
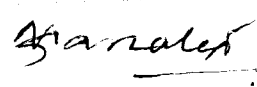
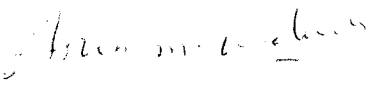


**FORM B**

1.	Name of the Company	ASHAPURA MINECHEM LTD.
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit Qualification	<p><b>Auditors' Report:</b></p> <p><b>Basis for Qualified Opinion</b></p> <p>Reference is invited to -</p> <ul style="list-style-type: none"> <li>▪ note no. 25(ii) in respect of write-back and non-provision for losses on foreign currency derivatives transactions and certain loans in connection thereto in the earlier years aggregating to Rs. 22,686.91 (Rs. 27,779.75) lacs;</li> <li>▪ note no. 25(iii) in respect of non-provision of foreign currency derivatives losses of Rs. Nil (Rs. 611.49) lacs;</li> </ul> <p>and thereby overstatement of the net profit in the financial statements by Rs. Nil (Rs. 611.49) lacs and overstatement of reserves and surplus by Rs. 22,686.91 (Rs. 28,391.24) lacs.</p>
4.	Frequency of qualification	Qualified Opinion as mentioned in above is appearing since March 2009.
	Relevant Notes in the Annual Financial Statements and management response to the qualification in the Directors' Report:	<p>Please refer "Note no. 25" of the Financial Statements for year ended 31.03.2014.</p> <p>Please also refer the "Directors' Report" (under the heading "Auditors' Observation") for Management's response on the observations made in the Auditors' Report.</p>
5.	Chetan Shah, Managing Director	
	Manoj Ganatra, Partner – M/s. Sanghavi & Co., Auditors	
	Ashok Kadakia, Chairman – Audit Committee	

64

2013-14  
2013-14  
2013-14  
2013-14



**ASHAPURA  
GROUP**

*Annual Report*



## CONTENTS

## Page Nos.

Notice	01-07
Directors' Report	08-17
Corporate Governance Report	18-31
Management Discussion & Analysis	32-34
Auditors' Report	36-39
Balance Sheet	40
Statement of Profit & Loss	41
Cash Flow Statement	42-43
Notes 1 to 44	44-63
Statement u/s. 212 of the Companies Act, 1956	64-65
Consolidated Financial Statements	66-92
Financial details of the Subsidiary Companies	93-95
Consolidated Financial Highlights	96

# ASHAPURA MINECHEM LIMITED

## BOARD OF DIRECTORS

- **Executive Directors**
  - Shri Navnitlal Shah**  
(Executive Chairman)
  - Shri Chetan Shah**  
(Managing Director)
- **Non-Executive Directors**
  - Shri Ashok Kadakia**
  - Shri Harish Motiwalla**
  - Shri Abhilash Munsif**
  - Shri Arun Chadha**  
(Appointed by BIFR)
  - Shri Rajendra Khanna**  
(Nomination Withdrawn  
by EXIM Bank w.e.f. 31/12/2013)
- **Company Secretary  
& Vice President**
  - Shri Sachin Polke**
- **Auditors**
  - M/s. Sanghavi & Company**  
Chartered Accountants
- **Bankers**
  - Bank of India &  
other Banks in the Consortium**

● **REGISTERED 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  
Website : www.ashapura.com

● **REGISTERED & SHARE TRANSFER AGENT**

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

● **PLANT LOCATIONS**

1. Plot No. 256/3, Village Baraya,  
Bhuj-Mundra Highway, Tal. Mundra,  
Kutch (Gujarat) - 370 415.
2. Survey No. 328/2, KINFRA Apparel Park,  
Menamkulam, Thiruvananthapuram,  
Kerala - 695 586.
3. Plot No. 182, Baikampady Industrial Area,  
Baikampady, New Mangalore - 575 011.
4. Jamnagar - Dwarka Highway, Khambhaliya,  
Dist. Jamnagar, Gujarat - 361 305.

● **SHAREHOLDERS INFORMATION**

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

1. Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001.
2. National Stock Exchange of India Limited  
"Exchange Plaza", Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051.



## NOTICE

**NOTICE** is hereby given that the Thirty Third **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Thursday, 25<sup>th</sup> September, 2014 at 3.30 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6<sup>th</sup> Floor, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai – 400 001 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss 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 Chetan Shah (DIN 00018960) who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint M/s. Sanghavi & Co., Chartered Accountants, as Auditors of the Company and to fix their remuneration and to pass the following resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Sanghavi & Co., Chartered Accountants (Registration No – 109099W), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Thirty Sixth Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their appointment at every Annual General Meeting), at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

4. **Appointment of Branch Auditors:**

“**RESOLVED THAT** pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, M/s. B. Purushottam & Co., Chartered Accountants, Chennai, be and is hereby re-appointed as Branch Auditors for Company’s Branches at Chennai, Kodur & Trivendrum, for carrying out the audit of the books of accounts for the financial year 2014-2015 and to hold their office until the conclusion of next Annual General Meeting, at such remuneration as may be decided by the Board of Directors in consultation with the Branch Auditors.”

### SPECIAL BUSINESS:

5. **Appointment of Shri Ashok Kadakia as an Independent Director of the Company:**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri Ashok Kadakia (DIN 00317237), a Non-Executive Independent Director of the Company, whose period of office is liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and who shall hold office for five consecutive years from the conclusion of this Annual General Meeting.”

6. **Appointment of Shri Harish Motiwalla as an Independent Director of the Company:**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri Harish Motiwalla (DIN 00029835), a Non-Executive Independent Director of the Company, whose period of office is liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and who shall hold office for five consecutive years from the conclusion of this Annual General Meeting.”

**7. Appointment of Shri Abhilash Munsif as an Independent Director of the Company:**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri Abhilash Munsif (DIN 02773542), a Non-Executive Independent Director of the Company, whose period of office is liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and who shall hold office for five consecutive years from the conclusion of this Annual General Meeting.”

**8. Appointment and Payment of Remuneration to Cost Auditors for FY 2014-2015:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such guidelines and approval as may be required, appointment of M/s. S.K. Rajani & Co., Cost Accountants as Cost Auditors of the Company for conducting audit of the cost accounting records relating to Bentonite & Allied Minerals, Kaolin and Bauxite (CETA CH. 25 and CETA CH. 38) for the financial year 2014-2015 and the remuneration of ₹ 2,00,000 (Rupees Two Lacs only) per annum and reimbursement of actual travel and out of pocket expenses, to be paid, as approved by the Board of Directors of the Company, be and is hereby ratified.”

**By Order of the Board of Directors**

Sd/-  
**SACHIN POLKE**  
**COMPANY SECRETARY &**  
**VICE PRESIDENT**

**Place:** Mumbai

**Date:** 13<sup>th</sup> August, 2014



## NOTES :

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 5 to 8 of the Notice, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing proxy, in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. Corporate Members intending to send their Authorised Representative(s) to attend the Annual General Meeting are requested to send a duly certified copy of the Board Resolution authorising him/them to attend and vote at the meeting.
5. Members are requested to bring their copies of Annual Report and duly filled Attendance Slip for attending the Meeting.
6. Members are requested to address all correspondences, including dividend matters, if any, to the Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
7. The members are requested to intimate, well in advance, to the Company and to the Depositories, as the case may be, of the changes in their addresses with the postal pin code numbers and also the e-mail ids & particulars of their Bank Account Numbers to minimise the chances of fraudulent encashment of the future dividend warrants/cheques/drafts, if any.
8. Members, holding shares in physical form, may avail of the facility of nomination in terms of Section 72 of the Companies Act, 2013 and Rules made thereunder, by filing prescribed Form No. SH.13 (in duplicate) with the Company's Registrar & Share Transfer Agent. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participants (DP).
9. The Company's Transfer Books will remain closed from 15<sup>th</sup> September, 2014 to 25<sup>th</sup> September, 2014 (both days inclusive).
10. The relevant details of the retiring director seeking, reappointment and appointment of the Independent Directors proposed at Item Nos. 2 and 5 to 7 of the Notice respectively, as required under clause 49 of the Listing Agreement entered into with the Stock Exchanges, have been given in the Annexure attached hereto.
11. Members wishing to claim dividends, which remain unclaimed and has not been transferred to the Investor Education and Protection Fund (IEPF), are requested to correspond with Company Secretary at the Company's Registered Office by sending letter in original duly signed by the registered shareholder. 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 125 of the Act, be transferred to the Investor Education and Protection Fund of the Central Government. The last date for claiming unclaimed dividend declared for the financial year 2006-2007 expires on 25<sup>th</sup> October, 2014. Therefore, the shareholders are requested to claim the said unclaimed dividend before the expiry of the said period.
12. 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.
13. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. The Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered email addresses of shareholders.

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



website viz. [www.ashapura.com](http://www.ashapura.com).

14. The Notice of the Meeting along with the Annual Report 2013-2014 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

15. E-Voting Facility :

(I) In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members, holding shares in demat form and in physical form, to vote by way of electronic voting/e-voting to enable members to cast their vote electronically on all resolutions set forth in this Notice of the 33<sup>rd</sup> Annual General Meeting of the Company.

The Company has engaged the services of National Securities Depository Limited (NSDL) to provide e-voting facility to its members. The voting period starts on Tuesday, 16<sup>th</sup> September, 2014 at 10 a.m. and ends on Wednesday, 17<sup>th</sup> September, 2014 at 6.00 p.m. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote is casted by the shareholder, the shareholder shall not be allowed to change it subsequently.

The cut-off date for shareholders eligible to vote electronically is 22<sup>nd</sup> August, 2014.

(II) Shri Virendra Bhatt, Practicing Company Secretary, has been appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner.

