



ASHAPURA MINECHEM LIMITED

BOARD OF DIRECTORS

(Executive Directors)

Mr. Navnitlal Shah
Executive Chairman

Mr. Chetan Shah
Managing Director

(Non-Executive Directors)

Mrs. Dina Shah

Mr. Piyush Vora

Mr. Larry Washow

Mr. Ashok Kadakia

Mr. Abhilash Munsif

Mr. Harish Motiwalla

Chief Financial Officer

Mr. Rajiv Gandhi

Company Secretary

Mr. Sachin Polke

Auditors

M/s. Sanghavi & Company
Chartered Accountants

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

WORKS

Jamnagar - Dwarka Highway,
Opp. Ashok Petrol Pump, Khambaliya,
District - Jamnagar, Gujarat – 361305.

Plot No. 256/3, Village Baraya,
Bhuj-Mundra Highway, Tal. Mundra,
Kutch (Gujarat) – 370415.

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.).

236-239, G.I.D.C., Chitra Ind. Estate,
Bhavnagar, Gujarat – 364004.

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

SHARE TRANSFER AGENT

M/s. Link Intime India Pvt. Ltd.

(Formerly known as M/s. Intime Spectrum Registry Limited)

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



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SHAREHOLDER'S INFORMATION

The Company's Securities are listed on the following 3 Stock Exchanges in India

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

The National Stock Exchange of India Limited

Exchange Plaza,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.

The Ahmedabad Stock Exchange Limited

Kamdhenu Complex,
Opp. Sahajanand College,
Panjarapole, Ambawadi,
Ahmedabad - 380 015.



NOTICE

NOTICE is hereby given that the Twenty-Ninth **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Friday, 24th September, 2010 at 11.30 a.m. at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Mumbai - 400020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Shri Piyush Vora, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Harish Motiwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Sanghavi & Co., Chartered Accountants, as Auditors of the Company and to pass the following resolution:

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sanghavi & Co., Chartered Accountants (Registration No – 109099W), be and are hereby appointed as the Auditors of the Company and to hold office from the conclusion of ensuing 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 2010-2011 and to hold their office until the conclusion of next Annual General Meeting and to fix their remuneration.”

By order of the Board of Directors

sd/-

SACHIN POLKE
Company Secretary

Place : Mumbai

Dated : 5th August, 2010th

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members are requested to bring their copies of Annual Report and duly filled Attendance Slip for attending the Meeting.
4. Members are requested to address all correspondences, including dividend matters, to the Registrars and the Share Transfer Agents, M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
5. The members are requested to intimate, well in advance, to the Company and to the Depositories, as the case may be, of the changes in their addresses with the postal pin code numbers and also the particulars of their Bank Account Numbers to minimise the chances of fraudulent encashment of the future dividend warrants/cheques/drafts, if any.
6. The Company's Transfer Books will remain closed from 17th September, 2010 to 24th September, 2010 (both days inclusive).
7. The relevant details of Directors seeking re-appointment under item numbers 2 and 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.
8. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary at the Company's Registered Office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
9. Queries on accounts and operations of the Company, if any, may please be sent to the Company ten days in advance of the Meeting, so that the answers may be made available at the Meeting.

By order of the Board of Directors

sd/-

SACHIN POLKE
Company Secretary

Place : Mumbai

Dated : 5th August, 2010

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, 2010.

FINANCIAL RESULTS AND PERFORMANCE :

	Ashapura Minechem Ltd.		Consolidated	
	(Rs. in Lacs)		(Rs. in Lacs)	
	2009-10	2008-09	2009-10	2008-09
Profit/(Loss) before Depreciation,				
Taxation & Extraordinary items	(4800.45)	(38032.80)	(227.52)	(39315.26)
Depreciation	(980.23)	(659.86)	(2568.58)	(2439.92)
Profit/(Loss) before Tax & Extraordinary items	(5780.68)	(38692.66)	(2796.10)	(41755.18)
Tax Expenses :				
Current	—	—	(1074.90)	(339.50)
Earlier Years Tax	—	(61.11)	(124.61)	(61.11)
Fringe benefit Tax	—	(48.00)	—	(55.40)
Deferred	(237.30)	13362.67	(256.73)	13453.12
Profit/(Loss) after Tax	(6017.98)	(25439.10)	(4252.34)	(28758.07)
Extra ordinary Items	—	(52.71)	—	(52.71)
Prior period Adjustments	(51.68)	(56.15)	553.29	(90.84)
Share of (Loss)/Profit in Associate Company	—	—	(46.60)	(21.92)
Excess Provision of Income Tax Written Back	222.18	—	—	—
Exceptional Items				
Foreign Currency Derivatives Written Back (net of deferred tax)	6821.80	—	6821.80	—
Net Profit/(Loss) after Extra Ordinary Items	974.32	(25547.96)	3076.15	(28923.54)
Minority interest	—	—	(4.20)	(6.99)
	974.32	(25547.96)	3071.95	(28930.53)
Balance brought forward from the previous year	(9974.09)	15573.86	(8100.94)	21179.60
Amount available for Appropriation	(8999.77)	(9974.10)	(5028.99)	(7750.93)
Appropriations :				
1) Proposed Dividend	—	—	—	—
2) Corporate Dividend Tax	—	—	(15.23)	—
3) General Reserve	—	—	(605.17)	(350.00)
Balance carried to Balance sheet	(8999.77)	(9974.10)	(5649.39)	(8100.93)

During the financial year ended 31st March, 2010, the Loss before depreciation, interest and tax reported by the Company was reined to Rs.4800.45 lacs in comparison to Loss before depreciation, interest and tax of Rs.38032.80 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 therefore the bottom line reflected a Net Profit after minority interest of Rs.974.32 lacs & Rs.3071.95 lacs, respectively, in the standalone & consolidated financial results.



DIVIDEND:

In view of losses incurred, your Directors have not recommended any Dividend for the year 2009-2010.

REVIEW OF OPERATIONS:

The standalone turnover for the year ended 31st March, 2010, declined by 28.14% and stood at Rs.50306.49 lacs as against Rs.70009.78 lacs in the previous year. The turnover for the entire Ashapura Group stood at Rs.71366.59 lacs as against Rs.96126.36 lacs in the previous year. Although the scale of business was comparable to the previous year, the decline in turnover was largely attributable to export sales of minerals on a Free on Board basis as against Cost Insurance Freight basis in the previous year.

Although the Government of Gujarat declared its Bauxite Policy permitting the resumption of Bauxite exports from the State in November 2009; 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.

Bentonite & Allied Minerals witnessed volume growth rates in excess of 60% as compared to the previous year on account of the buoyed demand from the oil well drilling and iron ore pelletization sector.

SUBSIDIARIES:

a) Bombay Minerals Limited

Bombay Minerals Ltd. is a 100 percent subsidiary of your Company. The said Company reported a turnover of Rs. 5814.10 lacs during the year as compared to Rs.5573.52 lacs in the previous year. The net profit for the year under review stood at Rs. 823.66 lacs as compared to Rs. 124.49 lacs in the previous year.

b) Ashapura International Limited

Ashapura International Ltd., a 100 percent subsidiary of your Company, has performed well during the year under review. It bagged contracts for supplying Bentonite to Kolkata Airport Project, Kolkata Garden Reach Project and Paradeep Port Project. It also reported a growth in sales of Specility products like Hydrokol & Attapulgit. In view of the above, the said Company reported a turnover of Rs. 5536.77 lacs as against a turnover of Rs. 4704.77 lacs in the previous year. Correspondingly, the said Company's net profit stood at Rs.295.24 lacs as against Rs. 66.39 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. The basic Engineering for setting up the said Refinery has been completed and a contract for the detailed Engineering has been awarded to a China based Company. The said Company has also obtained a revised Techno Economic Feasibility Report for the setting up the said Alumina Refinery.

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 21.01 percent and stood at Rs.487.74 lacs as against Rs.617.50 lacs in the previous year. The decline in turnover affected the net profit which stood at Rs. 88.19 lacs as compared to Rs.147.29 lacs in the previous year showing a decrease of 40.12 percent.

e) Ashapura Minechem (UAE) FZE

Ashapura Minechem (UAE) FZE, a 100 percent subsidiary of your Company established in United Arab Emirates (UAE), 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. 17752.32 lacs (USD 390.50 lacs) to approx. Rs. 6001.64 lacs (USD 125.19 lacs). Subsequently, the net profits also declined from approx. Rs. 730.77 lacs (USD 16.08 lacs) to approx. Rs. 117.65 lacs (USD 2.45 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 Rs. 26.09 lacs (USD 54,419).

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 Rs. 2318.95 lacs (USD 48.37 lacs). However, it incurred a net loss of approx. Rs. 788.11 lacs (USD 16.44 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.

JOINT VENTURES AND ASSOCIATES:

i) Ashapura Volclay Limited

Your Company owns 50 percent Equity of Ashapura Volclay Ltd. The said Company reported a turnover of Rs. 9684.76 lacs as against a turnover of Rs. 7793.22 lacs in the previous year. The profits after tax stood at Rs. 1233.65 lacs for the year under review as compared to Rs. 161.80 lacs in the previous year.

The said Company is in the process of expanding its production capacity of Acid Activated Bleaching Clay from 48,000 TPA to 72,000 TPA. The new capacity is expected to be operational by December, 2010. 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 Rs. 3789.76 lacs (Euro 59.25 lacs) and the net loss after tax stood at Rs. 237.95 lacs (Euro 3.72 lacs).

k) Shantilal Multiport Infrastructure Private Limited

Your Company owns 50 percent Equity of Shantilal Multiport Infrastructure Private Limited. The said Company's income stood at Rs. 96.37 lacs and the net profit after tax stood at Rs. 35.38 lacs as against the net profit after tax of Rs. 17.20 lacs in the previous financial year.

l) 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 39% & stood at Rs. 632.12 lacs as compared to income of Rs. 1038.73 lacs in the previous year. The said Company reported a net loss of Rs. 321.88 lacs as compared to a net loss of Rs. 73.41 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., were terminated due to force majeure on account of stoppage of Bauxite export by the Government of Gujarat.

In view of this, the said Shipping Companies initiated legal proceedings against the Company claiming potential damages for non performance of Contracts of Affreightment. These claims are being contested on the basis of invalidity and frustration of contracts.

The Company has successfully settled the claims with one of the Shipping Companies. In case of the other Shipping Companies, the matters are pending at various stages in Courts where the Company is contesting its liabilities. The Company is also simultaneously negotiating to arrive at an amicable settlement with the claimants.

- 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:

As per Section 212(1) of the Companies Act, 1956, the Company is required to attach to its Accounts, the Directors' Report, Balance Sheet and Profit & Loss Account of each of its Subsidiaries. As the Consolidated Accounts present a complete picture of the financial results of the Company and its Subsidiaries, the Company had applied to the Central Government acting through Ministry of Corporate Affairs, under Section 212(8) of the Companies Act, 1956, seeking exemption from attaching the documents referred to in Section 212(1). The approval for the same has been granted by the Central Government vide letter dated 15th June, 2010. 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 Rs. 2/- each was obtained, wherein not more than 317,500 Equity shares of Rs. 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 Auditors' 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:

Shri Piyush Vora and Shri Harish Motiwalla retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) that in the preparation of the Annual Accounts for the year ended 31st March, 2010, 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, 2010 and of the Profit of the Company for the year under review;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Annual Accounts for the year ended 31st March, 2010, 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.

ASHAPURA MINECHEM LIMITED

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' Report as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders, excluding the aforesaid information about the employees. Any shareholder, interested in obtaining a copy of this statement, may write to the Company Secretary at the Registered Office of the Company.

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, the National Stock Exchange of India Ltd., the Ahmedabad Stock Exchange Limited and the Annual Listing Fees have been paid to each of these three Exchanges whose addresses have been mentioned under the heading Shareholders information.

AUDITORS:

M/s. Sanghavi and Co., Chartered Accountants (Registration No. 109099W), the Auditors of the Company hold their office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment as the Company's Auditors for the Financial Year 2010-2011. 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' as 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, the Management has received legal opinion from various counsels to the effect that these contracts are void in nature and cannot be legally enforced. The Company has also been advised that it can contemplate legal actions, challenging the validity of said Contracts.
- b) In respect of strengthening of the internal control systems in few functional areas, the respective functional heads along with the Internal Auditors are in process of devising certain plans to strengthen the same.
- c) In case of interest free loan to wholly-owned subsidiary, the Management states that the said wholly-owned subsidiary was incorporated to set up the Alumina Project. However, the said project is still in the Initial Stages 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 levels, who have contributed to the progress of the Company. We 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/-

Navnitlal Shah

Executive Chairman

sd/-

Chetan shah

Managing Director

Place : Mumbai

Date : 5th August, 2010



ANNEXURE TO DIRECTORS' 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 grindability has been maintained.

B. POWER AND FUEL CONSUMPTION:

Particulars	2009-2010	2008-2009
i) Electricity		
(a) Purchased :		
Units	7,692,338	5,024,357
Total Amount (Rs.)	41,217,075.00	27,522,379.00
Rate / unit (Rs.)	5.36	5.48
b) Own generation :		
Through diesel generator		
Units	94,546	835
Total Amount (Rs.)	676,131.00	9,348.00
Cost / unit (Rs.)	7.15	11.20
ii) Coal		
Qty. (tonnes)	17	0.47
Total Cost (Rs.)	102,951.40	3,183.00
Average Rate (Rs.)	6,055.94	6772.34
iii) Furnace Oil / Diesel		
Qty. (K. Litres)	411	405
Total Cost (Rs.)	14,620,741.51	4,215,818.00
Average Rate (Rs.)	35,566.91	10409.43
iv) Others / internal generation		
Qty.	—	42,010
Total Cost (Rs.)	—	270,629.00
Rate / unit (Rs.)	—	6.44
v) Kerosene		
Qty. (litres)	526,629	—
Total Cost (Rs.)	15,968,295.69	—
Average Rate (Rs.)	30.32	—
vi) Biomass		
Qty. (tonnes)	365	—
Total Cost (Rs.)	834,114.64	—
Average Rate (Rs.)	2,282.49	—
TOTAL (Rs.)	73,419,309.24	32,021,357.00

C. ACTUAL PRODUCTION:

Production of :	2009-2010	2008-2009
	Qty. (in MTS)	Qty. (in MTS)
Bentonite Granules	16,579	15,351
Bentonite Powder	50,993	85,520
Bentonite Processed Lumps	159,789	80,699
Bentonite Unactivated Lumps	96,312	—
Bauxite Lumps	546,909	521,623
Attapulgitic Lumps	5,912	1,438
Bleaching Clay	—	5,808
Kaolin	12,745	—
China Clay	54,287	116,266

D. RESEARCH & DEVELOPMENT (R & D):

i) Specific areas in which R & D is conducted by the Company

As in the previous years, the Company's Innovation and Knowledge Centre, focused on various Minerals and its processing leading to the mineral specific process development. Optimization of the processing steps and development of new technology were key focus areas. Innovation & Knowledge Centre also focussed on product development as well as process development and process improvement. Some examples are process for Hydrous Kaolin, Calcined Kaolin, Alumina Cements and Mullite. Based on market intelligence, newer product development and improvement in the existing ones was also pursued.

For example:

1. Physical properties improvement in Ashagel 190 product.
2. Mullitisation using Nandana clay.
3. Raw materials evaluation for various white products.
4. Mineral processing laboratory set-up.
5. Utilisation of clay resources for crop growth.

ii) Benefits derived as a result of above R & D.

1. Many Products based on Kaolin such as Hydrous Kaolin, Calcined Kaolin etc., which are already introduced to the market.
2. Properties improvement and customer approval for our existing products.
3. Initiation of white product (Bhuj Kaolin, Alumina Cement and GCC) based project.
4. Up-gradation of sub-standard minerals in order to optimize the consumption and conservation of resources.
5. Technical input to the marketing team for customer support and hence improved realization on products and better customer satisfaction.
6. Resource generation based projects by utilisation of mineral processing laboratory facilities.
7. Patent filed for SOIL CONDITIONER

iii) Further Plan of Action

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:

1. Low grade bentonite upgradation for various applications.
2. Calcined Bauxite based products for advance applications.
3. Bleaching clay fines utilisation.
4. Kaolin based products for various advanced applications.



5. New product development based on ball clay, Diatomaceous clay etc.
6. Technological and research support to existing projects like GCC, HAC, Kaolin etc.

iii) 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.

iv) Expenditure on R&D	2009-2010 (Rs.)	2008-2009 (Rs.)
a) Capital	2,118,788	5,407,166
b) Recurring	6,512,947	12,622,433
c) Total	<u>8,631,735</u>	<u>18,029,599</u>
d) Total R&D Expenditure as a Percentage of total turnover	0.17%	0.26%

E. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATIO:

	2009-2010 (Rs.)	2008-2009 (Rs.)
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 OUTGO:

Activities relating to exports; initiatives taken to increase exports; developments of new exports markets for products and services; and export plans;

	—	—
	2009-2010 (Rs.)	2008-2009 (Rs.)
Total Foreign Exchange used	300,331,275	2,734,684,740
Total Foreign Exchange earned (F.O.B.)	755,336,733	3,831,627,903

For and on Behalf of the Board of Directors

sd/-
Navnitlal Shah
Executive Chairman

Place : Mumbai
Date : 5th August, 2010

INFORMATION REGARDING EMPLOYEES STOCK OPTION PLAN, 2004 (AS ON 31st MARCH, 2010)

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 Rs. 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: Rs. 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 Employees 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 Rs.16.81 (Diluted EPS – before subdivision – Rs. 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 were adjusted accordingly so that the total value of the Employee Stock Options remained the same.

Subsequently all the requisite formalities were complied with and the necessary approvals were received from the BSE, NSE and ASE, where Company's shares are listed.
- b) Pricing formula: The options / Shares were granted at Rs.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: Rs.26,395,481.90
- i) Employee wise details of options granted to:
- The Executive Director of the Company was granted 35,000 options/shares.
 - There were no other employees 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 Rs. (32.35).

