

Annual Report
2010 2011

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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 w.e.f. 8th June, 2011)

Mrs. Dina Shah

(Resigned w.e.f. 1st February, 2011)

Mr. Larry Washow

(Resigned w.e.f. 31st December, 2010)

Chief Financial Officer

Mr. Rajiv Gandhi

Company Secretary

Mr. Sachin Polke

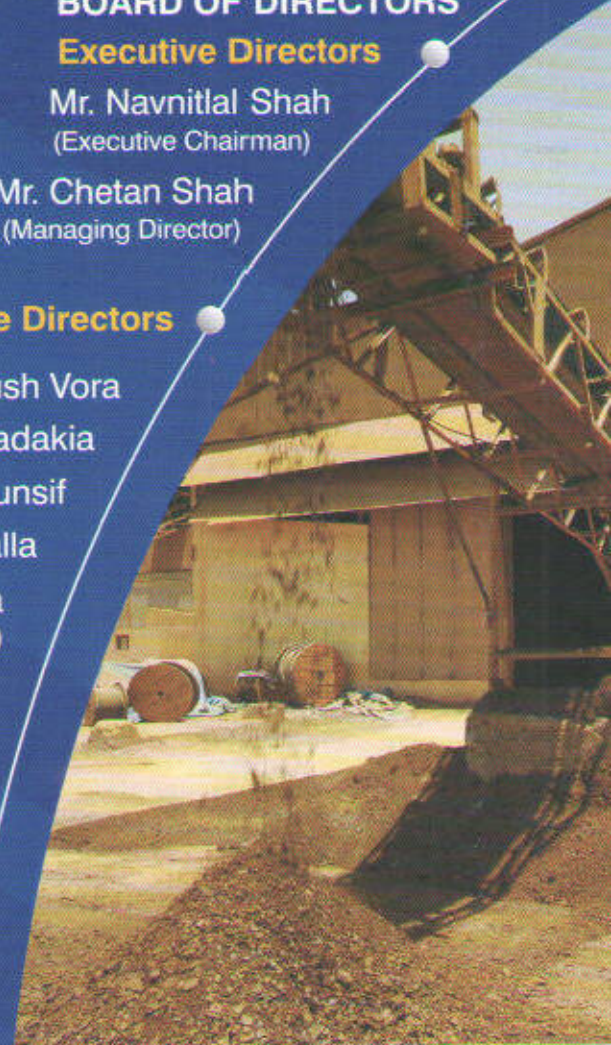
Auditors

M/s. Sanghavi & Company
Chartered Accountants

Bankers

Bank of India Ltd.
Axis Bank Ltd.

Annual Report
2010 2011



● **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

For handling over documents only
201, Davar House, 2nd Floor, 197/199,
D.N.Road, Mumbai - 400 001.
Tel. : +91-22-22694127

● **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.

Survey No. 447 & 448, Tandur Road,
Dharur Village & Mandal - 501121,
District - Ranga Reddy, (A.P).

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 Thirtieth **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Wednesday, the 28th day of September, 2011, at 11.30 a.m. at The K R Cama Oriental Institute Hall, 136, Mumbai Samachar Marg, Opp. Lion Gate, Fort, Mumbai – 400 023 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 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 Abhilash Munsif, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ashok Kadakia, 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 appointment 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 & Trivendrum, for carrying out the audit of the books of accounts for the financial year 2011-2012 and to hold

their office until the conclusion of next Annual General Meeting and to fix their remuneration.”

SPECIAL BUSINESS:

6. **Re-appointment of Shri Navnitlal Ratanji Shah as an Executive Chairman:**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications, or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if required, the Consent of the Company, be and is hereby accorded for the re-appointment Shri Navnitlal Ratanji Shah as the Executive Chairman of the Company for a period of 3 (three) year with effect from 1st October, 2011, on terms and conditions including remuneration as are set out in the draft Agreement to be entered into between the Company and Shri Navnitlal Ratanji Shah, a copy whereof is placed before the Meeting which is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or draft of the agreement subject to the same not exceeding the limits set out in the said Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf, from time to time or any amendments thereto as may be agreed to by the Board and Shri Navnitlal Ratanji Shah.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, Shri Navnitlal Ratanji Shah, the Executive Chairman, be paid the aforesaid remuneration as Minimum Remuneration for that year, subject to the ceiling as prescribed in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be

necessary, proper and expedient to give effect to this resolution.”

7. Re-appointment of Shri Chetan Navnitlal Shah as a Managing Director:

To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications, or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if required, the Consent of the Company, be and is hereby accorded for the re-appointment Shri Chetan Navnitlal Shah as the Managing Director of the Company for a period of 3 (three) year with effect from 1st October, 2011, on terms and conditions including remuneration as are set out in the draft Agreement to be entered into between the Company and Shri Chetan Navnitlal Shah, a copy whereof is placed before the Meeting which is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or draft of the agreement subject to the same not exceeding the limits set out in the said Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf, from time to time or any amendments thereto as may be agreed to by the Board and Shri Chetan Navnitlal Shah.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, Shri Chetan Navnitlal Shah, the Managing Director, be paid the aforesaid remuneration as Minimum Remuneration for that year, subject to the ceiling as prescribed in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

8. Inter-Corporate Loan(s) and Investment(s)

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Members at the General Meeting and in accordance with the provisions of Memorandum & Articles of Association of the Company and the provisions of the Listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject further to such approvals or permissions of other Authorities, if any, as may be necessary, consent/approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to make further loans or investment(s), in one or more tranches by subscription, purchase or otherwise in its subsidiary(ies) / joint venture(s) / other associate(s) in India or abroad, for facilitating day-to-day operating expenses, as also to meet any business emergencies / urgencies, upto a maximum limit of ₹. 100 crores (Rupees One Hundred Crores only).

“RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate and finalise the terms and conditions of the said Loans & Investments as it may deem fit in the interest of the Company, to take all such actions and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such Loans & Investments and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution.”

9. Donation to Charitable Trust(s) / Fund(s) :

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT consent of the members be and is hereby accorded to the contribution made by Board of Directors to charitable, religious and other funds not



directly relating to the business of the Company and/or welfare of its employees from time to time including contribution to Ashapura Foundation, Kutch Navnirman Trust, etc., for an amount not exceeding ₹. 3,54,056/- in aggregate in financial year 2010-2011, which is in excess of fifty thousand rupees or five percent of the average net profits as determined in accordance with the provision of Sections 349 and 350 of the Companies Act, 1956.

By order of the Board of Directors

sd/-

SACHIN POLKE
Company Secretary

Place : Mumbai

Date : 2nd August, 2011

NOTES

1. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business as set out in the Notice is annexed hereto.
2. 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.
3. 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.
4. Members are requested to bring their copies of Annual Report and duly filled Attendance Slip for attending the Meeting.
5. 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.
6. 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 particulars of their Bank Account Numbers to minimise the chances of fraudulent encashment of the future dividend warrants/cheques/ drafts, if any.
7. The Company's Transfer Books will remain closed from 20th September, 2011 to 28th September, 2011 (both days inclusive).
8. 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 given under the Corporate Governance Report.
9. 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.
10. 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.
11. Members may please note that, Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for participating in the Securities Market, Deletion of name of the deceased shareholder(s), Transmission of shares to the legal heir(s) and Transposition of shares. Members holding shares in dematerialised form are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar & Share Transfer Agent.
12. 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 : 2nd August, 2011

Registered Office :

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

As required under Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.6 to 9 of the accompanying Notice dated 2nd August, 2011.

ITEM NO. 6

RE-APPOINTMENT OF SHRI NAVNITLAL R. SHAH AS THE EXECUTIVE CHAIRMAN OF THE COMPANY

The Members of the Company at the Annual General Meeting held on 24th September, 2008, re-appointed Shri Navnitlal Ratanji Shah as the Executive Chairman of the Company for a period of three years with effect from 1st October, 2008 at a remuneration and on such other terms and conditions as mentioned in the resolution passed at the said meeting and as set out in the Agreement entered into between the Company and Shri Navnitlal Ratanji Shah.

Shri Navnitlal Ratanji Shah, age 85 years, is the founder of the Ashapura Group of Companies with over three decades of experience in the field of Minerals & allied industry. He started his career with a partnership firm in 1967, which grew steadily and was converted into a Private Limited Company in 1982 and which now, with effect from 1992 is a Public Limited Company. He has been a Chairman of Processed Mineral Panel of CAPEXIL and of Export Promotion Committee of the Mineral Merchants and Manufacturers Association of India, Mumbai. He can be described as a pioneer in Bentonite processing in India. Under his able guidance, Ashapura has bagged many Awards and Certificates such as Certificate of Merit for outstanding performance in Ores, Minerals and Ferro Alloys from the Government of India, Ministry of Commerce; Award for Outstanding Contribution toward promotion of Savings, Consumer Protection and Export performance and Special Award from CAPEXIL, Calcutta, for outstanding Export Performance in respect of Processed Minerals.

The Agreement to be entered into between the Company and Shri Navnitlal Shah, inter-alia, provides the following terms and conditions:

1. Tenure of Appointment:

The Appointment of the Executive Chairman is for a period of 3 years w.e.f. 1st October, 2011.

2. Remuneration:

Salary ₹. 1,50,000/- per month or such other as may be approved by the Remuneration Committee/Board of Directors of the Company within the limits as prescribed under Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

3. Nature of Duties:

To manage and conduct the business and affairs of the Company and shall oversee, supervise and guide the operations of the Company faithfully, diligently, honestly and to the best of his ability and power and do and execute all such acts, deeds, matters and things for carrying out such objects as may from time to time be assigned or entrusted by the Board of Directors of the Company or as may be vested in him as an Executive Chairman and shall in all respects confirm to and comply with lawful orders and directions issued and given by the Board of Directors to him and shall faithfully serve the Company and use his best endeavour to promote its interests.

4. Perquisites & Allowances:

The Executive Chairman will also be entitled to such perquisites & allowances as mentioned in the aforesaid Agreement and in accordance with the Rules of the Company and as may be agreed to by the Board of Directors / Remuneration Committee and the Executive Chairman.

Contribution to Provident Fund, Superannuation Fund and Gratuity shall be as per rules of Fund / Scheme in force from time to time.

5. Other terms & conditions:

- (a) Remuneration by way of commission shall be payable, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.
- (b) Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Chairman, the Company has no profits or its profits are inadequate the Company will pay remuneration by way of salary and perquisites and allowances as specified above as minimum remuneration subject to the overall ceiling as set out in Section II of Part II of Schedule XIII and the same as may be amended from time to time.
- (c) He shall not be paid any fees for attending meetings of the Board of Directors and / or any Committee thereof.



- (d) He shall not, during his tenure of office as the Executive Chairman, be liable to retire by rotation as Director of the Company.
- (e) The employment of the Executive Chairman under this Agreement shall forthwith terminate if he shall become insolvent or make any composition or arrangement with the creditors or shall cease to be a Director of the Company.
- (f) Notwithstanding anything contained in this Agreement, either party shall be entitled to terminate this Agreement by giving three calendar months notice in writing in that behalf to the other party without any cause and on the expiry of the period of such notice, this Agreement shall stand terminated.

Shri Navnitlal R. Shah also holds the position of Directorship in following Public Companies:

Sr. No.	Name of the Company
1.	Ashapura International Limited
2.	Ashapura Claytech Limited
3.	Ashapura Volclay Limited

The above information may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, other than Shri Navnitlal Shah & Shri Chetan Shah S/o. Shri Navnitlal Shah, is in any way concerned or interested in this resolution.

The Board commends the Resolution set out at Item No. 6 of the Notice for your approval.

ITEM NO. 7

RE-APPOINTMENT OF SHRI CHETAN SHAH AS THE MANAGING DIRECTOR OF THE COMPANY

The Members of the Company at the Annual General Meeting held on 24th September, 2008, re-appointed Shri Chetan Shah as the Managing Director of the Company for a period of Three years with effect from 1st October, 2008 at a remuneration and on such other terms and conditions as mentioned in the resolution passed at the said meeting and as set out in the Agreement between the Company and Shri Chetan Shah.

Shri Chetan Navnitlal Shah, age 56 years, is one of the Promoter of Ashapura Group, has more than 28 years of experience in the field of Bauxite, Bentonite and allied Industry. He has travelled worldwide and is the moving spirit for development of Ashapura's Export market, which has achieved excellence in Exports of Bauxite and other value added products. Under his leadership in the field of marketing, sales and administration, your Company has become one of the leading mineral processors and is also developing a large and versatile mineral portfolio for the entire value chain which includes mining, processing, value addition and logistics.

The Agreement to be entered into between the Company and Shri Chetan Shah, inter-alia, provides the following terms and conditions:

1. Tenure of Appointment :

The Appointment of the Managing Director is for a period of 3 years w.e.f. 1st October, 2011.

2. Remuneration :

Salary ₹. 1,50,000/- per month or such other as may be approved by the Remuneration Committee/Board of Directors of the Company within the limits as prescribed under Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

3. Nature of Duties :

To manage and conduct the business and affairs of the Company and shall oversee, supervise and guide the operations of the Company faithfully, diligently, honestly and to the best of his ability and power, and do and execute all such acts, deeds, matters and things for carrying out such objects as may from time to time be assigned or entrusted by the Board of Directors of the Company or as may be vested in him as a Managing Director under these presents or otherwise, and he shall in all respects confirm to and comply with lawful orders and directions issued and given by the Board of Directors to him and shall faithfully serve the Company and use his best endeavour to promote its interests.

4. Perquisites & Allowances :

The Managing Director will also be entitled to such perquisites & allowances as mentioned in the aforesaid Agreement and in accordance with the Rules of the Company and as may be agreed to by the Board of Directors / Remuneration Committee and the Executive Chairman.

Contribution to Provident Fund, Superannuation Fund and Gratuity shall be as per rules of Fund / Scheme in force from time to time.

5. Other terms & conditions :

- (a) Remuneration by way of commission shall be payable, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.
- (b) Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate the Company will pay remuneration by way of salary and perquisites and allowances as specified above as minimum remuneration subject to the overall ceiling as set out in Section II of Part II of Schedule XIII and the same as may be amended from time to time.
- (c) He shall not be paid any fees for attending meetings of the Board of Directors and/or any Committee thereof.
- (d) He shall not, during his tenure of office as the Managing Director, be liable to retire by rotation as Director of the Company.
- (e) The employment of the Managing Director under this Agreement shall forthwith terminate if he shall become insolvent or make any composition or arrangement with the creditors or shall cease to be a Director of the Company.
- (f) Notwithstanding anything contained in this Agreement, either party shall be entitled to terminate this Agreement by giving three calendar months notice in writing in that behalf to the other party without any cause and on the expiry of the period of such notice, this Agreement shall stand terminated.

Shri Chetan N. Shah also holds the position of Directorship in following Public Companies:

Sr. No.	Name of the Company
1.	Ashapura International Limited
2.	Ashapura Claytech Limited
3.	Ashapura Volclay Limited
4.	Bombay Minerals Ltd.
5.	Prashansha Ceramics Limited
6.	Ashapura Industrial Finance Ltd.
7.	Ashapura Aluminium Ltd.
8.	Asim Resources Ltd.

The above information may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, other than Shri Chetan Shah & Shri Navnitlal Shah F/o. Shri Chetan Shah, is in any way concerned or interested in this resolution.

The Board commends the Resolution set out at Item No. 7 of the Notice for your approval.

ITEM NO. 8

INTER-CORPORATE LOAN(S) AND INVESTMENT(S)

The Company during the year ended 31st March, 2011, provided for certain shipping claims which resulted in negative bottom line and as such negative net worth. In view of the same, the Company thought fit to restructure its limits under Section 372A of the Companies Act, 1956, upto to maximum of ₹. 100 Crores and further restricting it only to its subsidiary(s) / joint venture(s) / other associate(s).

As per the provisions of Section 372A of the Companies Act, 1956, a Company cannot, except with the permission of the Shareholders, make investment(s) or give loan(s), in excess of the limits set out therein.

The Board of Directors in their meeting held on 2nd August, 2011, formed an opinion that the Company may have to give loan(s) or make investment(s), so as to meet certain business emergencies / urgencies, as also to facilitate day-to day operating expenses of the subsidiary(s) / joint venture(s) / other associate(s), as and when the need may arise. Considering the above mentioned state of affairs,



the Board decided to seek Shareholders approvals u/s 372A of the Companies Act, 1956 to enable the Company to make further loan(s) or investment(s) upto a maximum of ₹. 100 Crores and accordingly approval of the Shareholders by way of Special Resolution pursuant to the provisions of said Section 372A is proposed to be sought.

None of the Directors of the Company are concerned or interested in the said resolution.

The Board Commends the Resolution set out at Item No. 8 of the Notice for your approval.

ITEM NO. 9

DONATION TO CHARITABLE TRUST(S) / FUND(S)

The Company as a matter of Social Responsibility has donated funds to Religious / Charitable Trust(s) / Fund(s) to the tune of ₹. 3,54,056/- in the financial year 2010-2011. However, the provisions of Section 293(1)(e) of the Companies Act, 1956 requires that donation in excess of fifty thousand or 5% of average net profits of preceding three financial years determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956, need to be approved at the General Meeting by way of Ordinary Resolution and thus the matter is proposed for ratification by the Members in the best interest of the Company in the ensuing Annual General Meeting.

None of the Directors, other than Shri Navnitlal Shah & Shri Chetan Shah, is in any way concerned or interested in this resolution.

The Board Commends the Resolution set out at Item No. 9 of the Notice for your approval.

By order of the Board of Directors

sd/-

SACHIN POLKE
Company Secretary

Place : Mumbai

Dated: 2nd August, 2011

Registered Office :

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

ASHAPURA MINECHEM LIMITED

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, 2011.

FINANCIAL RESULTS AND PERFORMANCE :

	Ashapura Minechem Ltd.		Consolidated	
	(₹. in Lacs)		(₹. in Lacs)	
	2010-11	2009-10	2010-11	2009-10
Net Sales / Income from operations	45,203.62	50,306.49	63,675.76	71,403.88
Less: Total Expenditure	<u>40,461.02</u>	<u>50,155.75</u>	<u>56,100.85</u>	<u>66,222.50</u>
Profit /(Loss) from Operations before Dep., Other Income, Interest and exceptional items	4,742.60	150.74	7574.91	5,181.38
Less: Depreciation	<u>1,072.28</u>	<u>980.23</u>	<u>2,644.71</u>	<u>2,568.58</u>
Profit /(Loss) from Operations before Other Income, Interest and exceptional items	3,670.32	(829.49)	4,930.20	2,612.80
Add: Other Income	<u>566.07</u>	<u>266.18</u>	<u>548.24</u>	<u>402.99</u>
Profit /(Loss) before Interest and Exceptional Items	4,236.40	(563.31)	5,478.44	3,015.79
Interest	<u>3,484.02</u>	<u>5,217.38</u>	<u>4,066.59</u>	<u>5,811.90</u>
Profit /(Loss) after Interest but before Exceptional Items	752.38	(5,780.69)	1,411.86	(2,796.11)
Exceptional Items	<u>51,202.88</u>	<u>(6,821.80)</u>	<u>51,202.88</u>	<u>(6,821.80)</u>
Profit /(Loss) from ordinary activates before tax	(50,450.50)	1,041.11	(49,791.02)	4,025.69
Tax Expenses				
Current Tax	—	—	622.66	1,074.90
Earlier Year's Tax	151.63	—	205.93	124.61
Deferred	<u>9,100.00</u>	<u>237.30</u>	<u>9,210.30</u>	<u>256.73</u>
Profit /(Loss) from ordinary activates after tax	(59,702.14)	803.81	(59,829.91)	2,569.45
Prior Period Items	119.81	(170.50)	124.35	(553.29)
Extra Ordinary Items	214.73	—	214.73	—
Net Profit / (Loss)	(60,036.68)	974.31	(60,168.99)	3,122.74
Minority Interest	—	—	(2.02)	(4.19)
Share of Profit/(Loss) in Associate Company	—	—	(35.39)	(46.60)
Net Profit / (Loss) of Group	(60,036.68)	974.31	(60,206.41)	3,071.95

During the financial year ended 31st March, 2011, the Profit before depreciation, other income, interest and exceptional items as reported by the Company is ₹. 4,742.60 lacs in comparison to ₹ 150.74 lacs in the previous year. The Company on the basis of legal advice taken from various counsels has written back Foreign Currency Derivatives Loss and made provision for shipping claims and therefore the bottom line reflected a Net Loss of ₹ 60,036.68 lacs & ₹ 60,206.41 lacs respectively, in the standalone & consolidated financial results.