(III) You are requested to carefully read the e-Voting instructions as below, before casting your vote on e-Voting site : <https://www.evoting.nsdl.com>

The Instructions to the Members for e-voting are as under:

(a) In case of Members receiving e-mail from NSDL:

- (i) Open the e-mail and open PDF file viz. "AML Info e-Voting.pdf" with your Client ID or Folio Number as Password. The said PDF file contains your User ID and Password for e-voting. Please note that the password is an initial password.
- (ii) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
- (iii) Click on Shareholder – Login
- (iv) Put User ID and Password as initial password noted in step (i) above and Click Login
- (v) Password change menu will appear. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Kindly keep note of the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential
- (vi) Home page of e-Voting will open. Click on e-Voting : Active Voting Cycles
- (vii) Select "EVEN" (E-Voting Event Number) of Ashapura Minechem Limited
- (viii) Now you are ready for e-Voting as 'Cast Vote' page opens
- (ix) Cast your vote by selecting appropriate option and click on "Submit". Click on "Confirm" when prompted
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote



- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer at e-mail : [bhattvirendra1945@yahoo.co.in](mailto:bhattvirendra1945@yahoo.co.in), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- (b) In case of Members receiving physical copy of Notice of AGM:
- (i) Initial password, as follows, is provided at the bottom of the Attendance Slip:
- | Electronic Voting<br>Event Number (EVEN) | USER ID | PASSWORD / PIN |
|--|---------|----------------|
| –  | –       | –              |
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of (a) above, to cast vote
- (c) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and the e-voting user manual for Members available at the 'Downloads' section of <https://www.evoting.nsdl.com> or contact NSDL by email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- (d) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote
- (e) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s)
- (IV) The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (V) The results declared along with the Scrutinizer's Report shall be placed on the Company's website within two days of the passing of the resolutions at the 33<sup>rd</sup> Annual General Meeting of the Company on 25<sup>th</sup> September, 2014.

**By Order of the Board of Directors**

Sd/-

**SACHIN POLKE**  
**COMPANY SECRETARY & VICE PRESIDENT**

Mumbai, 13<sup>th</sup> August, 2014

**Registered Office:**

Jeevan Udyog Building,  
3<sup>rd</sup> Floor, 278,  
Dr. D. N. Road, Fort,  
Mumbai – 400 001

## Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

### Item Nos. 5, 6 & 7:

#### **Appointment of Shri Ashok Kadakia, Shri Harish Motiwalla and Shri Abhilash Munsif as Independent Directors of the Company:**

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, Shri Ashok Kadakia, Shri Harish Motiwalla and Shri Abhilash Munsif were appointed as Non-Executive Independent Directors on the Board of Directors of the Company. These Directors hold office for more than 5 years and whose period is liable to determination by retirement of Directors by rotation.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 (Act) which came into effect from 1<sup>st</sup> April, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Shri Ashok Kadakia, Shri Harish Motiwalla and Shri Abhilash Munsif, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act.

In the opinion of the Board, these Directors fulfil the conditions specified in the Act and Rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors.

The relevant details of the Independent Directors whose appointment is proposed at Item Nos.5 to 7 of the Notice, as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, have been given in the Annexure attached hereto.

Copies of the draft letters of their appointment as Independent Directors and Consent letters received from these Directors will be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Accordingly, the Board recommends resolutions at Item nos. 5, 6 and 7 in relation to their appointment as Independent Directors for a period of five (5) consecutive years, for the approval by the members of the Company.

Except the concerned Directors, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions.

### Item No.8

#### **Appointment and Payment of Remuneration to Cost Auditors for FY 2014-2015:**

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the applicable products of the Company.

On the recommendation of the Audit Committee at its meeting held on 29<sup>th</sup> May, 2014, the Board has, considered and approved the appointment of M/s. S. K. Rajani & Co., Cost Accountants as the Cost Auditors for the financial year 2014-2015 at a remuneration of ₹ 2,00,000 (Rupees Two Lacs) per annum and reimbursement of actual travel and out of pocket expenses.

The Board recommends this resolution for approval of the Members.

None of the Directors/Key Managerial Personnel of the Company/their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.

**By Order of the Board of Directors**

Sd/-

**SACHIN POLKE**

**COMPANY SECRETARY & VICE PRESIDENT**

Mumbai, 13<sup>th</sup> August, 2014

#### **Registered Office:**

Jeevan Udyog Building, 3<sup>rd</sup> Floor, 278,  
Dr. D. N. Road, Fort, Mumbai – 400 001



**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:**

Name of Director	Shri Chetan N. Shah	Shri Ashok M. Kadakia	Shri Harish N. Motiwalla	Shri Abhilash N. Munsif
Date of Birth	28.01.1955	07.06.1942	24.03.1945	27.11.1942
Qualification	Commerce Graduate	Commerce Graduate	Chartered Accountant, LL.B.	B.com, ACA - London
<b>Brief Profile &amp; Expertise in specific functional areas</b>	He has more than 3 decades of experience in the Bentonite/Bauxite industry and is responsible for the overall management of Ashapura Group. Under his guidance, Ashapura Group has achieved excellence in exports of bauxite/bentonite and other value added products.	Shri Ashok Kadakia is an Industrialist with over 3 decades of experience in Chemical Industry.	Shri Harish Motiwalla is a practicing Chartered Accountant and has a vast expertise in the field of Accounts, Finance and Corporate Governance.	He has held several positions at CFO/ CAO/Director Level, with several organs of United Nations in Switzerland, Asia & Africa and with High Level Commissions like "South Commission" comprising 18 countries & Summit level group of Developing Countries (G-15) comprising 15 countries. His last assignment was with 'World Intellectual Property Organization (Geneva) as the Director of Finance for 8 years.
<b>Directorship in other Public Companies</b>	<ol style="list-style-type: none"> <li>1. Ashapura International Ltd.</li> <li>2. Ashapura Volclay Ltd.</li> <li>3. Ashapura Claytech Ltd.</li> <li>4. Ashapura Industrial Finance Ltd.</li> <li>5. Ashapura Aluminium Ltd.</li> <li>6. Bombay Minerals Ltd.</li> <li>7. Prashansa Ceramics Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ashapura International Ltd.</li> <li>2. Ashok Cellulose Ltd.</li> <li>3. Hotel Rugby Ltd.</li> <li>4. Kadakia Alkalis &amp; Chemical Ltd.</li> <li>5. Emmessar Biotech &amp; Nutrition Ltd.</li> <li>6. Bombay Minerals Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Excel Industries Ltd.</li> <li>2. Hitech Plast Ltd.</li> <li>3. Balkrishna Synthetics Ltd.</li> <li>4. Gujarat Organics Ltd.</li> <li>5. Multibase India Ltd.</li> <li>6. Siyaram Silk Mills Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Bombay Minerals Ltd.</li> </ol>
<b>Chairmanship / Membership of the Committees of the Board*</b>	<b>Membership</b> <ol style="list-style-type: none"> <li>1. Ashapura Minechem Ltd. - SRC</li> </ol>	<b>Chairmanship</b> <ol style="list-style-type: none"> <li>1. Hotel Rugby Ltd. - AC &amp; SRC</li> <li>2. Emmessar Biotech &amp; Nutrition Ltd.-SRC</li> <li>3. Ashapura Minechem Ltd.- AC &amp; SRC</li> </ol>	<b>Chairmanship</b> <ol style="list-style-type: none"> <li>1. Excel Industries Ltd.-AC</li> <li>2. Multibase India Ltd.-AC</li> </ol> <b>Membership</b> <ol style="list-style-type: none"> <li>1. Excel Industries Ltd.-AC</li> <li>2. Hitech Plast Ltd.-AC</li> <li>3. Multibase India Ltd.-SRC</li> <li>4. Siyaram Silk Mills Ltd.-AC</li> <li>5. Ashapura Minechem Ltd.-AC</li> </ol>	<b>Membership</b> <ol style="list-style-type: none"> <li>1. Ashapura Minechem Ltd. - AC</li> </ol>
<b>No. of shares held in the Company as on 31.03.2014</b>	1,21,43,814 Equity Shares	19,750 Equity shares	500 Equity Shares	8,548 Equity Shares

\* Represents only Membership/Chairmanship of the Audit Committee (AC) and the Stakeholders Relationship Committee (SRC) of Indian Public Limited Companies.

# ASHAPURA MINECHEM LIMITED

## DIRECTORS' REPORT

To  
The Members,

Your Directors present the Thirty Third Annual Report of the Company together with the Annual Statements of Accounts (Standalone & Consolidated) for the year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS AND PERFORMANCE:

	Ashapura Minechem Ltd. (₹. in Lacs)		Consolidated (₹. in Lacs)	
	2013-2014	2012-2013	2013-2014	2012-2013
<b>Net Sales / Income from Operations</b>	<b>66,363.60</b>	47,846.70	<b>1,08,322.07</b>	77,191.85
Less: Total Expenditure	<b>57,070.13</b>	44,171.48	<b>93,366.10</b>	70,364.42
<b>Profit /(Loss) from Operations before Dep., Other Income and Exceptional Items</b>	<b>9,293.47</b>	3,675.22	<b>14,955.97</b>	6,827.43
Less: Depreciation	<b>1,116.44</b>	1,145.43	<b>2,568.09</b>	2,579.64
<b>Profit /(Loss) from Operations before Other Income and Exceptional Items</b>	<b>8,177.03</b>	2,529.79	<b>12,387.88</b>	4,247.79
Add: Other Income	<b>830.77</b>	999.71	<b>566.02</b>	1,437.57
<b>Profit/(Loss) before Exceptional and Extra-ordinary Items and Tax</b>	<b>9,007.80</b>	3,529.51	<b>12,953.90</b>	5,685.36
Exceptional Items	<b>5,118.88</b>	(285.71)	<b>5,453.14</b>	(725.31)
Extra-ordinary Items	—	—	—	—
<b>Profit /(Loss) before Tax</b>	<b>14,126.68</b>	3,243.80	<b>18,407.04</b>	4,960.05
<b>Tax Expenses</b>				
Current Tax	—	—	<b>924.15</b>	641.15
Earlier Year's Tax	—	(4.78)	<b>(85.38)</b>	(81.74)
Deferred	—	—	<b>150.86</b>	9.38
<b>Net Profit / (Loss)</b>	<b>14,126.68</b>	3,239.02	<b>17,417.41</b>	4,391.26
Minority Interest	—	—	<b>(1.00)</b>	(0.87)
Share of Profit/(Loss) in Associate Company	—	—	<b>4.71</b>	23.94
<b>Net Profit / (Loss) of the Group</b>	<b>14,126.68</b>	3,239.02	<b>17,421.12</b>	4,414.33

During the year under review, the stand-alone sales/income from operations for the year ended 31<sup>st</sup> March, 2014 stood at ₹ 66,364 Lacs as against ₹ 47,847 Lacs in the previous year. The net profit of the Company stood at ₹ 14,127 Lacs as against ₹ 3,239 Lacs in the previous year.