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

- a) Options granted: The total number of options granted to employees on 26th July, 2006 were 455,750.
- * Thereafter vide a Special Resolution passed at the Annual General Meeting of the Company held on 18th September, 2007, the Members approved the issue of Bonus Shares in the ratio of 1:1 for the options existing as on that date, to be issued as and when the options were exercised within the validity period of the scheme and the price and the number of options were adjusted accordingly so that the total value of the Employee Stock Options remained the same.
- Subsequently all the requisite formalities were complied with and the necessary approvals were received from the BSE, NSE and ASE, where Company's shares are listed.
- b) Pricing formula: The options/ shares were granted at Rs.121.30p., calculated at a discount of 35% on the average of the weekly high and low of the closing prices of the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 4 weeks preceding the date of grant of options.
- c) The number 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 8,750 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: Rs.41,237,633.20/-

i) Employee wise details of options granted to:

- i. The Senior Management Personnel are not granted any options/shares.
- ii. There were no other Employees 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 Rs. (32.35).

NOTE: 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.

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/-

NAVNILAL SHAH
Executive Chairman

Place : Mumbai
Date : 5th August, 2010



ANNEXURE - "III"

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEME

We have examined the books of accounts and other relevant records and based on the information and explanations given to us, we certify that, in our opinion, **ASHAPURA MINECHEM LIMITED** ("The Company") has, during the financial year 2009-2010, 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 : 5th August, 2010

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 on 31st March, 2010, 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 statements 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 : 5th August, 2010

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 website.

I confirm that the Company has in respect of the financial year ended 31st March, 2010, 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, 2010.

sd/-

CHETAN SHAH

Managing Director

Place : Mumbai
Date : 5th August, 2010

REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2009-2010

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 translate itself 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:

- i. 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.
- ii. The Board of Directors of the Company consists of eight Directors including an Executive Chairman and a Managing Director. Of the eight Directors, six (i.e. 75% of the Board) are Non-Executive Directors of which four (i.e. 50% of the Board) are Independent Directors. The said composition conforms to the clause 49 of the listing Agreement entered into with the Stock Exchanges.
- iii. Details of the Directors constituting the Board, their attendance at the Board Meetings of the Company and the last Annual General Meeting and their Directorships in other Public Limited Companies (excluding 'Ashapura Minechem Limited') are as follows:

Name of the Directors	Category	Attendance at Board Meetings		Attendance at last Annual General Meeting	Number of Directorships in other Companies*
		Held	Attended		
Shri Navnitlal Shah	Executive Chairman, Non-independent	6	6	Present	3
Shri Chetan Shah	Managing Director, Non-independent	6	6	Present	8
Smt. Dina Shah	Non-Executive, Non-independent	6	6	Present	2
Shri Piyush Vora	Non-Executive, Independent	6	5	Present	-
Shri Ashok Kadakia	Non-Executive, Independent	6	6	Present	4
Shri Harish Motiwalla	Non-Executive, Independent	6	4**	Absent	6
Shri Abhilash Munsif	Non-Executive, Independent	6	5**	Present	-
Shri Larry Washow	Non-Executive, Representative of Volclay International Corporation	6	3	Present	1
Shri Shailesh Bathiya #	Non-Executive, Independent	6	-	-	-
Shri Gary Castagna ##	Non-Executive, Representative of Volclay International Corporation	6	-	-	-

* Directorships as on 31st March, 2010.

** Shri Harish Motiwalla & Shri Abhilash Munsif were present by invitation at the Board Meeting held on 29th July, 2009.

Shri Shailesh Bathiya resigned from the Board of Directors and its various Committees w.e.f. 18th June, 2009.

Shri Gary Castagna resigned from the Board of Directors and its various Committees w.e.f. 15th May, 2009.

'Independent Director' means a Non-Executive Director who apart from receiving Director's remuneration does not have any material pecuniary relationship or transactions with the Company, its promoters, its directors, its management or its subsidiaries and associates and nor is a substantial shareholder of the Company, which may affect independence of the Director.

As stipulated under Clause 49 (I) (C) of the Listing Agreement, none of the Directors is a Member of more than 10 Committees or a Chairman of more than 5 Committees across all the companies in which he is a Director. (Committees being Audit Committee and the Shareholders'/ Investors' Grievance Committee).



- iv. Six Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the said Meetings were held are as follows:

29th May, 2009; 29th July, 2009; 22nd September, 2009; 14th October, 2009; 29th January, 2010 and 19th March, 2010.

- v. Action Taken Report on decisions/minutes of the previous meeting is placed at the succeeding meeting of the Board for ready reference and is taken on record.

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

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

	Shri Piyush A. Vora	Shri Harish N. Motiwalla
Date of Birth	30.12.1961	24.03.1945
Qualifications	Chartered Accountant	Chartered Accountant, LL.B.
Profile	Shri Piyush Vora has more than 17 years of experience in the field of Professional Practice, Investment in Portfolio Management, Accounts, Law and Finance.	Shri Harish Motiwalla is a Practicing Chartered Accountant and has a vast expertise in the fields of Accounts, Finance and Corporate Governance.
Directorship in other Public Companies as on 31.03.2010	NIL	1. Excel Industries Ltd. 2. LIC Mutual Fund Asset Management Co. Ltd. 3. Hi-Tech Plast Ltd. 4. Gujarat Organics Ltd. 5. Multibase India Ltd. 6. Balkrishna Synthetics Ltd.
No. of shares held in the Company as on 31.03.2010	1,145 Equity Shares	500 Equity Shares

3. Committee of Board of Directors:

Objective:

The role of Committee of Board 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 & Meetings:

During the year under review 12 meetings of Committee of Directors were held on 9th April, 2009; 23rd June, 2009; 30th June, 2009; 31st August, 2009; 22nd October, 2009; 10th November, 2009; 23rd November, 2009; 14th December, 2009; 12th January, 2010; 11th February, 2010; 11th March, 2010 and 25th March, 2010.

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	Category	No. of Meetings during the year 2009-2010	
		Held	Attended
Shri Navnitlal Shah (Chairman)	Executive, Non-Independent	12	12
Shri Chetan Shah	Executive, Non-Independent	12	12
Shri Piyush Vora	Non-Executive, Non-Independent	12	8
Shri Ashok Kadakia*	Non-Executive, Non-Independent	12	6
Shri Shailesh Bathiya#	Non-Executive, Non-Independent	12	-

* Shri Ashok Kadakia was appointed as a member of the Committee w.e.f. 14th October, 2009 and details are provided from the date of his appointment.

Shri Shailesh Bathiya resigned from the Board of Directors of the Company and consequently from its various Committees w.e.f. 18th June, 2009 and details are provided till the date of his resignation.

4. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

Objective:

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

This reference inter alia broadly includes:

- 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.

Composition & Meetings:

The Audit Committee is composed of Executive / Non-Executive Independent Directors as per the requirement of Clause 49 of the Listing Agreement. The members of the Audit Committee have requisite financial, legal and management expertise.

The Audit Committee invites such of the Executives as it considers appropriate, particularly head of the Finance/Accounts functions, representatives of the Statutory Auditors and Internal Auditors, to be present at its meeting. The Company Secretary acts as a Secretary to the Committee.

During the year under review 4 meetings of the Audit Committee were held on 29th May, 2009; 29th July, 2009; 14th October, 2009 and 29th January, 2010.

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

Name	Category	No. of Meetings during the year 2009-2010	
		Held	Attended
Shri Ashok Kadakia (Chairman)	Non-Executive, Non-Independent	4	4
Shri Piyush Vora	Non-Executive, Non-Independent	4	4
Shri Larry Washow	Non-Executive, Representative of Volclay International Corp.	4	2
Shri Harish Motiwalla*	Non-Executive, Non-Independent	4	2
Shri Shailesh Bathiya #	Non-Executive, Non-Independent	4	1
Shri Gary Castagna ##	Non-Executive, Representative of Volclay International Corp.	4	-



- * Shri Harish Motiwalla was co-opted as the Member of the Audit Committee w.e.f 29th July, 2009 and details are provided from the date of his appointment.
- # Shri Shailesh Bathiya resigned from the Board of Directors of the Company and consequently from its various Committees w.e.f. 18th June, 2009 and details are provided till the date of resignation.
- ## Shri Gary Castagna resigned from the Board of Directors of the Company and consequently from its various Committees w.e.f. 15th May, 2009 and details are provided till the date of resignation.

5. Remuneration Committee:

Objective:

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

- to review and approve the Company's policy on remuneration packages for the Executive Chairman, Managing Director, Executive Directors and other Senior Management of the Company including pension rights and any compensation payment;
- to review and approve the minimum and maximum remuneration payable to such Directors in terms of such provisions as may be in force from time to time;
- to review and approve the commission and/or other incentive payable to Non-Executive Directors of the Company;
- 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	Category
Shri Ashok Kadakia (Chairman)	Non-Executive, Non-Independent
Shri Abhilash Munsif	Non-Executive, Non-Independent
Shri Larry Washow	Non-Executive, Representative of Volclay International Corporation

Meetings:

No Remuneration Committee meeting was held during the financial year 2009-2010

Remuneration paid to the Executive Chairman and Managing Director for the year ended 31st March, 2010 is as follows:

Director		Salaries and Perquisites (including privileges)
Name	Designation	
Shri Navnitlal R. Shah	Executive Chairman	Rs. 48,00,000/-*
Shri Chetan N. Shah	Managing Director	Rs. 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 @ Rs. 8,00,000/- p.m. to the Executive Chairman and the Managing Director. However, during the financial year 2008-2009, considering the provisional figures, the Audit Committee recommended payment of minimum remuneration to the Executive Chairman and the Managing Director, as per the Remuneration Agreement dtd. 01.10.2008 and Schedule XIII of the Companies Act, 1956, as applicable.
- During the financial year 2009-2010, the Executive Chairman and the Managing Director opted to receive the minimum remuneration as was paid by the Company during the last financial year.

ASHAPURA MINECHEM LIMITED

The details of Sitting Fees paid to Non- Executive Directors and Nominee Directors during the year under review are as under:

Name of the Directors	Sitting Fees for various Meetings attended
Smt. Dina Shah	Rs. 30,000/-
Shri Piyush Vora	*Rs. 45,000/-
Shri Ashok Kadakia	*Rs. 50,000/-
Shri Harish Motiwalla**	*Rs. 30,000/-
Shri Abhilash Munsif	Rs. 25,000/-
Shri Larry Washow	*Rs. 25,000/-
Shri Shailesh Bathiya#	*Rs. 5,000/-

* Includes sitting fees paid for attending Audit Committee Meetings.

** Shri Harish Motiwalla was co-opted as Member of Audit Committee w.e.f. 29th July, 2009

Shri Shailesh Bathiya resigned from the Directorship of the Company w.e.f. 18th June, 2009

6. Shareholders'/Investors' Grievance Committee:

Objectives:

The Company has a Shareholders'/Investors' Grievance Committee which reviews & approves:

- issue of Duplicate Share Certificates;
- matters connected with transfer/credit of Securities
- 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.

Composition & Meetings:

During the year under review eight meetings of Shareholders'/Investors' Grievance Committee were held on 18th April, 2009; 20th June, 2009; 31st August, 2009; 27th October, 2009; 21st November, 2009; 19th December, 2009; 9th January, 2010; 23rd January, 2010

The composition of the Shareholders'/Investors' Grievance Committee and the attendance record of the members of the Committee at the Meetings are given below:

Name	Category	No. of Meetings during the year 2009-2010	
		Held	Attended
Shri Navnitlal Shah	Executive, Independent	8	5
Shri Chetan Shah	Executive, Independent	8	5
Shri Piyush Vora	Non-Executive, Non-Independent	8	7
Shri Ashok Kadakia*	Non-Executive, Non-Independent	8	5

* Shri Ashok Kadakia was co-opted as Member of Shareholders' / Investors' Greivance Committee w.e.f. 27th October, 2009 and details are provide3d from the date of appointment.

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 2009-2010 are as given below:

No. of Investor complaints received	Pending at the end of the year	No. of pending Share transfers
11	NIL	NIL

7. General Body Meetings:

The details of the date, time and location for the last three Annual General Meetings (AGM) including Extra-ordinary General Meeting (EGM) are as follows:

Financial Year	Date	Time	Location
2006-2007	18-09-2007 (AGM)	11.00 a.m.	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Mumbai 400020.
2007-2008	24-09-2008 (AGM)	10.00 a.m.	Babubhai Chinai Committee Room, 2nd Floor, Indian Merchants' Chamber, Mumbai 400020.
2008-2009	22-09-2009 (AGM)	11.00 a.m.	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Mumbai 400020.



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 one Special Resolution by Postal Ballot on 7th May, 2010, pertaining to alteration of the Articles 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 said Act and the Rules. The details of the voting pattern of the Postal Ballot as reported by the Scrutinizer are as follows:

I.	Total number of Shareholders of the Company	25,237
II.	Total no. of Shareholders to whom Postal Ballot Papers were sent	25,237
III.	Total no. of Postal Ballot Papers returned undelivered	279
IV.	Total Postal Ballot Papers received	
	- Number of Postal Ballot Papers – in favour of the Resolution	603
	- Number of Postal Ballot Papers – against the Resolution	21
V.	Number of Postal Ballot Papers rejected	137
	Number of Shares	120,810
VI.	Total votes (in terms of number of voting rights/shares) exercised through Postal Ballot	
	- Number of Votes in favour of the Resolution	35,070,073
	- Number of votes against the Resolution	102,531
VII.	Votes in favour of the Resolution as a percentage of votes cast	99.71%

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

Details of Special Resolutions passed during the last 3 Annual General Meetings

Financial Year	Special Resolutions passed for :
2006-2007	1. Issue of Bonus Shares.
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	--

8. Disclosures:

- The Company has received disclosures from Directors/ Key Managerial Personnel where they and/or their relatives have personal interest. None of the transactions with related parties are in conflict with the interests of the Company at large.
- The Company has allotted Bonus Shares in the ratio of 1:1 to the Shareholders of the Company, whose names appeared in the Register of Members as on 19th October, 2007. Further Bonus Shares are also allotted to the Employees of the Company as and when they exercise their right to purchase the shares under the Company's Employee Stock Option Scheme.
- A qualified Company Secretary carried out Secretarial Audit to reconcile the total admitted Equity Capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed Equity Capital. The Secretarial Audit Report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

9. Means of Communication:

Financial Results

The quarterly, half yearly and annual results are published in widely circulating national and local dailies viz. Business Standard (English) and Sakal (Marathi).

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

Other Information

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

10. Management Discussion and Analysis

Management Discussion and Analysis Report forms a part of the Annual Report for the year 2009-2010.

11. General Shareholders Information:

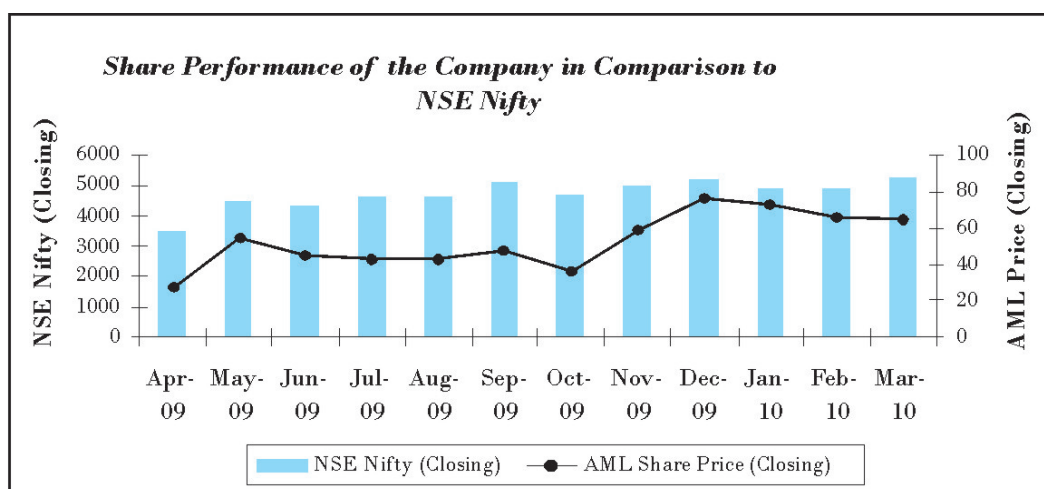
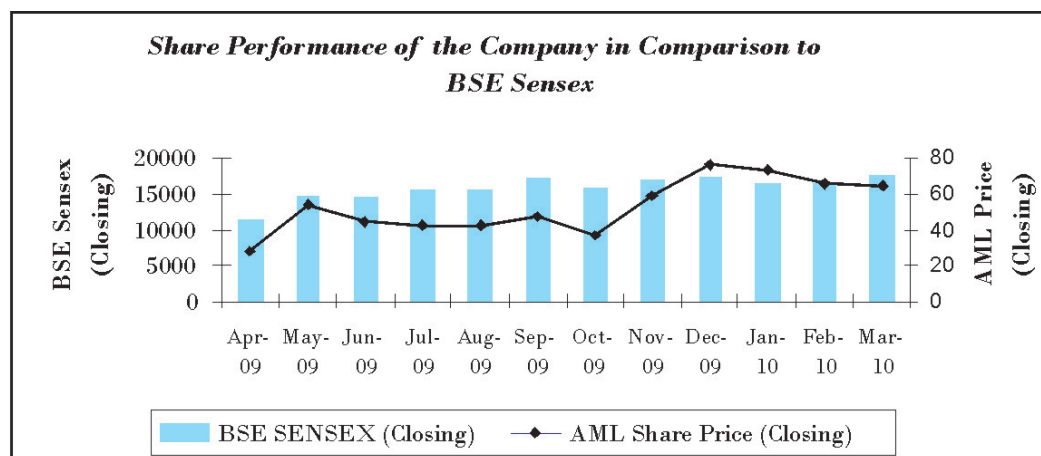
29th AGM : Date Time Venue	24th September, 2010 11.30 a.m. Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Mumbai - 400020
Financial Year :	The Company follows April-March as its financial year. The Unaudited Results for every quarter are declared in the month following the quarter except for the quarter January - March, for which audited results are declared as permitted under the Listing Agreement.
Dates of Book Closure / Record Date :	<u>For 2006 - 2007:</u> 11 th September, 2007 to 18 th September, 2007 (both days inclusive) <u>For 2007-2008 :</u> 17 th September, 2008 to 24 th September, 2008 (both days inclusive) <u>For 2008-2009:</u> 15 th September, 2009 to 22 nd September, 2009 (both days inclusive) <u>For 2009-2010 :</u> 17 th September, 2010 to 24 th September, 2010 (both days inclusive)
Dividend Payment :	<u>For 2005-2006 :</u> Dividend was paid @ 75% per share of face value of Rs. 2/- each. (Rs. 1.50/- per equity share fully paid up) <u>For 2006-2007 :</u> Dividend was paid @ 150% per share of face value of Rs. 2/- each (Rs. 3/- per equity share fully paid up) <u>For 2007-2008 :</u> Dividend was paid @ 80% per share of face value of Rs. 2/- each. (Rs. 1.60/- per equity share fully paid up) <u>For 2008-2009:</u> No Dividend was recommended for the F. Y. 2008-2009 <u>For 2009-2010</u> No Dividend has been recommended for the F.Y. 2009-2010
Listing on Stock Exchanges :	The Company's Shares are presently listed on the Bombay Stock Exchange Ltd. (BSE), The National Stock Exchange of India Limited (NSE) and the Ahmedabad Stock Exchange Ltd. The Company has paid the annual listing fees to each of these Stock Exchanges and their respective addresses have been given on page no. 4 of this Annual Report under the heading "Shareholders Information."
Stock Code :	Bombay Stock Exchange Ltd. 527001 The National Stock Exchange of India Ltd. ASHAPURMIN The Ahmedabad Stock Exchange Ltd. 05490 / Ashapura
Demat ISIN Number for NSDL & CDSL :	INE348A01023