DIVIDEND:

In view of losses incurred, your Directors have not recommended any Dividend for the year 2010-2011.

REVIEW OF OPERATIONS:

The standalone turnover for the year ended 31st March, 2011, declined by 11.29% and stood at ₹ 45,203.62 lacs as against ₹ 50,306.49 lacs in the previous year. The turnover for the entire Ashapura Group stood at ₹ 63,675.76 lacs as against ₹ 71,403.88 lacs in the previous year.

Although the Government of Gujarat declared its bauxite policy permitting the resumption of bauxite exports from the State in November 2010; continuing administrative delays in implementation of the policy restrained the Company in achieving optimum volumes of bauxite sales. The management believes that the imminent implementation of the State's mineral policy will help the Company achieve its potential volumes of bauxite sales from the State of Gujarat.

The Company is facing three applications for Enforcement of Ex-party awards in respect of three contracts of Affreightment for US \$ 126.07 million. Till March 2010, the company has shown these claims as contingent liabilities and not acknowledged as debt. Reviewing on the latest developments on lawsuits faced by the company on these contracts and certain pronouncements by the court in the matter, the Board of Director sought an opinion for the independent legal experts and based on the opinion, the Company has decided "strictly without prejudice and without admitting the claims of the shipping companies" to make the provision of ₹ 56,202.20 lacs (US \$ 126.07 million) in current year thereby resulting into negative net worth of the Company and therefore the Board of the Directors have decided to make a reference to the Board of Industrial and Financial Reconstruction (BIFR).

SUBSIDIARIES:

a) Bombay Minerals Limited

Bombay Minerals Ltd is a 100 percent subsidiary of your Company. The said Company reported a turnover of ₹ 2798.40 lacs during the year as compared to ₹ 5814.10 lacs in the previous year. The net profit for the year under review stood at ₹ 375.26 lacs as compared to ₹ 823.66 lacs in the previous year.

b) Ashapura International Limited

Ashapura International Ltd is a 100 percent subsidiary of your Company, has performed well during the year under review. The Company reported a turnover of ₹ 7705.96 lacs as against a turnover of ₹ 5536.77 lacs in the previous year. Correspondingly, the Company's net profit stood at ₹ 451.91 lacs as against ₹ 295.24 lacs in the previous year.

c) Ashapura Aluminium Limited

Ashapura Aluminium Limited is a 100 percent subsidiary of your Company. The said Company is primarily engaged in setting up of an Alumina Refinery in the Kutch District of Gujarat.

d) Ashapura Claytech Limited

Your Company owns 95.25 percent of the share capital of Ashapura Claytech Ltd. The said Company is in process of exploring new business activities like mining and marketing of Feldspar, Quartz etc. During the year under review, the turnover declined by 6.35 percent and stood at ₹ 458.62 lacs as against to 487.74 lacs in the previous year. The decline in turnover affected the net profit which stood at ₹ 41.32 lacs as compared to ₹ 88.19 lacs in the previous year showing a decrease of 113.43 percent

e) Ashapura Minechem (UAE) FZE

Ashapura Minechem (UAE) FZE is a 100 percent subsidiary of your Company established in United Arab Emirates (UAE), which is engaged in the business of import, export and distribution of industrial minerals and other related activities. The said Company during the year under review reported a decline in the total turnover from approx. Rs. 6001.64 lacs (USD 125.19 lacs) to approx. ₹ 1149.63 lacs (USD 25.69 lacs). Subsequently, the bottom line also declined from profit of approx. ₹ 117.65 lacs (USD 2.45 lacs) to loss of approx. ₹ 252.84 lacs (USD 5.65 lacs).

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 expenditure incurred is reflected in statement of financial position as accumulated losses which stood at approx ₹ 34.13 lacs (USD 76,553).

g) Ashapura Maritime FZE

This is a 100 percent 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

ASHAPURA MINECHEM LIMITED

₹ 2076.85 lacs (USD 46.41 lacs). However, it incurred a net loss of approx. ₹ 661.85 lacs (USD 14.79 lacs).

h) PT. Ashapura Resources Indonesia

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

The said Company was incorporated on 21st April, 2010, for tapping mining opportunities in Indonesia especially for minerals like Bauxite, Coal and Manganese Ore. During the year under review the accumulated losses stood at approx ₹ 98.81 lacs (USD 2,20,813).

JOINT VENTURES AND ASSOCIATES:

i) Ashapura Volclay Limited

Your Company owns 50 percent Equity of Ashapura Volclay Ltd. The Company reported a turnover of ₹ 12519.03 lacs as against a turnover of ₹ 9684.76 lacs in the previous year. The profits after tax stood at ₹ 942.03 lacs for the year under review as compared to ₹ 1362.87 lacs in the previous year.

The Company is in the process of expanding its production capacity of Acid Activated Bleaching Clay. On completion of the expansion, Ashapura will be the World's third largest Bleaching Clay producer in terms of capacity. The Ashapura Group has achieved this milestone within 8 years of its foray into the industry.

j) Ashapura AMCOL NV

Your Company together with its subsidiary – Ashapura Minechem (UAE) FZE owns 50 percent stake in Ashapura AMCOL NV, a Company incorporated in Belgium with an object of developing, trading, manufacturing and marketing of clay mineral products.

During the year under review, the said Company's income stood at ₹ 4223.26 lacs (Euro 68.15 lacs) and the net loss after tax stood at ₹ 406.52 lacs (Euro 6.56 lacs).

k) Ashapura Arcadia Logistics Private Limited

Your Company owns 50 percent Equity of Ashapura Arcadia Logistics Private Limited. The said Company's income declined by approx 9.25 % & stood at ₹ 573.66 lacs as compared to income of ₹ 632.12 lacs in the previous year. The said Company reported a net loss of ₹ 55.65 lacs as compared to a net loss of ₹ 321.88 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.

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, has introduced a stock option Scheme - the Employees Stock Option Plan – 2004 (“ESOP 2004”) for its employees and the employees of its subsidiary Companies. An approval to issue upto 15,95,675 Equity Shares of ₹ 2/- each was obtained, wherein not more than 317,500 Equity shares of ₹ 2/- each could be issued per employee.

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:

Resignation of Directors:

Your Company witnessed a change in its Board of Directors since the last Annual General Meeting.

Shri Larry Washow, Nominee Director representing M/s. Volclay International Corporation on the Board of M/s. Ashapura Minechem Limited resigned w.e.f. 31st December, 2010, thereby creating a casual vacancy which is yet to be filled by M/s. Volclay International Corporation.

Smt. Dina Shah, Promoter Director resigned w.e.f. 1st February, 2011, to pursue & devote full time towards Charitable & Philanthropic purposes.

The Company places on record its appreciation for the significant contribution made by the Directors during their tenure as such, with the Company.

Retire by Rotation:

In accordance with the provisions of Section 256 of the Companies Act, 1956, Shri Abhilash Munsif and Shri Ashok Kadakia are liable to retire by rotation and being eligible offer themselves for reappointment.

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, 2011, 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, 2011 and of the LOSS 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, 2011, 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.

The Company during the year under review, voluntarily applied for de-listing of its Shares from Ahmedabad Stock Exchange Limited in accordance with the provisions of SEBI (Delisting of Equity Shares) Regulations, 2009. The Ahmedabad Stock Exchange Limited granted their approval for the same and Company's Shares were de-listed w.e.f. 31st March, 2011.

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 2011-2012. 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 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 Management, these contracts are void in nature and cannot be legally enforced.
- b) 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.

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 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.

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/-
Navnitlal Shah	Chetan Shah
Executive Chairman	Managing Director

Place : Mumbai

Date : 30th May, 2011



ANNEXURE TO DIRECTOR'S REPORT

ANNEXURE – "I"

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	2010-2011	2009-2010
i) Electricity		
(a) Purchased:		
Units	11,137,155	7,692,338
Total Amount (₹)	59,649,884.00	41,217,075.00
Rate / unit (₹)	5.36	5.36
(b) Own generation:		
Through diesel generator		
Units	36,707.40	94,546.00
Total Amount (₹)	1,340,306.00	676,131.00
Cost / unit (₹)	36.51	7.15
ii) Coal :		
Qty. (tonnes)	2,090.77	17
Total Cost (₹)	12,842,022.00	102,951.40
Average Rate (₹)	6142.24	6,055.94
iii) Furnace Oil/Diesal :		
Qty. (K. Liters)	1,000	411
Total Cost (₹)	42,280.00	14,620,741.51
Average Rate (₹)	42.28	35,566.91
iv) Others/Suqarcane Briquetts :		
Qty. (tonnes)	0.47	—
Total Cost (₹)	1,578.00	—
Average Rate (₹)	3,357.44	—
v) Kerosene		
Qty. (liters)	111,652.68	526,629
Total Cost (₹)	4,063,967.00	15,968,295.69
Rate / unit (₹)	36.40	30.32

vi) Biomass :		
Qty. (tones)	7,093.12	365
Total Cost (₹)	34,846,433.00	834,114.64
Rate / unit (₹)	4,912.71	2,282.49
TOTAL (₹)	<u>112,786,470.00</u>	<u>73,419,309.24</u>

C. ACTUAL PRODUCTION:

Production of	2010-2011 Qty. (in MTS)	2009-2010 Qty. (in MTS)
Bentonite Granules	10,606	16,579
Bentonite Powder	117,471	50,993
Bentonite Processed Lumps	263,546	159,789
Bentonite Unactivated Lumps	11,060	96,312
Bauxite Lumps	766,310	546,909
Attapulгите Lumps	13,597	5,912
Bleaching Clay	—	—
Kaolin	16,439	12,745
China Clay	109,322	54,287

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 GCC, Calcined Kaolin, Organoclay, Chamotte and Mullite</p> <p>For example:</p> <ol style="list-style-type: none"> 1. Ashamotte, a material grade for refractory application developed. 2. Ashalite, a Mullite grade for higher grade refractory application developed. 3. Material evaluation and process flow sheet development for GCC project.
ii) Benefits derived as a result of above R & D	<ol style="list-style-type: none"> a) Ashamotte and Ashalite, two refractory grade materials developed by Innovation & Knowledge Centre are introduced in the market. b) Complete technical support for major projects like Bhuj Kaolin and GCC project. c) Up-gradation of 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. Higher Grade Mullite development. 4. Organoclay development for various applications 															
iv) Management Review	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.															
v) Expenditure on R&D	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">2010-2011 (₹.)</th> <th style="text-align: center;">2009-2010 (₹)</th> </tr> </thead> <tbody> <tr> <td>a) Capital</td> <td style="text-align: right;">14,374,914</td> <td style="text-align: right;">2,118,788</td> </tr> <tr> <td>b) Recurring</td> <td style="text-align: right;">7,401,768</td> <td style="text-align: right;">6,512,947</td> </tr> <tr> <td>c) Total</td> <td style="text-align: right;"><u>21,776,682</u></td> <td style="text-align: right;"><u>8,631,735</u></td> </tr> <tr> <td>d) Total R&D Expenditure as a Percentage of total turnover</td> <td style="text-align: center;">0.47%</td> <td style="text-align: center;">0.17%</td> </tr> </tbody> </table>		2010-2011 (₹.)	2009-2010 (₹)	a) Capital	14,374,914	2,118,788	b) Recurring	7,401,768	6,512,947	c) Total	<u>21,776,682</u>	<u>8,631,735</u>	d) Total R&D Expenditure as a Percentage of total turnover	0.47%	0.17%
	2010-2011 (₹.)	2009-2010 (₹)														
a) Capital	14,374,914	2,118,788														
b) Recurring	7,401,768	6,512,947														
c) Total	<u>21,776,682</u>	<u>8,631,735</u>														
d) Total R&D Expenditure as a Percentage of total turnover	0.47%	0.17%														

E. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION:

	2010-2011	2009-2010
a) Efforts, in brief, made towards technology absorption, adaptation and innovation	NIL	NIL
b) Benefits derived as a result of the above	NIL	NIL
c) In case of imported technology(imported during the last 5 years reckoned from the beginning of the financial year)		
1. Technology imported	NIL	NIL
2. Year of import	NIL	NIL
3. Has technology been fully absorbed	NIL	NIL
4. if not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	NIL	NIL

F. FOREIGN EXCHANGE EARNING AND OUTGO:

Activities relating to exports; initiatives taken to increase exports; developments of new exports markets for products and services; and export plans;	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. The Company has had a measured approach in approaching international ore markets on account of Bauxite supply disruptions from Gujarat. However it continues to enjoy a healthy market share in Bentonite and Barite export markets.	
	2010-2011 (₹.)	2009-2010 (₹)
Total Foreign Exchange used	473,073,700	300,331,275
Total Foreign Exchange earned (F.O.B.)	1,712,412,031	755,336,733

For and on Behalf of the Board of Directors

sd/-
Navnitlal Shah
Executive Chairman

Place : Mumbai
Date : 30th May, 2011

INFORMATION REGARDING EMPLOYEES STOCK OPTION PLAN, 2004 (AS ON 31st MARCH, 2011)

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 ₹ 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:

1. The Senior Management Personnel are not granted any options/shares.
2. 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.
3. 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, is expiring as 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 : 30th May, 2011



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, **ASHPURA MINECHEM LIMITED** ("The Company") has, during the financial year 2010-2011, 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 : 30th May, 2011

ANNEXURE - "IV"

AUDITORS' 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, 2011, 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 : 30th May, 2011

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, 2011, 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, 2011

sd/-

CHETAN SHAH
Managing Director

Place : Mumbai
Date : 30th May, 2011

REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2010-2011

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

Corporate Governance at 'Ashapura' is a Company wide commitment which starts with the Board of Directors to bring in independence, integrity, accountability, transparency, consistency and fairness in its business strategy & operations.

Your Company believes that by employing Good Corporate Governance policy, it can service all stakeholders and help to translate into being a responsible Corporate Citizen. These Corporate Governance policies are based on ethical conduct, healthy & safety business environment and honest, responsible & efficient business practices.

The Company has adopted a Code of Conduct for its employees including the Executive Chairman, the Managing Director and the Non-Executive Directors.

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 6 Directors including an Executive Chairman and a Managing Director. Of these, 4 Directors are Independent Directors. 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 In Public Companies #	No of Committee Positions held in companies including Ashapura Minechem Ltd. ##	
					Member	Chairman
Shri Navnitlal Shah	Executive Chairman Non- Independent,	6	Present	3	1	-
Shri Chetan Shah	Managing Director Non- Independent,	6	Present	8	1	-
Smt. Dina Shah*	Non-Executive, Non-Independent	5	Present	2	-	-
Shri Piyush Vora	Non-Executive, Independent	4	Absent	-	-	-
Shri Ashok Kadakia	Non-Executive, Independent	6	Present	5	-	2
Shri Harish Motiwalla	Non-Executive, Independent	6	Present	5	2	3
Shri Abhilash Munsif	Non-Executive, Independent	3	Present	-	-	-
Shri Larry Washow**	Non-Executive, Representative of Volclay International Corporation	1	Present	-	-	-



- * Smt. Dina Shah resigned from the Board of Directors of the Company w.e.f. 1st February, 2011.
- ** Shri. Larry Washow resigned from the Board of Directors of the Company w.e.f. 31st December, 2010.
- # Excludes Directorship held in Private 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
- Independent Director means a director defined under Clause 49 of the Listing agreement.

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 Abhilash Munsif and Shri Ashok Kadakia 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 Ashok Kadakia	Shri Abhilash Munsif
Date of Birth	07.06.1942	27.11.1942
Qualifications	Commerce Graduate	B. Com., ACA London, "Emergency Disaster Management" from Wisconsin University, USA
Profile	Shri Ashok Kadakia is an industrialist with over 3 decades of experience in Chemical Industry.	Shri Abhilash Munsif is a well-experienced diplomat, fully conversant with, the working of United Nation systems and the High Level Commissions. He has worked for 8 years in private sector in London. He has also held several positions at CFO / CAO / Director Level, with several organs of United Nations in Switzerland, Asia & Africa and with High Level Commissions like "South Commission" comprising 18 countries & Summit level group of Developing Countries (G-15) comprising 15 countries
Directorship in other Public Companies	1. Kumaka Industries Ltd (formally known as Ashok Organic Industries Ltd.) 2. Ashok Cellulose Ltd. 3. Hotel Rugby Ltd. 4. Kadakia Alkalis & Chemical Ltd. 5. Emmessar Biotech & Nutrition Ltd.	Nil
No. of shares held in the Company as on 31.03.2011	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. The Details of Board meetings held during the FY 2010-2011 are as below:

Sr. No.	Date of Board Meeting
1.	30 th June, 2010
2.	5 th August, 2010
3.	24 th September, 2010
4.	29 th October, 2010
5.	3 rd February, 2011
6.	17 th February, 2011

3. Committees of the Board of Directors

The Board has Constituted 4 Committees of Directors 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 :

- reviewing various day-to-day administrative, operational & finance matters requiring urgent decisions;
- availing/making of loans, raising of funds, giving of corporate guarantees/securities considering the limits and provisions as specified in the Companies Act, 1956;
- 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;
- 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 Board 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 2010-2011	
		Held	Attended
Shri Navnitlal Shah (Chairman)	Executive, Non-Independent	13	13
Shri Chetan Shah	Executive, Non-Independent	13	13
Shri Piyush Vora	Non-Executive, Independent	13	8
Shri Ashok Kadakia	Non-Executive, Independent	13	11

During the year under review 13 meetings of Committee of Directors were held on 1st April, 2010, 20th May, 2010, 7th June, 2010, 7th July, 2010, 8th October, 2010, 19th November, 2010, 4th December, 2010, 23rd December, 2010, 14th January, 2011, 31st January, 2011, 21st February, 2011, 8th March, 2011 and 30th March, 2011.

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 oversees the financial reporting process. The Committee presently comprises 4 Non-Executive Directors, all of whom are Independent Directors.

During the year under review 4 meetings of the Audit Committee were held on 30th June, 2010, 5th August, 2010, 29th October, 2010 and 3rd February, 2011 to deliberate on various matters.

The details of the attendance by the Committee Members are as follows:

Name of Director	Category	No. of Meetings during the year 2010-2011	
		Held	Attended
Shri Ashok Kadakia (Chairman)	Non-Executive, Independent	4	4
Shri Piyush Vora	Non-Executive, Independent	4	3
Shri Harish Motiwalla	Non-Executive, Independent	4	4
Shri Larry Washow*	Non-Executive, Rep of VIC	4	0

*Shri. Larry Washow resigned from the Board of Directors w.e.f. 31st December, 2010.

- Shri Ashok Kadakia Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 24th September, 2010.
- Managing Director and Chief Finance Officer, the representative of the Statutory Auditors, Head of the Internal Audit are permanent invitees of the Audit Committee.
- Mr. Sachin Polke, Company Secretary, acted as Secretary to the Committee.

