
- Ashapura Claytech Limited
- Bombay Minerals Limited
- Prashansa Ceramics Limited
- Peninsula Property Developers Pvt. Ltd.
- Sharda Consultancy Pvt. Ltd.
- PT Ashapura Resources
- Ashapura Consultancy Service Pvt. Ltd.
- Ashapura Aluminium Limited
- Ashapura Minechem (UAE) FZE
- Ashapura Holdings (UAE) FZE
- Ashapura Maritime FZE
- Asha Prestige Company

b. Associates and Joint Ventures:

- Ashapura Volclay Ltd
- Ashapura Volclay Chemical Pvt Ltd.
- Hudson MPA SDN BHD, Malaysia
- Ashapura Arcadia Logistic Private Ltd.
- Emo Ashapura Energy and Mining
- Ashapura Amcol NV
- Ashapura Infin Pvt. Limited
- Ashapura Mineral Company
- Sohar Ashapura Chemicals LLC
- Prabhudas Vithaldas
- Kantilal Mohanlal Mehta
- Sharda Industrial Corporation
- Ashapura Exports Pvt Limited
- Gem Ashapura Granite Pvt Limited

c. Key Managerial Personnel:

- Mr. Navnitlal Shah
- Mr. Chetan Shah

ASHAPURA MINECHEM LIMITED

Particular of Transaction	2011-2012 ₹	2010-2011 ₹
Subsidiaries		
Sales of Materials	383,824,204	158,090,536
Purchase of Materials	140,097,135	89,599,867
Export Shipment and Other Expenses	10,751,269	—
Interest Received	18,598,552	15,871,130
Interest Paid	2,638,873	8,934,299
Lease Rent Paid	2,167,200	2,256,000
Loan granted	3,919,348	39,971,905
Loan Received	—	20,000,000
Reimbursement of Expenses (Administrative Expenses)	64,876,105	15,257,799
Outstanding Balances as on 31st March, 2012	—	—
Security Deposits towards premises	44,100,000	46,600,000
Trade Receivable	334,517,917	2,075,101
Trade Payable	195,708,079	182,327,433
Trade & Other Advances	163,670,614	163,737,644
Loans Given	497,928,193	440,096,434
Loans Taken	—	59,000,000
Associates and Joint Ventures:		
Sales of Materials	177,913,227	238,507,780
Purchase of Materials	74,823	1,460,094
Interest Received	17,976,498	8,672,500
Lease Rent Paid	120,000	120,000
Mining and Other Charges Paid		
Mining Charges Received		
Reimbursement of Administrative Expenses	60,229,938	74,957,408
Export Shipment and Other Expenses	165,513	7,995,775
Supervision Charges	—	—
Operational Income	20,10,331	2,254,500
Loan granted	181,504,550	67,500,000
Loan Received	—	3,656,000
Advance Recd	20,224,938	19,374,638
Outstanding Balances as on 31st March, 2012		
Trade Receivable	130,060,713	122,822,972
Trade Advances	15,110,172	7,916,913
Security Deposits	43,200,000	43,200,000
Loan & Advances	240,754,707	43,300,588
Trade Payable	5,115,978	6,390,995
Advances from Customers	20,224,938	19,374,638
Key Management Personnel :		
Remuneration	3,600,000	9,600,000
Outstanding Balances as on 31st March, 2012		
Security Deposit	1,800,000	1,800,000



43 Additional information (as certified by the Management)

a Details of Stocks & Trading Purchases

(Amounts in ₹)

Material	Opening Stock		Purchases		Closing Stock	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Processed Industrial Minerals	1,121,664,494	1,097,847,171	—	—	1,132,742,421	1,121,664,494
Traded Industrial Minerals	189,769,335	141,655,062	832,237,883	1,360,095,452	78,057,295	189,769,335
Work in Progress	12,421,554	6,203,121	—	—	13,161,051	12,421,554
Total	1,323,855,383	1,245,705,354	832,237,883	1,360,095,452	1,223,960,767	1,323,855,383

b Details of Materials Consumed

Material	2011-2012			2010-2011		
	Total	Indigenous	Imported	Total	Indigenous	Imported
Raw Minerals	215,695,074	215,695,074	—	85,434,208	85,434,208	—
		100.00%	—		100.00%	—
Chemicals and Others	260,125,807	260,125,807	—	146,799,860	146,799,860	—
		100.00%	—		100.00%	—
Total	475,820,881	475,820,881	—	232,234,068	232,234,068	—

c Expenditure in Foreign Currency

Particulars	2011-12 ₹	2010-2011 ₹
i) Travelling Expenses	9,589,608	10,339,721
ii) Commission	4,447,792	5,309,110
iii) C.I.F. Value of Import of Packing Materials	1,713,367	—
iv) C.I.F. Value of Import of Capital Goods	5,436,226	—
iv) Others	27,813,369	19,695,738

d Earnings in Foreign Currency

Particulars	2011-12 ₹	2010-2011 ₹
F.O.B. Value of Exports	1,913,974,452	1,705,447,805

44 Figures in the brackets are the figures for the previous year, unless otherwise stated.

45 All the amounts have stated in Indian Rupees, unless otherwise stated.

46 Previous year's figures has regrouped and rearranged, wherever necessary.

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485

Place : Mumbai

Date : 30th May, 2012

For and on Behalf of the Board of Directors

sd/-

NAVINITAL SHAH

Executive Chairman

sd/-

ASHISH DESAI

G. M. - Accounts

Place : Mumbai

Date : 30th May, 2012

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary

ASHAPURA MINECHEM LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,

PARTICULARS	ASHAPURA INTERNATIONAL LTD.	ASHAPURA CLAYTECH LTD.	PENISULA PROPERTY DEVELOPERS PVT. LTD.	SHARDA CONSULTANCY PVT. LTD.	ASHAPURA CONSULTANCY SERVICES PVT. LTD.
1. The Financial year of the Company ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
2. Shares of the Subsidiary Companies held by Ashapura Minechem Limited (a.) Number	3,000,000 Equity Shares of ₹.10/- each fully paid-up	3,410,000 Equity Shares of ₹.10/- each fully paid-up	10,000 Equity Shares of ₹.10/- each fully paid-up	10,000 Equity Shares of ₹.10/- each fully paid-up	10,000 Equity Shares of ₹.10/- each fully paid-up
(b) Extent holding – Equity Shares Preference Shares	100% —	95.2541% —	100% —	100% —	100% —
3. The net aggregate of profits/ (losses) of the Subsidiary Companies for the Financial Year, so far as they concern the members of Ashapura Minechem Limited were: (a) Dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2012 (b) Not dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2012	NIL ₹.48,324,802/-	NIL ₹.1,259,869/-	NIL (₹. 33,238/-)	NIL (₹.658,480/-)	NIL (₹.910,399/-)
4. The net aggregate of profits /(losses) of the Subsidiary Companies for previous Financial Years, so far as they concern the members of Ashapura Minechem Limited were: (a) Dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2012 (b) Not dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2012	NIL ₹. 43,317,250/-	NIL ₹.14,192,531/-	NIL (₹. 864,839/-)	NIL (₹.8,679,724/-)	NIL (₹.15,486,872/-)

Notes :

- a) * 51.72% shares are held by Wholly Owned Subsidiary – Bombay Minerals Limited
- ** 100% shares are held by its Wholly Owned Subsidiary – Ashapura Minechem (UAE) FZE
- *** 100% shares are held by its Step down Subsidiary – Ashapura Holdings (UAE) FZE
- **** 100% shares are held by Step down Subsidiary- Ashapura Maritime FZE
- ***** 100% shares are held by its Wholly Owned Subsidiary – Ashapura Minechem (UAE) FZE

Place : Mumbai
Date : 8th August, 2012



1956, RELATING TO SUBSIDIARY COMPANIES

BOMBAY MINERALS LTD.	PRASHANSHA CERAMICS LTD.	ASHAPURA ALUMINIUM LTD.	ASHAPURA MINECHEM (UAE) FZE	ASHAPURA HOLDINGS (UAE) FZE	ASHAPURA MARITIME FZE	ASHA PRESTIGE COMPANY	PT ASHAPURA RESOURCES INDONESIA
31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
218,080 Equity Shares of ₹.10/- each fully paid-up	700,000 Equity Shares of ₹. 10/- each fully paid-up	50,000 Equity Shares of ₹.10/- each fully paid-up	68 Shares of Dhs. 1,50,000	NIL**	NIL***	NIL****	NIL*****
100% —	48.28% * —	100% —	100% —	NIL** —	NIL*** —	NIL**** —	NIL***** —
NIL (₹.5,143,043/-)	NIL (₹. 173,504/-)	NIL (₹.11,989,081/-)	NIL USD (6,645,138) (Equivalent to ₹.317,172,437/-)#	NIL N.A	NIL N.A	NIL N.A @	NIL N.A
NIL ₹.176,011,606/-	NIL (₹.18,971,981/-)	NIL (₹.12,994,744/-)	NIL USD 12,964,879 (Equivalent to ₹.659,653,044) ##	NIL N.A.	NIL N.A.	NIL N.A@	NIL N.A

b) # The profits as on 31.03.2012 are translated into Indian Rupees at an average rate of USD 1 = ₹. 47.73/- (Rounded off to nearest Rupee)

The profits are translated in Indian Rupees at the closing rate of USD 1 = ₹. 50.88/- (Rounded off to nearest Rupee)

c) @ The Annual Accounts of Asha Prestige Co. has been consolidated with the Annual Accounts of Ashapura Maritime FZE (the Holding Company).