Market Price Data:
are given hereunder:

The monthly high and low quotations at “BSE” and the “NSE” during the financial year 2009-2010

Period	BSE				NSE	
	Indices		Rate		Rate	
	High	Low	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	11,492.10	9,546.29	35.15	23.60	35.55	23.10
May, 2009	14,930.54	11,621.30	59.30	28.10	58.60	28.10
June, 2009	15,600.30	14,016.95	63.85	42.05	63.95	41.85
July, 2009	15,732.81	13,219.99	47.80	32.95	47.90	32.90
August, 2009	16,002.46	14,684.45	46.25	38.00	46.50	37.50
September, 2009	17,142.52	15,356.72	54.90	40.80	55.80	40.00
October, 2009	17,493.17	15,805.20	48.00	36.25	48.00	36.10
November, 2009	17,290.48	15,330.56	61.95	33.50	62.00	33.50
December, 2009	17,530.94	16,577.78	76.05	56.00	76.30	57.40
January, 2010	17,790.33	15,982.08	90.45	68.65	90.00	68.50
February, 2010	16,669.25	15,651.99	80.80	61.10	80.85	61.00
March, 2010	17,793.01	16,438.45	76.00	62.00	75.80	62.30



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 :	The Company's Shares are traded on the Stock Exchanges in Demat Mode as well as in Physical Mode. In Demat mode, the transfers are affected through NSDL & CDSL. Majority of the Share Transfers take place in this Form. In Physical mode, the Transfer of shares is processed and approved weekly and the Certificates are returned to the Shareholders within 15 days from the date of receipt, subject to documents being valid and complete in all respects.																		
Auditors' Certificate on Corporate Governance :	As required under the provisions of Clause 49 of the Listing Agreement, the Auditors' Certificate is given as an Annexure to the Directors' Report.																		
Distribution of Shareholding & Category-wise distribution :	Refer Table A & B																		
Dematerialisation of Shares and liquidity :	As on 31 st March, 2010, 98.14% of the paid up share capital (face value of Equity Shares of Rs. 2/- each) has been dematerialized. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Mode</th> <th>No. of Shares</th> <th>% to Total Share Capital</th> </tr> </thead> <tbody> <tr> <td>Physical</td> <td>14,68,971</td> <td>01.86%</td> </tr> <tr> <td>Electronic</td> <td></td> <td></td> </tr> <tr> <td>(A) NSDL</td> <td>52,766,778</td> <td>66.81%</td> </tr> <tr> <td>(B) CDSL</td> <td>24,750,349</td> <td>31.33%</td> </tr> <tr> <td>TOTAL</td> <td>78,986,098</td> <td>100.00%</td> </tr> </tbody> </table>	Mode	No. of Shares	% to Total Share Capital	Physical	14,68,971	01.86%	Electronic			(A) NSDL	52,766,778	66.81%	(B) CDSL	24,750,349	31.33%	TOTAL	78,986,098	100.00%
Mode	No. of Shares	% to Total Share Capital																	
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Electronic																			
(A) NSDL	52,766,778	66.81%																	
(B) CDSL	24,750,349	31.33%																	
TOTAL	78,986,098	100.00%																	
Plant Locations :	<ol style="list-style-type: none"> Jamnagar - Dwarka Highway, Opp. Ashok Petrol Pump, Khambaliya, District - Jamnagar, Gujarat – 361305. Plot No. 256/3, Village Baraya, Bhuj-Mundra Highway, Tal. Mundra, Kutch (Gujarat) – 370415. 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.). 236-239, G.I.D.C., Chitra Ind. Estate, Bhavnagar, Gujarat – 364004. Plot No. 182, Baikmpady Industrial Area, Baikmpady, New Mangalore- 575011. 																		
Address for Correspondence :	The Company's Registrar and Transfer Agents, M/s.Link Intime India Pvt. Ltd., provide all shareholder related services. Any query relating to shares and requests for transactions such as transfers, transmissions and nomination facilities, duplicate share certificates, change of address as also dematerialisation of shares may please be taken up with them at: 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																		

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010

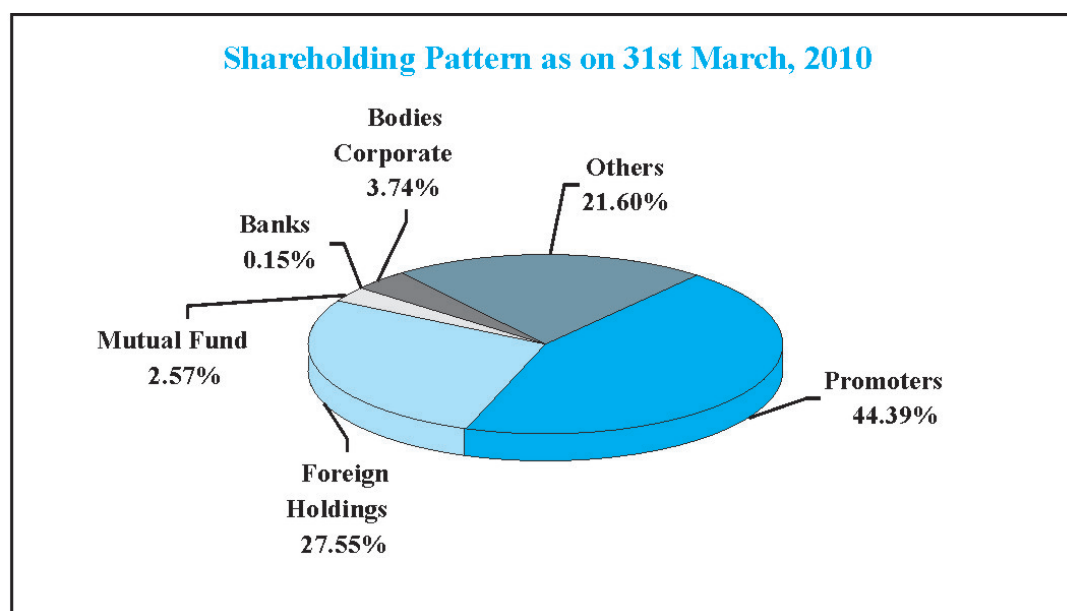
TABLE A

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Shares Amount in Rupees	% of Shareholding
1-5000	24382	96.5547	1,36,20,510	8.6221
5001-10000	471	1.8652	34,45,076	2.1808
10001-20000	206	0.8158	30,03,122	1.9010
20001-30000	53	0.2099	13,16,196	0.8332
30001-40000	36	0.1426	12,96,282	0.8206
40001-50000	11	0.0436	4,97,254	0.3148
50001-100000	30	0.1188	21,71,854	1.3748
100001 & above	63	0.2495	13,26,21,902	83.9527
TOTAL	25252	100	15,79,72,196	100



CATEGORY-WISE DISTRIBUTION AS ON 31ST MARCH, 2010
TABLE B

Categories	No. of Share	% 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	2029934	2.5700
Foreign Mutual Fund	1274860	1.6140
Foreign Inst. Investors	3436874	4.3512
Nationalised Bank	111406	0.1410
Non-nationalised Bank	5000	0.0063
Total (B) (i)	6858074	8.6826
ii) Non-Institutions:		
Bodies Corporate	2957475	3.7443
Foreign Company	15714690	19.8955
Non Resident Indian	470465	0.5956
Non Resident (non repatriable)	864792	1.0949
Market Maker	118493	0.1500
Clearing Members	117058	0.1482
Trust	1434340	1.8159
Public	15388930	19.4831
Total (B) (ii)	37066243	46.9276
Total (B) (i) + (B) (ii)	43924317	55.6102
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 2009-2010 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 :

After witnessing slow down in 2008-2009, the global economy is slowly regaining with the large unprecedented interventions by Governments. The speed of recovery, however, remains significantly divergent. The projections for global output for 2010 generally point to consolidating recovery, led by the Emerging Market Economies (EME's), especially those in Asia.

However, the global economy faces several challenges such as high levels of unemployment, which are close to 10% in the US and the Euro area. Despite signs of renewed activity in manufacturing and initial improvement in retail sales, the prospects of economic recovery in Europe are clouded by the acute fiscal strains in some countries. Inflation in major advanced economies is still moderating as the output gap persists and unemployment remains high.

Comparatively, the Indian Economy fared quite well as it registered a growth of 7.4 per cent in 2009-2010, with 8.6 per cent year-on-year growth in its fourth quarter. The growth was driven by robust performance of the manufacturing sector on the back of Government and consumer spending. GDP growth rate of 7.4 per cent in 2009-10 exceeded the Government forecast of 7.2 per cent for the full year.

INDUSTRY SCENARIO :

Minerals are a valuable natural resource being the vital raw material for many industries. India's mining sector should continue to post impressive growth driven by strong domestic demand. The long-term prospect of the sector – like that of the Indian Economy – remains very positive. India produces as many as 86 minerals which include 4 fuels, 10 metallic, 46 non-metallic, 3 atomic and 23 minor minerals (including building and other materials). The mining and quarrying activities showed significant growth rate of 10.6 per cent during the financial year 2009-2010.

OUTLOOK :

The Commodity prices & volumes have recovered significantly from the lows of 2008. Bauxite demand in Asia has remained stable especially due to the constant demand for Aluminium & its intermediate Alumina. The benign freight rates of traded Bauxite have also added to the competitiveness.

The Iron Ore industry being cyclic in nature, there are sharp fluctuations in its demand. The Company has Iron Ore operations in Karnataka and Goa. The State Government of Karnataka has recently imposed ban on mining and exports of iron ore which may affect the Company. However the Company's Goa operations are expected to achieve the planned / forecasted volumes.

The renewed oil drilling activity in the Middle East region has also invigorated the demand for Bentonite & Barytes which have seen a significantly large off-take in the recent months. The Company with its resources and goodwill in the Bentonite and Baryte domains is well placed to consolidate its position in the domestic and international market.

FINANCIAL PERFORMANCE :

The Financial Statements for the year ended 31st March, 2010, 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 Rs.50306.49 lacs as compared to Rs.70009.78 lacs in the previous year, showing a decline of 28.14%.

The year 2009-2010 was a testing time for your Company. It not only faced restrictions on mining and export of Bauxite from the Government of Gujarat, but litigations from shipping companies and forex losses. It was however, well placed to take advantage of the increase in volume and margins in the Bentonite and Baryte Industry



The Company believes that it has the internal ability to deliver value and sustain in the long term.

The Company has solicited legal opinions from legal Counsels on the legal enforceability of forex contracts entered into with Banks. As per the legal opinions received, the structured foreign currency products contracted with Banks are void in nature and therefore not enforceable. Based on this, the Company has written back Rs.6821.80 lacs (net of deferred tax) provided in earlier years but which remained pending as on 31st March, 2010. Due to this effect, a Net Profit of Rs.974.32 lacs was reflected during the year under review as compared to a Net loss of Rs. 25547.96 lacs during the previous year.

OPPORTUNITIES :

Minerals constitute the back-bone of economic growth of any nation and India has been eminently endowed with this gift of nature. India is largely self sufficient in most of the minerals which include barytes, bauxite, chromite, dolomite, fluorspar, gypsum, iron ore, limestone, manganese ore, magnesite, except the minerals like copper, asbestos, lead and zinc, natural phosphates, sulphur and crude petroleum, in which domestic production meets the demand only partially. Until the Indian industry achieves critical mass / means to do justice to its vast mineral wealth, many of the fast growing economies in the region especially China and the Middle East will drive the growth in demand for Indian minerals.

In the Indian context, there are a few large projects which haven't been able to access their captive mineral sources on account of regulatory & environmental issues and your Company has emerged as a preferred supplier to such projects.

The persistent steady growth in the demand for minerals gives your Company the impetus to explore opportunities in acquiring virgin mineral reserves in India and overseas to enhance and diversify its reserve, supply and mineral base to eventually reduce its dependence on a singular mineral or location. The Company for the said purpose has also recently established a step down subsidiary in Indonesia.

Further, in keeping in line with the go green concept, the Company has successfully obtained consent for operation from Kerala State Pollution Control Board (KSPCB) for running one of its gasifier with biomass as primary fuel. We are also planning to replicate the same with other gasifiers present in the plant and are keen in taking this project through Clean Development Mechanism (CDM) of Kyoto Protocol and register it with United Nations Framework Convention on Climate Change (UNFCCC) to avail carbon credits. Registering the project with UNFCCC and sale of carbon credits would help the entire project to be an economically viable option for the Company. We have initiated dialogue with various CDM consultants in this regard to assess the emission reductions resulting from our project and potential revenues.

THREATS :

Some of the key challenges faced by Indian mining and value added mineral companies, have been the changing Government policies and restrictions on mining and export of minerals and natural resources, volatilities in commodity, freight, foreign exchange markets, capital allocation and finding skilled manpower and managing costs.

Natural disasters or environmental conditions like floods, droughts, earthquakes also affect economic activities, productivity and demand. Since the Company is penetrating into international markets, social and civil unrest, unfavourable changes in applicable law and rules, political instability may affect the business.

The Company has minimized its freight risk by conducting a majority of its sales on a Free on Board basis. It is still contesting the arbitration awards with the Shipping Companies and the execution of the said awards may be a potential threat to the Company.

RISK & CONCERNS :

There are two immediate concerns being faced by the Company, one is the pending Shipping Claims which the Company is endeavouring to settle on suitable terms and conditions and the second being the continuing administrative delays in implementation of the Bauxite Policy announced by the Government of Gujarat in November, 2009, which prevented the Company in gearing up its bauxite sales.

Disproportionate movements in foreign exchange rates on the Company's committed forex positions could also affect the Company's performance. There are also concerns over the increased debts faced by the Company, service cost of those debts, lower average sales realizations, deferred tax assets etc.

In addition to the above, the Company also faces macro economic risks like reduction in demand, industrial disruptions, volatility in freight markets and natural calamities.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY :

The Company has in place adequate systems of internal control procedures commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

The internal control is carried out by a programme of internal audits and reviewed by the Management.

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

RESEARCH & DEVELOPMENT :

The Research and Development activities at Innovation & Knowledge Centre, have been one of the priority areas of your Company. The R&D Centre continues to perform its dual roles of customizing processed minerals for customers and developing new product streams. The Centre treats the customers as partners and addresses their needs which puts your Company in a win win situation and helps to tide over difficult times.

In addition to focussing on various Minerals and its processing which leads to mineral specific process development the Centre also focussed on product development , process development and process improvement. Some examples are process for hydrous Kaolin, calcined Kaolin, Alumina Cements and Mullite.

HUMAN RESOURCES :

The Company is committed to create a congenial working environment where there is a mutual trust and respect, duly recognizing and acknowledging the talents, rights and dignity of every employee. The employees of the Company too have been dedicated and loyal to the Company. Though there has been attrition in certain disciplines, the employees in general have remained with the Company through thick and thin.

Your Company employees over 1,200 proficient employees spread across diverse locations.

To align with the fast changing business needs, 'Human Resources Management' department is giving priority to 'training and imparting of knowledge' to each and every employee. Thus Human Resource is aligned to meet the organizational needs of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR) :

Kutch Navnirman Trust

The 'Hiralaxmi Memorial Craft Park' Project of Kutch Navnirman Trust under the able guidance of Smt. Dina Shah, has done exceptionally well during the year under review. It set up a 'Hiralaxmi Memorial Centre' for Kutchi Folk Music to promote the artists of Kutch, a 'Museum' for folk music instruments and a Design studio to provide variety of designs in different crafts to artisans. The Park was visited by Dr. Kamladevi Benival, the Governor of Gujarat and many more dignitaries who have been immensely pleased with the activities carried out by the Trust.

The School set up by the Trust is the only 3rd school of Kutch to have commenced imparting of Martial Art training to all its students.

Hiralaxmi Memorial Foundation

The Hiralaxmi Memorial Foundation, in the last three years has been successful in providing medical treatment at the doorsteps of villagers of 93 inaccessible villages of Lakhpat taluka of Kutchh, Gujarat, by running three Mobile Medical Clinics with experienced Doctors and staff. Till now, more than 1 lac patients have been examined and treated. The Foundation continues to conduct medical camps and hold awareness talks on various diseases (particularly on Cancer detection for ladies) at Mumbai and Kutchh and has published Medical, Social Books and released CD's, which are made available at nominal cost from Trust Office.

Ashapura Foundation

Ashapura Foundation during the year 2009-2010 undertook various rural development activities and helped twenty five villages by providing various facilities like clean drinking water, sanitation, water harvesting, recharging of water bodies, making provision of drinking water and vaccination programme for animals, distributing fodder for cattle, distributing educational aids, quality seeds amongst farmers of 15 villages and empowerment of women by creation of Self Help Groups.



AUDITORS' REPORT

To,
The Members of
ASHAPURA MINECHEM LIMITED

We have audited the attached Balance Sheet of **Ashapura Minechem Limited** as at 31st March, 2010 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, 2010 from being appointed as director under clause (g) of sub-section (1) of section 274 of the Companies Act 1956;

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

- note no. 2(i) and 2 (ii) in respect of write-back and non-provision for losses on foreign currency derivatives transactions aggregating to Rs 9,766.98 lacs (net of deferred tax); and
- note no. 2 (iii) in respect of non-provision for losses on foreign currency derivatives transactions by marking them to market (MTM) aggregating to Rs. 15,460.00 lacs,

and thereby overstatement of the net profit in the financial statements by Rs. 25,226.98 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, 2010;
- (b) In the case of the Profit & Loss Account, of the PROFIT of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of cash flows of the Company for the year ended on that date.