The term 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:

- discussion and review of quarterly, half yearly and annual standalone/consolidated financial results;
- review of financial reporting systems and ensuring its compliance with regulatory guidelines;
- discussion and review of quarterly/annual internal audit report;
- recommendation for appointment of statutory auditors, branch 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 Six meetings of Shareholders'/Investors' Grievance Committee were held on 20th May, 2010, 12th June, 2010, 28th August, 2010, 8th October, 2010, 4th December, 2010, 13th January, 2011 and 30th March, 2011. The Composition of the committee is as follows:

Name of Directors	Category	No. of Meetings during the year 2010-2011	
		Held	Attended
Shri Ashok Kadakia (Chairman)	Non-Executive, Independent	7	6
Shri Navnitlal Shah	Executive, Non-Independent	7	6
Shri Chetan Shah	Executive, Non-Independent	7	6
Shri Piyush Vora	Non-Executive, Independent	7	4

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 2010-2011 are as given below:

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

IV. Remuneration Committee:

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

- i. Reviewing and approval the Company's policy on remuneration packages for the Executive Chairman, Managing Director, 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 incentive 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 Larry Washow*	Non-Executive, Representative of Volclay International Corporation
Shri Piyush Vora \$	Non-Executive, Independent

* Shri. Larry Washow resigned from the Board of Directors of the Company w.e.f. 31st December, 2010.

\$ Shri Piyush Vora was co-opted as a Member of Remuneration Committee w.e.f. 30th May, 2011.

No Remuneration Committee meeting was held during the financial year 2010-2011.

Non Executive Director's compensation and disclosure:

All fees/compensation including sitting fees paid to the non-executive directors of the Company are fixed by Board of Directors are within the limits as per Company's Act, 1956.

The Details of Remuneration package, fees paid to the Directors for the year ended 31st March, 2011.

(a) Paid to Non-Executive Directors:

Name of the Directors	Sitting Fees for various Meetings attended
Smt. Dina Shah #	₹. 25,000/-
Shri Piyush Vora	₹. 35,000/-*
Shri Ashok Kadakia	₹. 50,000/-*
Shri Harish Motiwalla	₹. 50,000/-*
Shri Abhilash Munsif	₹. 20,000/-
Shri Larry Washow \$	₹. 5,000/-*

* Includes sitting fees paid for attending Audit Committee Meetings.

Smt. Dina Shah resigned from the Directorship of the Company w.e.f. 01.02.2011.

\$ Shri Larry Washow resigned from the Directorship of the Company w.e.f. 31.12.2010.

Name of Directors	Designation	Salaries & Perquisites (Including privilege entitlement)
Shri Navnitlal R. Shah	Executive Chairman	₹. 48,00,000/-*
Shri Chetan N. Shah	Managing Director	₹. 48,00,000/-*

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

Notes:

- The Shareholders at the Annual General Meeting held on 24th September, 2008, approved the payment of remuneration @ ₹ 8,00,000/- p.m. to the Executive Chairman and the Managing Director.
- During the financial year 2010-2011, the Executive Chairman and the Managing Director opted to receive the minimum remuneration and was paid by the Company as per agreement entered into by the company with them.
- The Members of the Company at the Annual General Meeting held on 24th September, 2008, re-appointed Shri Navnitlal R. Shah as the Executive Chairman and Shri Chetan Shah as a Managing Director of the Company for a period of three years with effect from 1st October, 2008 to 30th September, 2011.

Code of Conduct:

Ashapura's Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, Senior Management and Employees of the Company. The Code is available on the Company's website.

For the year under review, all Directors, Senior Management personnel of the Company have confirmed their adherence to the provisions of the said code.

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.

Disclosures :

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 three directors, all of them are non-executive directors and Chairman of the Committee is an Independent Director.

4. General Body Meetings :

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

Financial Year	Date	Time	Location
2007-2008	24-09-2008	10.00 a.m.	Babubhai Chinai Committee Room, 2 nd Floor, Indian Merchants' Chamber, Mumbai 400020.
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.

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

Financial Year	Special Resolutions passed for :
2007-2008	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.
2008-2009	--
2009-2010	--

Special Resolutions passed in last year through postal ballot:

Pursuant to Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the Company passed two Resolution by Postal Ballot on 25th March, 2011 as follows:

Resolution I : Special Resolution U/s 81(1A) of the Companies Act, 1956 for issue of Shares/Securities on preferential basis.

Resolution II : Ordinary Resolution U/s 16 & 94 of the Companies Act, 1956 for increase in Authorised Share Capital from existing ₹. 25,00,00,000/- (Rupees Twenty Five Crore) to ₹. 90,00,00,000/- (Rupees Ninety Crores) and for Alteration of Memorandum of Association of the Company.

Shri Sudesh Joshi, Practicing Chartered Accountant was appointed as Scrutinizer for conducting the Postal Ballot in accordance with the procedure prescribed by the Companies Act, 1956. The details of the voting pattern of the Postal Ballot as reported by the Scrutinizer are as follows:

Results of the Postal Ballot are as follows :

Sr.No.	Particulars	Resolution - I	Resolution - II
I.	Total number of Shareholders of the Company	27,306	27,306
II.	Total no. of Shareholders to whom Postal Ballot Papers were sent	27,306	27,306
III.	Total no. of Postal Ballot Papers returned undelivered	372	372
IV.	Total Postal Ballot Papers received	701	156
	- Number of Postal Ballot Papers – in favour of the Resolution	565	133
	- Number of Postal Ballot Papers – against the Resolution	58	6
V.	Number of Postal Ballot Papers rejected	78	17
	Number of Shares	6,39,458	54,768
VI.	Total votes (in terms of number of voting rights/shares) exercised through Postal Ballot		
	- Number of Votes in favour of the Resolution	367,37,382	381,79,917
	- Number of votes against the Resolution	34,365	31,014
VII.	Votes in favour of the Resolution as a percentage of votes cast	99.91%	99.92%

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

5. Means of communication :

Financial Results:

Newspaper in which normally Financial Results are published:

Newspaper	Cities of Publication
Business Standard	Mumbai Edition
Sakal	Mumbai Edition

Any Website, where displayed: www.ashapura.com

The other information about Company's products, new projects, technology, social events are available on the Company's website at www.ashapura.com.

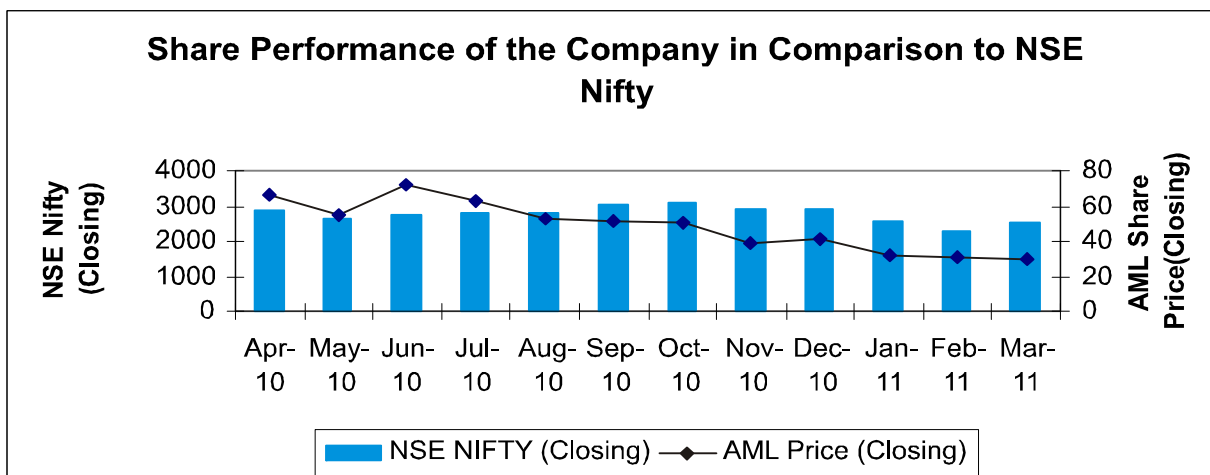
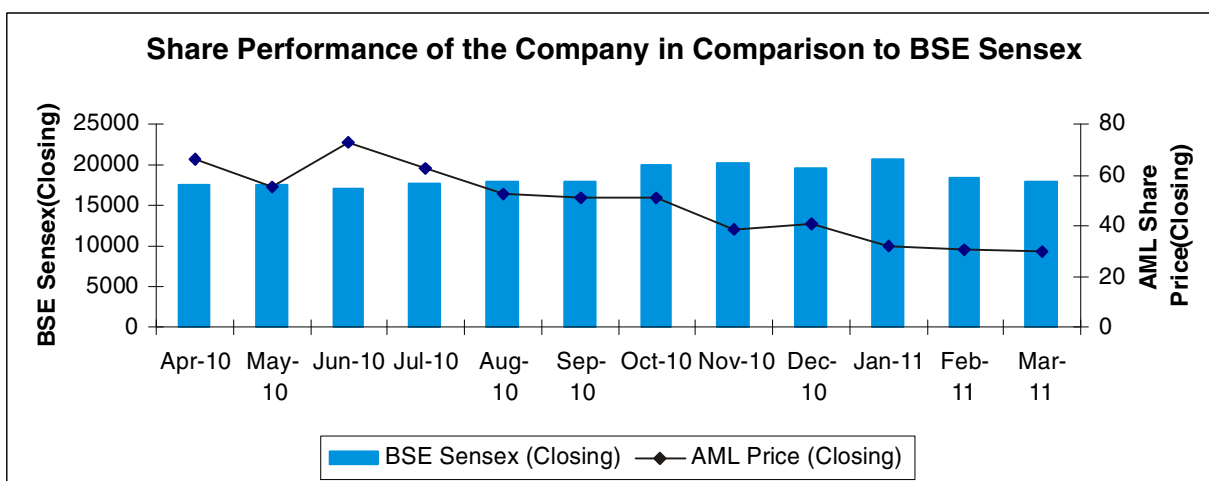
6. General Shareholder Information:

Annual General Meeting :	30th AGM : Date : 28 th September, 2011 Time : 11.30 a. m. Venue : The K. R. Cama Oriental Institute Hall, 136 Mumbai Samachar Marg, Opp. Lion Gate, Fort, Mumbai - 400 023.
Financial Calendar :	Financial reporting for the quarter ending June 30, 2011 : On or before 14 th August, 2011 Financial reporting for the quarter ending September 30, 2011 : On or before 14 th November, 2011 Financial reporting for the quarter ending December 31, 2011 : On or before 14 th February, 2012 Financial reporting for the quarter ending March 31, 2012 : On or before 30 th May, 2012
Date of Book Closure :	20 th September, 2011 to 28 th September, 2011 (Both Days Inclusive)
Dividend Payment Date :	No Dividend is recommended for the FY 2010-2011
Listing Details :	Equity Shares are listed on following exchanges : Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400001 National Stock Exchange of India Limited, "Exchange Plaza", Bandara Kurla Complex, Bandera (East), Mumbai - 400 051. Listing Fees has been paid to all the Stock Exchanges. Company's Shares have been voluntarily delisted from Ahmedabad Stock Exchange Ltd. w.e.f. 31 st March, 2011 pursuant to application made by the company under SEBI (Delisting of Equity Shares) Regulations, 2009.
Stock Code :	Bombay Stock Exchange Ltd. 527001 The National Stock Exchange of India Ltd. ASHAPURMIN
ISIN Number :	INE348A01023 for Equity Shares of ₹. 2/- each



Market Price Data

Period	Indices		BSE		NSE	
	Indices (₹.)		Rate (₹.)		Rate (₹.)	
	High	Low	High	Low	High	Low
April, 2010	18,047.86	17,276.80	74.50	63.60	74.90	63.80
May, 2010	17,536.86	15,960.15	66.50	51.00	68.00	51.15
June, 2010	17,919.62	16,318.39	74.65	50.00	74.70	50.00
July, 2010	18,237.56	17,395.58	75.00	58.10	75.00	58.35
August, 2010	18,475.27	17,819.99	69.45	52.40	69.40	52.05
September, 2010	20,267.98	18,027.12	58.25	50.70	58.70	48.80
October, 2010	20,854.55	19,768.96	63.60	50.40	63.45	50.50
November, 2010	21,108.64	18,954.82	56.50	37.20	56.40	35.20
December, 2010	20,552.03	19,074.57	45.50	36.50	45.50	36.50
January, 2011	20,664.80	18,038.48	45.95	29.00	45.95	31.10
February, 2011	18,690.97	17,295.62	36.35	25.35	36.80	24.50
March, 2011	19,575.16	17,792.17	33.40	27.90	33.25	27.00



ASHAPURA MINECHEM LIMITED

Registrar and Transfer Agents :	M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
Share Transfer System :	Share transfer in physical form are registered and returned within a period of 15 days of receipt, provided the documents are clear in all respects.
Distribution of Shareholding & Category-wise distribution :	Refer Table A & B
Dematerialisation of Shares and liquidity :	99.25 % of the Paid up Share Capital is in dematerialized mode.
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. Survey No. 447 & 448, Tandur Road, Dharur Village & Mandal – 501121, District - Ranga Raddy (A.P). Plot No. 182, Baikmpady Industrial Area, Baikmpady, New Mangalore-575011.
Address for Correspondence :	<p>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:</p> <p>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, +91-22-25946970-78 Fax : +91-22-25946969 E-mail : rnt.helpdesk@linkintime.co.in</p>

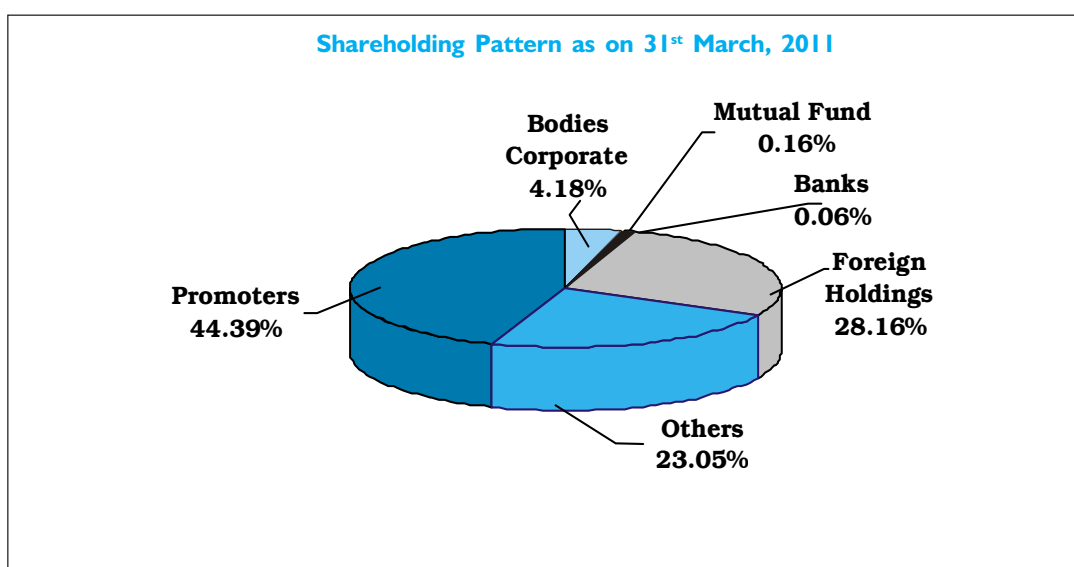
DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011
TABLE A

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Shares Amount in Rupees	% of Shareholding
1-5000	26400	96.0908	1,64,68,864	8.6221
5001-10000	605	2.2021	44,04,504	2.1808
10001-20000	252	0.9172	37,29,556	1.9010
20001-30000	80	0.2912	19,67,904	0.8332
30001-40000	28	0.1019	10,13,778	0.8206
40001-50000	15	0.0546	6,67,578	0.3148
50001-100000	32	0.1165	23,85,208	1.3748
100001 & above	62	0.2257	12,73,34,804	83.9527
TOTAL	27474	100.00	15,79,72,196	100.00



CATEGORY-WISE DISTRIBUTION AS ON 31ST MARCH, 2011
TABLE B

Categories	Total No. of Shares	% of Holding
A) Promoters Holding:		
Individuals	34968741	44.2720
Bodies Corporate	93040	0.1178
Total (A)	35061781	44.3898
B) Public Holding:		
i) Institutions:		
Mutual Fund	130000	0.1646
Foreign Mutual Fund	1065080	1.3484
Foreign Inst. Investors	3566026	4.5148
Nationalised Bank	21900	0.0277
Non-nationalised Bank	21690	0.0275
Total (B) (i)	4804696	8.6826
ii) Non-Institutions:		
Bodies Corporate	3304604	4.1838
Foreign Company	15714690	19.8955
Non Resident Indian	995955	1.2609
Non Resident (non repatriable)	898474	1.1375
Market Maker	261841	0.3315
Clearing Members	175505	0.2222
Trust	1434340	1.8159
Public	16334212	20.6800
Total (B) (ii)	39119621	49.5273
Total (B) [(B) (i) + (B) (ii)]	43924357	55.6103
Grand Total (A+B)	78986098	100.0000



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 2010-2011 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 has been catching up quickly in the past two decades, and weathered the global recession well. Wide-ranging reforms and increased investment have lifted potential growth to almost 9%, the highest in Indian history, helped by improvements in infrastructure.

The growth has been broad-based with a rebound in the agriculture sector which is expected to grow around 5.4%. Manufacturing and services sector have registered impressive gains. Savings and investment are looking up while exports are rising. However, food inflation, higher commodity prices and volatility in global commodity markets have been a cause of concern underscoring the need of fiscal consolidation and stronger reserves.

The global economy seems to be recovering after the recent financial crisis. The Indian economy, however, was hit in the latter part of the global recession as real economic growth witnessed a sharp fall, followed by lower exports, capital outflow and corporate restructuring.

INDUSTRY SCENARIO :

The mining industry in India is undergoing a gradual transformation in practice and in perception. Growing demand for minerals and ores in India and overseas has encouraged companies and governments to augment their mineral prospecting and resource conservation efforts. The desire for global competitiveness has led to an accelerated pace of modernization and professionalization in the industry. On the other hand, irresponsible socio-environment conduct leads to a lot of negative media coverage without even investigating the basic facts. The New National Mineral Policy which is yet to be tabled in the parliament looks promising on paper, one hopes that its speedily approved and implemented in spirit

OUTLOOK :

Quest for development has to go hand in hand with rapid industrialisation, and mining has remained an important cog in the wheel of development. It is expected that accentuated efforts on mining shall be witnessed in the years to come. As the mine operators begin to look forward for ways and means to improve efficiency and cut costs, safety considerations certainly assume more and more important position and emerge as significant factor even purely on economic considerations. Side by side modern society is also tending more and more to demand a safe and decent work environment, as a social need. Thus, results are being demanded. Tools and skill are available, and achievement with tremendous humanitarian and economic benefits are within the realm of practical possibility.

A spurt in global iron ore pelletization activity coupled with increased oil well drilling activity in the Middle East has also invigorated the demand for Bentonite which has seen a significantly large off-take in the recent months. The Company with its resources and goodwill in the Bentonite is well placed to cater to the rising demand and to augment its market share in the domestic and export market.

The demand and prices for ores such as Bauxite and Iron Ore remain fairly buoyant despite the bearish forecast of the realty and infrastructure sectors in Asia on account of the tightening fiscal measures by governments. Supply disruptions from India, especially for Iron Ore (from Karnataka) and Bauxite (from Gujarat) had a visible impact the Asian supply chain; however there is no doubt that the pent up supply from Indian shores will be lapped up as soon as it is available.

FINANCIAL PERFORMANCE :

The Financial Statements for the year ended 31st March, 2011, 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 income from operations of the Company stood at ₹.45,203.62 lacs as compared to ₹.50,306.49 lacs in the previous year, showing a decline of 10.14%. Although the quantum of mineral sold by the company increased marginally, the total realisation has declined on account of the sales mix.

The company achieved much superior Earnings Before Interest Tax Depreciation & Amortisation (EBITDA) of Rs.4742.60 lacs (i.e. 10.49% of revenue) as compared to the previous year's EBITDA of Rs. 150.74 lacs (i.e. 0.30% of revenue).