For and on behalf of the Board of Directors

Sd/-
SACHIN POLKE
Company Secretary

Sd/-
ASHISH DESAI
G. M. - Accounts

Sd/-
NAVNITLAL R. SHAH
Executive Chairman

Sd/-
CHETAN SHAH
Managing Director

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED AUDITORS' REPORT

To,
The Board of Directors of
ASHAPURA MINECHEM LIMITED

1 We have audited the attached Consolidated Balance Sheet of Ashapura Minechem Limited (the Company), its subsidiaries, joint venture companies and associates (collectively hereinafter referred as "the Ashapura Group") as at 31st March, 2012 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

2 These consolidated financial statements are the responsibility of the Company'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.

3 We conducted our audit in accordance with the 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 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.

4 We did not audit the financial statements of certain subsidiaries and joint venture companies whose financial statements reflect total assets of ₹ 11,372.60 lacs (previous year ₹ 15,421.55 lacs) as at March 31, 2012 and total revenues of ₹ 4,734.96 lacs (previous year ₹ 5,880.78 lacs) for the year and of associates whose financial statements reflect the Group's share of profit (net) of ₹ 6.16 lacs (previous year loss ₹ 35.39 lacs) for the year ended on March 31, 2012. These financial statements and other financial information have been audited by other auditors whose reports (except for those stated below) have been furnished to us by the management of the Ashapura Group, and our opinion is based solely on the report of the other auditors.

Financial statements of two associates wherein the Ashapura Group's share of profit aggregates to ₹ 6.16 lacs (previous year loss ₹ 35.39 lacs) are unaudited and we have relied upon the unaudited financial statements as provided by the Company's management for the purpose of our examination of consolidated financial statements of Ashapura Group.

5 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 in Consolidated Financial Statements" and Accounting Standard (AS) – 27 "Financial Reporting of Interest in Joint Ventures" as notified under the Companies (Accounting Standards) Rules 2006.

6 Based on our audit and on consideration of the reports of other auditors on separate financial statements and other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the Consolidated Financial Statements *subject to* –

- Note no. 29(i) in respect of write-back and non-provision for losses on foreign currency derivatives transactions and certain loans in connection thereto in the earlier years aggregating to ₹ 39,436.76 lacs;
- note no. 29(ii) in respect of non-provision of foreign currency derivatives losses of ₹ 3,925.27 lacs; and
- note no. 29(iii) in respect of non-provision for losses on foreign currency derivatives transactions by marking them to market (MTM) aggregating to ₹ 3,131.20 lacs (previous year: 3,084.28),

and thereby understatement of the net loss in the financial statements by ₹ 3,972.19 lacs and overstatement of reserves and surplus by ₹ 43,408.95 lacs.

and 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 31st March, 2012;
- (b) In the case of the Consolidated Profit & Loss Statement, of the LOSS 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 Ashapura Group for the year ended on that date.

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner

Membership No. 043485

Place : Mumbai
Date : 30th May, 2012

ASHAPURA MINECHEM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	31 ST March, 2012		31 ST March, 2011	
		₹.		₹.	
EQUITY AND LIABILITIES :					
Shareholders' Funds					
Share Capital	4	157,972,196		157,972,196	
Reserves and Surplus	5	<u>(3,606,250,269)</u>	<u>(3,448,278,073)</u>	<u>(3,193,696,047)</u>	<u>(3,035,723,851)</u>
Minority Interest	6		2,562,982		2,500,157
Non-Current Liabilities					
Long-term Borrowings	7	936,979,923		984,230,922	
Deferred Tax Liabilities (net)	37	11,243,044		9,640,599	
Other Long Term Liabilities	8	22,503,733		26,396,996	
Long-term Provisions	9	<u>8,077,004</u>	<u>978,803,704</u>	<u>5,809,265</u>	<u>1,026,077,782</u>
Current Liabilities					
Short-term Borrowings	10	3,327,483,377		3,289,985,656	
Trade Payables		940,524,064		787,740,789	
Other Current Liabilities	11	6,725,684,107		6,397,483,468	
Short-term Provisions	12	<u>15,769,609</u>	<u>11,009,461,157</u>	<u>16,601,734</u>	<u>10,491,811,647</u>
TOTAL			<u>8,542,549,770</u>		<u>8,484,665,735</u>
ASSETS :					
Fixed Assets					
Tangible Assets	13	2,917,820,616		2,923,615,811	
Intangible Assets		10,690,275		11,265,348	
Capital Work-in-Progress and Pre Operative Expenses		<u>323,233,389</u>		<u>235,227,678</u>	
		<u>3,251,744,280</u>		<u>3,170,108,837</u>	
Goodwill on Consolidation		104,400,525		104,400,525	
Non-current Investments	14	79,550,587		289,615,702	
Long-term Loans and Advances	15	377,551,181		261,392,634	
Other Non-current Assets		—	<u>3,813,246,573</u>	—	<u>3,825,517,698</u>
Current Assets					
Current Investments	16	17,639,009		9,152,089	
Inventories	17	1,884,043,695		1,751,199,493	
Trade Receivables	18	1,650,603,032		1,300,461,975	
Cash and Bank Balances	19	172,139,473		325,186,765	
Short-term Loans and Advances	20	1,004,877,988		1,273,147,715	
Other Current Assets		—	<u>4,729,303,197</u>	—	<u>4,659,148,037</u>
TOTAL			<u>8,542,549,770</u>		<u>8,484,665,735</u>

The accompanying notes 1 to 44 are an integral part of these financial statements.

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485

Place : Mumbai

Date : 30th May, 2012

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

ASHISH DESAI

G. M. - Accounts

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary

Place : Mumbai

Date : 30th May, 2012



CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

	Note No.	2011-2012 ₹.	2010-2011 ₹.
REVENUE :			
Revenue from Operations	21	6,525,999,179	6,356,206,214
Other Income	22	111,617,850	91,534,583
		<u>6,637,617,029</u>	<u>6,447,740,797</u>
EXPENSES :			
Cost of Materials Consumed	23	1,357,256,748	889,789,827
Purchases of Stock-in-Trade		913,525,755	1,383,501,341
Changes in Inventories	24	(88,496,327)	(80,683,200)
Employee Benefits Expenses	25	391,338,585	325,181,419
Finance Costs	26	554,645,080	503,278,009
Depreciation and Amortization		279,127,090	264,470,768
Other Expenses	27	3,195,023,255	3,032,708,565
TOTAL		<u>6,602,420,186</u>	<u>6,318,246,729</u>
Profit / (Loss) before exceptional and extraordinary items and tax		35,196,843	129,494,068
Exceptional Items	35	(317,078,636)	(5,120,288,244)
Profit / (Loss) before extraordinary items and tax		(281,881,793)	(4,990,794,176)
Extraordinary Items		—	(21,473,027)
Profit / (Loss) Before Tax		(281,881,793)	(5,012,267,203)
Tax Expenses			
Current tax		54,948,000	62,266,000
Earlier Years' Tax		(1,439,567)	21,336,182
Deferred tax		1,602,445	921,029,993
Net Profit / (Loss) After Tax		(336,992,671)	(6,016,899,378)
Share of Profit / (Loss) in Associate Companies		616,050	(3,539,178)
Minority Interest		(62,825)	(202,099)
Net Profit / (Loss) for the Year		(336,439,446)	(6,020,640,655)
Face Value per Equity Share		2.00	2.00
Earnings per Equity Share			
Basic / Diluted (before exceptional and extra ordinary items)		(0.25)	(11.13)
Basic / Diluted (after exceptional and extra ordinary items)		(4.26)	(76.22)

The accompanying notes 1 to 44 are an integral part of these financial statements.