In respect of consolidated accounts, the sales/income from operations stood at ₹ 1,08,322 Lacs as against ₹ 77,192 Lacs in the previous year and the net profit stood at ₹ 17,421 Lacs for the year ended 31<sup>st</sup> March, 2014 as against ₹ 4,414 Lacs in the previous year.

### DIVIDEND:

Considering the state of affairs of the Company, your Directors have not recommended any Dividend for the financial year 2013-2014.

### REVIEW OF OPERATIONS:

In the financial year 2013-2014, your Company was able to continue with the sale of Bauxite from Gujarat based on the ad-interim relief granted to certain mine owners by the Hon. Supreme Court. The continued sale of Bauxite allowed the Company to increase its revenue from operations to ₹ 66,364 Lacs on a stand-alone basis by about 39% higher as compared to the previous financial year;



similarly, the consolidated revenues from operations increased by around 40%. Your Company's profit after tax (before extraordinary items) rose to ₹ 9,008 Lacs on a standalone basis and to ₹ 11,964 Lacs (before extraordinary items) on a consolidated basis.

Amongst the segments of your Company's multi-mineral portfolio, revenues from Bentonite were steady, despite a muted foundry – auto ancillary growth in the financial year. Revenues from minerals such as Kaolin, Barites and Attapulgitite grew on account of the versatility of their usage and of their markets.

Your Company along with its subsidiaries continues to be one of the most integrated players in the 'Industrial Minerals' business of India. Its minerals namely Bauxite, Bentonite, Barites, Kaolin, Attapulgitite and value added offerings namely Calcined Bauxite, Bleaching Clay, Mullite, Chamotte are used in several industries like manufacturing of aluminium metal, cement, iron ore pelletization, foundries, oil well drilling, paper, paints, edible oil purification, castables and hydraulic fracturing, etc.

During the year under review, the Company has inducted new value added products in its portfolio such as Mullite and Chamotte; these new offerings are a result of your Company's persistent efforts at market and industry diversification, supported by years of research and resource development. Your Company with an increased thrust towards the increasing processing capabilities at Bhuj, commissioned a satellite unit at Hamla, Bhuj for processing Bentonite this year; as a part of the initiative, your Company also increased its Kaolin processing capacity in Bhuj with a corresponding temporary stoppage of Kaolin processing at Kerala.

Your company stays committed to settle and payout reasonable and like-minded lenders and claimants; over the last few years the Company has entered into settlements with a substantial part of its secured lenders and other claimants. While on the other hand the Company continues to contest the frivolous claims of shipping companies and certain other claimants at the appropriate legal forums.

During the year under review, AMCOL's stake in your flagship Company Ashapura Minechem Ltd. was bought over by Foreign Institutional Investors.

#### **SUBSIDIARIES AND JOINT VENTURES:**

The principal subsidiaries and joint ventures of the Company showed promising growth.

**Ashapura International Ltd.** which mainly caters to the Bentonite business showed a minor reduction of 7% despite a slowdown in the foundry industry, however there was a substantial increase of about 41% in its after tax profits due to selective marketing and cost rationalization.

**Bombay Minerals Ltd.** which sells Bauxite and its value added derivative Calcined Bauxite had a 2 times revenue multiple as compared to the previous year on account of the continuing supply of Bauxite and High Grade Bauxite on account of the ad-interim order of the Supreme Court. In November 2013, Bombay Minerals Ltd., took the opportunity to obtain an 18% stake in Orient Abrasives Ltd., a Company with Bauxite reserves engaged in a similar line of business having operational synergies with Bombay Minerals Ltd.

**Ashapura Volclay Ltd.** (soon to be renamed) is one of the Company's tenured joint ventures and a market leader in Bleaching Clay. During the year under review, the stake of Volclay International Corporation (Subsidiary Company of AMCOL) in the Company was bought over by CIF AVL Investment Holdings Ltd. (wholly owned subsidiary of Cistenique Investment Fund B. V.), a reputed strategic investment and private equity fund specializing in emerging markets. The Company, during the year, exhibited a 25% increase in revenues on account of optimal capacity utilization. The Company has grown from strength to strength; within 12 years of its inception, Company's Bleaching Clay Processing Complex at Ler is today the world's largest single location Bleaching Clay manufacturing facility and is the third largest Bleaching Clay producer globally. By 2015, the Company will have completed a two phase capacity expansion taking the Company's capacity to 144,000 tons which would be six times the original capacity installed at its inception in 2002.

The other overseas subsidiaries and joint ventures of the Company in Belgium, UAE and Oman exhibited modest increases in revenues and profits. The Company's stake in Malaysian Joint Venture Company viz. Hudson MPA SDN BHD was transferred to its wholly owned subsidiary situated at United Arab Emirates (UAE).

#### **SUBSIDIARIES:**

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, Ministry of Corporate Affairs vide its General Circular No. 2 & 3 dated 8<sup>th</sup> February, 2011 and 21<sup>st</sup> February, 2011, respectively, has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. However, some key information on the financial details of the subsidiary companies for the financial year ended 31<sup>st</sup> March, 2014 is contained in the Annual Report.

The Annual Accounts of these subsidiaries along with the related information will be made available for inspection at the Company's registered office and copies will be provided to the any member of the Company who may be interested in obtaining the same.

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

Based on the Audited Financial Accounts for the year ended 31<sup>st</sup> March, 2011, the Board for Industrial & Financial Reconstruction (BIFR) vide its order dated 20<sup>th</sup> March, 2012 declared your Company as 'Sick Company' under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

Consequently, the BIFR Bench appointed Bank of India as Operating Agency with directions to submit Draft Rehabilitation Scheme (DRS). Based on the various meetings with the Operating Agency and subsequent revisions, your Company has presented a revised Draft Rehabilitation Scheme (DRS) and the same is under discussion amongst various concerned lenders for finalization.

## CHANGES IN SHARE CAPITAL OF THE COMPANY ON CONVERSION OF WARRANTS INTO EQUITY SHARES:

Pursuant to the resolution passed by the shareholders of the Company through Postal Ballot process on 5<sup>th</sup> December, 2012, the Committee of Directors had at its meeting held on 26<sup>th</sup> December, 2012, allotted 40,00,000 equity shares and 40,00,000 convertible warrants of the face value of ₹ 2/- each to warrant holder viz. Ashapura Industrial Finance Limited, a Promoter Group Entity for which the Company received consideration mentioned herein below:

1. 100% for equity shares
2. 25% at the time of allotment of the convertible warrants (balance consideration to be received as and when the warrant holder exercises its conversion rights).

During the year under review, the said warrant holder viz. Ashapura Industrial Finance Limited decided to exercise its conversion rights and submitted Warrant Exercise Application Form along with the balance 75% consideration. Accordingly, the Committee of Directors at its meeting held on 25<sup>th</sup> March, 2014 approved the conversion of 40,00,000 warrants into equity shares and allotted 40,00,000 equity shares of the face value of ₹ 2/- each to Ashapura Industrial Finance Limited.

As a result of the above allotment, the paid-up equity share capital of the Company was increased from ₹ 16,59,72,196/- (comprising of 8,29,86,098 equity shares of ₹ 2/- each as on 31<sup>st</sup> March, 2013) to ₹ 17,39,72,196/- (comprising of 8,69,86,098 equity shares of ₹ 2/- each as on 31<sup>st</sup> March, 2014).

## STATUS OF THE PENDING LITIGATIONS:

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

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

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

- 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. The Company has been defending the legal claim made by a few of the bankers. In light of the recently concluded court cases, the Company has approached the bankers to settle the claims amicably.

## CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A report on, 'Corporate Governance' along with the Certificate from M/s. Sanghavi & Co., Chartered Accountant regarding its compliance and 'Management Discussion and Analysis' as stipulated by Clause 49 of the Listing Agreement are set out separately which forms part of this Annual Report.

## DIRECTORS:

### Appointment of Independent Directors:

Shri Ashok Kadakia, Shri Harish Motiwalla and Shri Abhilash Munsif, Non-Executive Independent Directors of the Company whose period of office is liable to retirement by rotation, are being appointed as Independent Directors of the Company, not liable to retire by rotation, pursuant to the provisions of Section 149 of the Companies Act, 2013, and shall hold office for a period of 5 (five)



consecutive years from conclusion of the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

**Retire By Rotation:**

In order to comply with the provisions of Companies Act, 2013, Shri Chetan Shah, Managing Director of the Company, shall retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**Withdrawal of Nomination by Exim Bank:**

The nomination of Shri Rajendra Khanna on the Board of the Company was withdrawn by Export Import Bank of India (EXIM Bank) as on 31<sup>st</sup> December, 2013. The Board places on record its appreciation for the contribution made by him during his tenure as such, with the Company.

Brief details of Directors proposed to be appointed/re-appointed as required under Clause 49 of the Listing Agreement are provided in the Notice of Annual General Meeting.

**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 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors have 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 31<sup>st</sup> March, 2014 and of the **Profit** 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 31<sup>st</sup> March, 2014, 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.

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

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

**LISTING ON STOCK EXCHANGES:**

Your Company's equity shares are listed at the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the annual listing fees have been paid to each of these Exchanges.