Based on the legal advice from various counsels, the Company has, in the previous year, written back liabilities ₹.10,334.50 lacs (net of deferred tax ₹. 6821.80 lacs) and certain loans aggregating to ₹. 50 lacs in connection with foreign currency derivatives losses.

The Company is facing three applications for Enforcement of Ex-party awards in respect of three contracts of Affreightment for US \$ 126.07 million. Till March 2010, the company has shown these claims as contingent liabilities and not acknowledged as debt. Reviewing on the latest developments on lawsuits faced by the company on these contracts and certain pronouncements by the court in the matter, the Board of Director sought an opinion from the independent legal experts and based on the opinion, the Company has decided " strictly without prejudice and without admitting the claims of the shipping companies" to make the provision of ₹. 56,202.20 lacs (US \$ 126.07 million) in current year resulting in a Net Loss of ₹. 60,036.68 lacs. The quantum of net loss in turn has lead to negative net worth for the Company and therefore the Board of the Directors have decide to make a reference to the Board of Industrial and Financial Reconstruction (BIFR).

OPPORTUNITIES :

Although the rate of growth for minerals or even the volatility in prices of commodities have been at the mercy of various macro economic parameters, the demand curve has always been moving upwards at different gradients. In 2010, India had a GDP grow of about 10.4 %, twice more than the World average of 5.1%; and like other sectors in the economy the mineral sector has also been a beneficiary of strong domestic demand. The Company achieved record domestic sales this year in Bentonite and in Bauxite, and is looking to capitalize on the trend so as to eventually achieve a healthy balance between domestic and export market exposure in the long run.

The company hopes that resumption of Bauxite exports from Gujarat would help it regain its market share in traded Bauxite market in Asia. Moreover, the implementation of the Supreme Court order to lift the ban from Iron Ore exports from Karnataka, shall go a long way in augmenting the company's Iron Ore export volumes after the monsoon.

THREATS :

One of the most challenging issues in India's mining sector is the lack of assessment of India's natural resources. A number of areas remain unexplored and the mineral resources in these areas are yet to be assessed. The distribution of minerals in the areas known is uneven and varies drastically from one region to another. The accidents in mining are caused both by man-made and natural phenomenon, for example explosions and flooding. The main causes for incidents resulting in serious injury or death are roof fall, vehicular accidents, falling/slipping and hauling related incidents. In recent decades, mining industry has been facing issues of large scale displacements, resistance of locals, environmental issues like pollution, corruption, deforestation, dangers to animal habitats.

Indian mining companies continue to be at the mercy of fickle and short sighted policies of multilateral government and quasi-governmental agencies. Random government action such as ban on iron ore, bauxite etc will continue to remain a threat until there is reasonable coherence amongst the state and the central governments about mineral development policies.

Volatilities in commodity, freight and foreign exchange markets have now become a norm rather than an exception; and grappling with these volatilities is no longer a mere differentiator but a survival skill for export oriented mining and mineral processing companies. The Company has consciously sought to minimize risk by limiting its exposure to freight and foreign exchange markets without compromising on margins, however it would be impossible to eliminate these risks entirely.

RISK & CONCERNS :

There are two immediate concerns being faced by the Company:

Although the Government of Gujarat declared its bauxite policy permitting the resumption of bauxite exports from the State in November 2010; continuing administrative delays in implementation of the policy restrained the Company in gearing up its bauxite sales.

Secondly, Company is facing applications for enforcement of ex-party awards passed in respect of three Contracts for Affreightment for US \$ 126.07 Millions. The Board of Director sought an opinion for the independent legal experts and based on the opinion, the Company has decided " strictly without prejudice and without admitting the claims of the shipping companies" to make the provision of ₹. 56,202.20 lacs (US \$ 126.07 million) in current year thereby resulting into negative net worth of the

Company and therefore the Board of the Directors have decided to make a reference to the Board of Industrial and Financial Reconstruction (BIFR).

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY :

Recognizing the important role of internal security, your Company maintains a 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 internal control is carried out by an extensive program of internal audits, document policies, guidelines & procedures and review by the management. All these measures have been put in place to detect irregularities at an early stage so that timely remedial action can be taken without inviting any significant loss.

Significant deviations are also brought to the notice of the Audit Committee of the Board frequently and corrective measures are recommended for implementation and further strengthening the system.

RESEARCH & DEVELOPMENT :

The phrase “innovate or die” is not an exaggeration in today’s fiercely competitive environment where everyday you have new initiatives and the rate of obsolete technologies keep increasing. At Ashapura we have since our inception recognized the importance of knowledge and innovation. Over the years we have worked with specialists across the world to ensure our products not just meet but surpass the most stringent quality controls. Our Knowledge and Innovation Centre and our technological synergies with associates across the world keep us continually in the forefront.

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.

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 such as Kaolin based products for various advanced applications, Ceramic product development based on ball clay, Feldspar, Quartz, China Clay etc., higher Grade Mullite development and Organoclay development for various applications.

HUMAN RESOURCES :

Your Company believes in creating an environment that builds a committed workforce pursuing a shared vision of excellence. Over the years the organization has put in place practices around quality sourcing, performance management and capability enhancement among others. Efforts are continuously made to strengthen these practices to ingrain them with the organization ethos.

Your Company has a team of experienced staff and executives at different levels. Your Company employees over 1,300 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 and achieve sustained growth and profitability. Attracting, retaining and motivating employees to perform to the best of their abilities and contribute to the growth of the company along with self-development have been one of the objectives of the Company.

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, promoting and preserving the art and folk music of Kutch. Today the local artisans from Kutch have a permanent location to be independent with their creative work and sell their wares. We have also concentrated on water harvesting, agricultural development, animal care, relief and rehabilitation, women and childcare, rural development etc. Further we’ve also contributed for employment related programs, where we have organized good institutions for the youngsters who aspire to make good marking in their professional career.

The Group has blossomed like banyan tree with its operations spread all over the world but its seeds and roots are deeply entrenched in Kutch and we shall earnestly continue to repay our debt of gratitude to this land and its people.



AUDITORS' REPORT

To,
The Members of

ASHAPURA MINECHEM LIMITED

We have audited the attached Balance Sheet of Ashapura Minechem Limited as at 31st March, 2011 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, 2011 from being

appointed as director under clause (g) of sub-section (1) of section 274 of the Companies Act 1956;

(vii) Attention is invited to:

- Note no. 3 regarding the status of the pending litigation in respect of Contracts of Affreightment (COA) with few shipping companies and consequent provision of ₹ 56,202.88 lacs against these claims.

(viii) 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. 2(i), 2(ii) and 2(iii) 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 ₹ 9,766.98 lacs as well as in the current year ₹ 10,697.53 lacs; and
- note no. 2(iv) in respect of non-provision for losses on foreign currency derivatives transactions by marking them to market (MTM) aggregating to ₹ 3,084.28 lacs.

and thereby understatement of the net loss in the financial statements by ₹ 13,781.81 lacs and overstatement of reserves and surplus by ₹ 23,548.79 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, 2011;
- (b) In the case of the Profit & Loss Account, of the LOSS 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, 2011

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, 2011.

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 ₹ 804.72 lacs and the year-end balances were ₹ 5,246.42 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 ₹ 1,939.88 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 cannot 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 are two (subsidiary companies) and the amount involved in the transactions and the year-end balance are ₹ 550.00 lacs and ₹ 590.00 lacs 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. Since there are no stipulations as to the repayment of principal amount for the loans taken, we cannot offer any comments for regularity of payments.
- 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 As informed to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- 9 In respect of statutory and other dues:



- a. 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.
- b. There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable except for service tax payments of ₹. 115.46 lacs, which are outstanding for a period of more than six months from the date they became payable as the company is in the process of seeking legal opinion as to the applicability of the service tax to its transactions.
- c) 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
Income Tax (TDS)	Income Tax Act	141.78	2008-09 2009-10	The Commissioner of Income Tax (TDS)
Value Added Tax	Kerala Commercial Tax Act	8.74	2006-07	The Sales Tax Appellate Tribunal
Value Added Tax	Tamilnadu Value Added Tax Act	215.61	2009-10	The Commercial Tax Officer
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

- 10 The Company has accumulated losses as at the end of the financial year exceeding its entire net worth. The Company has incurred cash losses during the current year as well as in the immediately preceding financial year (excluding exceptional items).
- 11 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. 2 of Schedule – P. The Company has not obtained any borrowings by way of debentures.
- 12 The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 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.
- 14 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.
- 15 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.
- 16 In our opinion, the term loans raised during the year have been applied for the purpose for which they were raised.
- 17 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, *prima facie*, have not been used during the year for long-term investment.
- 18 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.
- 19 The Company did not have any outstanding debentures during the year.
- 20 The Company has not raised any money through a public issue during the year.
- 21 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 : 109099W

sd/-

MANOJ GANATRA

Partner

Membership No. 043485

Place : Mumbai

Date : 30th May, 2011

ASHAPURA MINECHEM LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCH.	31 ST March, 2011		31 ST March, 2010	
		₹		₹	
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	A	157,972,196		157,972,196	
Employee Stock Option Outstanding		7,108,918		7,108,918	
Reserves and Surplus	B	<u>1,498,319,339</u>	<u>1,663,400,453</u>	<u>2,296,842,410</u>	2,461,923,524
Loan Funds					
Secured Loans	C	3,128,530,042		3,355,184,188	
Unsecured Loans	D	<u>108,141,267</u>	<u>3,236,671,309</u>	<u>420,530,143</u>	<u>3,775,714,331</u>
TOTAL			<u><u>4,900,071,762</u></u>		<u><u>6,237,637,855</u></u>
APPLICATION OF FUNDS :					
Fixed Assets					
Gross Block	E	2,036,529,410		1,980,150,608	
Accumulated Depreciation		<u>(467,176,437)</u>		<u>(362,339,102)</u>	
Net Block		<u>1,569,352,973</u>		<u>1,617,811,506</u>	
Capital Work in Progress and Pre Operative Expenses		<u>81,494,678</u>	<u>1,650,847,651</u>	<u>18,887,877</u>	1,636,699,383
Investments	F		<u>433,683,048</u>		489,979,438
Deferred Tax Assets			—		910,000,000
Current Assets, Loans and Advances					
Inventories	G	1,536,065,232		1,358,074,912	
Sundry Debtors		933,636,174		1,166,589,768	
Cash & Bank Balances		103,921,176		91,565,978	
Loans and Advances		<u>1,818,490,739</u>		<u>1,827,284,152</u>	
		<u>4,392,113,321</u>		<u>4,443,514,810</u>	
Less: Current Liabilities and Provisions					
Current Liabilities	H	1,147,566,783		1,230,126,550	
Provisions		<u>5,632,650,526</u>		<u>12,429,226</u>	
		<u>6,780,217,309</u>		<u>1,242,555,776</u>	
Net Current Assets			<u>(2,388,103,988)</u>		3,200,959,034
Profit & Loss Account			<u>5,203,645,051</u>		—
TOTAL			<u><u>4,900,071,762</u></u>		<u><u>6,237,637,855</u></u>
NOTES ON ACCOUNTS					
P					
The accompanying Schedules A to P 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, 2011

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

RAJIV GANDHI

Chief Financial Officer

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary

Place : Mumbai

Date : 30th May, 2011



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	SCH.	2010-2011 ₹.	2009-2010 ₹.
INCOME			
Sales and Operational Income	I	4,520,362,050	5,030,649,303
Other Income	J	109,028,003	752,337
	TOTAL	<u>4,629,390,053</u>	<u>5,031,401,640</u>
EXPENDITURE			
Change in Inventory	K	(78,150,029)	589,150,949
Materials, Mining and Manufacturing expenses	L	2,222,282,518	1,442,426,064
Selling and Distribution Expenses	M	1,422,521,427	2,227,099,829
Administrative and Other Expenses	N	418,477,620	445,543,566
Foreign Currency Fluctuation Loss		60,651,502	251,918,986
Interest	O	400,822,664	554,988,656
Depreciation		107,227,838	98,022,993
	TOTAL	<u>4,553,833,540</u>	<u>5,609,151,043</u>
Profit / (Loss) Before Exceptional Items and Tax		75,556,513	(577,749,403)
Tax Expenses			
Current Tax		—	—
Earlier Years' Tax		(15,163,285)	22,218,044
Wealth Tax		(318,720)	(318,500)
Deferred Tax (Refer note no. 6)		(910,000,000)	(23,730,473)
Profit / (Loss) After Tax		(849,925,492)	(579,580,332)
Prior Period Adjustments (net)		<u>(11,981,359)</u>	(5,167,550)
		<u>(861,906,851)</u>	<u>(584,747,882)</u>
Exceptional Items			
Foreign Currency Derivatives Loss Written Back (Refer note no. 2)		500,000,000	682,180,096
Provision for Shipping Claims (Refer note no. 3)		(5,620,288,244)	—
Extra Ordinary Items (Refer note no. 7)		(21,473,027)	—
Net Profit / (Loss) After Exceptional and Extra Ordinary Items		(6,003,668,122)	97,432,214
Balance Brought Forward From Previous Year		—	(997,409,143)
		<u>(6,003,668,122)</u>	<u>(899,976,929)</u>
Adjustment against the General Reserve Balance		800,023,071	899,976,929
Balance Carried to Balance Sheet		<u>(5,203,645,051)</u>	—
Earning Per Share			
Before Exceptional and Extra Ordinary Items			
Basic/ Diluted		(10.91)	(7.40)
After Exceptional and Extra Ordinary Items			
Basic/Diluted		(76.01)	1.23
Face Value Per Share		2.00	2.00

NOTES ON ACCOUNTS

P

The accompanying Schedules A to P are an integral part of these financial statements.

As per our Report of even date

For and on Behalf of the Board of Directors

For **SANGHAVI & COMPANY**

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485
Place : Mumbai

Date : 30th May, 2011

sd/-

NAVNITLAL SHAH
Executive Chairman

sd/-

RAJIV GANDHI
Chief Financial Officer

Place : Mumbai

Date : 30th May, 2011

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, 2011

	2010-2011 (₹. in lacs)	2009-2010 (₹. in lacs)
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Exceptional Items and Tax	755.57	(5,780.68)
Adjustments for -		
Depreciation	1,072.28	980.23
Loss (Profit) on sale of Investments	(20.40)	19.73
Loss (Profit) on sale of Fixed Assets	(115.06)	0.86
Provision for doubtful debts & advances	198.31	52.45
Prior Period Adjustments	(119.81)	(51.68)
Dividend Received	(111.67)	(129.13)
Interest (net)	<u>3,697.58</u>	<u>4,715.80</u>
Operating Profit Before Working Capital Changes	<u>5,356.79</u>	<u>(192.41)</u>
Adjustments for -		
Trade and Other Receivables	1,382.38	2,690.41
Inventories	(1,779.90)	5,596.31
Trade Payables	<u>55,377.20</u>	<u>(19,378.18)</u>
Cash Generated From Operations	<u>60,336.48</u>	<u>(11,283.87)</u>
Direct Taxes Paid / Refunds Received (net)	<u>1,488.27</u>	<u>(318.32)</u>
Cash Flow Before Extra Ordinary Items	<u>61,824.75</u>	<u>(11,602.19)</u>
Exceptional / Extra Ordinary Items	<u>(51,417.61)</u>	<u>10,334.50</u>
NET CASH FROM OPERATING ACTIVITIES	<u>10,407.13</u>	<u>(1267.69)</u>
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,257.26)	(1,157.06)
Sale of Fixed Assets	158.55	69.51
Sale (Purchase) of Investments (net)	583.37	(550.32)
Interest Received	524.21	332.51
Dividend Received	<u>111.67</u>	<u>129.13</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>120.55</u>	<u>(1,176.24)</u>
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds (Repayments) of loans borrowed (net)	(5,390.43)	(9,970.21)
Increase in Capital Reserve	15.00	—
Loans lent to/recovered from/subsidiaries and joint venture	(806.33)	6,126.72
Interest Paid	(4,221.79)	(5,048.30)
Dividend Paid	<u>(0.58)</u>	<u>(1.24)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(10,404.13)</u>	<u>(8,893.03)</u>
Net Increase in Cash and Cash Equivalents	<u>123.55</u>	<u>(11,336.97)</u>
Cash and Cash Equivalents as at beginning of the year	<u>915.66</u>	<u>12,252.63</u>
Cash and Cash Equivalents as at end of the year	<u>1,039.21</u>	<u>915.66</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, 2011

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

RAJIV GANDHI

Chief Financial Officer

Place : Mumbai

Date : 30th May, 2011

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - A SHARE CAPITAL

	31st March, 2011 ₹	31st March, 2010 ₹
Authorised :		
110,000,000 Equity Shares of ₹ 2/- each	220,000,000	220,000,000
300,000 Preference Shares of ₹ 100/- each	30,000,000	30,000,000
TOTAL	250,000,000	250,000,000

*The Company has taken Shareholder's approval by way of Postal Ballot for increasing the Authorised share Capital of the Company from ₹ 250,000,000 to ₹ 900,000,000, result of which was declared on 25th March, 2011. However, the Company is in the process of complying with necessary procedural formalities for giving effect to the said approval.

Issued, Subscribed and Paid Up :

78,986,098 Equity Shares of ₹ 2/- each, Fully Paid Up [of which 65,543,049 Shares were issued as fully paid up Bonus Shares by capitalizing General Reserve and Securities Premium Account]	157,972,196	157,972,196
TOTAL	157,972,196	157,972,196

SCHEDULE - B RESERVES & SURPLUS

	31st March, 2011 ₹	31st March, 2010 ₹
Capital Reserve	3,400,694	1,900,694
Securities Premium Account	1,494,818,645	1,494,818,645
Capital Redemption Reserve	100,000	800,023,071
General Reserve		
Balance at the beginning of the year	800,023,071	1,700,000,000
Adjustment against the debit balance in the Profit And Loss Account	(800,023,071)	(899,976,929)
TOTAL	1,498,319,339	2,296,842,410

ASHAPURA MINECHEM LIMITED

SCHEDULE - C SECURED LOANS

	31st March, 2011		31st March, 2010	
	₹		₹	
TERM LOANS				
From Financial Institutions (Foreign Currency accounts)	199,431,572		249,145,411	
From Banks (Foreign Currency accounts)	135,635,468		194,647,637	
From Banks (Indian Rupee accounts)	1,015,193		256,236,124	
Interest Accrued & Due on Term Loan	690,699	336,772,932	—	700,029,172
WORKING CAPITAL FINANCE				
From Financial Institutions (Indian Rupee accounts)	390,000,000		390,359,648	
From Banks (Foreign Currency accounts)	321,938,033		360,971,806	
From Banks (Indian Rupee accounts)	2,077,122,276		2,037,310,351	
Interest Accrued & Due on working Capital Finance	1,592,356	2,790,652,665	—	2,788,641,805
HIRE PURCHASE FINANCE				
		1,104,445		3,813,212
TOTAL		3,128,530,042		3,492,484,188

Notes:

Term Loans from Banks, Financial Institutions and others are against hypothecation of Vehicles and Machinery and further secured by equitable mortgage of immovable Assets of the Company and also against personal guarantee of some of the Directors. (Due within one Year ₹ 1158.25 Lacs; Previous year ₹ 2196.99 Lacs)

Working Capital Finance includes:

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.

Hire purchase finance is against hypothecation of Vehicles.