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485

Place : Mumbai

Date : 30th May, 2012

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

ASHISH DESAI

G. M. - Accounts

Place : Mumbai

Date : 30th May, 2012

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary

ASHAPURA MINECHEM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(₹. in lacs)

	2011-2012		2010-2011
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax And Extraordinary Items	351.97		1,294.94
Adjustments for -			
Depreciation and Amortization	2,791.27	2,648.92	
Exchange Rate Adjustments (net)	(746.60)	(189.73)	
Loss (Profit) on Sale of Investments	—	(20.40)	
Loss (Profit) on Sale/disposal of Fixed Assets	218.80	(117.87)	
Provisions and Write-offs	548.34	214.00	
Impairment of investment and advances	2,944.39	—	
Dividend	(17.58)	(28.82)	
Interest (net)	2,313.99	<u>4,280.43</u>	<u>6,786.53</u>
Operating Profit Before Working Capital Changes	8,404.58		8,081.47
Adjustments for -			
Trade and Other Receivables	(3,804.11)	(540.90)	
Inventories	(1,328.45)	(1,566.20)	
Trade and Other Payables	4,785.92	<u>56,176.31</u>	<u>54,069.21</u>
Cash Generated From Operations	8,057.94		62,150.68
Direct Taxes Paid / Refund Receipts	784.47	<u>784.47</u>	<u>471.71</u>
Cash Flow before Exceptional / Extra Ordinary Items	8,842.41		62,622.39
Exceptional / Extra Ordinary Items	(3,170.79)		(51,417.61)
NET CASH FROM OPERATING ACTIVITIES	5,671.62		<u>11,204.78</u>
B CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(4,201.24)		(1,963.71)
Sale of Fixed Assets	74.91		546.14
Sale (Purchase) of Investments	(95.44)		(1,492.83)
Increase (decrease) in Non-cash Equivalents	(235.97)		(295.10)
Interest Received	329.78		353.00
Dividend Received	17.58		28.82
NET CASH USED IN INVESTING ACTIVITIES	(4,110.38)		<u>(2,823.68)</u>



C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds (Repayments) from Long Term Borrowings	(472.51)	(5,266.16)
Proceeds (Repayments) from Short Term Borrowings	374.97	2,322.34
Increase in Capital Reserve	—	15.00
Loans Lent / Recovered	(101.60)	(952.81)
Dividend Paid	(0.65)	(0.58)
Interest Paid	(2,643.77)	(4,633.43)
NET CASH USED IN FINANCING ACTIVITIES	(2,843.56)	(8,515.64)

Net Increase in Cash and Cash Equivalents	(1,282.32)	(134.54)
Cash And Cash Equivalents as at beginning of the year	2,493.53	2,628.07
Cash And Cash Equivalents as at end of the year	<u>1,211.21</u>	<u>2,493.53</u>

Cash and Cash Equivalents

Cash and Bank Balances	1,721.40	3,251.87
Statutory restricted accounts	(510.19)	(758.34)
	<u>1,211.21</u>	<u>2,493.53</u>

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants

FRN : 109099W

sd/-

MANOJ GANATRA

Partner

Membership No. 043485

Place : Mumbai

Date : 30th May, 2012

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

ASHISH DESAI

G. M. - Accounts

Place : Mumbai

Date : 30th May, 2012

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary

I 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, joint ventures and associates used in the consolidation are drawn up to the same reporting date as that of the parent company, i.e. year ended 31st March 2012 except for a foreign associates company, EMO Ashapura Energy and Mining Limited–Nigeria where the accounts are last drawn up to 30th September, 2011 and a joint venture company, Sohar Ashapura Chemicals LLC, where the accounts are last drawn up to 31st December, 2011.
- b. The financial statements of the subsidiaries and joint venture companies are audited.

The Financial statements of all the associates are audited except for two associates, Hudson MPA Sdn Bhd–Malaysia and EMO Ashapura Energy and Mining Limited – Nigeria where the financial statements are unaudited as provided by the company.

- c. The consolidated financial statements present the consolidated accounts of Ashapura Minechem Limited with its following subsidiaries, joint ventures and associates.

Proportion of Ownership
Interest as at 31st March 2012
(either directly or through subsidiaries)

Subsidiaries:

1	Ashapura International Limited	100.00 %
2	Ashapura Claytech Limited	95.25 %
3	Bombay Minerals Limited	100.00 %
4	Prashansa 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 %
9	Ashapura Holdings (UAE) FZE	100.00 %
10	Ashapura Maritime FZE	100.00 %
11	Asha Prestige Co.	100.00 %
12	Ashapura Aluminium Limited	100.00 %
13	PT Ashapura Resources Indonesia	100.00 %

Joint Ventures:

1	Ashapura Volclay Limited	50.00 %
2	Ashapura Volclay Chemicals Private Limited	50.00 %
3	Ashapura Midgulf NV – Antwerp	50.00 %
4	Sohar Ashapura Chemicals LLC	40.00 %

Associates:

1	Hudson MPA Sdn Bhd – Malaysia	25.00 %
2	Ashapura Arcadia Logistic Private Limited	50.00 %
3	Emo Ashapura Energy and Mining Limited – Nigeria	48.00 %



- d. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) in India, the Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 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 there from intra-group balances and intra-group transactions as per Accounting Standard (AS) – 21 “Consolidated Financial Statements” prescribed under the Companies (Accounting Standards) Rules, 2006.
- b. Interests in joint ventures have been accounted for by using the proportionate consolidation method as per Accounting Standard (AS) – 27 “Financial Reporting of Interest in Joint Ventures” prescribed under the Companies (Accounting Standards) Rules, 2006.
- c. Interests in associates have been accounted for by using the equity method as per Accounting Standard (AS) – 23 “Accounting for Investments in Associates in Consolidated Financial Statements” prescribed under the Companies (Accounting Standards) Rules, 2006.
- d. The financial statements of the parent company and its subsidiaries and joint ventures have been consolidated using uniform account 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 and/or capital reserve arising at the time of acquisition and the carrying amount are adjusted to recognize the share of profit or loss of the invested after the date of acquisition.

3 Significant Accounting Policies

Use of Estimates:

The preparation of financial statements 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.

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.

The assets of foreign subsidiaries and joint venture companies are depreciated over the estimated useful life of the respective assets.

Investments:

Long-term investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at lower of cost or market value determined category wise. Dividends/interests are accounted for as and when the right to receive the same is established.

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 is valued at lower of the cost or net realizable value.

Sales:

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

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. Mining restoration expenses are annually reviewed and provided for.

Research and Development Expenses:

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.

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 statement.
- b. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year except where the ultimate recovery or the payment, as the case may be, are uncertain, are translated at the closing rates and profit or loss arising there from is dealt with in the profit & loss statement.
- 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 statement for the year in which they are cancelled.
- e. Operations of the foreign subsidiary and joint venture companies are classified as non-integral. Revenue items of the foreign subsidiary and joint venture companies are translated at average rate. Monetary assets and liabilities of the foreign subsidiary and joint venture companies are translated at the closing rate.

In respect of operations of the foreign subsidiary and joint venture companies, 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.

Financial Derivatives Transactions:

In view of the legal advice received by the Company that the financial derivative contracts are void, the Company has not provided for unpaid claims of the counter parties and similarly, written back provisions made for such unpaid claims of the earlier years. The Company has, however, accounted for such claims wherever paid due to uncertainty of recovery of such claims.

Borrowing Costs:

Net cost of borrowed funds for the projects 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.

Employee Benefits:

Post-employment benefit plans

Defined Contribution Plan: Contribution for provident fund are accrued in accordance with applicable statutes and deposited with the Regional Provident Fund Commissioner.

Defined Benefit Plan: The liabilities in respect of gratuity and leave encashment are determined using Projected Unit Credit Method with actuarial valuation carried out as at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur.

Contributions in respect of gratuity are made to the Group Gratuity Scheme with Life Insurance Corporation of India. Employee benefits recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of respective fund.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employee renders the service.

In respect of the foreign subsidiaries and joint venture companies, the provision for employee benefits is made in accordance with the respective local statutes applicable.

Taxation:

Provisions are made for current income tax based on tax liability computed in accordance with relevant tax rates and tax laws. Deferred tax is recognized, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

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.

Provision and Contingencies:

The company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.