For SANGHAVI & COMPANY
Chartered Accountants
FRN : 109099W

sd/-
MANOJ GANATRA
Partner
Membership No. 043485

Place : Mumbai
Date : 30th June, 2010

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 1 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, 2010.

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 five and the amount involved in the transactions is Rs. 11,155.62 lacs and the year-end balances were Rs. 4,440.08 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 Rs. 1,810.15 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 Rs. 409.00 lacs and Rs. 310.00 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. However, the same needs to be strengthened in certain functional areas. During the course of our audit, no major weakness has been noticed in the internal controls.
- 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:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues, to the extent applicable, with the appropriate authorities during the year.
 - There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable except for service tax payments of Rs. 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.
 - There are no statutory dues as prescribed under the clause, which have not been deposited on account of any dispute.
- 10 Considering amount of Rs. 25,226.98 lacs as stated in clause (vii) of the Auditors' Report, the Company has accumulated losses as at the end of the financial year exceeding fifty percent of its net worth. The Company has incurred cash losses during the current year (excluding exceptional items as stated in note no. 2) as well as in the immediately preceding financial year.
- 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 institution. However, dues of certain banks in respect of losses on foreign currency derivatives transactions, 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 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 June, 2010

ASHAPURA MINECHEM LIMITED

BALANCE SHEET AS AT 31st MARCH, 2010

	SCH.	31st March, 2010		31st March, 2009	
		Rs.		Rs.	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	157,972,196		157,972,196	
Employee Stock Option Outstanding		07,108,918		7,108,918	
Reserves and Surplus	B	<u>2,296,842,410</u>	<u>2,461,923,524</u>	<u>2,199,410,196</u>	2,364,491,310
Loan Funds					
Secured Loans	C	3,355,184,188		4,772,735,299	
Unsecured Loans	D	<u>420,530,143</u>	<u>3,775,714,331</u>	—	4,772,735,299
TOTAL			<u><u>6,237,637,855</u></u>		<u><u>7,137,226,609</u></u>
APPLICATION OF FUNDS :					
Fixed Assets					
Gross Block	E	1,980,150,608		1,083,803,436	
Accumulated Depreciation		<u>(362,339,102)</u>		<u>(270,089,281)</u>	
Net Block		<u>1,617,811,506</u>		813,714,155	
Capital Work in Progress and Pre Operative Expenses		<u>18,887,877</u>	<u>1,636,699,383</u>	<u>812,338,015</u>	1,626,052,170
Investments					
	F		<u>489,979,438</u>		436,920,395
Deferred Tax Assets					
			<u>910,000,000</u>		1,285,000,000
Current Assets, Loans and Advances					
Inventories	G	1,358,074,912		1,917,706,274	
Sundry Debtors		1,166,589,768		1,240,096,047	
Cash & Bank Balances		91,565,978		1,225,262,711	
Loans and Advances		<u>1,827,284,152</u>		<u>2,586,686,209</u>	
		<u>4,443,514,810</u>		<u>6,969,751,241</u>	
Less: Current Liabilities and Provisions					
Current Liabilities	H	1,230,126,550		3,169,396,783	
Provisions		<u>12,429,226</u>		<u>11,100,414</u>	
		<u>1,242,555,776</u>		<u>3,180,497,197</u>	
Net Current Assets			<u>3,200,959,034</u>		3,789,254,044
TOTAL			<u><u>6,237,637,855</u></u>		<u><u>7,137,226,609</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
sd/-

MANOJ GANATRA
Partner

Place : Mumbai

Date : 30th June, 2010

For and on Behalf of the Board of Directors

sd/-
NAVITLAL SHAH
Executive Chairman
sd/-

RAJIV GANDHI
Chief Financial Officer

Place : Mumbai

Date : 30th June, 2010

sd/-

CHETAN SHAH
Managing Director and Chief Executive Officer
sd/-

SACHIN POLKE
Company Secretary



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	SCH.	2009-2010 Rs.	2008-2009 Rs.
INCOME			
Sales and Operational Income	I	5,030,649,303	7,000,977,610
Other Income	J	59,869,067	152,433,185
	TOTAL	5,090,518,370	7,153,410,795
EXPENDITURE			
Change in Inventory	K	589,150,949	(432,568,460)
Materials, Mining and Manufacturing expenses	L	1,442,426,064	2,520,312,218
Selling and Distribution Expenses	M	2,227,099,829	3,614,064,723
Administrative and Other Expenses	N	504,978,796	634,335,471
Foreign Currency Fluctuation Loss		251,918,986	4,398,046,676
Interest	O	554,988,656	222,499,818
Depreciation		98,022,993	65,985,826
	TOTAL	5,668,586,273	11,022,676,272
Profit / (Loss) Before Exceptional Items and Tax		(578,067,903)	(3,869,265,477)
Tax Expenses			
Earlier Years' Tax	—		(6,110,584)
Fringe Benefit Tax	—		(4,800,000)
Deferred Tax	(23,730,473)	(23,730,473)	1,336,267,000
Profit / (Loss) After Tax		(601,798,376)	(2,543,909,061)
Excess Provision of Income Tax Written Back		22,218,044	—
Prior Period Adjustments (net)		(5,167,550)	(5,614,844)
		(584,747,882)	(2,549,523,905)
Exceptional Items			
Foreign Currency Derivatives Loss Written Back (net of deferred tax; Refer note no. 2)		682,180,096	—
Extra Ordinary Items		—	(5,270,821)
Net Profit / (Loss) After Exceptional and Extra Ordinary Items		97,432,214	(2,554,794,726)
Balance Brought Forward From Previous Year		(997,409,143)	1,557,385,583
Amount Available for Appropriation	(899,976,929)		(997,409,143)
APPROPRIATIONS			
General Reserve	—		—
Proposed Dividend	—		—
Corporate Dividend Tax	—		—
Balance Carried to Balance Sheet		(899,976,929)	(997,409,143)
Earning Per Share			
Before Exceptional and Extra Ordinary Items			
Basic/Diluted		(7.40)	(32.28)
After Exceptional and Extra Ordinary Items			
Basic/Diluted		1.23	(32.35)
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

sd/-

MANOJ GANATRA

Partner

Place : Mumbai

Date : 30th June, 2010

sd/-

NAVITLAL SHAH

Executive Chairman

sd/-

RAJIV GANDHI

Chief Financial Officer

Place : Mumbai

Date : 30th June, 2010

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, 2010

	2009-2010 (Rs. in lacs)	2008-2009 (Rs. in lacs)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Exceptional Items and Tax	(5,780.68)	(38,692.65)
Adjustments for -		
Depreciation	980.23	659.86
Amortization of Stock Compensation	—	(5.71)
Loss (Profit) on sale of Investments	19.73	(90.26)
Loss (Profit) on sale of Fixed Assets	0.86	12.30
Provision for doubtful debts & advances	52.45	1,895.90
Provision for diminution in Investments	—	44.10
Prior Period Adjustments	(51.68)	(56.15)
Dividend Received	(129.13)	(779.28)
Interest (net)	4,715.80	1,603.68
Operating Profit Before Working Capital Changes	<u>(192.41)</u>	<u>3,284.44</u>
Adjustments for -		
Trade and Other Receivables	8,817.13	3,928.66
Inventories	5,596.31	(4,373.56)
Trade Payables	<u>(19,378.18)</u>	<u>18,287.57</u>
Cash Generated From Operations	<u>(5,157.15)</u>	<u>17,842.67</u>
Direct Taxes Paid (net)	<u>(318.32)</u>	<u>(1,307.47)</u>
Cash Flow Before Extra Ordinary Items	<u>(5,475.47)</u>	<u>(18,873.01)</u>
Exceptional / Extra Ordinary Items (Refer note no. 2)	<u>10,334.50</u>	<u>(52.71)</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>4,859.03</u></u>	<u><u>(18,925.72)</u></u>
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,157.06)	(2,908.73)
Sale of Fixed Assets	69.51	85.01
Sale (Purchase) of Investments (net)	(550.32)	10,153.00
Interest Received	332.51	624.38
Dividend Received	129.13	779.28
NET CASH USED IN INVESTING ACTIVITIES	<u><u>(1,176.24)</u></u>	<u><u>8,732.94</u></u>
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds (Repayments) of loans borrowed (net)	(9,970.21)	23,870.89
Proceeds from issue of share capital	—	14.35
Interest Paid	(5,048.30)	(2,228.04)
Dividend Paid	<u>(1.24)</u>	<u>(1,260.86)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u><u>(15,019.75)</u></u>	<u><u>20,396.34</u></u>
Net Increase in Cash and Cash Equivalents	<u><u>(11,336.97)</u></u>	<u><u>10,203.56</u></u>
Cash and Cash Equivalents as at beginning of the year	<u>12,252.63</u>	<u>2,049.07</u>
Cash and Cash Equivalents as at end of the year	<u><u>915.66</u></u>	<u><u>12,252.63</u></u>

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants

sd/-

MANOJ GANATRA

Partner

Place : Mumbai

Date : 30th June, 2010

For and on Behalf of the Board of Directors

sd/-

NAVITLAL SHAH

Executive Chairman

sd/-

RAJIV GANDHI

Chief Financial Officer

Place : Mumbai

Date : 30th June, 2010

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, 2010 Rs.	31st March, 2009 Rs.
Authorised		
110,000,000 Equity Shares of Rs. 2/- each	220,000,000	220,000,000
300,000 Preference Shares of Rs. 100/- each	30,000,000	30,000,000
TOTAL	<u>250,000,000</u>	<u>250,000,000</u>
Issued, Subscribed and Paid Up		
78,986,098 Equity Shares of Rs.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 & SURPLUS

	31st March, 2010 Rs.	31st March, 2009 Rs.
Capital Reserve	1,900,694	1,900,694
Securities Premium Account		
Balance at the beginning of the year	1,494,818,645	1,493,220,340
Premium received during the year	—	1,615,813
Capitalized on issue of fully Paid-Up Bonus Shares	—	(17,508)
	<u>1,494,818,645</u>	<u>1,494,818,645</u>
Capital Redemption Reserve	100,000	100,000
General Reserve		
Balance at the beginning of the year	1,700,000,000	1,700,000,000
Profit And Loss Account	(899,976,929)	(997,409,143)
TOTAL	<u>2,296,842,410</u>	<u>2,199,410,196</u>

ASHAPURA MINECHEM LIMITED

SCHEDULE - C SECURED LOANS

	31st March, 2010 Rs.	31st March, 2009 Rs.
TERM LOANS		
From Financial Institutions (Foreign Currency accounts)	294,145,411	294,964,071
From Banks (Foreign Currency accounts)	194,647,637	275,064,613
From Banks (Indian Rupee accounts)	<u>256,236,124</u>	<u>6,652,854</u>
	700,029,172	576,681,538
WORKING CAPITAL FINANCE		
From Financial Institutions (Foreign Currency accounts)	390,751,947	390,359,648
From Banks (Foreign Currency accounts)	360,579,507	1,580,866,116
From Banks (Indian Rupee accounts)	<u>1,900,010,351</u>	<u>2,217,161,491</u>
	2,651,341,805	4,188,387,255
	3,813,212	7,666,506
TOTAL	<u><u>3,355,184,188</u></u>	<u><u>4,772,735,299</u></u>

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 Rs. 2,196.99 Lacs; Previous year Rs. 753.15 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, 2010 Rs.	31st March, 2009 Rs.
Loan from a Subsidiary Company	31,000,000	—
Loan From Banks	<u>389,530,143</u>	—
TOTAL	<u><u>420,530,143</u></u>	<u><u>—</u></u>



SCHEDULE - E FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01-04-2009 Rs.	Additions During the Year Rs.	Deductions During the Year Rs.	As at 31-03-2010 Rs.	Upto 31-03-2009 Rs.	For the Year Rs.	On Deductions Rs.	Total Rs.	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
LAND AND LAND DEVELOPMENT	100,159,241	25,397,892	449,006	125,108,127	—	—	—	—	125,108,127	100,159,241
COMPENSATION FOR PREMISES RIGHTS	1,602,693	—	—	1,602,693	—	—	—	—	1,602,693	1,602,693
BUILDINGS	226,578,402	287,652,271	355,492	513,875,181	31,058,391	13,518,817	13,052	44,564,156	469,311,025	195,520,011
PLANT & MACHINERY	548,988,112	572,396,696	7,130,720	1,114,254,088	136,229,633	57,641,160	2,122,410	191,748,383	922,505,705	412,758,479
BARGES	7,598,314	—	—	7,598,314	6,369,264	849,134	—	7,218,398	379,916	1,229,050
VEHICLES	82,907,208	303,000	4,650,821	78,559,387	41,559,241	10,760,592	3,575,093	48,744,740	29,814,647	41,347,967
FURNITURE AND FIXTURES	61,352,826	19,003,844	46,890	80,309,780	23,350,399	9,338,653	18,217	32,670,835	47,638,945	38,002,427
OFFICE EQUIPMENT	54,616,640	4,403,915	177,517	58,843,038	31,522,353	5,914,637	44,400	37,392,590	21,450,448	23,094,287
TOTAL	1,083,803,436	909,157,618	12,810,446	1,980,150,608	270,089,281	98,022,993	5,773,172	362,339,102	1,617,811,506	813,714,155
CAPITAL WORK IN PROGRESS	812,338,015	3,482,997	796,933,135	18,887,877	—	—	—	—	18,887,877	812,338,015
GRAND TOTAL	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	1,626,052,170
PREVIOUS YEAR	1,632,742,084	359,749,433	96,350,066	1,896,141,451	221,846,019	66,432,735	18,189,473	270,089,281	1,626,052,170	1,410,896,065

* In the previous year, Rs. 446,909 are transferred to pre-operative expenses.

ASHAPURA MINECHEM LIMITED

SCHEDULE - F INVESTMENTS

	31st March, 2010 Rs.	31st March, 2009 Rs.
LONG TERM INVESTMENTS (Unquoted; at cost)		
Investments in Subsidiaries :		
3,000,000 Equity Shares of Ashapura International Ltd. of Rs. 10/- Each	32,727,000	32,727,000
34,10,000 Equity Shares of Ashapura Claytech Ltd. of Rs. 10/- Each	34,100,000	34,100,000
10,000 Equity Shares of Ashapura Consultancy Services Pvt Ltd. of Rs. 10/- Each	100,000	100,000
10,000 Equity Shares of Sharda Consultancy Pvt Ltd. of Rs. 10/- Each	100,000	100,000
10,000 Equity Shares of Peninsula Property Developers Pvt Ltd. of Rs. 10/- Each	100,000	100,000
700,000 Equity Shares of Prashansa Ceramics Ltd. of Rs. 10/- Each.	14,700,000	14,700,000
218,080 Equity Shares of Bombay Minerals Ltd. of Rs. 10/- Each.	96,154,325	96,154,325
50,000 Equity Shares of Ashapura Alluminium Limited of Rs. 10/- each	500,000	500,000
68 Equity Share of Ashapura Minechem (UAE) FZE of AED 150,000	112,312,634	112,312,634
– (10,000) Equity Share of Ashapura Infrastructure and Logistics Pvt Ltd.,	—	100,000
TOTAL	<u>290,793,959</u>	<u>290,893,959</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 Rs. 10 each (An Associate Company)	550,000	550,000
1,86,285 Equity Shares of Shantilal Multiport Infrastructure Pvt Limited of Rs. 10 each (An Associate Company)	2,500,000	2,500,000
- (50,000) Equity Shares of Crystal Nanoclay Pvt Ltd of Rs. 10 each (An Associate Company)	—	6,300,000
Less : Provision for diminuation in the value of Investment	—	(4,410,000)
TOTAL	<u>142,504,289</u>	<u>144,394,289</u>

**SCHEDULE - F INVESTMENTS (Cont.)**

	31st March, 2010 Rs.	31st March, 2009 Rs.
Investment in National Savings Certificates		
(Under lien with sales tax/mining authorities)	<u>374,800</u>	<u>374,800</u>
TOTAL	<u>374,800</u>	<u>374,800</u>
CURRENT INVESTMENTS (Quoted; at cost)		
Investments in Shares		
13,817 Equity Shares of Indian Bank of Rs. 10/- each (Market value: Rs. 2,423,502/- ; previous year Rs. 1,135,757/-)	<u>1,257,347</u>	<u>1,257,347</u>
TOTAL	<u>1,257,347</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>55,049,043</u>	<u>—</u>
TOTAL	<u>489,979,438</u>	<u>436,920,395</u>

ASHAPURA MINECHEM LIMITED

SCHEDULE - G CURRENT ASSETS, LOANS AND ADVANCES

	31st March, 2010 Rs.	31st March, 2009 Rs.
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	1,245,705,354	1,834,856,303
b) Raw materials	82,036,556	60,233,430
c) Packing Materials	11,293,650	9,776,579
d) Stores & Spares	<u>19,039,352</u>	<u>12,839,962</u>
	1,358,074,912	1,917,706,274
2. Sundry Debtors		
(Considered good unless otherwise stated)		
Secured :		
Over Six Months	1,024,543	—
Others	7,360,604	9,898,084
Unsecured :		
Over six months	376,939,342	441,753,645
Others	944,742,025	951,921,064
	<u>1,330,066,514</u>	<u>1,403,572,793</u>
Less : Provision for Doubtful Debts	<u>163,476,746</u>	<u>163,476,746</u>
	1,166,589,768	1,240,096,047
3. Other Current Assets		
Cash on hand	4,721,313	4,798,772
Balance with scheduled Banks :		
Fixed deposit accounts	20,670,655	1,133,348,592
(Under lien with banks against working capital finance, letter of credits and bank guarantees Rs. 20,670,655 ; Previous Year Rs. 33,248,592/-		
Current accounts	64,856,683	75,140,490
Dividend accounts	1,317,327	1,430,226
Cheques on Hand	—	10,544,631
	<u>91,565,978</u>	<u>1,225,262,711</u>
TOTAL - I	<u>2,616,230,658</u>	<u>4,383,065,032</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	356,225,837	385,480,727
Trade Advances to Suppliers	445,272,609	587,533,346
Less : Provision for Doubtful Advances	<u>31,358,566</u>	<u>26,113,640</u>
Advance Payments of Taxes (net of provisions)	328,209,451	274,159,889
Deposits	70,508,573	44,306,480
Loans to Subsidiary Companies	427,013,720	1,056,679,856
Loans to Associate Companies	16,994,078	—
Trade Advances to Subsidiaries, Joint Venture and Associate Companies	<u>214,418,450</u>	<u>264,639,551</u>
TOTAL - II	<u>1,827,284,152</u>	<u>2,586,686,209</u>
TOTAL I+II	<u>4,443,514,810</u>	<u>6,969,751,241</u>