SCHEDULE - D UNSECURED LOANS

	31st March, 2011		31st March, 2010	
	₹		₹	
Loan from a Subsidiary Company	59,000,000		31,000,000	
Inter Corporate Loan	49,141,267		—	
Loan From Banks	—		252,230,143	
TOTAL		108,141,267		283,230,143

SCHEDULE - E FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-2010 ₹	Additions ₹	Deductions ₹	As at 31-03-2011 ₹	Upto 31-03-2010 ₹	For the Year ₹	On Deductions ₹	Total ₹	As at 31-03-2011 ₹	As at 31-03-2010 ₹
LAND AND LAND DEVELOPMENT	125,108,127	6,462,340	2,982,627	128,587,840	—	—	—	—	128,587,840	125,108,127
COMPENSATION FOR PREMISES RIGHTS	1,602,693	—	—	1,602,693	—	—	—	—	1,602,693	1,602,693
BUILDINGS	513,875,182	2,508,194	25,800	516,357,576	44,564,156	15,867,877	2,039	60,429,994	455,927,582	469,311,025
PLANT & MACHINERY	1,114,254,088	42,606,126	3,260,035	1,153,600,179	191,748,383	69,432,234	2,104,689	259,075,928	894,524,251	922,505,706
BARGES	7,598,314	—	—	7,598,314	7,218,398	75,223	—	7,293,621	304,693	379,916
VEHICLES	78,559,386	4,783,905	464,803	82,878,488	48,744,740	7,956,114	283,776	56,417,078	26,461,410	29,814,646
FURNITURE AND FIXTURES	80,309,779	3,058,666	—	83,368,445	32,670,835	8,721,588	—	41,392,423	41,976,022	47,638,944
OFFICE EQUIPMENT	58,843,040	3,699,585	6,750	62,535,875	37,392,590	5,174,801	—	42,567,391	19,968,484	21,450,450
TOTAL	1,980,150,609	63,118,816	6,740,015	2,036,529,410	362,339,102	107,227,838	2,390,504	467,176,437	1,569,352,973	1,617,811,506
CAPITAL WORK IN PROGRESS	18,887,877	65,816,425	3,209,623	81,494,679	—	—	—	—	81,494,678	18,887,877
GRAND TOTAL	1,999,038,486	128,935,241	9,949,638	2,118,024,089	362,339,102	107,227,838	2,390,504	467,176,437	1,650,847,651	1,636,699,383
PREVIOUS YEAR	1,896,141,451	912,640,615	809,743,581	1,999,038,485	270,089,281	98,022,993	5,773,172	362,339,102	1,636,699,383	

ASHAPURA MINECHEM LIMITED

SCHEDULE - F INVESTMENTS

	31st March, 2011 ₹	31st March, 2010 ₹
LONG TERM INVESTMENTS (Unquoted; at cost)		
Investments in Subsidiaries :		
3,000,000 Equity Shares of Ashapura International Ltd. of ₹. 10/- Each	32,727,000	32,727,000
34,10,000 Equity Shares of Ashapura Claytech Ltd. of ₹. 10/- Each	34,100,000	34,100,000
10,000 Equity Shares of Ashapura Consultancy Services Pvt Ltd. of ₹. 10/- Each	100,000	100,000
10,000 Equity Shares of Sharda Consultancy Pvt Ltd. of ₹. 10/- Each	100,000	100,000
10,000 Equity Shares of Peninsula Property Developers Pvt Ltd. of ₹. 10/- Each	100,000	100,000
700,000 Equity Shares of Prashansha Ceramics Ltd. of ₹. 10/- Each.	14,700,000	14,700,000
218,080 Equity Shares of Bombay Minerals Ltd. of ₹. 10/- Each.	96,154,325	96,154,325
50,000 Equity Shares of Ashapura Alluminium Limited of ₹. 10/- each	500,000	500,000
68 Equity Share of Ashapura Minechem (UAE) FZE of AED 150,000	112,312,634	112,312,634
TOTAL	<u>290,793,959</u>	<u>290,793,959</u>
Investments in Joint Ventures and Associates		
1,700,000 Equity shares of Hudson - Malaysia of Ringgit 1.00 each (An Associate Company)	48,012,010	48,012,010
8,966,590 Equity shares of Ashapura Volclay Ltd of Rs.10 Each (A Joint Venture Company)	89,665,900	89,665,900
30,750 Equity Shares of Ashapura AMCOL NV - Antwerp of Euro 1 each (A Joint Venture Company)	1,776,379	1,776,379
55,000 Equity Shares of Ashapura Arcadia Logistics Pvt Limited of ₹. 10 each (An Associate Company)	550,000	550,000
TOTAL	<u>140,004,289</u>	<u>140,004,289</u>
Others		
1,86,285 Equity Shares of Shantilal Multiport Infrastructure Pvt Limited of ₹. 10 each.	2,500,000	2,500,000
Investment in National Savings Certificates (Under lien with sales tax/mining authorities)	384,800	374,800
TOTAL	<u>2,884,800</u>	<u>2,874,800</u>



SCHEDULE - F INVESTMENTS (Cont.)

	31st March, 2011 ₹.	31st March, 2010 ₹
CURRENT INVESTMENTS (Quoted; at cost)		
Investments in Shares		
- (13,817) Equity Shares of Indian Bank of ₹. 10/- each (Market value: ₹. Nil; previous year ₹. 2,423,502)	—	1,257,347
TOTAL	<u>—</u>	<u>1,257,347</u>
Investments in Mutual Funds		
ICICI Prudential Flexible Income Plan	—	15,874
IDFC Money Manager Fund	—	15,001,560
Kotak Flexi Debt Scheme	—	25,002,570
L&T Liquid Fund	—	15,001,907
Principal Cash Management Fund	—	27,132
TOTAL	<u>433,683,048</u>	<u>489,979,438</u>

ASHAPURA MINECHEM LIMITED

SCHEDULE - G CURRENT ASSETS, LOANS AND ADVANCES

	31st March, 2011		31st March, 2010	
	₹.		₹.	
I. CURRENT ASSETS				
1. Inventories				
(As taken, valued and certified by the Management, valued as stated in note no.1)				
a) Finished and semi-finished goods	1,323,855,383		1,245,705,354	
b) Raw materials	171,225,814		82,036,556	
c) Packing Materials	16,072,193		11,293,650	
d) Stores & Spares	<u>24,911,842</u>	<u>1,536,065,232</u>	<u>19,039,352</u>	<u>1,358,074,912</u>
2. Sundry Debtors				
(Considered good unless otherwise stated)				
Secured :				
Over Six Months	—		1,024,543	
Others	—		7,360,604	
Unsecured :				
Over six months	277,594,400		376,939,342	
Others	<u>716,077,729</u>		<u>944,742,025</u>	
	<u>993,672,129</u>		<u>1,330,066,514</u>	
Less : Provision for Doubtful Debts	<u>60,035,955</u>	<u>933,636,174</u>	<u>163,476,746</u>	<u>1,166,589,768</u>
3. Other Current Assets				
Cash on hand	5,964,660		4,721,313	
Balance with scheduled Banks				
Fixed deposit accounts	62,482,976		20,670,655	
(Under lien with banks against working capital finance, letter of credits and bank guarantees ₹. 54,974,396 ; Previous Year ₹. 20,670,655/-				
Current accounts	34,198,009		64,856,683	
Dividend accounts	<u>1,275,531</u>	<u>103,921,176</u>	<u>1,317,327</u>	<u>91,565,978</u>
TOTAL - (a)		<u>2,573,622,582</u>		<u>2,616,230,658</u>
II. LOANS AND ADVANCES :				
(Unsecured considered good unless otherwise stated)				
Loans and advances recoverable in cash or in kind or for value to be received		344,001,647		356,225,837
Trade Advances to Suppliers	518,803,526		445,272,609	
Less : Provision for Doubtful Advances	<u>31,100,211</u>	<u>487,703,315</u>	<u>31,358,566</u>	<u>413,914,043</u>
Advance Payments of Taxes (net of provisions)		163,900,770		328,209,451
Deposits		108,104,371		70,508,573
Loans to Subsidiary Companies		440,096,434		427,013,720
Loans to a Joint Venture Company		65,765,585		—
Loans to Associate Companies		18,778,778		16,994,078
Trade Advances to Subsidiaries, Joint Venture and Associate Companies		<u>190,139,839</u>		<u>214,418,450</u>
TOTAL - (b)		<u>1,818,490,739</u>		<u>1,827,284,152</u>
TOTAL (a) + (b)		<u>4,392,113,321</u>		<u>4,443,514,810</u>



SCHEDULE - H CURRENT LIABILITIES AND PROVISIONS

	31st March, 2011 ₹	31st March, 2010 ₹
I. CURRENT LIABILITIES :		
Sundry Creditors	738,074,043	781,976,991
Advances from Customers	40,058,395	31,958,769
Investors Protection & Education Fund		
Unclaimed Dividend	1,284,628	1,342,805
Statutory Liabilities	60,582,214	70,568,458
Interest accrued but not due	32,355,817	55,995,440
Other liabilities	275,211,686	288,284,087
TOTAL - (a)	<u>1,147,566,783</u>	<u>1,230,126,550</u>
II. PROVISIONS :		
Provision for Bonus	7,812,449	7,511,750
Provision for Leave Encashment (Refer Note no. 3)	4,549,833	4,917,476
Provision for Shipping Claims (Refer Note no. 3)	5,620,288,244	—
TOTAL - (b)	<u>5,632,650,526</u>	<u>12,429,226</u>
TOTAL (a) + (b)	<u>6,780,217,309</u>	<u>1,242,555,776</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - I SALES & OPERATIONAL INCOME

	2010-2011 ₹	2009-2010 ₹
Export Sales	2,067,904,026	943,606,226
Local Sales	<u>1,996,972,062</u>	<u>2,486,872,818</u>
Cargo Handling Income	454,958,435	1,482,114,734
Forward Exchange Contracts Premium	(2,591,042)	2,692,521
Export Incentives and Credits	971,534	—
Service Tax Refund Claims	—	2,903,926
Quality Claims Received	—	110,509,078
Other Operational Income	2,147,035	1,950,000
TOTAL	<u>4,520,362,050</u>	<u>5,030,649,303</u>

SCHEDULE - J OTHER INCOME

	2010-2011 ₹	2009-2010 ₹
Dividend Received		
On Long-term Investments (non-trade)	9,021,858	4,483,295
On Current Investments	<u>2,145,584</u>	<u>8,429,448</u>
Interest Received	52,420,752	33,250,639
(Tax Deducted at Source ₹.1,141,639 ; Previous Year ₹. 1,167,042)		
Insurance Claims Received	9,234,122	5,986,099
Profit on Sale of Investments	2,040,219	—
Profit on Sale of Assets	11,505,677	—
Balances Written Back (net)	9,423,826	(59,116,730)
Miscellaneous Income	13,235,965	7,719,586
TOTAL	<u>109,028,003</u>	<u>752,337</u>

ASHAPURA MINECHEM LIMITED

SCHEDULE - K CHANGE IN INVENTORY

	2010-2011 ₹	2009-2010 ₹
Opening Stock:		
Finished Goods and Semi Finished Goods	1,245,705,354	1,834,856,303
Closing Stock:		
Finished Goods and Semi Finished Goods	1,323,855,383	1,245,705,354
TOTAL	<u>(78,150,029)</u>	<u>589,150,949</u>

SCHEDULE - L MATERIALS, MINING AND MANUFACTURING EXPENSES

	2010-2011 ₹	2009-2010 ₹
Materials and Mining Expenses		
Opening Stock	82,036,556	60,233,430
Purchases and Expenses	321,423,326	208,331,591
	<u>403,459,882</u>	268,565,021
Closing Stock	171,225,814	82,036,556
	<u>232,234,068</u>	186,528,465
Rent and Royalty	106,806,501	74,066,410
Mining Expenses	243,260,704	582,301,273
	<u>582,301,273</u>	163,907,898
		424,502,773
Manufacturing and Processing Expenses		
Packing Materials and expenses	60,102,262	45,864,840
Machinery Repairs & Maintenance	9,931,584	11,245,723
Power and Fuel	112,786,471	73,419,310
Carriage Inward	34,671,306	17,070,049
Other Expenses	72,698,067	290,189,690
	<u>290,189,690</u>	48,408,962
		196,008,883
Trading Purchases	1,349,791,555	821,914,408
TOTAL	<u>2,222,282,518</u>	<u>1,442,426,064</u>

SCHEDULE - M SELLING AND DISTRIBUTION EXPENSES

	2010-2011 ₹	2009-2010 ₹
Sales Commission	5,516,723	5,260,089
Cargo Handling Expenses	394,450,866	1,039,811,162
Export Freight and Insurance	362,456,221	187,365,147
Export and Other Shipment Expenses	660,097,617	994,663,431
TOTAL	<u>1,422,521,427</u>	<u>2,227,099,829</u>



SCHEDULE - N ADMINISTRATIVE AND OTHER EXPENSES

		2010-2011 ₹		2009-2010 ₹
Personnel Costs:				
Salaries, Wages, Bonus and Other Expenses	136,524,002		118,330,639	
Contribution to Employee Benefit Funds	13,612,447		19,846,773	
Staff Welfare Expenses	13,235,524		11,977,392	
Directors' Remuneration	9,600,000	172,971,973	9,600,000	159,754,804
Administrative and Other Expenses:				
Traveling Expenses (Including Directors' travelling of ₹. 1,246,877; Previous Year ₹. 1,733,758)	26,834,426		28,507,977	
Rent	12,289,116		11,741,054	
Rates and Taxes	7,524,035		6,880,181	
Insurance Premiums	1,738,165		1,725,305	
Building and Other Repairs	6,541,239		5,050,412	
Advertisement and Business Promotion	5,564,221		4,802,099	
Directors Sitting Fees	185,000		210,000	
Legal and Professional Fees	61,207,013		90,087,825	
Payments to Auditors	3,471,495		3,157,455	
Provision for Doubtful Debts & Advances	19,830,829		5,244,926	
Bank Discount, Commission and Other Charges	26,850,409		28,392,313	
Donations	354,056		558,772	
Loss on Sale / Disposal of Assets	—		86,396	
Loss on Sale of Investments	—		1,972,712	
General expenses	73,115,643	245,505,647	97,371,335	285,788,761
TOTAL		418,477,620		445,543,566

SCHEDULE - O INTEREST

		2010-2011 ₹		2009-2010 ₹
Working Capital Finance	315,550,954		421,376,329	
Term Loans	73,985,800		129,498,026	
Others	11,285,910		4,114,302	
TOTAL		400,822,664		554,988,656

SCHEDULE – P NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

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

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 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 similarly, written back 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 STOCK OPTION BASED COMPENSATION:

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

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.

- 2 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 ₹ 10,334.50 lacs (net of deferred tax ₹ 6,821.80 lacs) liabilities on account of the provision for such foreign currency derivatives losses; and not provided for foreign currency derivatives losses of ₹ 2,945.18 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 ₹ 5,697.53 lacs.
- (iii) The Company has, during the year, also written back certain loans aggregating to ₹ 5,000.00 lacs which, in the opinion of the management and based on the legal advice obtained by the Company, are related to foreign currency derivatives losses and are voidable and cannot be legally enforced.
- (iv) 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 ₹. 3,084.28 lacs, which is not provided for by the company.

As a result of the above, net loss for the year after exceptional items is understated by ₹ 13,781.81 lacs whereas reserves and surplus are overstated by ₹ 23,548.79 lacs.

- 3 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 US \$ 4.00 million as against Award passed for US \$ 110 million, which was initially claimed by British Marine Plc.

The company is facing three applications for enforcement of ex-parte awards passed in respect of three COA in the Bombay High Court filed by remaining three shipping companies. The quantum of awards are as under;

Shipping Company	US \$ million
IHX (UK) Limited	24.22
Eitzen Bulk S/A	36.30
Armada (Singapore) Pte Ltd.	65.55
Total	126.07

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. The application under Section 34, of the Arbitration & Conciliation Act, 1996 was filed at Jamkhambaliya, Gujarat since the said COA was to be performed at ports falling within the jurisdiction of the courts at Jamkhambaliya, Gujarat.

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 US \$ 24,157,442 plus £ 5,000. (appx. ₹ 10,772.98 lacs)

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.

Till March 2010, the company has shown the shipping claims of various companies as contingent liabilities and not acknowledged as debt. In view of the above developments the Board of Directors sought an opinion from the independent legal expert.

Based on the opinion the company has decided "Strictly Without Prejudice and Without Admitting the claims of the shipping companies" to make the provision of ₹ 562.03 cr. (US \$ 126.07 million) in current year against the shipping claims.

- 4 Balances with Debtors, Creditors and 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.
- 5 Advance Payment of Taxes is shown net of provisions of ₹ 45.87 lacs (₹ 81.89 lacs) including current year's advance tax payments of ₹ 81.73 lacs (₹ 310.97 lacs).
- 6 Based on the certain developments as stated in the note no. 3 above and on the principle of prudence, the management felt it proper not to provide for deferred tax assets arising out of the carried forward business loss under the Income Tax Act, and also to reverse the deferred tax assets accounted for in the earlier years in accordance with the Accounting Standard (AS) - 22 prescribed under the Companies (Accounting Standards) Rules, 2006. Accordingly, deferred tax assets of ₹ 91.00 crores are charged to the profit & loss account for the year.
- 7 Extra Ordinary Items ₹ 21,473,027 are losses suffered at various locations of the company due to natural calamities.
- 8 The management of the Company has, during the year, carried out technological evaluation 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.
- 9 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.



- 10** 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.
- 11** 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.
- 12** 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.

13 EMPLOYEES STOCK OPTION:

As at March 31, 2011, 110,451 options were outstanding as under:

Particulars	31 st March, 2011	31 st March, 2010
Options outstanding at the beginning of the year	110,451	110,451
Options granted during the year	—	—
Options forfeited during the year	—	—
Options exercised during the year	—	—
Options outstanding at the end of the year	110,451	110,451

- 14** Of total loans granted to other bodies corporate, including subsidiary companies, (excluding trade advances) loans aggregating to ₹ 193,987,008 (₹ 181,015,103) are granted free of interest.

15 Sundry Debtors Include:

- a. Due from subsidiaries: ₹ 1,208,656 (₹ 28,112,557) including for more than six months ₹ Nil (Nil)
- b. Due from joint venture and associate companies : ₹ 114,580,474 (₹ 167,807,752) including for more than six months ₹ 90,029,301 (₹ 92,372,144)
- c. Due from a firm or company in which some of the directors are interested : ₹. 3,162,306 (₹. 2,693,433) including for more than six months ₹ 1,239,603 (₹.2,144,376)
- 16** Trade Advance to Suppliers includes ₹. 25,068,911 (₹ 25,062,011) to firms in which some of the directors are interested.

17 CONTINGENT LIABILITIES : (other than those stated in note no. 2)

(₹ in lacs)

Particulars	2010-2011	2009-2010
In respect of guarantees given by the bank and counter guaranteed by the Company	1,178.73	1,376.16
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	5,431.00
Guarantees given by the Company to various Government Authorities	4,469.11	4,348.48
In respect of Contracts remaing to be executed	222.67	177.97
In respect of disputed Income Tax Matters	269.78	26.46
In respect of Other Matters	410.85	173.07

18 PAYMENTS TO AUDITORS :

Particulars	2010-2011 ₹.	2009-2010 ₹.
Audit Fees including Limited Review	2,750,000	2,320,000
Tax audit Fees	400,000	400,000
Other Services and Service Tax	213,075	344,141
Reimbursement of Expenses	108,420	93,314

19 ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED INCLUDE :

Particulars	2010-2011	2009-2010
Loans and Advances to Staff	8,355,112	10,129,602
Security deposits towards premises to Directors, firms and companies in which some of the directors are interested	7,500,000	7,500,000
Claims Receivable	161,780,633	195,051,831
Security deposits towards premises to subsidiary companies	46,600,000	46,600,000
Trade advances to companies or firms in which some of the directors are interested	43,501,243	18,260,690
Unrealized gain on Forward Exchange Contracts	—	3,262,500
Prepaid Expenses	12,827,904	8,947,513
Other Loans and Advances	63,436,755	66,473,701

20 DISCLOSURE AS PER AS – 15 (REVISED) ON “EMPLOYEE BENEFIT” FOR THE YEAR ENDED 31ST MARCH, 2011

Gratuity Plan	2010-2011	2009-2010
Change in the defined benefit obligations		
Defined benefit obligations as at 1 st April, 2010	23,451,665	30,595,986
Service cost	2,118,776	1,720,224
Interest cost	1,876,133	2,447,679
Actuarial loss / (Gain)	3,730,189	(9,187,869)
Benefits paid	(2,484,618)	(2,124,355)
Defined benefit obligations as at 31 st March, 2011 (a)	28,692,145	23,451,665
Change in plan assets		
Fair Value of plan assets as at 1 st April, 2010	33,056,080	24,072,139
Expected return on plan assets	2,945,655	2,629,613
Contributions by employer	—	8,478,683
Actuarial Gain / (loss)	—	—
Benefits paid	(2,484,618)	(2,124,355)
Fair Value of plan assets as at 31 st March, 2011 (b)	33,517,117	33,056,080
Present Value of unfunded obligations (a-b)	NIL	NIL
The net amount recognized in the statement of profit and loss for the year ended 31 st March, 2011 is as follows:		
Current service cost	2,118,776	1,720,224
Interest cost	1,876,133	2,447,679
Expected return on plan assets	(2,945,655)	(2,629,613)
Net actuarial loss / (gain) recognized	3,730,189	(9,187,869)
Net amount recognized	4,779,443	—
Actual Return on Plan Assets -		
The principal actuarial assumptions used as at 31 st March, 2011 are as follows:		
Discount Rate	8.00%	8.00%
Expected rate of return on plan assets	8.00%	8.00%
Rate of increase in compensation levels	4.00%	4.00%



21 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 ₹. 4,800,000 each to two of the directors is paid as per Schedule XIII to the Companies Act, 1956.