Note No. 4 4.1 SHARE CAPITAL

	31 st March, 2012 ₹	31 st March, 2011 ₹
Authorised		
125,000,000 (110,000,000) Equity Shares of ₹ 2/- each	250,000,000	220,000,000
6,500,000 (300,000) Preference Shares of ₹ 100/- each	650,000,000	30,000,000
TOTAL	<u>900,000,000</u>	<u>250,000,000</u>

Issued, Subscribed and Paid up

	31 st March, 2012 ₹	31 st March, 2011 ₹
78,986,098 Equity Shares of ₹ 2/- each	157,972,196	157,972,196
TOTAL	<u>157,972,196</u>	<u>157,972,196</u>

- a. Of the total capital, 65,543,049 Equity Shares were issued as fully paid-up Bonus Shares including 39,493,049 Equity Shares issued during the preceding five years.

4.2 Share Capital Reconciliation

Particulars	Equity Shares		Preference Shares	
	No. of Shares	₹	No. of Shares	₹
Shares outstanding at the beginning of the year	78,986,098	157,972,196	—	—
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	78,986,098	157,972,196	—	—

4.3 Shares held by each shareholder holding more than five percent shares

Name of Shareholder	31 st March, 2012		31 st March, 2011	
	No. of shares	% of holding	No. of shares	% of holding
Volclay International Corporation	15,714,690	19.90	15,714,690	19.90
Mr. Chetan Navnitlal Shah	11,543,814	14.61	11,543,814	14.61
Mr. Navanital Ratanji Shah	10,619,087	13.44	10,619,087	13.44
Mrs. Dina Chetan Shah	7,768,020	9.83	7,768,020	9.83

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Note No. 5 RESERVES AND SURPLUS

	31 st March, 2012 ₹	31 st March, 2011 ₹
a. Capital Reserve		
Balance at the beginning of the year	33,111,461	31,611,461
Current year transfer	—	1,500,000
Written back in current year	—	—
Balance at the end of the year	<u>33,111,461</u>	<u>33,111,461</u>
b. Capital Redemption Reserve		
	390,000	390,000
c. Securities Premium Account		
	1,494,818,645	1,494,818,645
d. Stock Options Outstanding Account		
Balance at the beginning of the year	7,108,918	7,108,918
Current year transfer	—	—
Written back in current year (Refer note no. 34)	(7,108,918)	—
Balance at the end of the year	<u>—</u>	<u>7,108,918</u>
e. Foreign Currency Translation Reserve		
Balance at the beginning of the year	(21,795,909)	(2,823,423)
Current year transfer	(74,660,171)	(18,972,486)
Balance at the end of the year	<u>(96,456,080)</u>	<u>(21,795,909)</u>
f. General Reserve		
Balance at the beginning of the year	—	1,305,799,508
Current year transfer	—	—
Adjustment in the debit balance in the profit & loss statement	—	(1,305,799,508)
Balance at the end of the year	<u>—</u>	<u>—</u>
g. Surplus		
Balance at the beginning of the year	(4,707,329,162)	—
Outstanding Stock options written back	7,108,918	—
Net Profit / (Loss) for the year	(336,439,446)	(6,020,640,655)
Corporate dividend tax	(1,454,605)	(1,454,605)
Adjustment against the balance in general reserve	—	1,314,766,098
Balance at the end of the year	<u>(5,038,114,295)</u>	<u>(4,707,329,162)</u>
TOTAL	<u><u>(3,606,250,269)</u></u>	<u><u>(3,193,696,047)</u></u>

Note No. 6 MINORITY INTEREST

	31 st March, 2012 ₹	31 st March, 2011 ₹
Balance at the beginning of the year	2,500,157	2,298,058
Share of profit / (loss) for the year	62,825	202,099
Balance at the end of the year	<u>2,562,982</u>	<u>2,500,157</u>



Note No. 7 LONG TERM BORROWINGS

	31 st March, 2012 ₹	31 st March, 2011 ₹
a. Secured		
Term loans from financial institutions (Foreign currency accounts)	108,372,327	137,277,602
Term loans from banks (Foreign currency accounts)	476,995,925	452,331,966
Term loans from banks (Indian rupee accounts)	87,337,798	112,236,434
Hire purchase finance	3,110,561	753,785
	<u>675,816,611</u>	<u>702,599,787</u>
Period of default	Various dates	N.A.
Amount	198,785,557	Nil
b. Unsecured		
Inter corporate loans	223,115,655	259,109,919
Others	38,047,657	22,521,216
	<u>261,163,312</u>	<u>281,631,135</u>
TOTAL	<u><u>936,979,923</u></u>	<u><u>984,230,922</u></u>

Note No. 8 OTHER LONG TERM LIABILITIES

	31 st March, 2012 ₹	31 st March, 2011 ₹
Sales tax deferred payment liabilities	21,753,733	26,396,996
Other liabilities	750,000	—
TOTAL	<u><u>22,503,733</u></u>	<u><u>26,396,996</u></u>

Note No. 9 LONG TERM PROVISIONS

	31 st March, 2012 ₹	31 st March, 2011 ₹
Provision for leave encashment	8,077,004	5,809,265
TOTAL	<u><u>8,077,004</u></u>	<u><u>5,809,265</u></u>

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Note No. 10 SHORT TERM BORROWINGS

	31 st March, 2012 ₹	31 st March, 2011 ₹
a. Secured		
Working capital finance from financial institutions (Indian rupee accounts)	—	390,000,000
Working capital finance from banks (Foreign currency accounts)	473,026,411	460,345,281
Working capital finance from banks (Indian rupee accounts)	2,772,192,452	2,368,751,512
	<u>3,245,218,863</u>	<u>3,219,096,793</u>
Amount of default : Of the above, accounts with aggregate balances of ₹. 2,455,362,553 have been classified by the respective bankers as non-standard.		
b. Unsecured		
Inter corporate loans	82,264,514	70,888,863
	<u>82,264,514</u>	<u>70,888,863</u>
TOTAL	<u><u>3,327,483,377</u></u>	<u><u>3,289,985,656</u></u>

Note No. 11 OTHER CURRENT LIABILITIES

	31 st March, 2012 ₹	31 st March, 2011 ₹
Current maturities of long-term debt	212,919,437	147,751,457
Interest accrued but not due on borrowings	33,634,731	32,355,817
Interest accrued and due on borrowings	240,536,936	2,283,055
Sales tax deferred liabilities	4,449,000	4,210,650
Payables on purchase of capital assets	10,367,110	10,540,929
Advances from customers	70,210,909	45,878,942
Statutory liabilities	48,901,946	80,556,486
Unclaimed dividends	1,220,201	1,284,628
Shipping claims payable (Refer Note No. 30)	5,620,288,244	5,620,288,244
Other liabilities	483,155,593	452,333,260
TOTAL	<u><u>6,725,684,107</u></u>	<u><u>6,397,483,468</u></u>

Note No. 12 SHORT TERM PROVISIONS

	31 st March, 2012 ₹	31 st March, 2011 ₹
Provision for bonus	12,733,263	13,556,558
Provision for leave encashment	1,581,741	1,590,571
Provision for corporate dividend tax	1,454,605	1,454,605
TOTAL	<u><u>15,769,609</u></u>	<u><u>16,601,734</u></u>