**AUDITORS:**

M/s. Sanghavi and Co., Chartered Accountants (Registration No. 109099W), who are the Statutory Auditors of the Company, hold their office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

In view of the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. Sanghavi and Co., as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the Thirty Sixth Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting.

The Company has obtained a written consent and a certificate from them to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules framed thereunder, as may be applicable. The Company has



# ASHAPURA MINECHEM LIMITED

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also received copy of the Peer Review Certificate as received by the Auditors from the Institute of Chartered Accountants of India.

## AUDITORS' OBSERVATION:

- In reference to the observation made by Auditors in their Report for the Fraud on the Company, the Management states that the Company has terminated the said employee from the services and filed a complaint against him with EOW (Economic Offence Wing) and subsequently a FIR has been registered.
- Other observations made by Auditors in their Report are self-explanatory and does not require any further clarifications.

## BRANCH AUDITORS:

M/s. B. Purushottam & Co., Chartered Accountants, Chennai, the Branch Auditors appointed pursuant to Section 228 of the Companies Act, 1956, hold their office till the conclusion of the ensuing Annual General Meeting.

In view of the provisions of Section 143(8) read with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint M/s. B. Purushottam & Co., Chartered Accountants, Chennai as Branch Auditors to conduct the audit of the Company's branches at Chennai, Kodur and Trivendrum for the financial year 2014-2015.

## COST AUDITORS:

Pursuant to the provisions of Section 233B of the Companies Act, 1956, and in terms of circular No. 52/10/CAB-2010 issued by the Ministry of Corporate Affairs (MCA) dated 30<sup>th</sup> June, 2011 and with the prior approval of the Central Government, M/s. S. K. Rajani & Co., Cost Accountants, were appointed to conduct audit of cost records of Bauxite, Calcined Bauxite, Bleaching Clay, Bentonite & Allied Minerals and Kaolin for the year ended 31<sup>st</sup> March, 2014.

In view of the provisions of Section 148 of the Companies Act, 2013 and rules framed thereunder, M/s. S. K. Rajani & Co., Cost Accountants, is appointed to conduct audit of cost records of Bauxite, Bentonite & Allied Minerals and Kaolin for the year ended 31<sup>st</sup> March, 2015, at such remuneration which is subject to ratification at the ensuing Annual General Meeting.

## CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company has always been undertaking CSR activities on significant scale, through a Trust instituted by the group, upholding the belief that success comes with responsibility, so we take care to reinvest in protecting and developing the communities within which we operate.

The vision of Ashapura Group's CSR activities is to make sustainable impact on the human development of underprivileged communities through initiatives in Education, Health and Livelihoods.

Your Company has initiated appropriate steps for complying with the provisions in relation to Corporate Social Responsibility as required under the Companies Act, 2013.

## ACKNOWLEDGEMENT:

Your Directors wish to express their appreciation for the assistance and co-operation received from the financial institutions, banks, employees, investors, customers, Government & Government agencies and all other business associates for the continuous support given by them to the Company and their confidence in its management during the year under review and look forward for their contributed support in future.

### For and on Behalf of the Board of Directors

Sd/-	Sd/-
<b>Ashok Kadakia</b>	<b>Harish Motiwalla</b>
<b>Audit Committee Chairman</b>	<b>Director</b>
<b>&amp; Director</b>	

Place: Mumbai

Date: 13<sup>th</sup> August, 2014



## ANNEXURE TO DIRECTORS' REPORT

## ANNEXURE – "I"

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 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:

- The Company has taken many initiatives in the field of power consumption in its grinding mills & several other automatic power control systems.
- The Company has decided to implement automatic process control system and PLC (project has started) as well as several electrical instruments to conserve and control power and its fluctuations.
- The Company has also availed power trading wherein it can sell off the excess available power.

#### b) Impact of above measures:

The effect of above measure is imminent as, inspite of unit power cost going up from grid, our power cost is within control.

### B. POWER AND FUEL CONSUMPTION:

Particulars	2013-2014	2012-2013
<b>i) Electricity</b>		
<b>(a) Purchased:</b>		
Units	13,098,110	12,908,659
Total Amount (₹)	91,114,365.00	81,881,330.00
Rate / unit (₹)	6.96	6.34
<b>(b) Own generation:</b>		
Through diesel generator		
Units	58,130	66,620
Total Amount (₹)	1,182,367.00	1,317,920.00
Cost / unit (₹)	20.34	19.78
<b>ii) Coal</b>		
Qty. (Tonnes)	244.04	—
Total Cost (₹)	1,935,942	Nil
Average Rate (₹)	7,933	—
<b>iii) Furnace Oil/Diesel</b>		
Qty. (K. Liters)	21,165	26,000
Total Cost (₹)	1,119,343.00	1,269,464.00
Average Rate (₹)	52.89	48.83
<b>iv) Biomass</b>		
Qty. (Tonnes)	9,461	7,451.69
Total Cost (₹)	51,069,098.00	39,807,110.00
Rate / unit (₹)	5,398	5,342
<b>TOTAL (₹)</b>	<b>146,421,115.00</b>	<b>124,275,824.00</b>

## C. ACTUAL PRODUCTION:

Production of	2013-2014 Qty. (in MTS)	2012-2013 Qty. (in MTS)
Bentonite Granules	16,174	30,885
Bentonite Powder	150,535	109,306
Bentonite Processed Lumps	2,87,442	257,214
Bentonite Unactivated Lumps	347,982	263,461
Bauxite Lumps	701,065	769,200
Bauxite Powder	4,926	—
Attapulgit Lumps	1,649	2,127
Bleaching Clay	33,306	—
Kaolin	7,875	38,857
China Clay	—	27,192

## D. RESEARCH & DEVELOPMENT (R & D):

<p><b>i) Specific areas in which R &amp; D is conducted by the Company</b></p>	<p>Company's Innovation and Knowledge Centre focused on various Minerals and its processing leading to the mineral specific process development and value addition. Innovation &amp; knowledge Centre also focussed on product development as well as process development and process improvement. During the year <i>Ashapura's in-house R&amp;D</i> has been recognized by Department of Scientific and Industrial Research (DSIR), Ministry of Science &amp; Technology, Govt. of India. Major focus during this year has been on developing and standardizing the chemistry &amp; process for manufacturing of Ceramic Sand or Proppant used for hydraulic fracking by all international Oil Well Owners. Other areas of major activities carried out in this year are given below.</p> <ol style="list-style-type: none"> <li>i. Complete Technical &amp; Experimental Trials of Mullite-47, Chamote-42</li> <li>ii. Transfer of Know-how on Chamotte &amp; Mullite</li> <li>iii. Evaluation of calcined bauxite for antiskid road pavement</li> <li>iv. Successful customer plant trials for IOP</li> <li>v. Successful characterization of metakaolin &amp; obtained customer's acceptance (ACC Ltd.)</li> <li>vi. Transfer of process know how for Bhuj sand (Foundry &amp; glass grade)</li> <li>vii. RK grade ball clay developed &amp; obtained customer's acceptance (Oman Porcelan)</li> <li>viii. Assessment of Thangad ball clay &amp; obtained customer approval</li> <li>ix. Development of Pencil grade, Earthing grade, Herbal grade bentonite.</li> <li>x. Assessment and purification of quartz for silicon metal grade.</li> <li>xi. Development of zeolite based molecular sieves to be used as adsorbant &amp; gas separation.</li> <li>xii. Development of special filtering media using a porous clay &amp; other additives for separation of heavy metal, cat litter, floor adsorbent and for reduction of suspended solids.</li> </ol>
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<p><b>ii) Benefits derived as a result of above R &amp; D</b></p>	<ul style="list-style-type: none"> <li>a) Commercialization of Chamotte (based on in house technology)</li> <li>b) Commercialization of foundry grade silica sand from kaolin waste</li> <li>c) Commercial acceptance of RK grade ball clay and supplies to various industries in middle east</li> <li>d) Ashapura's technology of making high quality Zeolite used for manufacturing Zeolite which is a replacement of environmentally hazardous phosphate based detergents.</li> <li>e) Technical input to the marketing team for customer support for enhanced satisfaction from customer.</li> <li>f) High-tech equipments installed at R &amp; D is continuously used for accurately evaluating our mineral product.</li> <li>g) Submission of provisional specifications for patents on <ul style="list-style-type: none"> <li>➤ Proppant processing – Mullite reinforced corundum granules</li> <li>➤ Polymerized bentonite for IOP – A bentonite product with enhanced binding properties</li> <li>➤ Prov. Specs for patent on utilization of V2 fines for bleaching</li> </ul> </li> </ul>
<p><b>iii) Future Plan of Action</b></p>	<p>Company's continued focus on new areas of development of minerals and in specific application to ceramics, refractories, paints, paper etc., and improvement of existing products.</p> <p><b>Research Projects under Evaluation</b></p> <ul style="list-style-type: none"> <li>➤ Mullite 60 (commercialization under progress)</li> <li>➤ Proppant (commercialization under progress)</li> <li>➤ Molecular sieves</li> <li>➤ Bauxite beneficiation</li> <li>➤ Development of Quartz for solar grade silicon</li> <li>➤ Silane modified calc. kaolin</li> <li>➤ Development of Bhuj kaolin for paint application</li> <li>➤ Bentonite for beverage, sugar refining, cosmetics, effluent treatment, high GCS,</li> <li>➤ Attapulgite for high speed diesel refining</li> <li>➤ High grade alumina from bauxite resources</li> </ul> <p><b>Future Projects...</b></p> <p><b>Bauxite products:</b></p> <ul style="list-style-type: none"> <li>i. Spinels</li> <li>ii. Fire retardant</li> <li>iii. Adsorbent</li> </ul> <p><b>Aluminous products:</b></p> <ul style="list-style-type: none"> <li>i. Castables</li> <li>ii. Alumina</li> <li>iii. Red mud for construction</li> <li>iv. Geopolymers</li> </ul>