SCHEDULE - H CURRENT LIABILITIES AND PROVISIONS

	31st March, 2010 Rs.	31st March, 2009 Rs.
I. CURRENT LIABILITIES		
Sundry Creditors	781,976,991	1,395,298,402
Advances from Customers	31,958,769	32,944,896
Investors Protection & Education Fund		
Unclaimed Dividend	1,342,805	1,466,374
Statutory Liabilities	70,568,458	20,618,535
Interest accrued but not due	55,995,440	5,837,195
Foreign Currency Derivatives losses payable (Refer Note no. 2)	—	1,157,530,854
Other liabilities	288,284,087	555,700,527
TOTAL - I	<u>1,230,126,550</u>	<u>3,169,396,783</u>
II. PROVISIONS :		
Provision for Bonus	7,511,750	6,757,350
Provision for Leave Encashment	4,917,476	4,343,064
TOTAL - II	<u>12,429,226</u>	<u>11,100,414</u>
TOTAL I+II	<u>1,242,555,776</u>	<u>3,180,497,197</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE - I SALES & OPERATIONAL INCOME

	2009-2010 Rs.	2008-2009 Rs.
Export Sales	943,606,226	6,356,323,387
Local Sales	<u>2,486,872,818</u>	<u>334,330,643</u>
Cargo Handling Income	1,482,114,734	160,080,686
Forward Exchange Contracts Premium	2,692,521	111,146,869
Export Incentives and Credits	—	1,060,240
Service Tax Refund Claims	2,903,926	37,027,070
Quality Claims Received	110,509,078	—
Other Operational Income	1,950,000	1,008,715
TOTAL	<u>5,030,649,303</u>	<u>7,000,977,610</u>

SCHEDULE - J OTHER INCOME

	2009-2010 Rs.	2008-2009 Rs.
Dividend Received		
On Long-term Investments (non-trade)	4,483,295	—
On Current Investments	<u>8,429,448</u>	<u>77,928,271</u>
Interest Received	33,250,639	62,437,666
(Tax Deducted at Source Rs.1,167,042/- ; Previous Year Rs. 8,619,762/-)		
Insurance Claims Received	5,986,099	—
Profit on Sale of Investments	—	9,025,889
Miscellaneous Income	7,719,586	3,041,359
TOTAL	<u>59,869,067</u>	<u>152,433,185</u>

ASHAPURA MINECHEM LIMITED

SCHEDULE - K CHANGE IN INVENTORY

	2009-2010 Rs.	2008-2009 Rs.
Opening Stock:		
Finished Goods and Semi Finished Goods	1,834,856,303	1,402,287,843
Closing Stock:		
Finished Goods and Semi Finished Goods	1,245,705,354	1,834,856,303
TOTAL	<u>589,150,949</u>	<u>(432,568,460)</u>

SCHEDULE - L MATERIALS, MINING AND MANUFACTURING EXPENSES

	2009-2010 Rs.	2008-2009 Rs.
Materials and Mining Expenses		
Opening Stock	60,233,430	55,001,660
Purchases and Expenses	<u>208,331,591</u>	<u>138,932,923</u>
	268,565,021	193,934,583
Closing Stock	<u>82,036,556</u>	<u>60,233,430</u>
	186,528,465	133,701,153
Rent and Royalty	74,066,410	45,722,067
Mining Expenses	<u>163,907,898</u>	<u>270,191,817</u>
	424,502,773	449,615,037
Manufacturing and Processing Expenses		
Packing Materials and expenses	45,864,840	54,528,908
Machinery Repairs & Maintenance	11,245,723	5,816,300
Power and Fuel	73,419,310	32,021,357
Carriage Inward	17,070,049	15,495,591
Trial Run Expenditure	—	17,662,523
Other Expenses	<u>48,408,962</u>	<u>41,478,767</u>
	196,008,883	167,003,446
Trading Purchases	<u>821,914,408</u>	1,903,693,735
TOTAL	<u>1,442,426,064</u>	<u>2,520,312,218</u>

SCHEDULE - M SELLING AND DISTRIBUTION EXPENSES

	2009-2010 Rs.	2008-2009 Rs.
Sales Commission	5,260,089	22,547,983
Cargo Handling Expenses	1,039,811,162	111,551,140
Export Freight and Insurance	187,365,147	2,524,695,484
Export and Other Shipment Expenses	994,663,431	955,270,116
TOTAL	<u>2,227,099,829</u>	<u>3,614,064,723</u>



SCHEDULE - N ADMINISTRATIVE AND OTHER EXPENSES

		2009-2010 Rs.		2008-2009 Rs.
Personnel Costs:				
Salaries, Wages, Bonus and Other Expenses	118,330,639		142,774,642	
Contribution to Employee Benefit Funds	19,846,773		15,602,143	
Staff Welfare Expenses	11,977,392		11,003,926	
Directors' Remuneration	9,600,000	159,754,804	9,600,000	178,980,711
Administrative and Other Expenses:				
Traveling Expenses (Including Directors' travelling of Rs. 1,733,858; Previous Year Rs. 2,486,780)	28,507,977		27,596,306	
Rent	11,741,054		12,195,590	
Rates and Taxes	6,880,181		2,454,311	
Insurance Premiums	1,725,305		2,545,756	
Building and Other Repairs	5,050,412		4,304,748	
Advertisement and Business Promotion	4,802,099		5,082,099	
Directors Sitting Fees	210,000		150,000	
Commission to Non-Whole time Directors	—		200,000	
Legal and Professional Fees	90,087,825		63,895,230	
Payments to Auditors	3,157,455		3,228,728	
Bad Debts & Advances Written Off (net)	59,116,730		21,935,261	
Provision for Doubtful Debts & Advances	5,244,926		189,590,386	
Provision for Diminution in Value of Investments	—		4,410,000	
Donations	558,772		3,182,604	
Wealth Tax	318,500		282,000	
Loss on Sale / Disposal of Assets	86,396		1,230,087	
Loss on Sale of Investments	1,972,712		—	
General expenses	125,763,648	345,223,991	113,071,654	455,354,760
TOTAL		<u>504,978,796</u>		<u>634,335,471</u>

SCHEDULE - O INTEREST

		2009-2010 Rs.		2008-2009 Rs.
Working Capital Finance		421,376,329		210,602,649
Term Loans		129,498,026		7,276,171
Others		4,114,302		4,620,998
TOTAL		<u>554,988,656</u>		<u>222,499,818</u>

SCHEDULE – P NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

- 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.

1 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 of the earlier years. The Company has, however, accounted for such claims wherever paid due to uncertainty of recovery of such claims.

BORROWING COSTS:

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

EMPLOYEE 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 Based on the legal opinion obtained by the Company during the year, the Company is in the process to challenge the validity of certain foreign currency derivatives contracts entered into with the various bankers (including those paid till the date of the balance sheet Rs. 115.22 crores). The Company has been advised that these contracts are void in nature and cannot be legally enforced.

In view of the above,

- (i) The Company has written back Rs. 10,334.50 lacs (net of deferred tax Rs. 6,821.80 lacs) provided in the earlier years but remained unpaid on account of foreign currency derivatives losses;
- (ii) Liability towards the losses on foreign currency derivatives contracts incurred during the year along with the interest and remained unpaid aggregating to Rs. 2,945.18 lacs are not provided for.
- (iii) The mark to market (MTM) valuation of certain structured foreign currency products, which have maturity up to February, 2013 and outstanding as at the balance sheet date, in accordance with the announcement dated 29th March 2008 by the Institute of Chartered Accountants of India, indicates loss of Rs. 15,460.00 lacs. The management is of the opinion that the said loss is notional loss with multiple contingent/uncertain events, and not crystallized as on the balance sheet date, and hence, the same is not provided for in the accounts.

As a result of the above, net profit for the year after exceptional items as well as reserves and surplus are overstated by Rs. 25,226.98 lacs.

- 3 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.
- 4 Advance Payment of Taxes is shown net of provisions of Rs.81.89 lacs (12,255.12) lacs including current year's advance tax payments of Rs. 310.97 lacs (1,015.69) lacs.
- 5 Based on the review of the order books, business plans for the future and other circumstances, the directors believe that the Company would have sufficient taxable income in the future years which, in the opinion of the management will adequately absorb the deferred tax assets of Rs. 91.00 crores arising out of the carried forward business loss under the Income Tax Act, to the extent of expected set-off, as accounted for in accordance with the Accounting Standard (AS)-22 prescribed under the Companies (Accounting Standards) Rules, 2006.
- 6 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.
- 7 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.
- 8 In the opinion of the Directors, the current assets, loans and advances are approximately of the value as stated in the balance sheet, if realized in the ordinary course of the business. The provision of all known liabilities is adequate and not in excess of the amount reasonably required.
- 9 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.
- 10 The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year-end together with interest paid/payable under this account have not been given.



11 EMPLOYEES STOCK OPTION:

As at March 31, 2010, 110,451 options were outstanding as under:

Particulars	31st March, 2010	31st March, 2009
Options outstanding at the beginning of the year	110,451	119,205
Options granted during the year	—	—
Options forfeited during the year	—	—
Options exercised during the year	—	8,754
Options outstanding at the end of the year	110,451	110,451

- 12 Of total loans granted to other bodies corporate, including subsidiary companies, (excluding trade advances) loans aggregating to Rs. 181,015,103/- (Rs. 697,025,398/-) are granted free of interest.

13 Sundry Debtors Include:

- a. Due from subsidiaries: Rs. 28,112,557/- (Rs. 163,426,122/-) including for more than six months Rs. Nil (Nil)
- b. Due from joint venture and associate companies: Rs. 167,807,752/- (Rs. 186,529,956/-) including for more than six months Rs. 92,372,144/- (Rs. 62,452,120/-)
- c. Due from a firm or company in which some of the directors are interested: Rs. 2,693,433/- (Rs. 2,979,374/-) including for more than six months Rs. 2,144,376/- (Rs. 2,399,915/-)
- 14 Trade Advance to Suppliers includes Rs. 25,062,011/- (Rs. 39,556,906/-) to firms in which some of the directors are interested.

15 CONTINGENT LIABILITIES : (other than those stated in note no. 2) (Rs. in lacs)

Particulars	2009-2010	2008-2009
In respect of guarantees given by the bank and counter guaranteed by the Company	1,376.16	1,258.86
Guarantees to banks against credit facilities extended to Subsidiary Companies	3,100.00	1,665.00
Guarantees to banks against credit facilities extended to Joint Venture and Associate Companies	5,431.00	1,100.00
Guarantees given on behalf of Subsidiary Companies	—	47.92
Guarantees given by the Company to various Government Authorities	4,348.48	4,304.47
Claims Against the Company not acknowledged as debt	2,271.77	8,919.75
In respect of Contract remaining to be executed	177.97	314.43
In respect of Taxation Matters	26.46	26.46
In respect of Other Matters	173.07	412.50

Further to the above, legal proceedings against the company by three shipping companies for claiming potential damages aggregating to Rs. 56,632.43 lacs for non-performance of Contract of Affreightment are under litigations. The claims are being contested with appropriate legal responses on the basis of invalidity and frustration of contracts along with simultaneous efforts to arrive at amicable settlement.

16 PAYMENTS TO AUDITORS :

	2009-2010 Rs.	2008-2009 Rs.
Audit Fees including Limited Review	2,320,000	2,320,000
Tax audit Fees	400,000	400,000
Other Services and Service Tax	344,141	368,914
Reimbursement of Expenses	93,314	1,39,814

ASHAPURA MINECHEM LIMITED

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

Particulars	2009-2010	2008-2009
Loans and Advances to Staff	10,129,602	11,666,013
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	195,051,831	269,432,454
Security deposits towards premises to subsidiary companies	46,600,000	46,025,000
Trade advances to companies or firms in which some of the directors are interested	18,260,690	18,187,320
Unrealized gain on Forward Exchange Contracts	3,262,500	5,538,277
Prepaid Expenses	8,947,513	5,572,355
Other Loans and Advances	66,473,701	21,559,308

18 DISCLOSURE AS PER AS - 15 (REVISED) ON "EMPLOYEE BENEFIT" FOR THE YEAR ENDED 31ST MARCH, 2010

Gratuity Plan	2009-2010	2008-2009
Change in the defined benefit obligations		
Defined benefit obligations as at 1st April, 2009	30,595,986	18,071,459
Service cost	1,720,224	1,720,224
Interest cost	2,447,679	1,445,717
Actuarial loss / (Gain)	(9,187,869)	10,098,935
Benefits paid	(2,124,355)	(740,349)
Defined benefit obligations as at 31st March, 2010 (a)	23,451,665	30,595,986
Change in plan assets		
Fair Value of plan assets as at 1st April, 2009	24,072,139	20,102,598
Expected return on plan assets	2,629,613	1,818,975
Contributions by employer	8,478,683	2,890,915
Actuarial Gain / (loss)	NIL	NIL
Benefits paid	(2,124,355)	(740,349)
Fair Value of plan assets as at 31st March, 2010 (b)	33,056,080	24,072,139
Present Value of unfunded obligations (a-b)	NIL	NIL
The net amount recognized in the statement of profit and loss for the year ended 31st March, 2010 is as follows:		
Current service cost	1,720,224	1,720,224
Interest cost	2,447,679	1,445,717
Expected return on plan assets	(2,629,613)	(1,818,975)
Net actuarial loss / (gain) recognized	(9,187,869)	10,098,935
Net amount recognized	NIL	11,445,901
Actual Return on Plan Assets		
The principal actuarial assumptions used as at 31st March, 2010 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%



19 Computation of net profit in accordance with section 198 read with section 349 and 350 of the companies Act, 1956:

Particulars	2009-2010	2008-2009
Profit (Loss) before tax	(578,067,903)	(3,869,265,477)
add:		
Managerial remuneration	9,600,000	9,600,000
Directors' sitting fees	210,000	150,000
Loss on sale of assets	86,396	1,230,087
Loss (Profit) on sale of investments	1,972,712	(9,025,889)
Provision for doubtful debts and advances	5,244,926	189,590,386
Provision for diminution in the value of Investments	—	4,410,000
less:		
Prior Period Expenses	5,167,550	5,614,844
Net Profit (Loss) as per section 349 of the Companies Act, 1956	(566,121,419)	(3,687,950,626)
Managerial Remuneration to the Executive Chairman and the Managing Director in accordance with Part II of Schedule XIII	9,600,000	9,600,000

20 **DETAILS OF PAYMENTS OF DIVIDEND TO NON-RESIDENTS:**

	2009-2010	2008-2009
	Rs.	Rs.
No of shareholders	311	286
No of shares held by them	21,761,681	26,366,887
Year to which the payment relates	NA	2007-2008
Net amount remitted (Rs.)	Nil	42,187,019.20

21 **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.
- 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.
- 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
- Ashapura Shipping Limited

c. Key Managerial Personnel:

- Mr. Navnitlal Shah
- Mr. Chetan Shah

ASHAPURA MINECHEM LIMITED

Particular of Transaction	2009-2010 Rs.	2008-2009 Rs.
Subsidiaries		
Sales of Materials	306,736,668	356,127,817
Purchase of Materials	100,256,291	423,539,784
Mining and Other Charges Paid	5,430,660	81,000
Export Shipment and Other Expenses	90,474,847	22,611,775
Interest Received	22,359,140	37,541,302
Lease Rent Paid	2,316,000	2,316,000
Other Service Charges Received	—	240,000
Reimbursement of Administrative Expenses	14,403,169	—
Outstanding Balances as on 31st March, 2010		
Security Deposits towards premises	46,600,000	46,025,000
Sundry Debtors	28,896,948	16,342,122
Sundry Creditors	154,640,185	256,092,667
Trade & Other Advances	146,732,491	233,860,049
Loans Granted	427,061,566	963,795,013
Loans Taken	31,000,000	—
Associates and Joint Ventures:		
Sales of Materials	122,508,695	206,858,007
Purchase of Materials	(57,238,330)	334,161,449
Interest Received	7,214,487	6,412,365
Lease Rent Paid	120,000	553,080
Reimbursement of Administrative Expenses	47,243,212	—
Export Shipment and Other Expenses	36,144,884	40,457,907
Supervision Charges	112,999,378	200,000
Outstanding Balances as on 31st March, 2010		
Sundry Debtors	174,295,694	189,509,330
Trade Advances	671,871	70,336,408
Security Deposits	43,200,000	5,700,000
Loans & Advances	45,214,134	92,884,843
Sundry Creditors	14,047,054	239,554,563
Key Managerial Personnel:		
Remuneration and Perquisites	9,600,000	9,600,000
Outstanding Balances as on 31st March, 2010		
Sundry Creditors	—	—
Security Deposits Dr.	1,800,000	1,800,000