22 RELATED PARTY TRANSACTIONS:

a. Subsidiaries:

- Ashapura International Limited
- Ashapura Claytech Limited
- Bombay Minerals Limited
- Prashansha 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
- Shantilal Multiport Infrastructure P. Ltd. (for part of the year)
- Ashapura Arcadia Logistic Private Ltd.
- Emo Ashapura Energy and Mining
- Ashapura Amcol NV
- Ashapura Infin Pvt. Limited
- Ashapura Mineral Company
- Prabhudas Vithaldas
- Kantilal Mohanlal Mehta
- Sharda Industrial Corporation
- Ashapura Exports Pvt Limited
- Sohar Ashapura Chemicals LLC
- Gem Ashapura Granite (Guj.) Pvt. Ltd.

c. Key Managerial Personnel:

- Mr. Navnitlal Shah
- Mr. Chetan Shah

ASHAPURA MINECHEM LIMITED

Particular of Transaction	2010-2011 ₹.	2009-2010 ₹
Subsidiaries		
Sales of Materials	158,090,536	306,736,668
Purchase of Materials	89,599,867	100,256,291
Mining and Other Charges Paid	—	5,430,660
Export Shipment and Other Expenses	—	90,474,847
Interest Received	15,871,130	22,359,140
Interest Paid	8,934,299	—
Lease Rent Paid	2,256,000	2,316,000
Other Service Charges Received	—	—
Loan granted	39,971,905	—
Loan Received	20,000,000	—
Reimbursement of Administrative Expenses	15,257,799	14,403,169
Outstanding Balances as on 31st March, 2011		
Security Deposits towards premises	46,600,000	46,600,000
Sundry Debtors	2,075,101	28,896,948
Sundry Creditors	182,327,433	154,640,185
Trade & Other Advances	163,737,644	146,732,491
Loans Given	440,096,434	427,061,566
Loans Taken	59,000,000	31,000,000
Associates and Joint Ventures:		
Sales of Materials	238,507,780	122,508,695
Purchase of Materials	1,460,094	(57,238,330)
Interest Received	8,672,500	7,214,487
Lease Rent Paid	120,000	120,000
Reimbursement of Administrative Expenses	74,957,408	47,243,212
Export Shipment and Other Expenses	7,995,775	36,144,884
Supervision Charges	—	112,999,378
Operational Income	2,254,500	—
Loans Granted	67,500,000	—
Loans Received	3,656,000	—
Advances Received	19,374,638	—
Outstanding Balances as on 31st March, 2011		
Sundry Debtors	122,822,972	174,295,694
Trade Advances	7,916,913	671,871
Security Deposits	43,200,000	43,200,000
Loans & Advances	43,300,588	45,214,134
Sundry Creditors	6,390,995	14,047,054
Advances from Customers	19,374,638	—
Key Management Personnel:		
Remuneration and Perquisites	9,600,000	9,600,000
Outstanding Balances as on 31st March, 2011		
Sundry Creditors	—	—
Security Deposit	1,800,000	1,800,000



- 23 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 section 212 of the companies Act, 1956, subject to fulfillment of certain conditions as stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.
- 24 The Ministry of Corporate Affairs, Government of India, vide its General Notification No. S. O. 301 (E) dated 8th February 2011 issued under section 211 (3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their profit & loss account. The Company being an 'export oriented company' is entitled to the exemption. Accordingly, disclosures specified under 3 (i)(a), 3 (ii)(a), 3(ii)(b) and 3(ii)(d) of part II of Schedule VI to the Companies Act, 1956 have not been provided.
- 25 Additional information pursuant to the provisions of para 3, 4C & 4D of part II of Schedule VI of the Companies Act, 1956 (As certified by the Management)

A. Installed Capacity & Actual Production	Quantity (in MTs) 2010-2011	Quantity (in MTs) 2009-2010
Installed Capacity :*		
Processed Industrial Mineral (Based on standard product specification)	7,014,740	7,094,740
Actual Production Processed Industrial Minerals**	1,308,352	943,526
* Installed Capacity of production stated at factory ** Excluding materials used for captive consumption		

B. Expenditure in Foreign Exchange (on Accrual Basis) :	2010-2011 ₹	2009-2010 ₹
i) On Travelling	11,066,834	11,900,927
ii) On Foreign Commission	5,309,110	3,569,657
iii) On Export Freight	330,556,091	95,321,660
iv) C.I.F. Value of Import of Raw Material	66,926,091	17,588,515
v) C.I.F. Value of Trading Purchase	1,125,219	14,001
vi) Interest	38,394,617	119,431,046
vii) On Others	19,695,738	52,505,468
TOTAL	<u>473,073,700</u>	<u>300,331,275</u>

C. Raw Material Consumed During the Year :	2010-2011		2009-2010	
	%	₹	%	₹
i) Consumption of Indigenous Raw Material	74.59%	173,214,633	78.26%	145,980,551
ii) Consumption Of Imported Raw Material	25.41%	59,019,435	21.74%	40,547,913
	100.00%	232,234,068	100.00%	186,528,465

D. F.O.B. Value of Exports	2010-2011 ₹	2009-2010 ₹
	1,712,412,031	755,336,733

26. PARTICULARS OF MOVEMENT IN CURRENT INVESTMENTS

No.	Mutual Fund	Op. Balance		Purchase		Redemption		Cl. Balance	
		Unit	Rs.	Unit	Rs.	Unit	Rs.	Unit	Rs.
1	Axis Liquid Fund - Collection A/c.	—	—	30,000	30,000,339	30,088	30,087,684	—	—
2	Bharti AXA Liquid Fund - Collection A/c2	—	—	10,000	10,000,000	10,001	10,000,988	—	—
3	Bharti AXA Treasury /Advantage fund	—	—	10,001	10,000,988	10,013	10,012,700	—	—
4	Birla Sun Life Cash Manager - IP Daily Div.	—	—	1,499,550	15,000,000	1,512,380	15,128,338	—	—
5	Birla Sunlife Cash Plus Fund	—	—	16,767,304	168,000,000	16,779,601	168,123,216	—	—
6	Birla Sunlife Saving Fund - Institutional Daily Dividend.	—	—	9,794,125	98,007,853	9,816,745	98,234,209	—	—
7	Fortis Money Plus Inst. Plan Daily Dividend	—	—	2,999,405	30,003,351	3,005,955	30,068,869	—	—
8	Fortis Overnight Fund - Subscription	—	—	2,999,100	30,000,000	2,999,435	30,003,352	—	—
9	HDFC Cash Management Saving Plan Daily Dividend	—	—	3,760,671	40,000,000	3,765,072	40,046,815	—	—
10	HDFC Liquid Fund	—	—	815,674	10,000,000	816,499	10,010,118	—	—
11	ICICI Prudential - Flexible Income Plan Daily Dividend	150	15,874	189,173	20,002,186	191,697	20,269,073	—	—
12	ICICI Prudential Liquid Super IP Daily Dividend	—	—	899,797	90,000,000	900,136	90,033,910	—	—
13	ICICI Prudential Ultra Short Term Plan.	—	—	3,991,970	40,003,535	3,996,294	40,046,863	—	—
14	IDFC Cash Fund	—	—	6,998,950	70,000,000	6,999,715	70,007,649	—	—
15	IDFC Money Manager Fund - TP - Super Instl Plan.	1,499,931	15,001,560	6,999,715	70,007,649	8,507,128	85,084,041	—	—
16	J.M.high Liquid Collection A/c	—	—	4,992,063	50,000,000	4,994,537	50,024,788	—	—
17	JM Money Manager Funds Super Plus Plan -Dly,Div.	—	—	2,998,723	30,003,122	3,001,404	30,029,945	—	—
18	Kotak Liquid (Institutional) Daily Dividend	—	—	1,984,166	20,000,000	1,984,391	20,002,269	—	—
19	Kotak Flexi Debt Scheme Instl. Daily Div.	2,488,437	25,002,570	—	—	2,501,476	25,018,516	—	—
20	Kotak Floater Long Term - Daily Dividend	—	—	1,635,763	20,002,269	1,637,467	20,023,114	—	—
21	L & T Liquid Fund	1,482,944	15,001,907	1,482,756	15,000,000	2,978,095	30,127,304	—	—
22	LIC MF Liquid Fund	—	—	15,027,186	165,000,000	15,045,169	165,197,456	—	—
23	LIC MF Savings Plus Fund - daily Dividend Plan	—	—	13,253,257	132,532,567	13,270,702	132,707,021	—	—
24	Principal Cash Mgt. Fund Liquid Option Instl. Prem. Plan	2,711	27,132	—	—	2,775	27,765	—	—
25	Reliance Liquidity Fund	—	—	1,499,235	15,000,000	1,499,411	15,001,761	—	—
26	Reliance Medium Term Fund -Daily Dividend Plan	—	—	3,948,418	67,501,761	3,957,973	67,665,112	—	—
27	Reliance Money Manager Fund - Instl.Option-Dly,Div.	—	—	19,973	20,000,000	20,015	20,042,942	—	—
28	UTI Floating Rate Funds -Short Term Plans	—	—	24,983	25,002,481	25,094	25,113,402	—	—
29	UTI. Liquid Cash Plan Instl Daily Income Option	—	—	24,523	25,000,000	24,526	25,002,481	—	—
30	UTI. Treasury Advantage Fund-Instl Plan	—	—	39,992	40,000,000	40,113	40,121,029	—	—
	TOTAL		55,049,043		1,356,068,103		1,413,262,731		



27. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

I REGISTRATION DETAILS :

Registration No.	:	LI4I08MH1982PLC026396
State Code	:	11
Balance Sheet Date	:	31.03.2011

II CAPITAL RAISED DURING THE YEAR :

		(₹. in Lacs except for Earning Per Share)
Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

III POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS :

Total Liabilities	:	49,000.72
Total Assets	:	49,000.72

SOURCES OF FUNDS :

Paid up Capital	:	1,579.72
Employees Stock Option	:	71.09
Reserves and Surplus	:	14,983.19
Deferred Tax Liabilities	:	—
Secured Loans	:	31,285.30
Unsecured Loans	:	1,081.41

APPLICATION OF FUNDS :

Net Fixed Assets	:	16,508.48
Investments	:	4,336.83
Net Current Assets	:	(23,881.04)
Miscellaneous Expenditure	:	—
Profit & Loss Account	:	52,036.45

IV PERFORMANCE OF THE COMPANY :

Total Income	:	46,293.90
Total Expenditure	:	45,538.34
Profit / (Loss) Before Tax	:	755.57
Profit / (Loss) After Tax & Exceptional Items	:	(60,036.68)
Earning per Share (₹.)		
Basic / Diluted - Before Exceptional Items	:	(10.91)
Basic / Diluted - After Exceptional Items	:	(76.01)
Dividend Rate (%)	:	Nil

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS /SERVICES OF THE COMPANY :

(As per monetary terms)

Item Code	:	N. A.
Product Description	:	Processed Industrial Minerals

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, 2011

For and on Behalf of the Board of Directors

sd/-

NAVINITLAL R. SHAH

Executive Chairman

sd/-

RAJIV GANDHI

Chief Financial Officer

Place : Mumbai

Date : 30th May, 2011

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	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011
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% —	95.25% —	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 31/03/2011 (b) Not dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2011	NIL ₹.45,190,828/-	NIL ₹.4,052,619/-	NIL ₹. 17,240/-	NIL (₹.1,047,818/-)	NIL (₹.1,289,267/-)
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 31/03/2011 (b) Not dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2011	NIL ₹.23,126,422/-	NIL ₹.10,139,302/-	NIL (₹. 882,079/-)	NIL (₹.7,631,906/-)	NIL (₹.14,197,606/-)

Notes :

a) * 51.72% shares are held by Subsidiary Company– 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 : 30th May, 2011



1956, RELATING TO SUBSIDIARY COMPANIES

BOMBAY MINERALS LTD.	PRASHANSHA CERAMICS LTD.	ASHAPURA ALUMINIUM LIMITED	ASHAPURA MINECHEM (UAE) FZE	ASHAPURA HOLDINGS (UAE) FZE	ASHAPURA MARITIME FZE	ASHA PRESTIGE COMPANY	PT ASHAPURA RESOURCES INDONESIA
31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011	31.03.2011
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	NIL	NIL	NIL	NIL	NIL	NIL	NIL
₹.37,525,954/-	(₹. 365,093/-)	(₹.11,972,553 /-)	USD (564,875) (Equivalent to ₹.25,278,156)#	N.A	N.A	N.A @	N.A
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
₹.138,485,652/-	(₹.18,606,888/-)	(₹.1,022,191/-)	USD 13,529,754 (Equivalent to ₹.603,156,433) ##	N.A.	N.A.	N.A@	N.A

b) # The profits as on 31.03.2011 are translated into Indian Rupees at an average rate of USD 1 = ₹. 44.75/- (Rounded off to nearest Rupee)

The profits are translated in Indian Rupees at the closing rate of USD 1 = ₹. 44.58/- (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/-
RAJIV GANDH
Chief Financial Officer

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, 2011 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 ₹ 19,512.12 lacs as at March 31, 2011 and total revenues of ₹ 5,878.86 lacs for the year and of associates whose financial statements reflect the Group's share of loss (net) of ₹ 35.39 lacs for the year ended on March 31, 2011. 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 foreign associates wherein the Ashapura Group's share of loss aggregates to ₹ 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 Attention is invited to:

- Note no. 5 regarding the status of the pending litigation in respect of Contracts of Affreightment (COA) with few shipping companies and consequent provision of ₹ 56,202.88 lacs against these claims.

7 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. 4(i), 4(ii) and 4(iii) 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 ₹ 9,766.98 lacs as well as in the current year ₹ 10,697.53 lacs; and
- note no. 4(iv) in respect of non-provision for losses on foreign currency derivatives transactions by marking them to market (MTM) aggregating to ₹ 3,084.28 lacs,

and thereby understatement of the net loss in the financial statements by ₹ 13,781.81 lacs and overstatement of reserves and surplus by ₹ 23,548.79 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, 2011;
- (b) In the case of the Consolidated Profit & Loss Account, 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, 2011

ASHAPURA MINECHEM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	SCH	31st March, 2011		31st March, 2010
		₹		₹
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	157,972,196		157,972,196
Employee Stock Option Outstanding		7,108,918		7,108,918
Reserves and Surplus	B	<u>1,506,524,197</u>	<u>1,671,605,311</u>	<u>2,829,796,191</u>
Minority Interest	C		2,500,157	2,298,058
Loan Funds				
Secured Loans	D	4,071,731,093		4,149,711,687
Deferred Payment Liabilities	E	30,607,646		35,268,055
Unsecured Loans	F	<u>394,241,137</u>	<u>4,496,579,876</u>	<u>605,981,988</u>
			<u>6,170,685,344</u>	<u>7,788,137,093</u>
APPLICATION OF FUNDS:				
Fixed Assets				
Gross Block	G	4,150,079,940		3,924,590,994
Accumulated Depreciation		<u>1,215,198,780</u>		<u>975,679,513</u>
Net Block		<u>2,934,881,160</u>		<u>2,948,911,481</u>
Capital Work in Progress and Pre Operative Expenses		<u>235,227,678</u>	<u>3,170,108,838</u>	<u>332,125,288</u>
				3,281,036,769
Goodwill on Consolidation			104,400,525	104,400,525
Investments	H		298,767,791	147,445,014
Deferred Tax Assets / (Liabilities)			(9,640,599)	911,389,394
Current Assets, Loans and Advances				
Inventories	I	1,751,199,492		1,594,578,718
Sundry Debtors		1,328,451,174		1,421,117,364
Cash & Bank Balances		322,669,514		306,614,100
Loans and Advances		<u>1,579,307,848</u>		<u>1,486,166,657</u>
		<u>4,981,628,028</u>		<u>4,808,476,839</u>
Less: Current Liabilities and Provisions	J			
Current Liabilities		1,437,531,607		1,440,866,723
Provisions		<u>5,644,583,486</u>		<u>23,744,725</u>
		<u>7,082,115,093</u>		<u>1,464,611,448</u>
Net Current Assets			(2,100,487,065)	3,343,865,391
Miscellaneous Expenditure	K		206,692	—
(To the extent not written off or adjusted)				—
Profit & Loss Account			<u>4,707,329,162</u>	—
TOTAL			<u>6,170,685,344</u>	<u>7,788,137,093</u>

NOTES ON ACCOUNTS

The Accompanying Schedules A to S are an integral part of this 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, 2011

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

RAJIV GANDHI

Chief Financial Officer

sd/-

SACHIN POLKE

Company Secretary

Place : Mumbai

Date : 30th May, 2011



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	SCH.	2010-2011 ₹	2009-2010 ₹.
INCOME			
Sales and Operational Income	L	6,367,576,498	7,136,658,625
Other Income	M	90,123,828	52,831,171
		<u>6,457,700,326</u>	<u>7,189,489,796</u>
EXPENDITURE			
Change in Inventory	N	(80,683,200)	468,833,273
Materials, Mining, Manufacturing and			
Other Operational Expenses	O	3,120,607,858	2,625,185,972
Selling & Distribution Expenses	P	1,850,975,991	2,523,216,920
Administrative and Other Expenses	Q	653,071,891	748,938,517
Foreign Currency Fluctuation Loss		65,789,286	250,437,013
Interest	R	441,958,214	595,307,056
Depreciation		264,470,769	256,858,431
	TOTAL	<u>6,316,190,809</u>	<u>7,468,777,182</u>
Profit/ (Loss) Before Exceptional Items and Tax		141,509,517	(279,287,386)
Tax Expenses			
Current Tax		62,266,000	(107,490,000)
Earlier Years' Tax		20,593,078	(12,460,610)
Wealth Tax		323,620	(323,132)
Deferred Tax (Refer note no. 10)		921,029,993	(25,672,509)
Profit/ (Loss) After Tax		(862,703,174)	(425,233,637)
Prior Period Adjustments (net)		(12,434,933)	55,329,089
Share of (Loss) / Profit in Associate Companies		(3,539,178)	(4,659,678)
		<u>(878,677,285)</u>	<u>(374,564,226)</u>
Exceptional Items			
Foreign Currency Derivatives Loss		500,000,000	682,180,096
Written Back (Refer note no. 4)			
Provision for Shipping Claims (Refer Note No. 5)		(5,620,288,244)	—
Extra Ordinary Items (Refer note no. 11)		(21,473,027)	—
		<u>(6,020,438,556)</u>	<u>307,615,870</u>
Minority Interest		202,099	418,915
Net Profit/ (Loss) After Tax and Minority Interest		<u>(6,020,640,655)</u>	<u>307,196,955</u>
Balance Brought Forward From Previous Year		—	(810,093,831)
Amount Available for Appropriation		<u>(6,020,640,655)</u>	<u>(502,896,876)</u>
Appropriations :			
Corporate Dividend Tax		(1,454,605)	(1,523,872)
Adjustment against the General Reserve Balance (net)		1,314,766,098	504,420,748
Balance Carried to Balance Sheet		(4,707,329,162)	—
Earning Per Share			
Before Exceptional and Extra Ordinary Items			
Basic/Diluted		(11.12)	(4.75)
After Exceptional and Extra Ordinary Items			
Basic/Diluted		(76.22)	3.89
Face Value per Share		2.00	2.00

NOTES ON ACCOUNTS

S

The Accompanying Schedules A to S are an integral part of this financial statements.