	<p><b>Kaolin products:</b></p> <ul style="list-style-type: none"> <li>i. Metakaolin for grouting</li> <li>ii. Readymix for glaze / engobe</li> <li>iii. Silica - kaolin based product for rubber / polymer</li> </ul> <p><b>Bentonite products:</b></p> <ul style="list-style-type: none"> <li>i. Textile</li> <li>ii. Pond sealing</li> <li>iii. Cosmetics</li> <li>iv. Animal feed</li> <li>v. Eutrophication</li> <li>vi. Silane treated for rubber</li> </ul> <p><b>Specialty products:</b></p> <ul style="list-style-type: none"> <li>i. Clay catalyst</li> <li>ii. Molecular sieves</li> <li>iii. Low Fe &amp; Ca Bauxite</li> </ul>															
<b>iv) Management Review</b>	<p>Research and Development activities at Innovation &amp; Knowledge Centre, have been one of the most priority areas of our Company. Our continuous focus on R&amp;D has helped us enjoy enhanced customer confidence &amp; satisfaction at all levels. Our dedicated team at Innovation &amp; Knowledge Centre works on the new areas of mineral development to convert this to new business opportunity for the group.</p>															
<b>v) Expenditure on R&amp;D</b>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><b>2013-2014</b> (₹)</th> <th style="text-align: center;">2012-2013 (₹)</th> </tr> </thead> <tbody> <tr> <td>a) Capital</td> <td style="text-align: right;"><b>1,781,959.00</b></td> <td style="text-align: right;">3,692,094.00</td> </tr> <tr> <td>b) Recurring</td> <td style="text-align: right;"><b>30,016,692.00</b></td> <td style="text-align: right;">14,592,969.00</td> </tr> <tr> <td>c) Total</td> <td style="text-align: right;"><b>31,798,651.00</b></td> <td style="text-align: right;">18,285,063.00</td> </tr> <tr> <td>d) Total R&amp;D Expenditure as a Percentage of total turnover</td> <td style="text-align: right;"><b>0.47%</b></td> <td style="text-align: right;">0.37%</td> </tr> </tbody> </table>		<b>2013-2014</b> (₹)	2012-2013 (₹)	a) Capital	<b>1,781,959.00</b>	3,692,094.00	b) Recurring	<b>30,016,692.00</b>	14,592,969.00	c) Total	<b>31,798,651.00</b>	18,285,063.00	d) Total R&D Expenditure as a Percentage of total turnover	<b>0.47%</b>	0.37%
	<b>2013-2014</b> (₹)	2012-2013 (₹)														
a) Capital	<b>1,781,959.00</b>	3,692,094.00														
b) Recurring	<b>30,016,692.00</b>	14,592,969.00														
c) Total	<b>31,798,651.00</b>	18,285,063.00														
d) Total R&D Expenditure as a Percentage of total turnover	<b>0.47%</b>	0.37%														

## E. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION:

	<b>2013-2014</b>	2012-2013
a) Efforts, in brief, made towards technology absorption, adaptation and innovation	<b>Chamotte Foundry grade silica sand</b>	Polymerized Bentonite
b) Benefits derived as a result of the above	<b>Commercialization of chamotte and foundry grade silica sand from kaolin waste</b>	Started Commercial production
c) <b><i>In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)</i></b>		
1. Technology imported	—	—
2. Year of import	—	—
3. Has technology been fully absorbed	—	—
4. If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	—	—



**F. FOREIGN EXCHANGE EARNING AND OUTGO:**

Activities relating to exports; initiatives taken to increase exports; developments of new exports markets for products and services; and export plans	In view of the volatilities in the freight and foreign exchange markets, the Company continues to significantly reduce its risk exposure by focusing on Free on Board sales versus sales on Cost Insurance Freight basis; thereby reducing both in flow and outflow of Foreign Exchange to the extent of freight on minerals. The Company has significantly increased its export volumes this year and continues to actively market its mineral and value added offerings to more than 50 countries over the world.	
	<b>2013-2014</b> (₹)	2012-2013 (₹)
Total Foreign Exchange used	<b>527,217,516.00</b>	144,367,140.00
Total Foreign Exchange earned (F.O.B.)	<b>4,360,413,799.00</b>	3,524,204,052.00

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

Sd/-  
**Ashok Kadakia**  
**Audit Committee Chairman**  
**& Director**

Sd/-  
**Harish Motiwalla**  
**Director**

Place : Mumbai  
Date : 13<sup>th</sup> August, 2014

## REPORT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2013-2014:

### I. Company's Philosophy on Code of Corporate Governance:

Company's philosophy towards Corporate Governance is conducting business with highest standard of integrity, transparency and accountability. Ashapura consistently emphasises its commitment towards creating, monitoring and continuous updating of a strong Corporate Governance network within the organization to protect the interest of the various stakeholders viz. shareholder, employees, customers, suppliers, financiers, the government and the society.

Your Company believes that adoption of good Corporate Governance practice will strengthen the shareholders' confidence and enhance the shareholders' value. The Company has adopted a Code of Conduct for its employees including the Executive Chairman, the Managing Director and the Non-Executive Directors.

Your Company confirms the compliance with Clause 49 of the Listing Agreement with regard to Corporate Governance for the financial year ended 31<sup>st</sup> March, 2014, the details of which are given hereunder:

### II. Board of Directors:

#### 1. Composition and Other related matters:

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.

As on date, your Company's Board of Directors comprises of 6 Directors including an Executive Chairman and a Managing Director. Of these, 3 Directors are Non-Executive Independent Directors and 1 Special Director appointed by Board for Industrial and Financial Reconstruction (BIFR). As per Clause 49 of the Listing Agreement if the Chairman of the Board is an Executive Director, then at least half of the Board of Directors of such Company should consist of Independent Directors. The Company is in compliance with the said requirement of Clause 49 of the Listing Agreement.

All the Directors have intimated periodically about their Directorships and Memberships in the various Board Committees of other Companies, which are within the permissible limits of the Companies Act, 2013 and the Corporate Governance Code.

Attendance of the Directors at the Board Meetings and the previous Annual General Meeting (AGM) held on 26<sup>th</sup> September, 2013, with particulars of their Directorships and Committee Memberships as on 31<sup>st</sup> March, 2014, is as under:

Name of Directors	Category	No. of Board Meetings Attended	Attendance at the last AGM	No. of Directorships in other companies as on 31 <sup>st</sup> March, 2014#	No. of Committee positions held including Ashapura Minechem Ltd. as on 31 <sup>st</sup> March, 2014 ##	
					Member	Chairman
Shri Navnitlal Shah <sup>@</sup> (Executive Chairman)	Promoter, Non-Independent	2	Absent	3	1	—
Shri Chetan Shah (Managing Director)	Promoter, Non-Independent	4	Present	7	1	—
Shri Ashok Kadakia	Non-Executive, Independent	4	Present	6	—	5
Shri Harish Motiwalla	Non-Executive, Independent	3	Present	6	5	2
Shri Abhilash Munsif	Non-Executive, Independent	4	Present	1	1	—
Shri Rajendra Khanna*	Nominee Director	2	Absent	1	—	—
Shri Arun Chadha <sup>5</sup>	Special Director	2	Absent	—	—	—



- \* W.e.f. 31<sup>st</sup> December 2013, the nomination of Shri Rajendra Khanna was withdrawn by Export- Import Bank of India (Exim Bank) from the Board of the Company.
- § Shri Arun Chadha has been appointed as a Special Director pursuant to the order received from Board for Industrial & Financial Reconstruction (BIFR).
- # Excludes Directorships held in Private Limited Companies, Foreign Companies, Companies incorporated under Section 25 of the Companies Act, 1956 and Alternate Directorships.
- ## Represents only Membership/Chairmanship of the Audit Committee and the Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee of Indian Public Limited Companies.
- @ For past 1 (one) year Shri Navnitlal Shah, Executive Chairman is not keeping well and as such not attend the office and any meeting of either Board or Shareholders'. Accordingly, Leave of Absence was duly granted to Shri Navnitlal Shah, on timely request received from him in this regard.

No Director is related to other Director of the Company except Shri Navnitlal Shah and Shri Chetan Shah, who are related to each other. Shri Navnitlal Shah is father of Shri Chetan Shah.

## **2. Appointment of Independent Directors:**

As required pursuant to the provisions of the new Companies Act, 2013, Shri Ashok Kadakia, Shri Abhilash Munsif and Shri Harish Motiwalla, Independent Directors of the Company, whose present term of office is liable to retire by rotation, be appointed as Independent Directors, not liable to retire by rotation and shall hold office for a term of 5 (five) consecutive years from the conclusion of the ensuing Annual General Meeting (AGM).

The brief resume and other information as required under clause 49(IV) (G) of the Listing Agreement in respect of the said Independent Directors is provided under the Explanatory Statement to Notice of Annual General Meeting dated 13<sup>th</sup> August, 2014.

## **3. Board's Functioning and Procedure:**

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

## **4. Board Meetings:**

During the year under review, 4 (four) meetings of the Board of Directors were held on the dates mentioned below:

28<sup>th</sup> May, 2013, 8<sup>th</sup> August, 2013, 31<sup>th</sup> October, 2013 and 12<sup>th</sup> February, 2014.

## **III. Committees of the Board of Directors:**

The Board has constituted 4 (four) Committees to deal with the matters and activities falling within the terms of reference as follows:

### **A. Audit Committee:**

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

#### **1. Composition and Meetings:**

During the year under review, 4 (four) meetings of the Audit Committee were held on the dates mentioned below:

28<sup>th</sup> May, 2013, 8<sup>th</sup> August, 2013, 31<sup>st</sup> October, 2013 and 12<sup>th</sup> February, 2014.



The composition of the Audit Committee and the particulars of attendance of the Committee Members are as follows:

Name of Directors	Category	No. of Meetings during the year 2013-2014	
		Held	Attended
Shri Ashok Kadakia ( <b>Chairman</b> )	Non-Executive, Independent	4	4
Shri Harish Motiwalla	Non-Executive, Independent	4	3
Shri Abhilash Munsif	Non-Executive, Independent	4	4

**Notes:**

1. The General Manager-Accounts, representative(s) of the Statutory Auditors and Internal Auditors, permanent invitees to the Audit Committee.
2. Shri Sachin Polke, Company Secretary acts as a Secretary to the Audit Committee.