22. PARTICULARS OF MOVEMENT IN CURRENT INVESTMENTS

No.	Mutual Fund	Op. Balance		Purchase		Redemption		Cl. Balance	
		Unit	Rs.	Unit	Rs.	Unit	Rs.	Unit	Rs.
1	AIG India Liquid Fund Super Institutional Daily Dividend	—	—	50,186.87	50,237,061	50,186.87	50,237,061	—	—
2	Birla Sunlife Cash Plus Fund	—	—	24,540,913.34	245,887,681	24,540,913.34	245,887,681	—	—
3	Birla Sunlife Saving Fund - Institutional Daily Dividend	—	—	20,246,418.82	202,601,864	20,246,418.82	202,601,864	—	—
4	Canara Robeco Liquid Fund - Instl Dly Div Reinvest	—	—	2,988,028.48	30,002,794	2,988,028.48	30,002,794	—	—
5	Canara Robeco Short Term Instl. Weekly Dividend Plan	—	—	2,998,493.70	30,350,753	2,998,493.70	30,350,753	—	—
6	DBS Chola Freedom Income STP Inst - Dly.Div.Re.Invt.Plan	—	—	2,464,517.74	25,027,671	2,464,517.74	25,027,671	—	—
7	DBS Chola Liquid Fund	—	—	19,827,270.14	200,338,703	19,827,270.14	200,338,703	—	—
8	Fortis Money Plus Inst. Plan Daily Dividend	—	—	12,041,825.25	120,455,582	12,041,825.25	120,455,582	—	—
9	Fortis Overnight Fund - Subscription	—	—	10,026,553.81	100,296,620	10,026,553.81	100,296,620	—	—
10	HDFC Cash Management Saving Plan Daily Dividend	—	—	1,501,881.91	15,066,128	1,501,881.91	15,066,128	—	—
11	HDFC Prudential - Flexible Income Plan Daily Dividend	—	—	2,134,318.71	225,672,189	2,134,168.58	225,656,315	150	15,874
12	ICICI Prudential Liquid Super IP Daily Dividend	—	—	1,854,270.80	185,468,060	1,854,270.80	185,468,060	—	—
13	ICICI Prudential M. F. Liquid Plan Collection A/c	—	—	2,368,389.69	25,042,168	2,368,389.69	25,042,168	—	—
14	IDFC Cash Fund	—	—	25,527,051.20	255,334,330	25,527,051.20	255,334,330	—	—
15	IDFC Money Manager Fund - TP - Super Instl Plan	—	—	17,552,904.94	175,555,379	16,052,973.92	160,553,819	1,499,931	15,001,560
16	Kotak Liquid (Institutional) Daily Dividend	—	—	18,411,960.28	225,143,292	18,411,960.28	225,143,292	—	—
17	Kotak Flexi Debt Scheme Inst. Daily Dividend	—	—	4,482,120.89	45,034,110	1,993,683.98	20,031,540	2,488,437	25,002,570
18	Kotak Floater Long Term - Daily Dividend	—	—	12,916,040.32	130,192,137	12,916,040.32	130,192,137	—	—
19	L. & T Freedom Income STP Instl. Daily Div. Reinvestment Plan	—	—	1,971,339.23	20,019,344	1,971,339.23	20,019,344	—	—
20	L. & T Liquid Fund	—	—	3,460,077.06	35,003,178	1,977,133.03	20,001,271	1,482,944	15,001,907
21	LIC MF Floating Rate Fund Collection	—	—	1,000,744.68	10,007,447	1,000,744.68	10,007,447	—	—
22	LIC MF Income Plus Fund - Daily Dividend Plan	—	—	22,101,666.56	221,016,666	22,101,666.56	221,016,666	—	—
23	LIC MF Liquid Fund	—	—	9,794,586.24	107,545,536	9,794,586.24	107,545,536	—	—
24	LIC MF Liquid Fund Daily Dividend	—	—	23,569,827.39	258,799,062	23,569,827.39	258,799,062	—	—
25	LIC MF Savings Plus Fund - daily Dividend Plan	—	—	17,297,303.47	172,973,035	17,297,303.47	172,973,035	—	—
26	Principal Cash Mgt. Fund Liquid Option Instl. Prem. Plan	—	—	14,274,070.00	142,840,618	14,271,358.65	142,813,486	2,711	27,132
27	Principal Floating Rate FMP IP Daily dividend	—	—	6,527,104.28	65,351,326	6,527,104.28	65,351,326	—	—
28	Reliance Liquidity Fund	—	—	37,548,496.80	375,601,368	37,548,496.80	375,601,368	—	—
29	Reliance Medium Term Fund - Daily Dividend Plan	—	—	7,644,446.32	130,685,632	7,644,446.32	130,685,632	—	—
30	Reliance Money Manager Fund - Instl.Option-Dly.Dividend	—	—	190,047.13	190,262,647	190,047.13	190,262,647	—	—
31	Tata Floater Fund - daily Dividend	—	—	10,022,073.80	100,577,524	10,022,073.80	100,577,524	—	—
32	Tata Liquid Super high Investment Fund-Daily Dividend	—	—	90,169.20	100,495,381	90,169.20	100,495,381	—	—
33	Templeton India Treasury Mgmt. Account	—	—	224,269.14	224,420,077	224,269.14	224,420,077	—	—
34	Templeton India Ultra Short Bond Fund Instl.Plan -Dly.Div.	—	—	6,209,658.08	62,165,508	6,209,658.08	62,165,508	—	—
35	UTI Liquid Cash Plan Instl Daily Income Option	—	—	75,002.79	76,461,271	75,002.79	76,461,271	—	—
36	UTI Treasury Advantage Fund-Instl Plan	—	—	46,450.76	46,460,709	46,450.76	46,460,709	—	—
	TOTAL	—	—	4,628,392,850	4,573,343,807	4,628,392,850	4,573,343,807		55,049,043

ASHAPURA MINECHEM LIMITED

23. 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) 2009-2010	Quantity (in MTs) 2008-2009	
Installed Capacity :*					
Processed Industrial Mineral (Based on standard product specification)			7,094,740	6,802,740	
Actual Production Processed Industrial Minerals**			943,526	826,703	
* Installed Capacity of production stated at factory ** Excluding materials used for captive consumption					
B. Break-up of Sales			2009-2010		
No.	PRODUCT	Quantity (in MTS)	Rs.	Quantity (in MTs)	in Rs.
1.	Processed Industrial Minerals	1,486,425	1,663,367,775	1,738,763	5,012,074,439
2.	Traded Industrial Minerals	553,162	1,630,109,222	287,092	1,193,200,657
3.	Coal	—	—	48,713	327,867,769
4.	Calcined Bauxite	4,720	102,663,788	5,876	130,655,034
5.	Others	—	34,338,259	—	26,856,132
			3,430,479,044		6,690,654,030

C. Details of Stocks and Purchases

Item	Opening Stock		Purchases		Closing Stock	
	MTs.	Rs.	MTs.	Rs.	MTs.	Rs.
Processed Industrial Minerals	4,981,267	1,294,890,170	96,542	41,462,067	4,534,910	1,105,334,912
	(1,611,981)	(998,353,009)	(4,281,347)	(771,233,263)	(4,981,267)	(1,294,890,170)
Traded Industrial Minerals	353,982	536,525,626	248,267	702,747,087	49,087	111,724,076
	(173,036)	(403,075,313)	(468,037)	(776,863,990)	(353,982)	(536,525,626)
Coal	—	—	—	—	—	—
	—	—	(48,713)	(303,975,442)	—	—
Calcined Bauxite	28	215,158	4,692	32,663,200	(0)	—
	(100)	(500,000)	(5,804)	(32,995,530)	(28)	(215,158)
Others	—	3,225,349	—	45,042,054	—	28,646,366
	—	(359,521)	—	(18,625,510)	—	(3,225,349)
TOTAL		1,834,856,303		821,914,408		1,245,705,354
		(1,402,287,843)		(1,903,693,735)		(1,834,856,303)



D. Raw Material Consumed During the Year :	2009-2010		2008-2009	
	Quantity (in MTs)	Rs.	Quantity (in MTs)	Rs.
1. Chemical	47,009	123,085,504	6,067	87,612,265
2. Raw Mineral Lumps	73,684	63,270,621	64,776	46,088,888
3. Others	10	172,340	—	—
TOTAL		186,528,465		133,701,153

E. Expenditure in Foreign Exchange (on Accrual Basis)	2009-2010 Rs.	2008-2009 Rs.
i) On Travelling	11,900,927	8,883,802
ii) On Foreign Commission	3,569,657	25,917,040
iii) On Export Freight	95,321,660	1,710,353,446
iv) C.I.F. Value of Import of Raw Material	17,588,515	26,106,527
v) C.I.F. Value of Trading Purchases	14,001	303,975,442
vi) Interest	119,431,046	76,174,841
vii) On Others	52,505,468	583,273,642
TOTAL	300,331,275	2,734,684,740

F. Raw Material Consumed During the Year	2009-2010		2008-2009	
No. Items	%	Rs.	%	Rs.
i) Consumption of Indigenous Raw Material	78.26	145,980,551	91.01%	121,682,788
ii) Consumption of Imported Raw Material	21.74	40,547,913	8.99%	12,018,365
TOTAL	100.00	186,528,465	100.00%	133,701,153

G. F.O.B. Value of Exports (Rs.)	2009-2010 755,336,733	2008-2009 3,831,627,903
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ASHAPURA MINECHEM LIMITED

24. 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.	:	L14108MH1982PLC026396
State Code	:	11
Balance Sheet Date	:	31.03.2010

II CAPITAL RAISED DURING THE YEAR :

(Rs. in Lacs except for Earning Per Share)

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :

Total Liabilities	:	62,376.38
Total Assets	:	62,376.38

SOURCES OF FUNDS :

Paid up Capital	:	1,579.72
Employees Stock Option	:	71.09
Share Application Money	:	—
Reserves and Surplus	:	22,968.43
Deferred Tax Liabilities	:	—
Secured Loans	:	33,551.84
Unsecured Loans	:	4,205.30

APPLICATION OF FUNDS :

Net Fixed Assets	:	16,366.99
Investments	:	4,899.80
Deferred Tax Assets	:	9,100.00
Net Current Assets	:	32,009.59
Miscellaneous Expenditure	:	—

IV PERFORMANCE OF THE COMPANY :

Total Income	:	50,905.18
Total Expenditure	:	56,685.86
Profit (Loss) Before Tax	:	(5,780.68)
Profit After Tax & Exceptional Items	:	974.32
Earning per Share (Rs.)	:	
Basic/Diluted - Before Exceptional Items	:	(7.40)
Basic/Diluted - After Exceptional Items	:	1.23
Dividend Rate (%)	:	Nil

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

(As per monetary terms)

Item Code No.	:	N. A.
Product Description	:	Processed Industrial Minerals

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants
sd/-

MANOJ GANATRA
Partner

Place : Mumbai

Date : 30th June, 2010

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman
sd/-

RAJIV GANDHI
Chief Financial Officer

Place : Mumbai

Date : 30th June, 2010

sd/-

CHETAN SHAH

Managing Director and Chief Executive Officer
sd/-

SACHIN POLKE
Company Secretary



NOTES

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	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
2. Shares of the Subsidiary Companies held by Ashapura Minechem Limited (a) Number	3,000,000 Equity Shares of Rs.10/- each fully paid-up	3,410,000 Equity Shares of Rs.10/- each fully paid-up	10,000 Equity Shares of Rs.10/- each fully paid-up	10,000 Equity Shares of Rs.10/- each fully paid-up	10,000 Equity Shares of Rs.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 31/03/2010 (b) Not dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2010	NIL Rs.29,524,214/-	NIL Rs.8,819,254/-	NIL Rs.(34,768/-)	NIL Rs.(640,320/-)	NIL Rs.(958,183/-)
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 31/03/2010 (b) Not dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2010	NIL Rs.18,602,208/-	NIL Rs.1,825,682/-	NIL Rs.(847,311/-)	NIL Rs.(779,942/-)	NIL Rs.(13,239,423/-)

Notes :

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

Place : Mumbai
Date : 5th August, 2010



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 CO.
31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
218,080 Equity Shares of Rs.10/- each fully paid-up	700,000 Equity Shares of Rs. 10/- each fully paid-up	50,000 Equity Shares of Rs.10/- each fully paid-up	68 Equity Shares of Dhs.1,50,000	NIL**	NIL***	NIL****
100% —	48.28% * —	100% —	100% —	NIL** —	NIL*** —	NIL**** —
NIL Rs.82,366,480/-	NIL Rs.(237,764/-)	NIL (Rs.1,022,191/-)	NIL USD 245,408 (Equivalent to Rs. (11,764,860/-) #	NIL N.A	NIL N.A	NIL N.A @
NIL Rs.56,119,172/-	NIL Rs.(18,369,124/-)	N.A. N.A	NIL USD 13,284,346 (Equivalent to Rs.596,732,822/-) ##	NIL NIL	NIL N.A	NIL N.A@

b) # The profits as on 31.03.2010 are translated into Indian Rupees at an average rate of 1 USD = Rs. 47.94/- (rounded off to nearest Rupee)

The profit are translated in Indian Rupees at the closing rate of USD 1 = Rs. 44.92/- (Rounded off is nearest Rupees)

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/- NAVNITLAL R. SHAH Executive Chairman	Sd/- CHETAN SHAH Managing Director	Sd/- RAJIV GANDHI Chief Financial Officer	Sd/- SACHIN POLKE Company Secretary
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CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Profit & Loss A/c.	63
Cash Flow Statement	64-65
Consolidated Schedules A to S	66-83



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, 2010 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 Rs. 19,326.73 lacs as at March 31, 2010 and total revenues of Rs. 10,716.33 lacs for the year and of associates whose financial statements reflect the Group's share of loss (net) of Rs. 156.66 lacs for the year ended on March 31, 2010. 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 one joint venture companies and one associates wherein the Ashapura Group's share of loss aggregates to Rs. 93.87 lacs and Rs. 13.41 lacs respectively are unaudited and we have relied upon the unaudited financial statements as provided by the Company's management for the purpose of our examination of consolidated financial statements of Ashapura Group.

5 We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) – 21 "Consolidated Financial Statements", Accounting Standard (AS) – 23 "Accounting for

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

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

- *note no. 4 (i) and 4 (ii) in respect of write-back and non-provision for losses on foreign currency derivatives transactions aggregating to Rs 9766.98 lacs; (net of deferred tax); and*
- *note no. 4 (iii) in respect of non-provision for losses on foreign currency derivatives transactions by marking them to market (MTM) aggregating to Rs. 15,460.00 lacs, and thereby overstatement of the net profit in the financial statements by Rs. 25,226.98 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, 2010;
- (b) In the case of the Consolidated Profit & Loss Account, of the **PROFIT** of Ashapura Group for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of 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 June, 2010

ASHAPURA MINECHEM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	SCH.	31st March, 2010		31st March, 2009
		Rs.		Rs.
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	2,829,796,191	2,994,877,305	2,708,887,803
Minority Interest	C		2,298,058	1,879,143
Loan Funds				
Secured Loans	D	4,149,711,687	5,714,675,959	
Deferred Payment Liabilities	E	35,268,055	39,123,577	
Unsecured Loans	F	605,981,988	4,790,961,730	6,012,385,358
TOTAL			7,788,137,093	8,723,152,304
APPLICATION OF FUNDS:				
Fixed Assets				
Gross Block	G	3,924,590,994	3,166,753,500	
Accumulated Depreciation		975,679,512	737,749,475	
Net Block		2,948,911,482	2,429,004,025	
Capital Work -in-Progress and Pre-Operative Expenses		332,125,288	3,281,036,770	3,494,011,387
Goodwill on Consolidation			104,400,525	104,400,525
Investments	H		147,445,014	600,912,781
Deferred Tax Assets			911,389,394	1,288,331,430
Current Assets, Loans and Advances				
Inventories	I	1,594,578,718	1,992,458,927	
Sundry Debtors		1,421,117,364	1,505,440,516	
Cash & Bank Balances		306,614,100	1,457,316,232	
Loans and Advances		1,486,166,656	1,704,668,554	
		4,808,476,838	6,659,884,229	
Less: Current Liabilities and Provisions	J			
Current Liabilities		1,440,866,723	3,405,319,783	
Provisions		23,744,725	19,740,291	
		1,464,611,448	3,425,060,074	
Net Current Assets			3,343,865,390	3,234,824,153
Miscellaneous Expenditure (To the extent not written off or adjusted)	K		—	672,028
TOTAL			7,788,137,093	8,723,152,304
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 SANGHAVI & COMPANY
Chartered Accountants

sd/-
MANOJ GANATRA
Partner

Place : Mumbai

Date : 30th June, 2010

For and on Behalf of the Board of Directors

sd/-
NAVNILAL SHAH
Executive Chairman

sd/-
RAJIV GANDHI
Chief Financial Officer

Place : Mumbai

Date : 30th June, 2010

sd/-

CHETAN SHAH
Managing Director and Chief Executive Officer

sd/-
SACHIN POLKE
Company Secretary



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

	SCH.	2009-2010 Rs.		2008-2009 Rs.
INCOME				
Sales and Operational Income	L	7,136,658,626		9,612,635,797
Other Income	M	52,831,170		131,431,457
		<u>7,189,489,796</u>		<u>9,744,067,254</u>
EXPENDITURE				
Change in Inventory	N	468,833,272		(135,188,797)
Materials, Mining and Manufacturing & Other Operational Expenses	O	2,625,185,972		4,068,264,174
Selling & Distribution Expenses	P	2,523,216,921		4,090,295,423
Administrative and Other Expenses	Q	749,261,648		897,877,466
Foreign Currency Fluctuation Loss		250,437,013		4,470,942,269
Interest	R	595,307,057		283,403,023
Depreciation		256,858,431		243,992,181
	TOTAL	<u>7,469,100,314</u>		<u>13,919,585,739</u>
Profit/(Loss) Before Taxation		<u>(279,610,518)</u>		<u>(4,175,518,485)</u>
Tax Expenses				
Current Tax		(107,490,000)	(33,950,000)	
Earlier Years' Tax		(12,460,610)	(6,110,584)	
Fringe Benefit Tax		—	(5,540,260)	
Deferred Tax		(25,672,509)	1,345,311,770)	1,299,710,926
Profit/(Loss) After Taxation		<u>(425,233,637)</u>		<u>(2,875,807,559)</u>
Prior Period Adjustments (net)		55,329,089		(9,083,621)
Share of (Loss) / Profit in Associate Company		(4,659,678)		(2,192,117)
		<u>(374,564,226)</u>		<u>(2,887,083,297)</u>
Exceptional Items				
Foreign Currency Derivatives Loss Written Back (net of deferred tax; Refer not no. 4)		682,180,096		—
Extra Ordinary Items		—		(5,270,821)
		<u>307,615,870</u>		<u>(2,892,354,118)</u>
Minority Interest		418,915		(699,030)
Profit/(Loss) After Tax and Minority Interest		<u>307,196,955</u>		<u>(2,893,053,148)</u>
Balance Brought Forward From Previous Year		(810,093,831)	2,117,959,317	
Amount Available for Appropriation		<u>(502,896,876)</u>		<u>(775,093,831)</u>
Appropriations				
General Reserve		60,516,705	35,000,000	
Proposed Dividend		—	—	
Corporate Dividend Tax		1,523,872	—	35,000,000
Balance Carried to Balance Sheet		<u>(564,937,453)</u>		<u>(810,093,831)</u>
Earning Per Share				
Before Exceptional and Extra Ordinary Items				
Basic / Diluted		(4.75)		(36.56)
After Exceptional and Extra Ordinary Items				
Basic / Diluted		3.89		(36.63)
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 SANGHAVI & COMPANY
Chartered Accountants

sd/-
MANOJ GANATRA
Partner

Place : Mumbai

Date : 30th June, 2010

For and on Behalf of the Board of Directors

sd/-
NAVNITLAL SHAH
Executive Chairman

sd/-
RAJIV GANDHI
Chief Financial Officer

Place : Mumbai

Date : 30th June, 2010

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, 2010

	2009-2010		(Rs in lacs) 2008-2009	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax And Extraordinary Items		(2,796.11)		(41,755.18)
Adjustments for -				
Depreciation	2,568.58		2,439.92	
Amortization of Expenses	0.04		7.55	
Amortization of Stock Compensation	—		(5.71)	
Exchange Rate Adjustments (net)	(196.83)		508.36	
Loss (Profit) on sale of Fixed Assets	1.01		13.46	
Loss (Profit) on sale of Investments	83.87		(90.26)	
Provision for Doubtful Debts & Advances	52.45		2,205.66	
Provision for diminution in Investment	—		44.10	
Prior Period Adjustments	553.29		(90.84)	
Dividend Received	(214.29)		(803.01)	
Interest (net)	5,312.56	8,160.68	2,496.91	6,726.14
Operating Profit Before Working Capital Changes		5,364.57		(35,029.04)
Adjustments for -				
Trade and Other Receivables	3,683.21		10,145.31	
Inventories	3,978.80		(1,773.50)	
Trade Payables	(19,618.50)	(11,956.49)	18,884.40	27,256.21
		(6,591.92)		(7,772.83)
Cash Generated From Operations				
Direct Taxes Paid (net)		(1,836.43)		(1,667.45)
		(8,428.35)		(9,440.28)
Cash Flow Before Extra Ordinary Items				
Exceptional / Extra Ordinary Items (Refer note no. 4)		10,334.50		(52.71)
NET CASH FROM OPERATING ACTIVITIES		1,906.15		(9,492.99)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(1,925.73)		(17,613.36)
Sale of Fixed Assets		1,422.08		98.83
Sale (Purchase) of Investments (Net)		4,404.21		7,803.40
Interest Received		141.17		352.13
Dividend Received		214.29		803.01
NET CASH USED IN INVESTING ACTIVITIES		4,256.02		(8,555.99)