Note No. 13 FIXED ASSETS

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at April, 2011 ₹.	Additions ₹.	Deductions ₹.	As at March, 2012 ₹.	As at April, 2011 ₹.	For the Year ₹.	On Deduction/ adj. ₹.	As at March, 2012 ₹.	As at March, 2012 ₹.	As at April, 2011 ₹.
OWNED TANGIBLE ASSETS										
FREEHOLD LAND	149,699,043	—	1,977,322	147,721,721	—	—	—	—	147,721,721	149,699,043
BUILDINGS	700,640,242	69,811,548	25,546,961	744,904,829	108,423,571	21,950,089	3,150,932	127,222,728	617,682,101	592,216,671
PLANT AND EQUIPMENT	2,057,468,447	241,741,270	6,222,943	2,292,986,774	606,874,348	146,783,297	17,538,958	736,118,687	1,556,868,087	1,450,594,099
BARGES	7,598,314	—	—	7,598,314	7,293,621	60,329	—	7,353,950	244,364	304,693
SHIPS	866,820,965	—	115,580,781	751,240,184	285,536,193	80,017,388	69,237,827	296,315,754	454,924,430	581,284,772
VEHICLES	102,785,825	9,716,982	1,651,613	110,851,194	65,746,485	10,668,443	1,586,061	74,828,867	36,022,327	37,039,340
FURNITURE & FIXTURES	109,821,860	4,218,060	—	114,039,920	60,864,569	9,505,162	126,236	70,243,495	43,796,425	48,957,291
OFFICE EQUIPMENT	80,969,086	3,641,960	89,928	84,521,118	56,686,448	5,343,196	75,238	61,954,406	22,566,712	24,282,638
TOTAL	4,075,803,782	329,129,820	151,069,548	4,253,864,054	1,191,425,235	274,327,904	91,715,252	1,374,037,887	2,879,826,167	2,884,378,547
TANGIBLE ASSETS UNDER LEASE										
FREEHOLD LAND	30,800	—	—	30,800	—	—	—	—	30,800	30,800
BUILDINGS	12,236,460	60,808	—	12,838,268	1,800,366	378,230	—	2,178,596	10,659,672	10,436,094
PLANT AND EQUIPMENT	35,480,968	280,622	—	35,761,590	7,154,385	1,698,268	—	8,852,653	26,908,937	28,326,583
VEHICLES	75,000	—	—	75,000	8,882	7,145	—	16,027	58,973	66,118
FURNITURE & FIXTURES	319,902	—	—	319,902	92,042	16,242	—	108,284	211,618	227,860
OFFICE EQUIPMENT	255,846	10,350	12,325	253,871	106,037	28,228	4,843	129,422	124,449	149,809
TOTAL	48,398,976	892,780	12,325	49,279,431	9,161,712	2,128,113	4,843	11,284,982	37,994,449	39,237,264
OWNED INTANGIBLE ASSETS										
COMPENSATION FOR PREMISES RIGHTS	24,434,113	—	—	24,434,113	13,698,852	2,283,142	—	15,981,994	8,452,119	10,735,261
COMPUTER SOFTWARES	1,309,373	2,096,000	—	3,405,373	912,981	387,931	—	1,300,912	2,104,461	396,392
MINING LEASE RIGHTS	133,695	—	—	133,695	—	—	—	—	133,695	133,695
TOTAL	25,877,181	2,096,000	—	27,973,181	14,611,833	2,671,073	—	17,282,906	10,690,275	11,265,348
CAPITAL WORK IN PROGRESS	82,438,421	324,500,538	236,494,827	170,444,132	—	—	—	—	170,444,132	82,438,421
PRE OPERATIVE EXPENSES	152,789,257	—	—	152,789,257	—	—	—	—	152,789,257	152,789,257
TOTAL	4,385,307,617	656,619,138	387,576,700	4,654,350,055	1,215,198,780	279,127,090	91,720,095	1,402,605,775	3,251,744,280	3,170,108,837
PREVIOUS YEAR	4,256,716,282	523,982,508	395,391,173	4,385,307,617	975,679,512	264,470,768	24,951,500	1,215,198,780	3,170,108,837	3,281,036,770

* includes impairment loss on ship ₹. 115,580,781

** includes currency translation difference ₹. 85,588,831

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Note No. 14 NON-CURRENT INVESTMENTS

	31 st March, 2012 ₹	31 st March, 2011 ₹
Quoted; at cost:		
a. Investments in Equity Shares		
3,000 Equity Shares of Bank of India of ₹ 10/- each (Aggregate market value of quoted investments: 1,083,000)	135,000	135,000
Unquoted - at cost:		
a. Investments in Associates		
Hudson MPA Sdn Bhd, Malaysia		
Goodwill on acquisition	37,662,910	37,662,910
Carrying amount of investment	10,349,100	10,349,100
Accumulated share of profit or (loss)	<u>(7,748,565)</u>	<u>(8,364,615)</u>
	<u>40,263,445</u>	<u>39,647,395</u>
Emo Ashapura Energy & Mining Limited, Nigeria		
Goodwill on acquisition	112,884,398	112,884,398
Carrying amount of investment	101,099,602	101,099,602
Accumulated share of profit or (loss)	—	(2,245,585)
Impairment of investment	<u>(213,984,000)</u>	<u>—</u>
	<u>—</u>	<u>211,738,415</u>
Ashapura Arcadia Logistic Private Limited		
Goodwill on acquisition	(7,825,342)	(7,825,342)
Carrying amount of investment	8,375,342	8,375,342
Accumulated share of profit or (loss)	<u>(550,000)</u>	<u>(550,000)</u>
	<u>—</u>	<u>—</u>
TOTAL	<u>40,263,445</u>	<u>251,385,810</u>
b. Investments in Other Equity Shares:		
186,285 Equity Shares of Shantilal Multiport Infrastructure Pvt Limited of ₹ 10/-each	37,668,042	37,668,042
500 Equity Shares of Bhanot Properties and Investments Limited of ₹ 10/- each	—	5,000
54 Equity Shares of The Navanagar Co-Op. Bank Limited of ₹ 25/- each	—	1,350
1 (2) Equity Shares of The Commercial Co-Op. Bank Limited of ₹ 100/- each	100	200
	<u>—</u>	<u>—</u>
TOTAL	<u>37,668,142</u>	<u>37,674,592</u>
c. Investments in Government Securities:		
National Savings Certificates (under lien with sales tax/mining authorities)	1,484,000	420,300
	<u>1,484,000</u>	<u>420,300</u>
TOTAL	<u>79,550,587</u>	<u>289,615,702</u>



Note No. 15 LONG-TERM LOANS AND ADVANCES

	31 st March, 2012 ₹	31 st March, 2011 ₹
Unsecured (considered good, unless otherwise stated)		
Capital advances	54,655,810	59,032,699
Security deposits includes -	197,864,404	142,207,694
Security deposits towards land and premises to directors, firms and companies in which some of the directors are interested ₹ 23,200,000 (23,200,000)		
Loans to a joint venture company	97,821,835	32,882,792
Loans to associate companies	20,578,598	18,778,778
Loans to staff	2,763,699	5,473,697
Other loans and advances	3,866,835	3,016,974
TOTAL	377,551,181	261,392,634

Note No. 16 CURRENT INVESTMENT

	31 st March, 2012 ₹	31 st March, 2011 ₹
Investments in Government Securities:		
National Savings Certificates (under lien with sales tax/mining authorities)	354,800	60,500
Investments in Mutual Funds :		
Religare Liquid Fund	15,815,161	7,717,182
Reliance Liquidity Fund	1,469,048	1,374,407
	<u>17,284,209</u>	<u>9,091,589</u>
TOTAL	17,639,009	9,152,089

Note No. 17 INVENTORIES

	31 st March, 2012 ₹	31 st March, 2011 ₹
(as taken and certified by the management; valued as stated in note no. 3)		
Raw materials	273,696,876	256,972,365
Work-in-progress	40,501,803	46,369,821
Finished goods	1,362,543,155	1,156,626,015
Materials in transit	3,119,891	—
Stock-in-trade	78,057,295	192,729,981
Stores & spares	92,345,072	74,562,456
Packing materials	33,779,603	23,938,855
TOTAL	1,884,043,695	1,751,199,493

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Note No. 18 TRADE RECEIVABLES

	31 st March, 2012 ₹	31 st March, 2011 ₹
Unsecured (considered good, unless otherwise stated)		
Over six months	380,316,633	289,035,421
Others	1,360,217,323	1,095,420,420
	<u>1,740,533,956</u>	<u>1,384,455,841</u>
less: Provision for doubtful debts	<u>89,930,924</u>	<u>83,993,866</u>
TOTAL	<u><u>1,650,603,032</u></u>	<u><u>1,300,461,975</u></u>
	More than Six Months	Others
includes -		
due from joint venture and associate companies	88,838,127	28,904,317
due from firms and companies in which directors are interested	3,732,019	4,524,762

Note No. 19 CASH AND BANK BALANCES

	31 st March, 2012 ₹	31 st March, 2011 ₹
I. Cash and Cash Equivalents		
a. Balances with Banks:		
Current accounts	98,181,693	222,640,957
Short term deposits	137,500	31,654,579
	<u>98,319,193</u>	<u>254,295,536</u>
b. Cash on Hand	3,286,778	10,095,965
TOTAL	<u><u>101,605,971</u></u>	<u><u>264,391,501</u></u>
II. Other Bank Balances		
Dividend accounts	1,218,202	1,275,531
Terms deposits with more than 12 months maturity	40,384,371	28,867,293
Other term deposits	28,930,929	30,652,440
	<u>70,533,502</u>	<u>60,795,264</u>
TOTAL	<u><u>172,139,473</u></u>	<u><u>325,186,765</u></u>

Term deposits of ₹ 51,018,685 are under lien with banks against working capital finance, letter of credits and bank guarantees (previous year ₹ 74,558,750)