**2. Terms of Reference:**

The role and terms of reference of the Audit Committee are in conformity with the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The terms of reference of Audit Committee inter-alia broadly includes:

- i. discussion and review of quarterly, half yearly and annual standalone/consolidated financial results;
- ii. review and monitor of financial reporting systems and ensuring accurate and timely disclosures with the regulatory guidelines;
- iii. discussion and review of quarterly/annual Internal Audit Report and adequacy of the Internal Control Systems;
- iv. recommendation to the Board in relation to appointment of Statutory Auditors, Branch Auditors, Cost Auditors and their remuneration;
- v. review the transactions to be entered into with related parties, as also loans and investment by the Company;
- vi. any other matter that the Board of Directors may refer to the Audit Committee.

**B. Stakeholders' Relationship Committee:**

In compliance with the provisions of Section 178 of the Companies Act, 2013, the existing Shareholders'/Investors' Grievance Committee was renamed as Stakeholders Relationship Committee.

The Stakeholders' Relationship Committee deals with various matters relating to Shareholders'/Investors' such as redressal of their complaints related to transfer/transmission of shares, non-receipt of declared dividend, issue/non-receipt of duplicate share certificate and such other matters.

**1. Composition and Meetings:**

During the year under review, 7 (Seven) meetings of the Stakeholders' Relationship Committee were held on the dates mentioned below:

17<sup>th</sup> June, 2013 , 19<sup>th</sup> August, 2013, 10<sup>th</sup> September, 2013, 9<sup>th</sup> October, 2013, 21<sup>st</sup> November, 2013, 17<sup>th</sup> January, 2014 and 25<sup>th</sup> March, 2014.

The composition of the Stakeholders' Relationship Committee and the particulars of attendance of the Committee members are as follows:

Name of Directors	Category	No. of Meetings during the year 2013-2014	
		Held	Attended
Shri Ashok Kadakia ( <b>Chairman</b> )	Non-Executive, Independent	7	7
Shri Navnitlal Shah	Executive, Non-Independent	7	—
Shri Chetan Shah	Executive, Non-Independent	7	7
Shri Suryakant Shah	Authorised Representative	7	7



## 2. Compliance Officer:

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

## 3. Status of Investors' Complaints:

The status of Investors' complaints received and dealt within the year 2013-2014 are as given below:

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

## C. Nomination and Remuneration Committee:

In compliance with the provisions of Section 178 of the Companies Act, 2013, the existing Remuneration Committee was renamed as Nomination and Remuneration Committee.

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

- Reviewing and recommending to the Board after considering relevant laws, the policy in relation to appointment, minimum/maximum remuneration and/or removal of Executive/Non-Executive Directors, Key Managerial Personnel and other employees at Senior Management Level.
- Such other matters as the Board may, from time to time, request the Nomination and Remuneration Committee to examine and recommend.

### 1. Composition and Meetings:

The composition of the Nomination and Remuneration Committee is as under:

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

During the year under review, no meeting of the Remuneration Committee was held.

### 2. Remuneration to Directors:

The remuneration to the Executive Chairman and the Managing Director is approved by the Remuneration Committee and governed by the respective Agreements executed between them and the Company. The same has been approved by the Board and the Shareholders.

The Non-Executive Independent Directors are paid sitting fees for attending the meetings of the Board of Directors and the Audit Committee.

## The Details of Remuneration and Sitting Fees paid to the Directors for the year ended 31<sup>st</sup> March, 2014:

### (a) Sitting fees paid to Non-Executive Directors:

Details of sitting fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2014 is stated below:

Name of the Directors	Sitting Fees (₹.)
Shri Ashok Kadakia	*₹. 1,20,000
Shri Harish Motiwalla	*₹. 90,000
Shri Abhilash Munsif	*₹. 1,20,000
Shri Rajendra Khanna <sup>§</sup>	₹. 45,000
Shri Arun Chadha**	₹. 30,000

\* Includes sitting fees paid for attending Audit Committee Meetings and Board Meetings.

<sup>§</sup> The said sitting fees have been paid in favour of Export-Import Bank of India (Exim Bank).

\*\* Includes sitting fees paid for attending Board Meetings.

As on 31<sup>st</sup> March, 2014, the Non-Executive Directors of the Company viz. Shri Ashok Kadakia held 19,750 Equity Shares, Shri Abhilash Munsif held 8,548 Equity Shares and Shri. Harish Motiwalla held 500 Equity Shares.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

### (b) Remuneration paid to Executive Chairman and Managing Director:

Name of Directors	Designation	Salaries & Perquisites (₹.)	Service Contract	Notice Period
Shri Navnitlal R. Shah	Executive Chairman	₹. 1,800,000/-*	Re-appointed for 3 years w.e.f 1 <sup>st</sup> October, 2011	3 months
Shri Chetan N. Shah	Managing Director	₹. 1,800,000/-*	Re-appointed for 3 years w.e.f. 1 <sup>st</sup> October, 2011	3 months

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

#### Note:

- The Effective Capital of the Company as on 31<sup>st</sup> March, 2013 calculated as per the provisions of Schedule XIII to the Companies Act, 1956 was negative. Thus, the Executive Chairman and the Managing Director opted to receive remuneration of ₹ 150,000 p.m. as have been proposed under the provisions of Companies Act, 1956, respectively for the financial year 2013-2014. The payment of the said remuneration is as per the provisions of the Companies Act, 1956, and in accordance with approval of the Shareholders of the Company at the Annual General Meeting held on 28<sup>th</sup> September, 2011.

#### D. Committee of Directors:

##### The role of Committee of Directors:

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

- reviewing various day-to-day administrative, operational and 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, 2013;
- investment/disinvestment of company's funds, decisions in respect of establishment of Wholly-owned Subsidiary(s) in accordance with the provisions of the Companies Act, 2013 and other related Acts;
- such other matters as may be delegated by the Board to the Committee pursuant to the provisions of the Companies Act, 2013 and such other Acts.



### 1. Composition and Meetings:

During the year under review, 14 (fourteen) meetings of the Committee of Directors were held on the dates mentioned below:

4<sup>th</sup> April, 2013, 30<sup>th</sup> April, 2013, 23<sup>rd</sup> May, 2013, 17<sup>th</sup> June, 2013, 20<sup>th</sup> July, 2013, 19<sup>th</sup> August, 2013, 10<sup>th</sup> September, 2013, 9<sup>th</sup> October, 2013, 21<sup>st</sup> November, 2013, 30<sup>th</sup> December, 2013, 29<sup>th</sup> January, 2014, 21<sup>st</sup> February, 2014, 11<sup>th</sup> March, 2014 and 25<sup>th</sup> March, 2014.

The composition of the Committee of Board of Directors and the particulars of attendance of the Committee Members are as follows:

Name of Directors	Category	No. of Meetings during the year 2013-2014	
		Held	Attended
Shri Navnitlal Shah	Executive, Non-Independent	14	1
Shri Chetan Shah (Chairman)	Executive, Non-Independent	14	14
Shri Ashok Kadakia	Non-Executive, Independent	14	14
Shri Harish Motiwalla	Non-Executive, Independent	14	14

### IV. General Body Meetings:

#### 1. Details of last three Annual General Meetings (AGMs) are as under:

Financial Year	Date	Time	Location
2012-2013	26 <sup>th</sup> September, 2013	11.30 a.m.	Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6 <sup>th</sup> Floor, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai-400001.
2011-2012	28 <sup>th</sup> September, 2012	11.00 a.m.	Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6 <sup>th</sup> Floor, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai-400001.
2010-2011	28 <sup>th</sup> September, 2011	11.30 a.m.	The K. R. Cama Oriental Institute Hall, 136, Mumbai Samachar Marg, Opp. Lion Gate, Fort, Mumbai-400023.

#### 2. Special Resolutions passed in the previous three AGMs:

Financial Year	Special Resolutions passed for:
2012-2013	N.A.
2011-2012	N.A.
2010-2011	<ol style="list-style-type: none"><li>Approval for re-appointment of Shri Navnitlal Shah as the Executive Chairman of the Company for a period of 3 years w.e.f. 1<sup>st</sup> October, 2011 and terms of remuneration.</li><li>Approval for re-appointment of Shri Chetan Shah as the Managing Director of the Company for a period of 3 years w.e.f. 1<sup>st</sup> October, 2011 and terms of remuneration.</li><li>Approval for making further loans to or investments in the subsidiary(ies)/joint venture(s)/other associates in India or Abroad upto a maximum limit of ₹ 100 Crores</li></ol>

#### 3. Special Resolution passed through postal ballot during FY 2013-2014:

The Company has not conducted any Postal Ballot during the Financial Year 2013-2014. None of the business proposed to be transacted in the ensuing Annual General Meeting require of a Special Resolution through Postal Ballot.

## V. **Subsidiary Companies:**

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

As per Clause 49(III) of the Listing Agreement with the Stock Exchanges, at least one Independent Director on the Board of Directors of the Holding Company shall be a Director on the Board of Directors of a material non listed Indian subsidiary Company. Shri Ashok Kadakia was appointed as an Additional Director on the Board of Directors of Ashapura International Ltd., Wholly Owned Subsidiary of the Company w.e.f. 11<sup>th</sup> February, 2013 so as to ensure compliance with the provisions of the said clause.

## VI. **Code of Conduct:**

In order to further enhance the ethical and transparency process in conducting and managing the affairs of the Company, the Board of Directors has adopted Ashapura's Code of Conduct for the Board of Directors, the Senior Management and all Employees at and above Officer Level of the Company. The Code is available on the Company's website: [www.ashapura.com](http://www.ashapura.com).