C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds (Repayments) of loans borrowed (net)	(12,214.23)	30,729.22
Proceeds from issuance of share capital (including premium)	—	14.35
Interest Paid	(5,453.73)	(2,849.04)
Dividend Paid	(1.23)	(1,260.86)
NET CASH USED IN FINANCING ACTIVITIES	(17,669.19)	26,633.67
Net Increase in Cash and Cash Equivalents	(11,507.02)	8,584.69
Cash and Cash Equivalents as at beginning of the year	14,573.16	5,988.47
Cash and Cash Equivalents as at end of the year	3,066.14	14,573.16

As per our Report of even date

For SANGHAVI & COMPANY

Chartered Accountants

sd/-

MANOJ GANATRA

Partner

Place : Mumbai

Date : 30th June, 2010

For and on Behalf of the Board of Directors

sd/-

NAVNITLAL SHAH

Executive Chairman

sd/-

RAJIV GANDHI

Chief Financial Officer

Place : Mumbai

Date : 30th June, 2010

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, 2010 Rs.	31st March, 2009 Rs.
Authorised		
110,000,000 Equity Shares of Rs.2/- each	220,000,000	220,000,000
300,000 Preference Shares of Rs. 100/- each	30,000,000	30,000,000
TOTAL	<u>250,000,000</u>	<u>250,000,000</u>
Issued, Subscribed and Paid up		
78,986,098 Equity Shares of Rs.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, 2010 Rs.	31st March, 2009 Rs.
Capital Reserve	31,611,461	31,611,461
Securities Premium Account		
Balance at the beginning of the year	1,494,818,645	1,493,220,340
Premium received during the year	—	1,615,813
Capitalized on issue of fully paid-up bonus shares	—	(17,508)
	<u>1,494,818,645</u>	<u>1,494,818,645</u>
Capital Redemption Reserve	390,000	390,000
General Reserve		
Balance at the beginning of the year	1,810,220,256	1,775,220,256
Transferred from Profit & Loss Account	60,516,705	35,000,000
	<u>1,870,736,961</u>	<u>1,810,220,256</u>
Foreign Currency Translation Reserve	(2,823,423)	16,860,157
Profit & Loss Account	(564,937,453)	(810,093,831)
TOTAL	<u>2,829,796,191</u>	<u>2,543,806,689</u>

SCHEDULE - C MINORITY INTEREST

	31st March, 2010 Rs.	31st March, 2009 Rs.
As per last year	1,879,143	1,180,113
Share of Profit for the Year	418,915	699,030
TOTAL	<u>2,298,058</u>	<u>1,879,143</u>



SCHEDULE - D SECURED LOANS

	31st March, 2010 Rs.	31st March, 2009 Rs.
TERM LOANS		
From Financial Institutions (Foreign Currency Accounts)	253,305,823	315,647,304
From Banks (Foreign Currency Accounts)	779,027,546	1,027,030,051
From Banks (Indian Rupee Accounts)	<u>256,236,124</u>	<u>6,752,252</u>
	1,288,569,493	1,349,429,607
Working Capital Finance		
From Financial Institutions (Foreign Currency Accounts)	390,751,947	390,359,648
From Banks (Foreign Currency Accounts)	370,439,033	1,591,366,941
From Banks (Indian Rupee Accounts)	<u>2,095,330,163</u>	<u>2,373,782,696</u>
Hire Purchase Finance	4,621,051	9,737,067
TOTAL	<u><u>4,149,711,687</u></u>	<u><u>5,714,675,959</u></u>

SCHEDULE - E DEFERRED PAYMENT LIABILITIES

	31st March, 2010 Rs.	31st March, 2009 Rs.
Sales Tax Deferred Payment Liability	35,268,055	39,123,577
TOTAL	<u><u>35,268,055</u></u>	<u><u>39,123,577</u></u>

SCHEDULE - F UNSECURED LOANS

	31st March, 2010 Rs.	31st March, 2009 Rs.
Inter Corporate Loans	216,451,845	258,585,822
Loans From Banks	389,530,143	—
TOTAL	<u><u>605,981,988</u></u>	<u><u>258,585,822</u></u>

SCHEDULE - G FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01-04-2009 Rs.	Additions Rs.	Deductions Rs.	As at 31-03-2010 Rs.	Upto 31-03-2009 Rs.	For the Year Rs.	On Deduction/ adj. Rs.	Total Rs.	As on 31-03-2010 Rs.	As on 31-03-2009 Rs.
LAND & LAND DEVELOPMENT	117,481,616	27,667,175	449,006	144,699,785	—	—	—	—	144,699,785	117,481,616
LEASEHOLD LAND	78,500	—	—	78,500	—	—	—	—	78,500	78,500
MINING LEASE	55,880,253	1,273,290	6,613,502	50,540,041	7,578,844	6,380,704	1,275,523	12,684,025	37,856,016	48,301,409
COMPENSATION FOR PREMISES RIGHT	24,434,113	—	—	24,434,113	9,132,568	2,283,142	—	11,415,710	13,018,403	15,301,545
BUILDINGS	391,823,544	291,054,167	907,552	681,970,159	68,575,695	19,531,296	46,468	88,060,523	593,909,636	323,247,849
PLANT & MACHINERY	1,315,055,659	579,271,853	35,936,556	1,858,390,956	375,207,360	113,502,107	(2,149,320)	490,858,787	1,367,532,169	939,848,299
BARGES	7,598,314	—	—	7,598,314	6,369,263	849,134	—	7,218,397	379,917	1,229,051
SHIPS	990,680,309	—	117,248,327	873,431,982	136,523,838	89,290,058	21,773,916	204,039,980	669,392,002	854,156,471
VEHICLES	103,803,367	1,213,454	5,702,572	99,314,249	49,067,732	13,376,632	4,014,686	58,429,678	40,884,571	54,735,635
OFFICE EQUIPMENT	74,006,134	5,060,581	446,584	78,620,131	45,398,390	7,014,117	197,022	52,215,485	26,404,646	28,607,744
FURNITURE & FIXTURES	85,911,691	19,915,373	314,300	105,512,764	39,895,785	11,011,824	150,682	50,756,927	54,755,837	46,015,906
TOTAL	3,166,753,500	925,455,893	167,618,399	3,924,590,994	737,749,475	263,239,014	25,308,977	975,679,512	2,948,911,482	2,429,004,025
CAPITAL WORK -IN-PROGRESS	842,950,665	39,645,022	805,052,238	77,543,449	—	—	—	—	77,543,449	842,950,665
PRE-OPERATIVE EXPENSES	222,056,697	97,542,922	65,017,780	254,581,839	—	—	—	—	254,581,839	222,056,697
GRAND TOTAL	4,231,760,862	1,062,643,837	1,037,688,417	4,256,716,282	737,749,475	263,239,014	25,308,977	975,679,512	3,281,036,770	3,494,011,387

* Rs. 6,380,583/- (8,567,702) are transferred to pre-operative expenses



SCHEDULE - H INVESTMENTS

	31st March, 2010		31st March, 2009	
	Rs.		Rs.	
Current Investments				
Quoted - at cost				
3,000 Equity Shares of Rs.10/- each of Bank of India	135,000		135,000	
13,817 Equity Shares of Rs. 10/- each of Indian Bank (Market Value Rs. 3,445,752/-; previous year Rs. 1,801,675/-)	1,257,347	1,392,347	1,257,347	1,392,347
Unquoted - at cost				
25,000 Equity Shares of Rs. 10/- each of Payvin Financial Services Limited	250,000		250,000	
500 Equity Shares of Rs. 10/- each of Bhanot Property & Investment Limited	5,000		5,000	
54 Shares of Rs. 25/- each of The Navanagar Co-operative Bank Limited	1,350		1,350	
2 Shares of Rs. 100/- each of The Commercial Co-operative Bank Limited	200		200	
National Savings Certificates (under lien with sales tax/mining authorities)	475,800	732,350	475,800	732,350
Investments in Mutual Funds				
Religare Liquid Fund	10,358,020		—	
IDFC Money Manager Fund	15,001,560		—	
Birla Sunlife Cash Plus	—		103,834,622	
HDFC Liquid Fund	—		153,786,614	
ICICI Prudential flexible Income Plan	15,874		—	
ICICI Prudential Institutional Liquid Plan	—		103,912,277	
Reliance Liquidity Fund	1,304,224		153,985,863	
Kotak Flexi Debt Scheme	25,002,570		—	
L & T Liquid Fund	15,001,907		—	
Principal Cash Management Fund	27,132		—	
		66,711,287		515,519,376

ASHAPURA MINECHEM LIMITED

SCHEDULE - H INVESTMENTS (Cont.)

	31st March, 2010 Rs.	31st March, 2009 Rs.
Long Term Investments (Unquoted)		
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)	(7,071,022)	(5,730,297)
	<u>40,940,988</u>	<u>42,281,713</u>
50,000 Equity Shares of Rs 10/- each of Crystal Nanoclay Private Limited		
Goodwill on Acquisition	—	3,616,261
Carrying amount of Investment	—	2,683,739
Accumulated Share of Profit or (Loss)	—	(1,890,000)
Provision for diminution in the value of Investment	—	(4,410,000)
	<u>—</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)	4,538,137
	<u>—</u>	<u>5,088,137</u>
Shantilal Multiport Infrastructure Private Limited		
Goodwill / (Capital Reserve) on Acquisition	(56,132,162)	(56,132,162)
Carrying amount of Investment	58,632,162	58,632,162
Accumulated Share of Profit or (Loss)	35,168,042	33,398,858
	<u>37,668,042</u>	<u>35,898,858</u>
	78,609,030	83,268,708
TOTAL	<u><u>147,445,014</u></u>	<u><u>600,912,781</u></u>



SCHEDULE - I CURRENT ASSETS, LOANS AND ADVANCES

	31st March, 2010 Rs.	31st March, 2009 Rs.
I CURRENT ASSETS		
Inventories		
(as taken, valued and certified by the Management)		
Finished and Semi-finished Goods*	1,334,173,704	1,828,499,728
Raw Materials	184,257,334	103,733,505
Packing Materials	19,780,656	16,677,829
Stores and Spares	56,367,024	43,547,865
	1,594,578,718	1,992,458,927
* Previous year includes Rs. 25,492,752 related to pre operative expenses		
Sundry Debtors (considered good unless otherwise stated)		
Secured:		
Over six months	33,680,806	—
Others	229,231,937	9,898,084
	262,912,743	9,898,084
Unsecured:		
Over six months	376,939,342	381,419,791
Others	944,742,025	1,307,838,718
	1,321,681,367	1,689,258,509
Less : Provision for Doubtful Debts	163,476,746	193,716,077
	1,158,204,621	1,495,542,432
	1,421,117,364	1,505,440,516
Other Current Assets		
Cash on Hand	7,873,208	5,717,355
Balances with Scheduled Banks		
In Fixed Deposit Accounts	41,682,340	1,217,043,908
Funds in Transit and Cheques on Hand	1,308,608	10,544,631
Margin Money Accounts	780,471	195,934
Current Accounts	253,624,538	222,384,178
Dividend Accounts	1,344,935	1,430,226
	306,614,100	1,457,316,232
TOTAL - I	3,322,310,182	4,955,215,675
II LOANS AND ADVANCES		
(unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	444,650,306	625,518,999
Advance payments of Taxes (net of provisions)	352,133,305	288,440,922
Trade Advances to Suppliers	636,109,234	751,679,111
Less : Provision for Doubtful Advances	31,358,566	26,849,440
Deposits	84,632,377	65,878,962
	1,486,166,656	1,704,668,554
TOTAL - II	1,486,166,656	1,704,668,554
TOTAL - I + II	4,808,476,838	6,659,884,229

ASHAPURA MINECHEM LIMITED

SCHEDULE - J CURRENT LIABILITIES AND PROVISIONS

	31st March, 2010 Rs.	31st March, 2009 Rs.
I Current Liabilities		
Sundry Creditors	789,267,274	1,367,835,895
Advances from Customers	39,129,048	55,888,576
Investors Education & Protection Fund:		
Unclaimed Dividend	1,342,805	1,466,374
Statutory Liabilities	82,833,704	35,183,946
Interest Accrued but not Due	56,024,263	6,089,564
Foreign Currency Derivatives Losses Payable (Refer Note No.4)	—	1,157,530,854
Other Liabilities	472,269,629	781,324,574
TOTAL I	<u>1,440,866,723</u>	<u>3,405,319,783</u>
II Provisions		
Provision for Bonus	13,631,817	11,939,496
Provision for Leave Encashment	7,811,684	6,833,041
Provision for Gratuity	777,352	967,754
Provision for Corporate Dividend Tax	1,523,872	—
TOTAL II	<u>23,744,725</u>	<u>19,740,291</u>
TOTAL I + II	<u><u>1,464,611,448</u></u>	<u><u>3,425,060,074</u></u>

SCHEDULE - K MISCELLANEOUS EXPENDITURE NOT WRITTEN OFF

	31st March, 2010 Rs.	31st March, 2009 Rs.
Deferred Revenue Expenses	—	672,028
TOTAL	<u><u>—</u></u>	<u><u>672,028</u></u>



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNTS

SCHEDULE - L SALES AND OPERATIONAL INCOME

		2009-2010 Rs.		2008-2009 Rs.
Sales				
Export Sales	1,165,815,072		6,565,442,816	
Local Sales	<u>4,134,125,093</u>	5,299,940,165	<u>2,590,382,104</u>	9,155,824,920
Cargo Handling Income		1,482,114,734		160,080,686
Forward Exchange Contract Premium		2,692,521		111,146,869
Export Incentives and Credits		1,092,129		2,345,403
Freight Receipts on Sales		67,407,974		47,600,537
Shipping Operations Income		140,934,676		96,629,049
Service Tax Refund Claims		2,903,926		37,027,070
Quality Claims Received		110,509,078		
Other Operational Income		29,063,423		1,981,263
TOTAL		<u>7,136,658,626</u>		<u>9,612,635,797</u>

SCHEDULE - M OTHER INCOME

		2009-2010 Rs.		2008-2009 Rs.
Dividend Received				
On Long-term Investments (non-trade)	—		—	
On Current Investments	<u>21,429,470</u>	21,429,470	<u>80,300,514</u>	80,300,514
Interest Received		14,117,073		35,213,031
Profit on Sale of Investment (net)		—		9,025,889
Insurance Claim Received		5,986,099		—
Miscellaneous Income		11,298,528		6,892,023
TOTAL		<u>52,831,170</u>		<u>131,431,457</u>

SCHEDULE - N CHANGE IN INVENTORY

		2009-2010 Rs.		2008-2009 Rs.
Opening Stock				
Finished Goods and Semi-finished Goods		1,803,006,976		1,667,818,179
Closing Stock				
Finished Goods and Semi-finished Goods		1,334,173,704		1,803,006,976
TOTAL		<u>468,833,272</u>		<u>(135,188,797)</u>

ASHAPURA MINECHEM LIMITED

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

		2009-2010 Rs.	2008-2009 Rs.
Materials Consumed			
Opening Stock	103,733,505		73,423,621
Purchases and Expenses	<u>441,868,448</u>		<u>326,512,781</u>
	545,601,953		399,936,402
Closing Stock	<u>184,257,334</u>	361,344,619	<u>103,733,505</u>
			296,202,897
Mining Expenses			
Rent and Royalty	159,089,868		113,729,136
Mineral Digging, Carting and			
Other Mining Expenses	<u>303,476,051</u>	462,565,919	<u>480,669,589</u>
			594,398,725
Manufacturing and Processing Expenses			
Packing Materials Consumption and Expenses	88,252,953		92,673,736
Machinery Repairs and Maintenance	42,946,680		29,795,572
Power and Fuel	186,038,759		189,047,362
Carriage Inward	45,274,120		45,513,758
Stores & Spares Consumed	85,794,219		29,750,695
Trial Run Production Expenditure	—		17,662,523
Wages	9,737,128		6,244,838
Other Expenses	<u>68,341,280</u>	526,385,139	<u>61,368,620</u>
			472,057,104
Ship Operating Expenses		136,202,163	169,829,486
Trading Purchases		1,138,688,132	2,535,775,962
TOTAL		<u>2,625,185,972</u>	<u>4,068,264,174</u>