As per our Report of even date

For and on Behalf of the Board of Directors

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485

Place : Mumbai

Date : 30th May, 2011

sd/-

NAVNITLAL SHAH
Executive Chairman

sd/-

RAJIV GANDHI
Chief Financial Officer

Place : Mumbai

Date : 30th May, 2011

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, 2011

(₹. in lacs)

	2010-2011	2009-2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Extraordinary Items	1,415.10	(2,792.88)
Adjustments for -		
Depreciation	2,644.71	2,568.58
Amortization of Expenses (net)	4.21	0.04
Exchange Rate Adjustments (net)	(189.73)	(196.83)
Loss (Profit) on sale of Fixed Assets	(117.87)	1.01
Loss (Profit) on sale of Investments	(20.40)	83.87
Provision for Doubtful Debts & Advances	198.31	52.45
Prior Period Adjustments	(124.35)	553.29
Dividend Received	(28.82)	(214.29)
Interest (net)	4,280.43	5,312.56
Operating Profit Before Working Capital Changes	<u>8,061.59</u>	<u>5,367.80</u>
Adjustments for -		
Trade and Other Receivables	(525.21)	3,683.21
Inventories	(1,566.20)	3,978.80
Trade Payables	<u>56,176.31</u>	<u>(19,621.73)</u>
	<u>62,146.49</u>	<u>(11,959.72)</u>
Cash Generated From Operations		(6,591.92)
Direct Taxes Paid (net)	475.90	(1,836.43)
	<u>62,622.39</u>	<u>(8,428.35)</u>
Cash Flow Before Extra Ordinary Items		
Exceptional / Extra Ordinary Items	<u>(51,417.61)</u>	<u>10,334.50</u>
NET CASH FROM OPERATING ACTIVITIES	<u>11,204.78</u>	<u>1,906.15</u>
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,963.71)	(1,925.73)
Sale of Fixed Assets	546.14	1,422.08
Sale (Purchase) of Investments (Net)	(1,492.83)	4,404.21
Government Grant Received	15.00	—
Interest Received	353.00	141.17
Dividend Received	28.82	214.29
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,513.58)</u>	<u>4,256.02</u>



C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds (Repayments) of loans borrowed (net)	(2,943.82)	(12,214.23)
Proceeds from issuance of share capital (including premium)	—	—
Loans Lent	(952.81)	—
Interest Paid	(4,633.43)	(5,453.73)
Dividend Paid	(0.58)	(1.23)
NET CASH USED IN FINANCING ACTIVITIES	(8,530.64)	(17,669.19)
Net Increase in Cash and Cash Equivalents	160.56	(11,507.02)
Cash And Cash Equivalents as at beginning of the year	3,066.14	14,573.16
Cash And Cash Equivalents as at end of the year	3,226.70	3,066.14

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, 2011

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

RAJIV GANDHI

Chief Financial Officer

Place : Mumbai

Date : 30th May, 2011

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer

sd/-

SACHIN POLKE

Company Secretary

ASHAPURA MINECHEM LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - A SHARE CAPITAL

	31st March, 2011 ₹	31st March, 2010 ₹
Authorised		
110,000,000 Equity Shares of ₹.2/- each	220,000,000	220,000,000
300,000 Preference Shares of ₹. 100/- each	30,000,000	30,000,000
TOTAL	<u>250,000,000</u>	<u>250,000,000</u>

* The Company has taken Shareholder's approval by way of Postal Ballot for increasing the Authorised Share Capital of the Company from ₹ 250,000,000 to ₹ 900,000,000, result of which was declared on 25th March, 2011. However, the Company is in the process of complying with necessary procedural formalities for giving effect to the said approval.

Issued, Subscribed and Paid Up:

78,986,098 Equity Shares of ₹ 2 each, fully paid up [of which, 65,543,049 shares were issued as fully paid up Bonus Shares by capitalizing General Reserve and Securities Premium account]	157,972,196	157,972,196
TOTAL	<u>157,972,196</u>	<u>157,972,196</u>

SCHEDULE - B RESERVES AND SURPLUS

	31st March, 2011 ₹	31st March, 2010 ₹
Capital Reserve	33,111,461	31,611,461
Securities Premium Account	1,494,818,645	1,494,818,645
Capital Redemption Reserve	390,000	390,000
General Reserve		
Balance at the beginning of the year	1,305,799,508	1,810,220,256
Adjustment against the debit balance in the profit & loss account	<u>(1,305,799,508)</u>	<u>(504,420,748)</u>
Foreign Currency Translation Reserve	(21,795,909)	(2,823,423)
TOTAL	<u>1,506,524,197</u>	<u>2,829,796,191</u>

SCHEDULE - C MINORITY INTEREST

	31st March, 2011 ₹	31st March, 2010 ₹
As per last year	2,298,058	1,879,143
Share of Profit for the Year	202,099	418,915
TOTAL	<u>2,500,157</u>	<u>2,298,058</u>



SCHEDULE - D SECURED LOANS

	31st March, 2011		31st March, 2010	
	₹		₹	
TERM LOANS				
From Financial Institutions (Foreign Currency Accounts)	199,431,572		253,305,823	
From Banks (Foreign Currency Accounts)	650,353,011		799,027,546	
From Banks (Indian Rupee Accounts)	127,879,946		256,236,124	
Interest accrued and due on Term Loan	690,699	978,355,228	—	1,288,569,493
Working Capital Finance				
From Financial Institutions (Indian Rupee Accounts)	390,000,000		390,751,947	
From Banks (Foreign Currency Accounts)	331,806,323		370,439,033	
From Banks (Indian Rupee Accounts)	2,368,751,513		2,095,330,163	
Interest accrued and due on Working Capital Finance	1,592,356	3,092,150,192	—	2,856,521,143
Hire Purchase Finance				
		1,225,673		4,621,051
TOTAL		4,071,731,093		4,149,711,687

SCHEDULE - E DEFERRED PAYMENT LIABILITIES

	31st March, 2011		31st March, 2010	
	₹		₹	
Sales Tax Deferred Payment Liabilities		30,607,646		35,268,055
TOTAL		30,607,646		35,268,055

SCHEDULE - F UNSECURED LOANS

	31st March, 2011		31st March, 2010	
	₹		₹	
Inter Corporate Loans		394,241,137		216,451,845
Loans From Banks		—		389,530,143
TOTAL		394,241,137		605,981,988

SCHEDULE - G FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01-04-2010 ₹.	Additions ₹.	Deductions ₹.	As at 31-03-2011 ₹.	As at 01-04-2010 ₹.	For the Year ₹.	On Deduction/ adj. ₹.	As at 31-03-2011 ₹.	As at 31-03-2010 ₹.
LAND & LAND DEVELOPMENT	144,699,785	8,067,880	2,982,627	149,785,038	—	—	—	149,785,038	144,699,785
LEASEHOLD LAND	78,500	—	—	78,500	—	—	—	78,500	78,500
MINING LEASE	50,540,041	—	50,540,041	—	12,684,025	—	12,684,025	—	37,856,016
COMPENSATION FOR PREMISES RIGHTS	24,434,113	—	—	24,434,113	11,415,710	2,283,142	—	13,698,852	13,018,403
BUILDINGS	681,970,159	30,968,262	61,745	712,876,676	88,060,515	22,171,839	2,037	110,230,317	593,909,636
PLANT & MACHINERY	1,858,911,999	237,524,911	3,487,494	2,092,949,416	490,858,791	129,809,079	6,645,516	614,022,354	1,367,532,169
BARGES & TUGS	7,598,314	—	—	7,598,314	7,218,398	75,223	—	304,693	379,917
SHIPS	873,431,982	—	6,611,017	866,820,965	204,039,980	83,357,257	1,861,044	285,536,193	669,392,002
VEHICLES	98,793,206	7,291,566	3,223,959	102,860,813	58,429,678	10,529,261	3,203,572	65,755,367	40,884,571
OFFICE EQUIPMENT	78,620,131	4,735,467	821,307	82,534,291	52,215,487	6,038,118	548,136	57,705,469	26,404,646
FURNITURE & FIXTURES	105,512,764	4,679,637	50,587	110,141,814	50,756,929	10,206,850	7,172	60,956,607	54,755,837
TOTAL	3,924,590,994	293,267,723	67,778,777	4,150,079,940	975,679,513	264,470,769	24,951,502	2,934,881,160	2,948,911,482
CAPITAL WORK IN PROGRESS	77,543,449	229,499,226	224,604,254	82,438,421	—	—	—	82,438,421	77,543,449
PRE OPERATIVE EXPENSES	254,581,839	1,215,560	103,008,142	152,789,257	—	—	—	152,789,257	254,581,839
TOTAL	4,256,716,282	523,982,509	395,391,173	4,385,307,618	975,679,513	264,470,769	24,951,502	3,170,108,838	3,281,036,770



SCHEDULE - H INVESTMENTS

	31st March, 2011		31st March, 2010	
	₹		₹	
Quoted - Long Term (at cost)				
3,000 Equity Shares of ₹10/- each of Bank of India	135,000		135,000	
13,817 Equity Shares of ₹ 10/- each of Indian Bank	—	135,000	1,257,347	1,392,347
Unquoted - at cost				
25,000 Equity Shares of ₹ 10/- each of Payvin Financial Services Limited	—		250,000	
1,86,285 Equity Shares of Shantilal Multiport Infrastructure Pvt. Ltd. of 10/- each	37,668,042		37,668,042	
500 equity shares of ₹ 10/- each of Bhanot Property & Investment Limited	5,000		5,000	
54 shares of ₹ 25/- each of The Navanagar Co Operative Bank Limited	1,350		1,350	
2 shares of ₹ 100/- each of The Commercial Co Operative Bank Limited	200		200	
National Savings Certificates (under lien with sales tax/mining authorities)	480,800	38,155,392	475,800	38,400,392
Current Investments				
Investments in Mutual Funds				
Religare Liquid Fund	7,717,182		10,358,020	
IDFC Money Manager Fund	—		15,001,560	
ICICI Prudential flexible Income Plan	—		15,874	
Reliance Liquidity Fund	1,374,407		1,304,224	
Kotak Flexi Debt Scheme	—		25,002,570	
L & T Liquid Fund	—		15,001,907	
Principal Cash Management Fund	—		27,132	
TOTAL		9,091,589		66,711,287

ASHAPURA MINECHEM LIMITED

SCHEDULE - H INVESTMENTS (Cont.)

	31st March, 2011 ₹	31st March, 2010 ₹
Investments in Associates		
1,700,000 Equity Shares of Ringgit 1 each of 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)	(8,364,615)	(7,071,022)
	<u>39,647,395</u>	<u>40,940,988</u>
EMO Ashapura, Nigeria		
Goodwill on Acquisition	112,884,398	—
Carrying amount of Investment	101,099,602	—
Accumulated Share of Profit or (Loss)	(2,245,585)	—
	<u>211,738,415</u>	<u>—</u>
Ashapura Arcadia Logistic Private Limited		
Goodwill / (Capital Reserve) on Acquisition	(7,825,342)	(7,825,342)
Carrying amount of Investment	8,375,342	8,375,342
Accumulated Share of Profit or (Loss)	(550,000)	(550,000)
	<u>—</u>	<u>—</u>
	251,385,810	40,940,988
TOTAL	<u>298,767,791</u>	<u>147,445,014</u>



SCHEDULE - I CURRENT ASSETS, LOANS AND ADVANCES

	31st March, 2011 ₹	31st March, 2010 ₹
I CURRENT ASSETS		
Inventories		
(as taken, valued and certified by the management)		
Finished and Semi-finished Goods *	1,392,765,170	1,334,173,704
Raw Materials	256,972,365	184,257,334
Packing Materials	23,938,856	19,780,656
Stores and Spares	74,562,455	56,367,024
Materials-in- transit	2,960,646	—
	1,751,199,492	1,594,578,718
Sundry Debtors (considered good, unless otherwise stated)		
Secured:		
Over six months		33,680,806
Others	—	229,231,937
	—	262,912,743
Unsecured:		
Over six months	312,951,196	376,939,342
Others	1,075,535,933	944,742,025
	1,388,487,129	1,321,681,367
Less : Provision for Doubtful Debts	60,035,955	163,476,746
	1,328,451,174	1,158,204,621
	1,328,451,174	1,421,117,364
Other Current Assets		
Cash on Hand	10,095,966	7,873,208
Balances with scheduled banks :		
In Fixed Deposit Accounts	87,994,148	41,682,340
Funds in Transit and Cheques on Hand	—	1,308,608
Margin Money Accounts	662,913	780,471
Current Accounts	222,640,956	253,624,538
Dividend Accounts	1,275,531	1,344,935
	322,669,514	306,614,100
TOTAL - I	3,402,320,180	3,322,310,182
II. LOANS AND ADVANCES		
(unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	228,294,167	444,650,306
Advance payments of Taxes (net)	219,836,246	352,133,305
Trade Advances to Suppliers	942,467,390	636,109,234
Less : Provision for Doubtful Advances	31,100,211	31,358,566
Deposits	124,529,235	84,632,378
Loans to Associates and Joint Ventures	95,281,021	—
TOTAL - II	1,579,307,848	1,486,166,657
TOTAL - I + II	4,981,628,028	4,808,476,839

ASHAPURA MINECHEM LIMITED

SCHEDULE - J CURRENT LIABILITIES AND PROVISIONS

	31st March, 2011 ₹	31st March, 2010 ₹
I Current Liabilities		
Sundry Creditors	799,017,032	789,267,274
Advances from Customers	73,868,142	39,129,048
Investors Education & Protection Fund : Unclaimed Dividend	1,284,628	1,342,805
Statutory Liabilities	80,556,970	82,833,704
Interest Accrued but not Due	32,355,817	56,024,263
Other Liabilities	450,449,018	472,269,629
TOTAL I	<u>1,437,531,607</u>	<u>1,440,866,723</u>
II Provisions		
Provision for Bonus	13,556,558	13,631,817
Provision for Leave Encashment	7,399,836	7,811,684
Provision for Gratuity	1,884,243	777,352
Provision for Corporate Dividend Tax	1,454,605	1,523,872
Provision for Shipping Claims	5,620,288,244	—
TOTAL II	<u>5,644,583,486</u>	<u>23,744,725</u>
TOTAL I + II	<u><u>7,082,115,093</u></u>	<u><u>1,464,611,448</u></u>

SCHEDULE - K MISCELLANEOUS EXPENDITURE NOT WRITTEN OFF

	31st March, 2011 ₹	31st March, 2010 ₹
Deferred Revenue Expenses	206,692	—
TOTAL	<u>206,692</u>	<u>—</u>



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNTS

SCHEDULE - L SALES AND OPERATIONAL INCOME

	2010-2011		2009-2010	
	₹		₹	
Sales				
Export Sales	2,349,133,569		1,165,815,072	
Local Sales	<u>3,184,498,903</u>	5,533,632,472	<u>4,134,125,093</u>	5,299,940,165
Cargo Handling Income		454,958,435		1,482,114,734
Forward Exchange Contract Premium		(2,591,042)		2,692,521
Export Incentives and Credits		2,262,843		1,092,129
Freight Receipts on Sales		168,059,394		67,407,974
Shipping Operations Income		192,615,955		140,934,676
Other Operational Income		18,638,441		29,063,423
Service Tax Refund Claims		—		2,903,926
Quality Claims Received		—		110,509,078
TOTAL		<u><u>6,367,576,498</u></u>		<u><u>7,136,658,625</u></u>

SCHEDULE - M OTHER INCOME

	2010-2011		2009-2010	
	₹		₹	
Dividend Received on Current Investments		2,882,330		21,429,470
Interest Received		35,299,652		14,117,073
Profit on Sale of Investments (net)		2,040,219		—
Profit on Sale of Fixed Assets		11,786,925		—
Insurance Claims Received		—		5,986,099
Balance written back (net)		7,854,590		—
Miscellaneous Income		30,260,112		11,298,528
TOTAL		<u><u>90,123,828</u></u>		<u><u>52,831,171</u></u>

SCHEDULE - N CHANGE IN INVENTORY

	2010-2011		2009-2010	
	₹		₹	
Opening Stock				
Finished Goods and Semi-finished Goods *		1,315,042,616		1,803,006,976
Closing Stock				
Finished Goods and Semi-finished Goods		<u>1,395,725,816</u>		<u>1,334,173,704</u>
TOTAL		<u><u>(80,683,200)</u></u>		<u><u>468,833,273</u></u>

* Amount of Opening Stock of EMO Ashapura Energy & Mining Ltd. adjusted having ceased to be a joint venture company

ASHAPURA MINECHEM LIMITED

SCHEDULE - O MATERIALS, MINING AND MANUFACTURING AND OTHER OPERATIONAL EXPENSES

	2010-2011		2009-2010	
	₹.		₹.	
Materials Consumed				
Opening Stock *	161,307,779		103,733,505	
Purchases and Expenses	<u>522,958,592</u>		<u>441,868,448</u>	
	684,266,371		545,601,953	
Closing Stock	<u>256,972,365</u>	<u>427,294,006</u>	<u>184,257,334</u>	361,344,620
Mining Expenses				
Rent and Royalty	131,553,401		159,089,868	
Mineral Digging, Carting and Other Mining Expenses	<u>330,942,421</u>	<u>462,495,822</u>	<u>303,476,051</u>	462,565,919
Manufacturing and Processing Expenses				
Packing Materials Consumption and Expenses	107,774,976		88,252,953	
Machinery Repairs and Maintenance	41,159,143		42,946,680	
Power and Fuel	250,562,891		186,038,759	
Carriage Inward	62,476,147		45,274,120	
Stores & Spares Consumed	61,222,343		85,794,219	
Wages	32,019,851		9,737,128	
Other Expenses	<u>125,064,368</u>	<u>680,279,719</u>	<u>68,341,280</u>	526,385,139
Ship Operating Expenses		<u>177,340,866</u>		136,202,163
Trading Purchases		<u>1,373,197,445</u>		1,138,688,132
TOTAL		<u><u>3,120,607,858</u></u>		<u><u>2,625,185,972</u></u>

* Amount of Opening Stock of EMO Ashapura Energy & Mining Ltd. adjusted having ceased to be a joint venture company

SCHEDULE - P SELLING AND DISTRIBUTION EXPENSES

	2010-2011		2009-2010	
	₹.		₹.	
Discount and Rate Difference	2,491,025		1,782,506	
Sales Commission	28,846,952		41,783,111	
Export Freight and Insurance	389,816,330		125,132,892	
Cargo Handling Expenses	394,450,866		1,039,811,162	
Shipment and Other Expenses	<u>1,035,370,818</u>		<u>1,314,707,250</u>	
TOTAL		<u><u>1,850,975,991</u></u>		<u><u>2,523,216,920</u></u>



SCHEDULE - Q ADMINISTRATIVE AND OTHER EXPENSES

		2010-2011 ₹		2009-2010 ₹
Personnel Costs				
Salaries, Wages, Bonus and Other Expenses	245,250,739		235,436,698	
Contribution to PF, ESI and other Funds	20,580,999		26,075,253	
Staff Welfare & Insurance	17,729,913		15,909,932	
Directors' Remuneration	9,600,000	293,161,651	9,600,000	287,021,883
Administrative and Other Expenses				
Travelling Expenses (including Directors' travelling of ₹ 1,246,877; previous year ₹. 1,733,858)	35,288,591		36,197,714	
Rent	27,978,907		28,029,028	
Rates and Taxes	8,557,241		8,251,045	
Insurance Premiums	4,528,470		4,153,425	
Repairs to Buildings and Others	11,948,347		11,892,144	
Advertisement and Business Promotion Expenses	10,921,216		12,357,913	
Directors' Sitting Fees	200,000		222,750	
Legal and Professional Fees	84,922,795		113,341,668	
Payments to Auditors	5,328,592		4,669,116	
Bad Debts and Advances Written Off (net)	—		59,771,045	
Provision for Doubtful Debts & Advances	19,830,829		5,244,926	
Bank Discounts, Commission and Other Charges	29,624,616		28,392,313	
Donations	6,546,835		5,298,300	
Loss on Sale / Disposal of Assets	—		100,672	
Loss on Sale of Investments	—		8,387,302	
Preliminary Expenses Written Off	628,000		4,372	
General Expenses	113,605,801	359,910,240	135,602,897	461,916,634
TOTAL		653,071,891		748,938,517

SCHEDULE - R INTEREST

		2010-2011 ₹		2009-2010 ₹
Working Capital Finance	345,819,939		440,519,810	
Term Loans	94,045,510		149,284,069	
Others	2,092,765		5,503,178	
TOTAL		441,958,214		595,307,056

ASHAPURA MINECHEM LIMITED

SCHEDULE – S NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2011

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

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, 2011 except for a foreign associate company, EMO Ashapura Energy and Mining Limited– Nigeria where the accounts are last drawn up to 31st December, 2010.
- b. The financial statements of the subsidiaries, joint venture companies and associates are audited except for two foreign 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 31 st March, 2011 (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 Prashansha Ceramics Limited	100.00 %
5 Peninsula Property Developers Private Limited	100.00 %
6 Sharda Consultancy Private Limited	100.00 %
7 Ashapura Consultancy Service Private Limited	100.00 %
8 Ashapura Minechem (UAE) FZE	100.00 %
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 Amcol 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 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 is 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, joint venture companies and associates 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:

Raw Materials and Stores and Spares are valued at cost determined on FIFO basis or net realizable value, whichever is lower.