All Board Members, the Senior Management Personnel and all Employees at and above Officer Level of the Company have affirmed their compliance with the said Code for the financial year ended 31<sup>st</sup> March, 2014. A declaration to this effect signed by Shri Chetan Shah, Managing Director is enclosed with this Report.

## VII. **Disclosures:**

- **Disclosures of Related Party Transactions:**

There were no materially significant related party transactions during the year under review having potential conflict with the interest of the Company.

The Company places all the relevant details before the Audit Committee from time to time. The attention of the Members is drawn to the disclosure of transactions with the related parties as set out in the Notes on Financial Statements forming part of the Annual Report.

- **Risk Management Policy:**

Your Company has adopted a comprehensive Risk Management Policy. It is periodically reviewed by the Audit Committee of the Company.

- **Policy on Insider Trading:**

The Company has formulated a Code of Conduct for Prevention of Insider Trading ('the Code') in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The Company Secretary is the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trades, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods.

- **Management Discussion and Analysis Report:**

The Management Discussion and Analysis Report for the year ended 31<sup>st</sup> March, 2014 is prepared in accordance with the Clause 49 of the Listing Agreement and forms part of this Annual Report.

- **Statutory Compliance, Penalties and Strictures:**

During the year under review, the Company was compounded by Reserve Bank of India (RBI) pursuant to contravention of



Regulation 4 and 6(A) of Notification No. FEMA20/2000-RB dated 3rd May, 2000, for violation in respect of issue of Bonus Shares on Shares acquired by Volclay International Corporation, USA without appropriate approval of RBI.

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

- **Utilisation of funds raised through Preferential Issue:**

During the year under review, the warrant holder Viz. Ashapura Industrial Finance Limited, Promoter Group Company exercised its right for conversion of 40,00,000 warrant. Accordingly, the Committee of Directors after confirming the receipt of application form and balance consideration to be received at the time of conversion/allotment, converted/alloted 40,00,000 Equity Shares to M/s. Ashapura Industrial Finance Limited, at their meeting held on 25<sup>th</sup> March, 2014. The fund as received on conversion/allotment of shares has been utilized towards settlement of certain liabilities/debts and as required the statement in this respect was placed before the Audit Committee for their consideration and record.

- **CEO/CFO Certification:**

As per the requirement of Clause 49(V) of the Listing Agreement, a Certificate duly signed by Shri Chetan Shah, Managing Director was placed at the Board Meeting of the Company held on 29<sup>th</sup> May, 2014 and the same was taken on record by the Board.

- **Compliance with Mandatory and Non-Mandatory requirements:**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. Your Company has fulfilled non-mandatory requirement as prescribed in Annexure 1D to Clause 49 of the Listing Agreement as regard Remuneration Committee, details of the same are provided earlier in the Report under the head Nomination and Remuneration Committee.

## VIII. Means of communication:

### Financial Results:

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

Newspaper	Cities of Publication
Business Standard	Mumbai Edition
Sakal	Mumbai Edition

The results are also available on the Company's website: [www.ashapura.com](http://www.ashapura.com)

### Other Information:

The other information about the Company's products, new projects, technology, social events are available on the Company's website at [www.ashapura.com](http://www.ashapura.com)

The Company has a dedicated help desk with the email id: [cosec@ashapura.com](mailto:cosec@ashapura.com) to enable the Company's Investors to register the complaints, if any.

## IX. Certificate on Corporate Governance:

The Certificate given by M/s. Sanghavi & Company, Statutory Auditors regarding compliance of the conditions of Corporate Governance for the financial year ended 31<sup>st</sup> March, 2014, is enclosed with this Report.

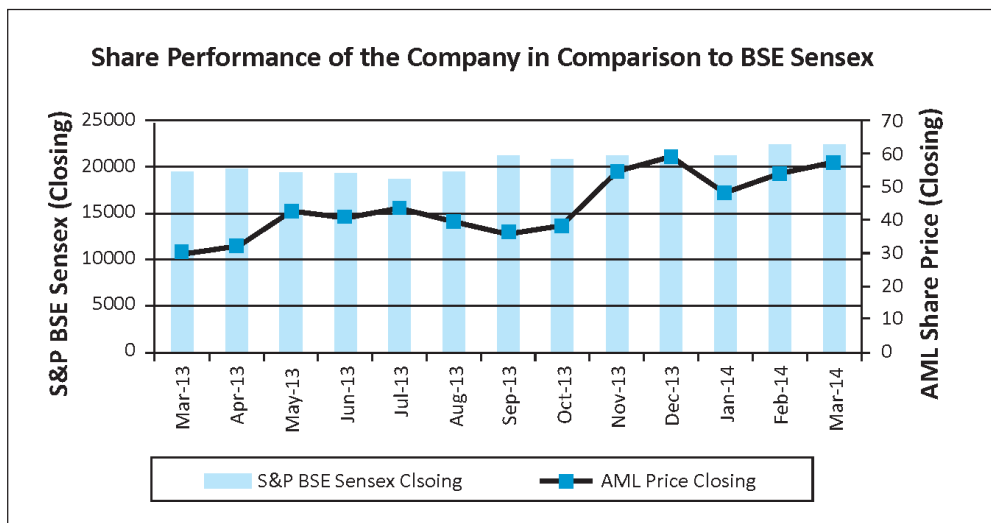
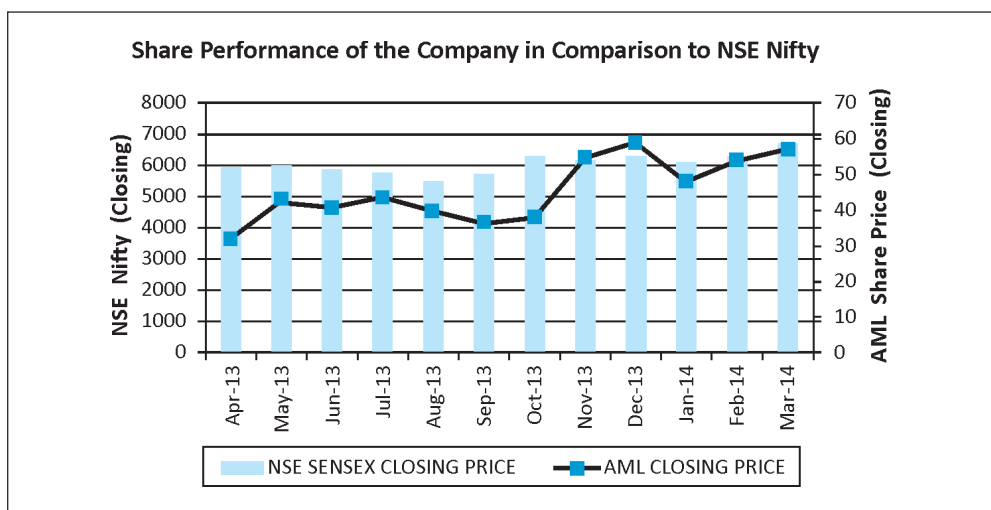
## X. General Shareholder Information:

<b>Annual General Meeting:</b>	<p>Day &amp; Date : Thursday, 25<sup>th</sup> September, 2014</p> <p>Time : 3.30 p.m.</p> <p>Venue : Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6th Floor, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai - 400001.</p>
<b>Tentative Financial Calendar :</b>	<p>Financial reporting for the quarter ending 30<sup>th</sup> June, 2014: On or before 14<sup>th</sup> August, 2014</p> <p>Financial reporting for the quarter ending 30<sup>th</sup> September, 2014: On or before 14<sup>th</sup> November, 2014</p> <p>Financial reporting for the quarter ending 31<sup>st</sup> December, 2014: On or before 14<sup>th</sup> February, 2015</p> <p>Financial reporting for the quarter ending 31<sup>st</sup> March, 2015: On or before 30<sup>th</sup> May, 2015</p>
<b>Date of Book Closure :</b>	15 <sup>th</sup> September, 2014 to 25 <sup>th</sup> September, 2014 (Both days inclusive)
<b>Dividend Payment Date:</b>	No Dividend is recommended for the FY 2013-2014
<b>Listing Details:</b>	<p>Equity Shares are listed on the following Stock Exchanges:</p> <ol style="list-style-type: none"> <li>Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.</li> <li>National Stock Exchange of India Limited, “Exchange Plaza”, Bandra Kurla Complex, Bandra (East), Mumbai – 400051.</li> </ol> <p>The Annual Listing Fees for the year 2013-2014 have been paid to the said Stock Exchanges.</p>
<b>Stock Code :</b>	<p>Bombay Stock Exchange Ltd. <b>527001</b></p> <p>National Stock Exchange of India Ltd. <b>ASHAPURMIN</b></p>
<b>ISIN Number :</b>	INE348A01023
<b>Corporate Identification Number (CIN):</b>	L14108MH1982PLC026396



**Market Price Data:**

Period	Indices		BSE		NSE	
	Indices (₹.)		Rate (₹.)		Rate (₹.)	
	High	Low	High	Low	High	Low
April,2013	19622.68	18144.22	34.70	29.90	35.30	29.60
May,2013	20443.62	19451.26	44.60	27.90	44.30	27.85
June,2013	19860.19	18467.16	48.00	37.60	48.00	37.65
July,2013	20351.06	19126.82	48.45	40.10	48.60	40.00
August,2013	19569.20	17448.71	44.80	33.45	44.95	33.55
September,2013	20739.69	18166.17	43.40	36.05	43.30	36.05
October,2013	21205.44	19264.72	40.50	35.20	40.40	35.30
November,2013	21321.53	20137.67	54.65	35.05	54.60	35.30
December,2013	21483.74	20568.70	70.95	52.75	70.90	52.25
January,2014	21409.66	20343.78	65.95	46.55	66.00	46.45
February,2014	21140.51	19963.12	60.55	44.90	60.80	44.00
March,2014	22467.21	20920.98	63.25	52.40	63.20	52.30