Note No. 20 SHORT-TERM LOANS AND ADVANCES

	31 st March, 2012 ₹	31 st March, 2011 ₹
Unsecured (considered good, unless otherwise stated)		
Trade advances to suppliers	676,431,894	709,415,754
less: Provision for doubtful advances	31,836,011	31,836,011
	644,595,883	677,579,743
includes -		
Trade advances to companies or firms in which some of the directors are interested ₹ 25,687,975 (26,187,974)		
Advance payments of income tax (net of provisions)	87,881,039	219,836,247
Loans and advances to staff	7,524,145	6,342,990
Claims receivable	130,904,059	161,780,633
Prepaid expenses	10,911,686	13,327,554
Advance payments of royalty	26,758,006	30,927,875
Input credits receivable	15,574,435	15,826,506
Loans to associates and joint venture companies	—	56,578,214
Other loans and advances	80,728,735	90,947,953
TOTAL	1,004,877,988	1,273,147,715

Note No. 21 REVENUE FROM OPERATIONS

	2011-2012 ₹	2010-2011 ₹
Sale of Products		
Export sales	2,911,064,942	2,349,133,569
Domestic sales	2,972,060,415	3,186,516,814
	5,883,125,357	5,535,650,383
Sale of Services		
Cargo handling income	286,722,284	454,958,435
Shipping operations income	111,119,805	192,615,955
	397,842,089	647,574,390
Other Operating Revenue		
Export incentives and credits	10,467,872	2,262,843
Foreign currency fluctuation gain/(loss)	79,837,306	(13,961,326)
Freight receipts on sales	124,008,130	166,041,483
Other operational income	30,718,425	18,638,441
	245,031,733	172,981,441
TOTAL	6,525,999,179	6,356,206,214

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Note No. 22 OTHER INCOME

	2011-2012 ₹	2010-2011 ₹
Dividend receipts	1,757,910	2,882,330
Interest receipts	32,978,132	36,074,026
Insurance claims receipts	5,314,465	9,234,122
Profit on sale of investments (net)	—	2,041,893
Profit on sale of assets (net)	760,412	11,626,768
Sundry balances / excess provisions written back	59,895,837	9,423,826
Miscellaneous income	10,911,094	20,251,618
TOTAL	<u>111,617,850</u>	<u>91,534,583</u>

Note No. 23 COST OF MATERIALS CONSUMED

	2011-2012 ₹	2010-2011 ₹
Materials and Mining Expenses		
Opening stock	256,972,365	161,307,779
Purchase and direct expenses	915,148,183	522,958,592
	<u>1,172,120,548</u>	<u>684,266,371</u>
Closing stock	<u>273,696,876</u>	<u>256,972,365</u>
	898,423,672	427,294,006
Rent and royalty	63,033,199	131,553,401
Mining expenses	395,799,877	330,942,420
TOTAL	<u>1,357,256,748</u>	<u>889,789,827</u>



Note No. 24 CHANGES IN INVENTORIES

		2011-2012 ₹		2010-2011 ₹
Opening Stock				
Finished Goods	1,156,626,015		1,136,821,657	
Stock-in-trade	192,729,981		146,001,304	
Materials in transit	—		586,203	
Work-in-progress	46,369,821	1,395,725,817	31,633,453	1,315,042,617
Closing Stock				
Finished Goods	1,362,543,155		1,156,626,015	
Stock-in-trade	78,057,295		192,729,981	
Materials in transit	3,119,891		—	
Work-in-progress	40,501,803	1,484,222,144	46,369,821	1,395,725,817
TOTAL		(88,496,327)		(80,683,200)

Note No. 25 EMPLOYEE BENEFIT EXPENSES

		2011-2012 ₹		2010-2011 ₹
Salaries, wages, allowances and bonus		343,753,680		286,870,590
Contribution to employee benefit funds		29,453,247		20,580,915
Staff welfare expenses		18,131,658		17,729,914
TOTAL		391,338,585		325,181,419
includes directors' remuneration		3,600,000		9,600,000

Note No. 26 FINANCE COSTS

		2011-2012 ₹		2010-2011 ₹
Interest				
Working capital finance	415,351,124		345,819,939	
Term loans	82,515,108		94,045,510	
Others	6,043,357	503,909,589	2,092,765	441,958,214
Loss / (gain) on foreign currency borrowings		45,105,156		54,419,003
Other borrowing costs		5,630,335		6,900,792
TOTAL		554,645,080		503,278,009

ASHAPURA MINECHEM LIMITED

Note No. 27 OTHER EXPENSES

		2011-2012 ₹		2010-2011 ₹
Manufacturing Expenses				
Power & Fuel	308,821,095		250,562,891	
Machinery repairs and maintenance	57,867,736		38,160,218	
Packing materials and expenses	145,608,544		107,774,976	
Stores & spares consumption	106,391,987		45,135,462	
Carriage inward	202,388,225		163,272,470	
Other expenses	190,339,543	1,011,417,130	134,770,520	739,676,537
Ship Operating Expenses		91,290,776		177,340,866
Selling and Distribution Expenses				
Sales commission and discount	25,291,955		29,741,952	
Cargo handling expenses	237,912,638		394,450,866	
Export freight and insurance	271,034,372		437,046,670	
Export and other shipment expenses	1,149,406,528	1,683,645,493	898,319,834	1,759,559,322
Administrative and Other Expenses				
Travelling expenses	40,975,879		35,288,591	
Rent	32,253,588		27,978,907	
Rates and taxes	12,662,297		9,246,208	
Insurance premiums	4,990,725		4,528,470	
Building and other repairs	16,463,507		11,948,347	
Advertisement and business promotion	10,725,974		10,921,216	
Directors' sitting fees	159,500		200,000	
Legal and professional fees	84,058,643		84,922,795	
Payments to auditors	5,246,054		5,328,592	
Provisions/ write off of doubtful debts/advances	54,833,886		21,400,064	
Bank discount, commission and other charges	18,849,294		25,046,735	
Donations	8,494,194		6,388,352	
Prior period expenses (net)	543,418		1,242,692	
General expenses	118,412,897	408,669,856	111,690,871	356,131,840
TOTAL		3,195,023,255		3,032,708,565



- 28 Based on the audited annual accounts for the year ended 31st March, 2011, the company became a sick industrial company within the meaning of section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 and pursuant the proviso to section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

The Board of Industrial & Financial Restructuring (BIFR) on considering the material on their record declared the company as a sick company vide its order dated 20th March, 2012. Further, in terms of the order passed and the powers available u/s 17(3) of SICA, the Bench has appointed Bank of India as Operating Agency with directions to submit Draft Rehabilitation Scheme within three months in terms of the guidelines for preparation of Rehabilitation Scheme.

- 29 Certain foreign currency derivatives contracts entered into by the Company with the various bankers are under litigation at various stages. Based on the legal opinion obtained by the Company, these contracts are void in nature and cannot be legally enforced.

In view of the above,

- (i) The Company has, in the previous year, written back liabilities of ₹ 15,334.50 lacs on account of the provision for such foreign currency derivatives losses; and not provided for foreign currency derivatives losses of ₹ 24,102.26 lacs in the earlier year.
- (ii) Apart from the above, the Company has also not provided for the losses arising during the year on foreign currency derivatives contracts aggregating to ₹ 3,925.27 lacs.
- (iii) The mark to market (MTM) valuation of foreign currency derivatives outstanding as on the balance sheet date in accordance with the announcement dated 29th March, 2008 by the Institute of Chartered Accountants of India, indicates loss of ₹ 3,131.20 (previous year: ₹ 3,084.28) lacs, which is not provided for by the company.

As a result of the above, net profit for the year is understated by ₹ 3,972.19 lacs whereas reserves and surplus are overstated by ₹ 43,408.95 lacs.

- 30 The company had entered into Contract of Affreightment (COA) with four Shipping Companies viz. (i) British Marine, (ii) IHX Pacific (UK), (iii) Eitzen Bulk A/S and (iv) Armada (Pte) Singapore.

The company has settled the claim of British Marine Plc, for ₹ 22.64 crores as against Award passed for ₹ 553.41, which was initially claimed by British Marine Plc.

The quantum of awards in respect of the other three companies are as under:

Shipping Company	₹ in crore
IHX (UK) Limited	107.97
Eitzen Bulk S/A	161.83
Armada (Singapore) Pte Ltd.	292.23
TOTAL	562.03

Since the award of claims of each of the three shipping companies were heavily exaggerated, the company has, much prior in time to filing of the application for enforcement of the award, initiated legal proceedings against the alleged arbitration awards by filing an Application under Section 34 of the Arbitration & Conciliation Act, 1996 against each of the three shipping companies in the Court of Civil Judge at Jamkhambaliya on the ground of opposed to the public policy of India.

By an order dated 20th December, 2010, passed in the Petition filed by IHX Pacific (UK) Ltd. (a) under Section 9 (being arbitration petition No.25 of 2010) and (b) Section 44 to 47 (being arbitration petition No.24 of 2010) of the Arbitration and Conciliation Act, 1996, the company has been allowed to contest the proceedings including Application under Section 34 provided the company furnishes security to an extent of ₹ 107.73 crore.