SCHEDULE - P DIRECT SELLING AND DISTRIBUTION EXPENSES

		2009-2010 Rs.	2008-2009 Rs.
Discount and Rate Difference		1,782,506	1,512,308
Sales Commission		41,783,111	60,891,346
Export Freight and Insurance		125,132,892	2,523,204,844
Cargo Handling Expenses		1,039,811,162	111,551,140
Shipment and Other Expenses		1,314,707,250	1,388,780,666
Royalty on Sales		—	4,355,119
TOTAL		<u>2,523,216,921</u>	<u>4,090,295,423</u>



SCHEDULE - Q ADMINISTRATIVE EXPENSES

		2009-2010 Rs.		2008-2009 Rs.
Personnel Costs				
Salaries, Wages, Bonus and Other Expenses	235,436,698		227,072,580	
Contribution to PF, ESI and other Funds	26,075,253		21,657,578	
Staff Welfare & Insurance	15,909,932		13,033,252	
Directors' Remuneration	9,600,000	287,021,883	9,600,000	271,363,410
Administrative and Other Expenses				
Travelling Expenses (including Directors' travelling of Rs. 1,733,858; previous year Rs. 2,486,780)	36,197,714		32,949,236	
Rent	28,029,028		29,348,549	
Rates and Taxes	8,251,045		3,378,687	
Insurance Premiums	4,153,425		4,333,430	
Buildings and Others Repairs	11,892,144		9,430,045	
Advertisement and Business Promotion Expenses	12,357,913		8,948,807	
Directors' Sitting Fees	222,750		164,250	
Commission to Non-Whole time Directors	—		200,000	
Legal and Professional Fees	113,341,668		81,994,658	
Payments to Auditors	4,669,116		4,340,211	
Bad Debts and Advances Written Off (net)	59,771,045		76,181,646	
Provision for Doubtful Debts & Advances	5,244,926		220,565,517	
Provision for Diminution in Investment	—		4,410,000	
Donations	5,298,300		6,098,078	
Wealth Tax	323,131		282,000	
Loss on Sale / Disposal of Assets	100,672		1,345,994	
Loss on Sale of Investments	8,387,302		—	
Other Deferred Revenue Expenses (Amortization)	—		537,590	
Preliminary Expenses Written Off	4,372		8,741	
General Expenses	163,995,214	462,239,765	141,996,617	626,514,056
TOTAL		749,261,648		897,877,466

SCHEDULE - R INTEREST

		2009-2010 Rs.		2008-2009 Rs.
Working Capital Finance		440,519,810		240,614,432
Term Loans		149,284,069		40,120,628
Others		5,503,178		2,667,963
TOTAL		595,307,057		283,403,023

SCHEDULE – S NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

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

1 Basis of Presentation of Financial Statements

The consolidated financial statements relate to Ashapura Minechem Limited ("the Company"), its subsidiary companies, joint venture companies and associates. The consolidated accounts have been prepared on the following basis:

- a. The financial statements of the subsidiaries, 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, 2010 except for a foreign joint venture company, EMO Ashapura Energy and Mining Limited – Nigeria where the accounts are last drawn up to 31st December, 2009.
- b. The financial statements of the subsidiaries and joint venture companies are audited except for foreign joint venture companies, EMO Ashapura Energy and Mining Limited – Nigeria, where the financial statements are unaudited.

The Financial statement of all the associates are audited except for an associate, Hudson MPA SDN BHD-Malaysia 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, 2010 (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 %
Joint Ventures:	
1 Ashapura Volclay Limited	50.00 %
2 Ashapura Volclay Chemicals Private Limited	50.00 %
3 Ashapura Amcol NV - Antwerp	50.00 %
4 EMO Ashapura Energy and Mining Limited - Nigeria	48.00 %



Associates:

- | | | |
|---|---|---------|
| 1 | Hudson MPA SDN BHD – Malaysia | 25.00 % |
| 2 | Shanital Multiport Infrastructure Private Limited | 50.00 % |
| 3 | Ashapura Arcadia Logistics Private Limited | 50.00 % |
- 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 therefrom 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. Interest 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 investee after the date of acquisition.

3 Significant Accounting Policies

Use of Estimates:

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

Fixed Assets:

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

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

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

Investments:

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

Inventories:

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 of the earlier years. The Company has, however, accounted for such claims wherever paid due to uncertainty of recovery of such claims.

Borrowing Costs:

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

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. Based on the legal opinion obtained by the Company during the year, the Company is in the process to challenge the validity of certain foreign currency derivatives contracts entered into with the various bankers (including those paid till the date of the balance sheet Rs. 115.22 crores). The Company has been advised that these contracts are void in nature and cannot be legally enforced.

In view of the above,

- (i) The Company has written back Rs. 10,334.50 lacs (net of deferred tax Rs. 6,821.80 lacs) provided in the earlier years but remained unpaid on account of foreign currency derivatives losses;
- (ii) Liability towards the losses on foreign currency derivatives contracts incurred during the year along with the interest and remained unpaid aggregating to Rs. 2,945.18 lacs are not provided for;
- (iii) The mark to market (MTM) valuation of certain structured foreign currency products, which have maturity up to February, 2013 and outstanding as at the balance sheet date, in accordance with the announcement dated 29th March, 2008 by the Institute of Chartered Accountants of India, indicates loss of Rs. 15,460.00 lacs. The management is of the opinion that the said loss is notional loss with multiple contingent/uncertain events, and not crystallized as on the balance sheet date, and hence, the same is not provided for in the accounts.

As a result of the above, net profit for the year after exceptional items as well as reserves and surplus are overstated by Rs. 25,226.98 lacs.

5. 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.
6. 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.
7. 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.
8. Sundry Debtors for more than six months include Rs. 3,741,325 (Rs. 4,130,629) due from firms/companies in which some of the directors are interested.

ASHAPURA MINECHEM LIMITED

- 9 Based on the review of the order books, business plans for the future and other circumstances, the directors believe that the Company would have sufficient taxable income in the future years which, in the opinion of the management will adequately absorb the deferred tax assets of Rs. 91.00 crores arising out of the carried forward business loss under the Income Tax Act, to the extent of expected set-off, as accounted for in accordance with the Accounting Standard (AS) - 22 prescribed under the Companies (Accounting Standards) Rules, 2006.

Accordingly, deferred tax liabilities of Rs. 25,672,509 (net) arising during the year is debited to the profit & loss account. Details of the balance of Rs. 911,389,394 are as under:

Particulars	Rs.
Out of carried forward loss	910,000,000
Depreciation	(8,642,158)
Disallowances u/s. 43B of the Income Tax Act	10,031,552
Total	<u>911,389,394</u>

10. 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 Private Limited (holding : 50%), Ashapura Amcol NV (holding : 50%) and EMO Ashapura Energy and Mining Limited (holding: 48%) are as under:

	Current Year Rs. In Lacs	Previous Year Rs. In Lacs
Assets		
Fixed Assets (Net Block including WIP)	5,970.75	2,933.90
Investments	10.00	10.00
Current Assets	2,695.66	1,865.98
Loans and Advances	408.30	287.13
Miscellaneous Expenditure	959.99	0.04
Total	<u>10,044.70</u>	<u>5,097.05</u>
Liabilities		
Secured Loans	1023.48	993.45
Deferred Sales Tax Liabilities	220.24	258.80
Unsecured Loans	2,206.23	430.95
Current Liabilities	1,843.60	1,192.46
Total	<u>5,293.55</u>	<u>2,875.66</u>
Income		
Sales and Operational Income	6,780.27	3,896.73
Other Income	45.29	7.74
Total	<u>6,825.56</u>	<u>3,904.47</u>
Expenditure		
Manufacturing and Other Expenses	3,608.86	3,373.69
Interest	130.24	124.08
Depreciation	517.87	278.81
Total	<u>4,256.97</u>	<u>3,776.58</u>



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

	2009-2010 (Rs. in Lacs)	2008-2009 (Rs. in Lacs)
a. In respect of guarantees given by the bank/financial institution and counter guaranteed by the Company	2,505.87	2,440.24
b. Guarantees to banks against credit facilities extended to group companies	8,531.00	2,765.00
c. Guarantees given to others on behalf of inter-group companies	830.23	848.15
d. Guarantees given to various Government Authorities and Others	4,387.84	4,304.47
e. In respect of guarantees given by the Company	460.78	481.24
f. In respect of disputed Income Tax liabilities	492.92	1,041.49
g. Claims against the Company not acknowledged as debt	2,980.75	18,355.04
h. In respect of contracts remaining to be executed	177.97	314.43
i. In respect of other matters	173.07	449.64

Further to the above, legal proceedings against the company by three shipping companies for claiming potential damages aggregating to Rs. 56,632.43 lacs for non-performance of Contract of Affreightment are under litigations. The claims are being contested with the appropriate legal responses on the basis of invalidity and frustration of contracts along with simultaneous efforts to arrive at amicable settlement.

12. ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED INCLUDES:

	2009-2010 Rs.	2008-2009 Rs.
Loans to other Bodies Corporate	30,586,010	60,733,274
Loans to Others	1,597,000	1,602,000
Loans and Advances to Staff	12,964,543	17,311,448
Trade advance to firms and companies in which some of the Directors are interested	47,664,611	19,338,575
Security deposit towards land and premises to Directors and Firms in which some of the Directors are interested	13,500,000	13,610,750
Claims Receivable	201,317,302	269,434,454
Unrealized Gain on Forward Exchange Contracts	3,262,500	5,538,277
Prepaid Expenses	8,947,513	7,477,409
Other Advances and Receivables	124,810,827	230,472,812

13. RELATED PARTY TRANSACTIONS :

a. Associates:

- Ashapura Shipping Limited
- Ashapura Volclay Limited
- Ashapura Volclay Chemicals Private Limited
- Ashapura Exports Private Limited
- Ashapura Minerals Company

ASHAPURA MINECHEM LIMITED

- 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

b. Key Management Personnel:

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

Particulars of Transactions

	2009-2010 Rs.	2008-2009 Rs.
Associates:		
Sales of Materials	170,065,599	184,516,076
Purchases of Materials	41,553,390	377,183,462
Interest received	7,214,487	3,800,713
Interest Paid	16,457,930	2,611,652
Export Shipment & Other Expenses	36,144,884	40,457,907
Lease Rent Paid	1,440,000	1,573,080
Reimbursement of Administrative Expenses	47,243,212	—
Miscellaneous Expenditure	—	200,000
Miscellaneous Income	198,215,628	360,000
Outstanding Balances as on 31st March, 2010		
Sundry Creditors	58,513,303	290,496,105 Cr.
Sundry Debtors	221,852,283	184,014,105 Dr.
Loans and Advances	45,886,005	141,170,101 Dr.
Loans Taken	232,199,296	38,730,813 Cr.
Security Deposits	48,200,000	48,200,000 Dr.
Key Management Personnel:		
Remuneration and Perquisites	9,600,000	9,600,000
Rent Paid	180,000	648,000
Salary Paid	234,000	234,000
Outstanding Balances as on 31st March, 2010		
Sundry Creditors	180,000	136,756 Cr.
Security Deposits	2,800,000	2,800,000 Dr.



14. 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	2009-2010	2008-2009
Profit / (Loss) After Tax and Minority Interest	307,196,955	(2,893,053,148)
Weighted average number of equity shares for computation of basic EPS	78,986,098	78,981,733
Weighted average number of equity shares for computation of diluted EPS	78,986,098	78,981,733
Nominal value of equity share	2.00	2.00
Earning Per Share – Basic/Diluted	3.89	(36.63)

15. Figures pertaining to the subsidiary companies as well as joint venture companies have been reclassified wherever necessary to bring them in line with the Parent Company’s financial statements.
16. 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

sd/-

MANOJ GANATRA
Partner

Place : Mumbai

Date : 30th June, 2010

For and on Behalf of the Board of Directors

sd/-

NAVNILAL SHAH
Executive Chairman

sd/-

RAJIV GANDHI
Chief Financial Officer

Place : Mumbai

Date : 30th June, 2010

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 (Rs)	Ashapura Claytech Limited (Rs)	Bombay Minerals Limited (Rs)	Prashansha Ceramics Limited (Rs)	Peninsula Property Developers (P) Limited (Rs)
Capital		30,000,000	35,799,000	2,180,800	14,500,000	100,000
Reserves		99,431,222	12,615,346	165,304,705	(38,539,536)	(882,079)
Total Assets		321,518,790	77,834,196	589,477,349	10,840,029	1,303,135
Total Liabilities		192,087,568	29,419,850	421,991,845	34,879,565	2,085,214
Investments [except investments in Subsidiary(ies)]#		351,000	10,358,020	6,450	135,100	—
Turnover (including other income)		554,792,372	50,483,542	582,896,228	—	120,000
Profit/(Loss) Before taxation		54,482,058	8,625,802	136,851,500	(492,468)	(42,018)
Provision for taxation		19,250,000	(193,452)	47,732,000	—	(7,250)
Profit/(Loss) after taxation		35,232,058	8,819,254	89,119,500	(492,468)	(34,768)
Proposed Dividend		—	—	—	—	—
Misc Expense - not written off		—	—	—	—	—

* Balance Sheet Items are translated at closing Exchange Rate of USD 1 = Rs. 44.92 (As on 31/03/2010) (rounded off to the nearest Rupee)

Details of Investment by the Company's Subsidiaries :

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

* 1 Dhs. = USD 3.67

Note :

- In terms of approval granted by the Ministry of Corporate Affairs under Section 212 (8) of the Companies Act, 1956, a copy ended 31st March, 2010, of the Subsidiary Companies have not been attached with the Annual Report of the Company. The its Subsidiaries, on all working days except Saturday and holidays, between 11.00 am to 1.00 pm at the Registered Office of the
- The Annual Account of Asha Prestige Co. has been consolidated with the Annual Accounts of Ashapura Maritime FZE (the Holding Company).

Place : Mumbai

Date : 5th August, 2010



FOR THE YEAR ENDED MARCH 31, 2010

Sharda Consultancy (P) Limited (Rs)	Ashapura Consultancy Services (P) Limited (Rs)	Ashapura Aluminium Limited (Rs)	Ashapura Minechem (UAE) FZE (Rs)	Ashapura Holdings (UAE) FZE (Rs)	Ashapura Maritime FZE (Rs)
100,000	100,000	500,000	124,818,755*	1,835,970*	1,835,970*
(7,631,906)	(14,197,606)	(1,022,191)	607,756,550*	(2,444,501)*	(277,218,165)*
6,479,125	9,012,702	182,389,654	968,500,894*	2,749,733*	721,104,758*
14,011,030	23,110,308	182,911,845	235,925,590*	3,358,264*	996,486,953*
—	—	1,304,224	311,347,123*	—	—
310,128	904,822	14,329,532	624,170,219**	—	231,894,793**
(723,013)	(993,752)	(532,191)	11,764,860**	(849,737)**	(78,811,107)**
(82,693)	(35,569)	490,000	—	—	—
(640,320)	(958,183)	(1,022,191)	11,764,860**	(849,737)**	(78,811,107)**
—	—	—	—	—	—
—	—	628,000	—	—	—

**Revenue Items are translated at an average Exchange Rate of USD 1 = Rs. 47.94 (As on 31/03/2010) (rounded off to the nearest Rupee)

Face Value	No. of Shares	Amt in Rs.
Rs. 10/- each	7,50,000	7,500,000
Dhs. 150,000/- each*	1	1,835,970
Dhs. 150,000/- each*	1	1,835,970
USD 1/- each	100	4,492

of the Balance Sheet, Profit & Loss Account, Report of the Board of Directors' and the Report of the Auditors' for the year Company will make available these documents and the related details upon request by any Investor of the Company and of Company at Jeevan Udyog Building, 278, 3rd Floor, Dr. D. N. Road, Fort, Mumbai – 400001.

For and on behalf of the Board of Directors

Sd/- NAVNILAL R. SHAH Executive Chairman	Sd/- CHETAN SHAH Managing Director	Sd/- RAJIV GANDHI Chief Financial Officer	Sd/- SACHIN POLKE Company Secretary
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ASHAPURA MINECHEM LIMITED

CONSOLIDATED FINANCIAL HIGHLIGHTS

(Rs. In Millions)

PROFIT / LOSS	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Sales & Operational Income	7,136.66	9,612.64	17,336.65	12,791.54	8,590.86
Operating Expenses	(6,366.50)	(8,921.25)	(15,169.27)	(10,720.88)	(7,295.05)
Foreign Currency Fluctuation (Loss) / Gain	(250.44)	(4,470.94)	50.48	(67.11)	(47.16)
Operating Profit / (Loss)	519.72	(3,779.55)	2,217.86	2,003.55	1,248.65
Other income	52.83	131.43	128.04	68.64	22.43
Interest	(595.31)	(283.40)	(161.68)	(136.94)	(124.27)
Depreciation, Tax, Prior Period Adjustments & Extraordinary Items	335.03	1,041.36	(571.68)	(629.22)	(362.95)
Share of (Loss) / Profit in Associate Companies	(4.66)	(2.19)	4.45	(3.34)	(0.13)
Minority Interest	0.42	(0.70)	(0.56)	(0.70)	(0.19)
Net Profit / (Loss)	307.20	(2,893.05)	1,616.42	1,301.98	783.55
NET WORTH	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Equity Share Capital	157.97	157.97	157.94	78.24	64.51
Reserves & Surplus	2,829.80	2,543.81	5,384.43	3,952.38	1,369.41
Miscellaneous Expenditure	—	(0.67)	(1.43)	(3.19)	(9.52)
Net Worth	2,987.77	2,701.11	5,540.94	4,027.43	1,424.40

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 Twenty-Nine Annual General Meeting of the Company to be held

on Friday, 24th September, 2010 at 11.30 A.M. and at any adjournment thereof.

Signed this _____ day of _____ 2010

Affix
Re.1/-
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 - 24th SEPTEMBER, 2010

I/We hereby record my/our presence at the Twenty-Nine Annual General Meeting being held at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Mumbai - 400 020 on Friday, 24th September, 2010 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.