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 account.
- b. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the closing rates and profit or loss arising there from is dealt with in the profit & loss account.
- c. In respect of forward foreign exchange contracts, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense, as the case may be, over the life of the contract.
- d. Realized gain or loss on cancellation of forward exchange contracts are recognized in the profit and loss account for the year in which they are cancelled.
- e. 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/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.

Deferred Revenue Expenditure:

Deferred revenue expenditure covered under Accounting Standard (AS-26) issued by the institute of Chartered Accountants of India and against which no intangible assets are acquired, are charged to the profit & loss account. Other deferred revenue expenditure is amortized over a period of time over which the benefit of such expenditure is likely to accrue.

Employee Stock Option Based Compensation:

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

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.

4. 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 ₹ 10,334.50 lacs (net of deferred tax ₹ 6,821.80 lacs) liabilities on account of the provision for such foreign currency derivatives losses; and not provided for foreign currency derivatives losses of ₹ 2,945.18 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 ₹ 5,697.53 lacs.
- (iii) The Company has, during the year, also written back certain loans aggregating to ₹ 5,000.00 lacs which, in the opinion of the management and based on the legal advice obtained by the Company, are related to foreign currency derivatives losses and are voidable and cannot be legally enforced.
- (iv) 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 ₹ 3,084.28 lacs, which is not provided for by the company.

As a result of the above, net loss for the year after exceptional items is understated by ₹ 13,781.81 lacs whereas reserves and surplus are overstated by ₹ 23,548.79 lacs.

5. 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 US \$ 4.00 million as against Award passed for US \$ 110 million, which was initially claimed by British Marine Plc.

The company is facing three applications for enforcement of ex-parte awards passed in respect of three COA in the Bombay High Court filed by remaining three shipping companies. The quantum of awards is as under;

Shipping Company	US \$ million
IHX (UK) Limited	24.22
Eitzen Bulk S/A	36.30
Armada (Singapore) Pte Ltd.	65.55
Total	126.07

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. The application under Section 34, of the Arbitration & Conciliation Act, 1996 was filed at Jamkhambaliya, Gujarat since the said COA was to be performed at ports falling within the jurisdiction of the courts at Jamkhambaliya, Gujarat.

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 US \$ 24,157,442 plus £ 5,000. (appx. ₹ 10,772.98 lacs)

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.

Till March 2010, the company has shown the shipping claims of various companies as contingent liabilities and not acknowledged as debt. In view of the above developments, the Board of Directors sought an opinion from the independent legal expert.

Based on the opinion, the company has decided "Strictly Without Prejudice and Without Admitting the claims of the shipping companies" to make the provision of ₹ 562.03 cr. (US \$ 126.07 million) in current year against the shipping claims.

6. 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.
7. 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.
8. Balances with Debtors, Creditors and for Loans and Advances are subject to confirmations from the respective parties and reconciliation, if any, in many cases. In absence of such confirmations, the balances as per books have been relied upon by the Auditors.
9. Sundry Debtors for more than six months include ₹ 1,239,603 (₹ 3,741,325) due from firms/companies in which some of the directors are interested.
10. Based on the certain developments as stated in the note no. 5 above and on the principle of prudence, the management felt it proper not to provide for deferred tax assets arising out of the carried forward business loss under the Income Tax Act, and also to reverse the deferred tax assets accounted for in the earlier years in accordance with the Accounting Standard (AS) - 22 prescribed under the Companies (Accounting Standards) Rules, 2006. Accordingly, deferred tax assets of ₹ 91.00 crores are charged to the profit & loss account for the year.

Accordingly, deferred tax liability of ₹ 921,029,993,00 (net) arising during the year is debited to the profit & loss account. Details of the balance of ₹ 9,640,599 are as under:

Particulars	₹
Depreciation	17,355,316
Disallowances u/s 43B of the Income Tax Act	(7,714,717)
Total	(9,640,599)



11. Extra Ordinary Items ₹ 21,473,027 are losses suffered at various locations of the company due to natural calamities.
12. 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 Volcaly Chemicals Pvt. Limited (holding: 50%) and Ashapura Amcol NV (holding: 50%) are as under:

	Current Year ₹. In Lacs	Previous Year ₹. In Lacs
Assets		
Fixed Assets(Net Block including WIP)	6,599.22	5,970.75
Investments	10.00	10.00
Current Assets	3,416.85	2,695.66
Loans and Advances	377.15	408.30
Miscellaneous Expenditure	—	959.99
Total	10,403.22	10,044.70
Liabilities		
Secured Loans	1,955.33	1023.48
Deferred Sales Tax Liabilities	173.64	220.24
Unsecured Loans	2,989.23	2,206.23
Deferred Tax Liabilities	156.62	55.87
Current Liabilities and Provisions	2,251.05	1,843.60
Total	7,525.87	5,293.54
Income		
Sales and Operational Income	8,371.04	6,780.27
Other Income	8.66	45.29
Total	8,379.70	6,8245.56
Expenditure		
Manufacturing and Other Expenses	5,086.59	3,608.86
Interest	137.14	130.24
Depreciation	584.08	517.87
Total	5,807.82	4256.98

13. CONTINGENT LIABILITIES : (other than those stated in note no. 4)

	2010-2011 (₹. in Lacs)	2009-2010 (₹. in Lacs)
a. In respect of guarantees given by the bank / financial institution and counter guaranteed by the Company	2,362.62	2,505.87
b. Guarantees to banks against credit facilities extended to group companies	11,235.06	8,531.00

ASHAPURA MINECHEM LIMITED

c. Guarantees given to others on behalf of inter-group companies	—	830.23
d. Guarantees given to various Government Authorities and Others	4,509.11	4,387.84
e. In respect of guarantees given by the company	595.37	460.78
f. In respect of disputed Income Tax liabilities	626.20	492.92
g. Claims against the company not acknowledged as debt	708.98	59613.18
h. In respect of contracts remaining to be executed	222.67	177.97
i. In respect of Other matters	429.79	173.07

14. Advances recoverable in cash or in kind or for value to be received includes:

	2010-2011 ₹.	2009-2010 ₹.
Loans to Body Corporates and Others	59,276,765	32,183,010
Loans and Advances to Staff	11,926,791	12,964,543
Trade advance to firms and companies in which some of the Directors are interested	43,501,243	47,664,611
Security deposit towards land and premises to Directors and Firms in which some of the Directors are interested	13,737,977	13,500,000
Claims Receivable	6,569,304	201,317,302
Unrealized Gain on Forward Exchange Contracts	—	3,262,500
Prepaid Expenses	13,627,980	8,947,513
Other Advances and Receivables	79,654,107	124,810,827

15. Related Party Transactions:

a. Associates:

- Ashapura Shipping Limited
- Ashapura Volclay Limited
- Ashapura Volclay Chemicals Private Limited
- Ashapura Exports Private Limited
- Ashapura Mineral Company
- Sharda Industrial Corporation
- Prabhudas Vithaldas
- K.M.Mehta
- Ashapura Infin Private Limited
- Hudson MPA Sdn Bhd, Malaysia
- Ashapura Amcol NV, Antwerp
- Emo Energy & Mining Co. Limited, Nigeria
- Ashapura Arcadia Logistic Private Limited
- Shantilal Multiport Infrastructure Private Limited (for part of the year)
- P T Ashapura, Indonesia
- Alatge Stone Crushing Industries
- Gem Ashapura Granite (Gujarat) Pvt Limited

b. Key Management Personnel:

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



Particulars of Transactions	2010-2011 ₹.	2009-2010 ₹.
Associates:		
Sales of Materials	119,969,884	170,065,599
Purchases of Materials	880,585	41,553,390
Interest received	5,236,250	7,214,487
Interest Paid	—	16,457,930
Export Shipment & Other Expenses	6,633,209	36,144,884
Lease Rent Paid	240,000	1,440,000
Reimbursement of Administrative Expenses	37,478,704	47,243,212
Miscellaneous Income	823,082	198,215,628
Machinery Hire Charges	2,744,816	—
Outstanding Balances as on 31st March, 2011		
Sundry Creditors	6,961,166	58,513,303
Sundry Debtors	112,813,896	221,852,283
Loans and Advances	53,904,205	45,886,005
Loans Taken	—	232,199,296
Advance from Customers	19,374,638	—
Security Deposits	72,412,010	48,200,000
Trade Advances	32,307,053	—
Key Management Personnel:		
Remuneration and Perquisites	98,34,000	9,834,000
Rent Paid	1,80,000	180,000
Outstanding Balances as on 31st March, 2011		
Sundry Creditors	98,581	180,000 cr.
Security Deposits	1,000,000	2,800,000 dr.

16. In accordance with the Accounting Standard (AS) - 20 on "Earnings per Share" prescribed under the Companies (Accounting Standards) Rules 2006, the earning per share is as under:

Particulars	2010-2011	2009-2010
Profit / (Loss) After Tax and Minority Interest	(6,020,640,655)	307,196,955
Weighted average number of equity shares for computation of basic EPS	78,986,098	78,986,098
Weighted average number of equity shares for computation of diluted EPS	78,986,098	78,986,098
Nominal value of equity share	2.00	2.00
Earning per Share – Basic/Diluted	(76.22)	3.89

17. 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.

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

Signatures to Schedules A to S

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants
FRN : 109099W

sd/-

MANOJ GANATRA

Partner
Membership No. 043485

Place : Mumbai

Date : 30th May, 2011

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

RAJIV GANDHI

Chief Financial Officer

Place : Mumbai

Date : 30th May, 2011

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 (₹)	Prashansa 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)		144,622,050	16,870,064	202,830,660	(39,295,735)	(864,839)
Total Assets		446,385,363	82,072,215	622,298,333	10,654,230	1,269,957
Total Liabilities		271,763,313	29,403,150	417,286,873	35,449,966	2,034,796
Investments (except investments in Subsidiary(ies)#)		96,000	7,717,182	6,450	135,100	—
Turnover (including Other Income)		779,073,788	47,372,270	282,688,823	839	120,000
Profit/(Loss) Before Taxation		69,331,835	6,007,628	57,183,954	(756,200)	(39,796)
Provision for taxation		23,995,766	1,875,406	19,658,000	—	(57,036)
Profit/(Loss) After Taxation		45,336,069	4,132,222	37,525,954	(756,200)	17,240
Proposed Dividend		—	—	—	—	—
Misc. Exp – not written off		—	—	—	—	—

* Balance Sheet Items are translated at closing Exchange Rate of USD 1 = ₹. 44.58(As on 31/03/2011) (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	Prashansa 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 21st Act, 1956. Accordingly, the Annual Report of the Company does not contain the individual financial statements of its subsidiaries. available these documents and the related details upon request by any investor of the Company and of its Subsidiaries, on all 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 : 30th May, 2011



FOR THE YEAR ENDED 31st MARCH, 2011

(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	123,874,000*	1,822,074*	1,822,074*	44,580,000*
(8,679,724)	(15,486,872)	(12,994,744)	577,974,306*	(3,412,733)*	(341,073,689)*	(9,843,844)*
5,433,514	8,084,859	182,631,049	952,664,168*	47,936,384*	639,998,014*	35,821,679*
14,013,236	23,471,733	195,125,793	250,815,862*	49,527,043*	979,249,630*	1,085,523*
—	—	1,374,407	308,990,533*	6,999,060*	—	—
310,128	930,191	901,082	114,979,800**	—	207,698,891**	521,561**
(699,484)	(931,378)	(11,927,629)	(25,278,156)**	(990,497)**	(66,205,298)**	(9,881,382)**
348,334	357,889	44,923	—	—	—	—
(10,47,818)	(1,289,267)	(11,972,553)	(25,278,156)**	(990,497)**	(66,205,298)**	(9,881,382)**
—	—	—	—	—	—	—
—	—	—	—	—	—	—

** Revenue Items are translated at an average Exchange Rate of USD 1 = ₹. 44.75 (As on 31/03/2011) (rounded off to the nearest Rupee)

Face Value	No. of Shares	Amount in ₹.
₹. 10/-	750,000	7,500,000/-
AED 150000	1	1,822,071/-
AED 150000	1	1,822,071/-
USD 1/-	100	4,458/-
USD 1/-	1,000,000	44,580,000/-

February, 2011, respectively has granted a general exemption from compliance with provisions of Section 212 of the Companies Act, 2013. However, a gist of the financial details of the Subsidiary Companies is contained in the Annual Report. The Company will make working days except Saturday and holidays, between 11 am to 1 pm at the Registered Office of the Company at Jeevan Udyog

For and on behalf of the Board of Directors

Sd/-
SACHIN POLKE
Company Secretary

Sd/-
RAJIV GANDHI
Chief Financial Officer

Sd/-
NAVNITLAL R. SHAH
Executive Chairman

Sd/-
CHETAN SHAH
Managing Director

ASHAPURA MINECHEM LIMITED

CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹. In Millions)

PROFIT / LOSS	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Sales & Operational Income	6,367.58	7,136.66	9,612.64	17,336.65	12,791.54
Operating Expenses	(5,543.97)	(6,366.50)	(8,921.25)	(15,169.27)	(10,720.88)
Foreign Currency Fluctuation (Loss) / Gain	(65.79)	(250.44)	(4,470.94)	50.48	(67.11)
Operating Profit / (Loss)	757.82	519.72	(3,779.55)	2,217.86	2,003.55
Other income	90.12	52.83	131.43	128.04	68.64
Interest	(441.96)	(595.31)	(283.40)	(161.68)	(136.94)
Depreciation, Tax, Prior Period Adjustments & Extraordinary/Exceptional Items	(6,422.88)	335.03	1,041.36	(571.68)	(629.22)
Share of (Loss) / Profit in Associate Companies	(3.54)	(4.66)	(2.19)	4.45	(3.34)
Minority Interest	0.20	0.42	(0.70)	(0.56)	(0.70)
Net Profit / (Loss)	(6,020.24)	307.20	(2,893.05)	1,616.42	1,301.98
NET WORTH	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Equity Share Capital	157.97	157.97	157.97	157.94	78.24
Reserve & Surplus	1,506.52	2,829.80	2,543.81	5,384.43	3,952.38
Miscellaneous Expenditure	(0.21)	—	(0.67)	(1.43)	(3.19)
NET WORTH	1,664.49	2,987.77	2,701.11	5,540.94	4,027.43

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 Thirtieth Annual General Meeting of the Company to be held on Wednesday,

28th September, 2011 at 11.30 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2011

Affix
Re. I/-
Revenue
Stamp

Notes :

- The Form should be signed across the stamp as per specimen signature registered with the Company.
- The Proxy Form duly completed must be deposited at the Registered Office of the Company 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, 2011

I/We hereby record my/our presence at the Thirtieth Annual General Meeting being held at The K R Cama Oriental Institute Hall, 136, Mumbai Samachar Marg, Opp. Lion Gate Fort, Mumbai - 400023 on Wednesday, 28th September, 2011 at 11.30 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 _____

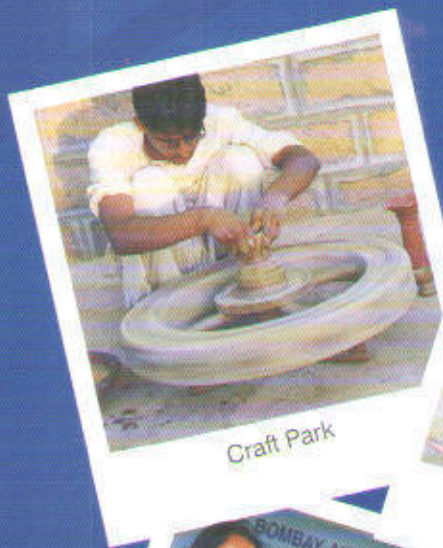
DP.ID./ CLIENT ID. _____

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

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.



Craft Park



Medical Camp



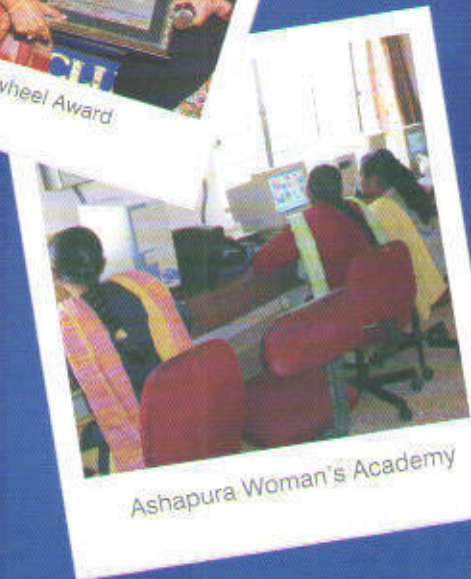
CFBP Award



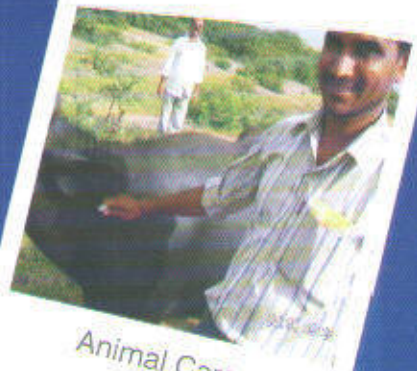
Inner wheel Award



Primary School



Ashapura Woman's Academy



Animal Care



Value Beyond Mining

Jeevan Udyog Building, | Tel. + 91 22 66221700
3rd Floor, 278, D. N. Road, | Fax. +91 22 22079395
Fort, Mumbai - 400 001, India. | Website: www.ashapura.com