Aggrieved by the above order, the company has preferred an appeal before the divisional bench of Bombay High Court, wherein the matter got stayed.

IHX (UK) Ltd. moved to the Supreme Court and at present matter is pending before the Supreme Court.

In view of the above, the company has “strictly without prejudice and without admitting the claims of the shipping companies” made the provision of ₹ 562.03 cr. in the previous year against the shipping claims.

The company has been declared as a sick company by the BIFR as stated in note no. 28 above and the matter is sub-judice.

- 31 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.
- 32 Balances for trade payables, trade receivables, for Loans and Advances are subject to confirmations from the respective parties and reconciliations, if any, in many cases. In absence of such confirmations, the balances as per books have been relied upon by the auditors.
- 33 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.

34 Employees Stock Option:

The Employee Stock Option Scheme – 2004, introduced by the Company pursuant to the members' approval at their meeting held on 31st May, 2001, expired on 14th June, 2011. Outstanding options 110,451 aggregating to ₹ 7,108,918 are transferred to surplus account.

Options outstanding as on the balance sheet date: Nil (₹ 110,451)

35 Exceptional Items:

Particulars	2011-2012	2010-2011
Shipping claims (refer note no. 30)	—	(5,620,288,244)
Foreign currency derivatives loss written back	—	500,000,000
Impairment of investments in and loans (net) to an associate company	(178,858,262)	—
Impairment of fixed assets	(115,580,781)	—
Loss on dismantling of certain assets on inter unit shifting of manufacturing facilities	(22,639,593)	—
TOTAL	(317,078,636)	(5,120,288,244)

- 36 Extra ordinary items in the previous year ₹ 21,473,027 are losses suffered at various locations of the Company due to natural calamities.
- 37 Based on the principles of prudence and in view of uncertainty, deferred tax assets arising out of the carried forward business losses in the parent company are not accounted for in accordance with the provisions of Accounting Standard (AS) - 22 "accounting for Taxes on Income".

Details of the balance of ₹ 11,243,044 are as under:

Particulars	₹
Depreciation	24,577,214
Disallowances u/s 43B of the Income Tax Act	(13,334,170)
TOTAL	11,243,044

- 38 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%), Ashapura Volclay Chemicals Pvt. Limited (holding: 50%) and Ashapura Midgulf NV (holding: 50%) are as under:

	Current Year ₹. In Lacs	Previous Year ₹. In Lacs
Assets		
Fixed Assets (Net Block including WIP)	7,682.56	6,599.22
Investments	10.00	10.00
Current Assets	3,964.31	3,421.70
Long term Loans and Advances	141.54	184.10
Short Term Loans and Advances	132.44	177.89
TOTAL	11,930.86	10,392.91



Liabilities		
Non Current Liabilities	4,408.80	4,403.68
Current Liabilities	3,148.38	3,111.89
TOTAL	7,557.18	7,515.57
Income		
Sales and Operational Income	10,543.55	8,371.04
Other Income	29.79	8.66
TOTAL	10,573.34	8,379.70
Expenditure		
Manufacturing and Other Expenses	7,613.62	5,086.59
Interest	336.76	137.14
Depreciation	721.62	584.08
TOTAL	8672.00	5,807.81

39 Contingent Liabilities: (other than those stated in note no. 29)

	2011-2012 ₹. in Lacs	2010-2011 ₹. in Lacs
a. Guarantees to banks against credit facilities extended to group companies	10,927.00	11,235.06
b. Guarantees given to others on behalf of inter-group companies	561.79	—
c. Guarantees given to various Government Authorities and Others	4,565.03	4,509.11
d. In respect of guarantees given by the company	1,189.60	595.37
e. In respect of disputed Income Tax liabilities	360.08	626.20
f. Claims against the company not acknowledged as debt	769.12	708.98
g. In respect of contracts remaining to be executed	31.99	222.67
h. In respect of Other matters	626.00	429.79

40 Related Party Transactions:

a. Joint ventures & Associates:

- Ashapura Shipping Limited
- Ashapura Volclay Limited
- Ashapura Volclay Chemicals Private Limited
- Ashapura Exports Private Limited
- Ashapura Mineral Company
- Sharda Industrial Corporation
- Prabhudas Vithaldas
- Kantilal Mohanlal Mehta
- Ashapura Infin Private Limited
- Hudson MPA Sdn Bhd, Malaysia
- Ashapura Midgulf NV, Antwerp

ASHAPURA MINECHEM LIMITED

- Emo Energy & Mining Co. Limited, Nigeria
- Ashapura Arcadia Logistic Private Limited
- Sohar Ashapura Chemicals LLC

b. Key Management Personnel:

- Mr. Navnitlal R Shah
- Mr. Chetan Shah
- Mrs. Dina C Shah

Particulars of Transactions	2011-2012 ₹	2010-2011 ₹
Associates:		
Sales of Materials	103,542,763	119,969,884
Purchases of Materials	6,305,683	880,585
Interest received	9,887,350	5,236,250
Interest Paid	3,523,245	—
Export Shipment & Other Expenses	1,65,513	6,633,209
Lease Rent Paid	1,530,000	240,000
Reimbursement of Administrative Expenses	33,282,819	37,487,704
Miscellaneous Expenditure	2,888,750	2,744,816
Miscellaneous Income	3,079,673	823,082
Impairment of Investment and loans (net)	178,858,262	—
Outstanding Balances as on 31st March, 2012		
Trade Payables	34,131,994	6,961,166
Trade Receivables	144,167,633	112,813,896
Loans and Advances	142,932,872	53,904,205
Advance from Customers	20,224,938	19,374,638
Security Deposits	48,200,000	72,412,010
Trade Advances	16,229,236	32,307,053
Key Management Personnel:		
Remuneration and Perquisites	36,00,000	9,834,000
Rent Paid	1,80,000	180,000
Salary Paid	2,34,000	—
Outstanding Balances as on 31st March, 2012		
Trade Payables	148,175	98,581
Security Deposits	2,800,000	1,000,000



41 Segment Information :

Sr No.	Particulars	2011-2012	2010-2011
1	Segment Revenue		
	Minerals	61,513.74	59,911.34
	Shipping	1,295.94	1,920.91
	Total	62,809.67	61,832.25
	Add : unallocated corporate income	2,450.32	1,729.81
	Revenue from Operations	65,259.99	63,562.06
2	Segment Results		
	(Profit before Finance cost and Tax)		
	Minerals	7,166.17	6,836.13
	Shipping	(1,267.75)	(508.41)
	Total	5,898.42	6,327.72
	Less : Finance cost	5,546.45	5,032.78
	Less : Unallocable expenditure net of unallocable income	—	—
	Profit Before tax & exceptional items	351.97	1,294.94
3	Other Information		
	Segment Assets	4,861.61	7,304.49
	Total Assets	85,425.50	84,846.66
	Segment Liabilities	11,482.08	11,176.43
	Total Liabilities	119,770.22	115,082.49

42 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.

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

44 All the amounts are stated in Indian Rupees, unless otherwise stated.

Signatures to Notes No. 1 to 44

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485

Place : Mumbai

Date : 30th May, 2012

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

ASHISH DESAI

G. M. - Accounts

Place : Mumbai

Date : 30th May, 2012

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary

ASHAPURA MINECHEM LIMITED

FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

PARTICULARS	Name of the Subsidiary Companies	Ashapura International Limited	Ashapura Claytech Limited	Bombay Minerals Limited	Prashansha Ceramics Limited	Peninsula Property Developers (P) Limited
Capital		30,000,000	35,799,000	2,180,800	14,500,000	100,000
Reserves (including balance in profit & loss account)		192,946,852	18,192,704	197,687,617	(39,655,107)	(898,077)
Total Assets		932,370,826	87,386,908	658,951,783	11,262,440	1,245,089
Total Liabilities		709,423,974	33,395,204	459,083,366	36,417,547	2,043,166
Investments (except investments in Subsidiary(ies)#)		86,000	15,815,161	—	135,100	—
Turnover (including Other Income)		1,564,518,916	67,549,667	125,605,707	41,647	90,276
Profit/(Loss) Before Taxation		72,928,655	1,369,709	(5,824,479)	(359,371)	(31,610)
Provision for taxation		24,603,853	47,069	(681,436)	—	1,628
Profit/(Loss) After Taxation		48,324,802	1,322,640	(5,143,043)	(359,371)	(33,238)
Proposed Dividend		—	—	—	—	—
Misc. Exp – not written off		—	—	—	—	—

* Balance Sheet Items are translated at closing Exchange Rate of USD 1 = ₹. 50.88(As on 31/03/2012) (rounded off to the nearest Rupee)

Details of Investment by the Company's Subsidiaries:

Name of the Subsidiary Company	Particulars of Investments	Nature of Investments
Bombay Minerals Limited	Prashansha Ceramics Limited	Equity Shares
Ashapura Minechem (UAE) FZE	Ashapura Holdings (UAE) FZE	Shares
Ashapura Holdings (UAE) FZE	Ashapura Maritime FZE	Shares
Ashapura Maritime FZE	Asha Prestige Co	Shares
Ashapura Minechem (UAE) FZE	PT. Ashapura Resources Indonesia	Shares

* 1 Dhs. = USD 3.67

Note :

- The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and Companies Act, 1956. Accordingly, the Annual Report of the Company does not contain the individual financial statements of its will make available these documents and the related details upon request by any investor of the Company and of its Subsidiaries, Udyog Building, 278, 3rd Floor, Dr. D. N. Road, Fort, Mumbai – 400001.
- The Annual Accounts of Asha Prestige Co. has been consolidated with the Annual Accounts of Ashapura Maritime FZE (the Holding Company).

Place : Mumbai

Date : 8th August, 2012



FOR THE YEAR ENDED 31st MARCH, 2012

(Amount in ₹.)

Sharda Consultancy (P) Limited	Ashapura Consultancy Services (P) Limited	Ashapura Aluminium Limited	Ashapura Minechem (UAE) FZE	Ashapura Holdings (UAE) FZE	Ashapura Maritime FZE	PT Ashapura Resources Indonesia
100,000	100,000	500,000	141,379,747*	2,079,567*	2,079,567*	50,880,000*
(9,338,204)	(16,397,271)	(24,983,825)	321,548,422*	(4,744,662)*	(664,127,024)*	(23,191,104)*
5,027,319	7,165,710	173,779,469	766,558,538*	143,629,101*	486,160,588*	29,189,856*
14,265,523	23,462,981	198,263,294	303,630,369*	146,294,196*	1,148,208,044*	1,500,960*
—	—	1,469,048	108,432,759*	13,279,680*	—	—
270,419	633,918	1,299,652	57,996,341**	—	129,593,775**	5,632**
(662,384)	(915,178)	(12,555,940)	(317,172,437)**	(797,043)**	(257,836,887)**	(11,215,930)**
(3,904)	(4,779)	(566,859)	—	—	—	—
(658,480)	(910,399)	(11,989,081)	(317,172,437)**	(797,043)**	(257,836,887)**	(11,215,930)**
—	—	—	—	—	—	—
—	—	—	—	—	—	—

** Revenue Items are translated at an average Exchange Rate of USD 1 = ₹. 47.73 (As on 31/03/2012) (rounded off to the nearest Rupee)

Face Value	No. of Shares	Amount in ₹.
₹. 10/-	750,000	7,500,000/-
AED 150000	1	2,079,564/-
AED 150000	1	2,079,564/-
USD 1/-	100	5088/-
USD 1/-	1,000,000	50,880,000/-

21st February, 2011, respectively has granted a general exemption from compliance with provisions of Section 212 of the subsidiaries. However, a gist of the financial details of the Subsidiary Companies is contained in the Annual Report. The Company on all working days except Saturday and holidays, between 11 am to 1 pm at the Registered Office of the Company at Jeevan

For and on behalf of the Board of Directors

Sd/-
SACHIN POLKE
Company Secretary

Sd/-
ASHISH DESAI
G. M. – Accounts

Sd/-
NAVNITLAL R. SHAH
Executive Chairman

Sd/-
CHETAN SHAH
Managing Director

ASHAPURA MINECHEM LIMITED

CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹. In Millions)

PROFIT / LOSS	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Revenue from Operations	6,526.00	6,367.58	7,136.66	9,612.64	17,387.12
Operating Expenses	4,968.64	4,956.69	5,867.67	12,494.31	14,644.60
Operating Profit / (Loss)	1,557.36	1,410.89	1,268.99	(2,881.67)	2,742.52
Other Income	111.62	90.12	52.83	131.43	128.04
Finance Cost	554.65	441.96	595.31	283.40	161.68
Depreciation	279.13	264.47	256.86	243.99	91.43
Other Expenses	800.01	653.07	749.26	897.88	524.67
Tax Expenses	55.11	1,004.21	(145.62)	1,299.71	(477.03)
Prior Period Adjustments	—	(12.43)	55.33	(9.08)	(0.09)
Exceptional & Extra-ordinary Items	(317.08)	(5,141.76)	682.18	(5.27)	(3.13)
Share of Profit / (Loss) in Associate Company	0.62	(3.54)	(4.66)	(2.19)	4.45
Minority Interest	(0.06)	(0.20)	(0.42)	(0.69)	(0.56)
Net Profit / (Loss) for the Year	(336.44)	(6,020.63)	307.20	(2,893.03)	1,616.42

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 / Client 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 Thirty First Annual General Meeting of the Company to be held on Friday,
28th September, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2012

Affix Re. I/- Revenue Stamp

Notes :

- a) The Form should be signed across the stamp as per specimen signature registered with the Company.
- b) The Proxy Form duly completed must be deposited at the Registered Office of the Company at 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 - 28th SEPTEMBER, 2012

I/We hereby record my/our presence at the Thirty First Annual General Meeting being held at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6th Floor, 12, K. Dubhash Marg, Kaala Ghoda, Fort, Mumbai - 400 001 on Friday, 28th September, 2012 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./ CLIENT ID. _____

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

PAYING BACK TO SOCIETY ...

Being a part of the society, we understand our responsibilities and strive to fulfill them. At Ashapura, while we are known to have won the trust and faith of our shareholders, the stakeholders are never left behind. We aim to fulfill our social responsibilities by contributing towards a sustainable and beneficial growth for the society. By conducting business in a fair and transparent manner, we look beyond the financial aspects and extend ourselves to the betterment of humanity and the environment.

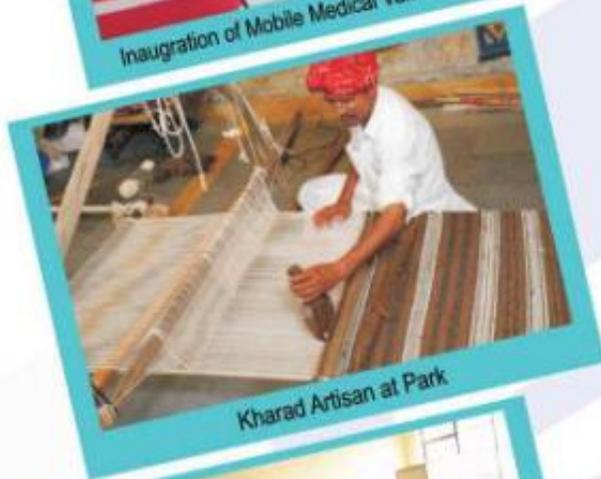
At Ashapura, we go beyond the requisite corporate responsibilities by following an ethical and sound path; be it business, economics, environment or the society. We employ efforts to attain a higher level of corporate governance, compliance and corporate ethics, and deepen relations with society.



Inauguration of Mobile Medical Van at Bhujodi Centre



Agarbatti Training for Ladies



Kharad Artisan at Park



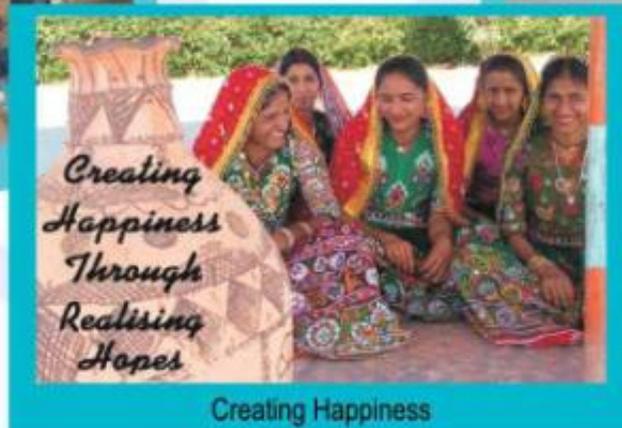
Handicraft Exhibition



Training at ITI - Bhuj



Construction of Storage Tank with capacity of 4.80 Cr. Ltr. - Taluka Lakhpat



Creating Happiness



Value Beyond Mining

Jeevan Udyog Building,
3rd Floor, 278, D. N. Road,
Fort, Mumbai - 400 001, India.

Tel. + 91 22 66221700

Fax. +91 22 22079395

Website: www.ashapura.com