<b>Registrar and Share Transfer Agent :</b>	M/s. Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078																		
<b>Share Transfer System :</b>	<p>The Company's shares are traded on the Stock Exchanges in Demat Mode as well as in Physical Mode.</p> <p>In Demat Mode, the transfers are effected through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Majority of the share transfers take place in this mode.</p> <p>In Physical Mode, the transfer of shares is processed and approved withing appropriate time frame 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.</p>																		
<b>Distribution of Shareholding &amp; Category-wise distribution :</b>	Refer Table A & B																		
<b>Dematerialization of Shares and Liquidity :</b>	<p>As on 31<sup>st</sup> March, 2014, 99.37% of the paid up share capital (face value of Equity Shares of ₹ 2 each) is held in Demat form with NSDL and CDSL.</p> <table border="1"> <thead> <tr> <th>Mode</th> <th>No. of equity shares</th> <th>% to the Total Share Capital</th> </tr> </thead> <tbody> <tr> <td>Physical</td> <td>5,57,413</td> <td>0.63%</td> </tr> <tr> <td>Electronic:</td> <td></td> <td></td> </tr> <tr> <td>(A) NSDL</td> <td>7,77,30,226</td> <td>89.36%</td> </tr> <tr> <td>(B) CDSL</td> <td>87,09,459</td> <td>10.01%</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>86,986,098</b></td> <td><b>100.00%</b></td> </tr> </tbody> </table>	Mode	No. of equity shares	% to the Total Share Capital	Physical	5,57,413	0.63%	Electronic:			(A) NSDL	7,77,30,226	89.36%	(B) CDSL	87,09,459	10.01%	<b>TOTAL</b>	<b>86,986,098</b>	<b>100.00%</b>
Mode	No. of equity shares	% to the Total Share Capital																	
Physical	5,57,413	0.63%																	
Electronic:																			
(A) NSDL	7,77,30,226	89.36%																	
(B) CDSL	87,09,459	10.01%																	
<b>TOTAL</b>	<b>86,986,098</b>	<b>100.00%</b>																	
<b>Plant Locations :</b>	<ol style="list-style-type: none"> <li>Plot No. 256 / 3, Village Baraya, Bhuj-Mundra Highway, Tal. Mundra, Kutch (Gujarat) – 370 415.</li> <li>Survey No. 328 / 2, KINFRA Apparel Park, Menamkulam, Thiruvananthapuram, Kerela – 695 586.</li> <li>Plot No. 182, Baikampady Industrial Area, Baikampady, New Mangalore- 575 011.</li> <li>Jamnagar-Dwarka Highway, Khambhaliya, Dist. Jamnagar, Gujrat-361 305.</li> </ol>																		
<b>Address for Correspondence :</b>	<p>The Company's Registrar and Share Transfer Agent viz. M/s Link Intime India Pvt. Ltd. provides all shareholder related services.</p> <p>Any query relating to shares and requests for transactions such as transfers, transmissions and nomination facilities, duplicate share certificates, change of address and also dematerialisation of shares may please be taken up with:</p> <p>M/s. Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup(West), Mumbai – 400 078 Tel.: +91-22-25963838 Fax: +91-22-25946969. E-mail: rnt.helpdesk@linkintime.co.in</p>																		

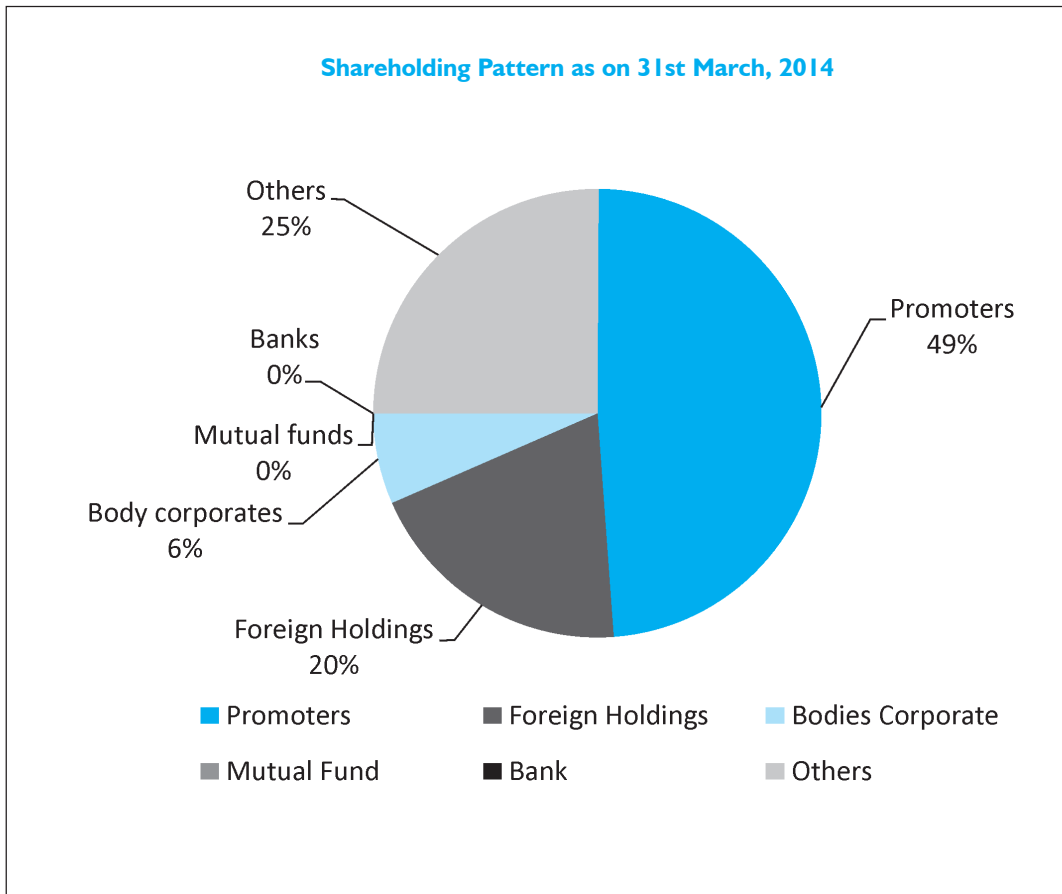


**“TABLE A”**  
**DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2014**

<b>No. of Equity Shares held</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>Shares Amount in ₹</b>	<b>% of Shareholding</b>
1-5000	21134	94.93	1,34,69,956	7.74
5001-10000	596	2.56	42,02,504	2.42
10001-20000	246	1.10	36,70,916	2.11
20001-30000	90	0.40	22,50,312	1.29
30001-40000	58	0.27	21,23,796	1.22
40001-50000	22	0.10	10,21,972	0.59
50001-100000	60	0.27	40,75,052	2.34
100001 & above	82	0.37	14,31,57,688	82.29
<b>TOTAL</b>	<b>22261</b>	<b>100.00</b>	<b>17,39,72,196</b>	<b>100.00</b>

**“TABLE B”**  
**CATEGORY-WISE DISTRIBUTION AS ON 31<sup>ST</sup> MARCH, 2014**

<b>Categories</b>	<b>Total No. of Shares</b>	<b>% of Holding</b>
<b>A) Promoters Holding:</b>		
Individuals	34463741	39.620
Bodies Corporate	8093040	9.304
<b>Total (A)</b>	<b>42556781</b>	<b>48.924</b>
<b>B) Public Holding:</b>		
<b>i) Institutions</b>		
Mutual Fund	132000	0.151
Foreign Inst. Investors	15734690	18.088
Nationalised Bank	9000	0.010
Non-Nationalised Bank	17590	0.020
<b>Total (B)(i)</b>	<b>15893280</b>	<b>18.269</b>
<b>ii) Non-Institutions</b>		
Bodies Corporate	5346445	6.146
Non Resident Indian	572874	0.659
Non Resident (non-repatriable)	876868	1.008
Market Maker	47270	0.054
Clearing Members	259671	0.299
Trust	1436340	1.651
Public	19996569	22.988
<b>Total (B)(ii)</b>	<b>28536037</b>	<b>32.805</b>
<b>Total B [Total (B)(i) + (B)(ii)]</b>	<b>44429317</b>	<b>51.076</b>
<b>Grand Total (A+B)</b>	<b>86986098</b>	<b>100.000</b>





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## 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 31<sup>st</sup> March, 2014, as stipulated in 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 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 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 : 13<sup>th</sup> August, 2014

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## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS, SENIOR MANAGEMENT AND EMPLOYEES IN AND ABOVE OFFICER LEVEL WITH THE CODE OF CONDUCT

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

I confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2014, received from Board Members, Senior Management and Employees in and above the Officer Level of the Company a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, it includes Board Members, Senior Management Team and all Employees in and above the Officer Level as on 31<sup>st</sup> March, 2014.

Place: Mumbai  
Date: 29<sup>th</sup> May, 2014

Sd/-  
**CHETAN SHAH**  
MANAGING DIRECTOR

## 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 2013-2014 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:

Indian economy picked up a little in FY 2013-2014 and reported GDP growth of 4.7%, marginally higher than the previous year's GDP growth of 4.5%; however it was lower than the estimate of 4.9%. This is the second consecutive year of reporting below 5% growth after a gap of almost 25 years. The key reasons for poor performance have been contraction in mining activities and deceleration in manufacturing output; however the good monsoon helped to spur the growth of agriculture sector.

High borrowing costs and stalled projects on account of delays in securing government approvals have contributed for the slowdown in economic activities in the recent years. However, with the arrival of new stable government, the industry is hopeful of a rebound and it is expected that Indian economy will likely grow at 6% in FY 2014-2015.

Globally, China by its own standards had a modest growth of 7.7% in 2013 whereas the EU 28 group grew by 0.1% showing some green shoots in the region; the U.S economy continued from strength to strength showing a growth of about 1.9% in 2013. Both US and Europe have shown encouraging growth in the first quarter of 2014.

### INDUSTRY SCENARIO:

Mining & Minerals Sector is one of the important sectors in Indian economy. It not only helps to accelerate GDP growth but also acts as a major driving factor for growth of other core industries like power, steel, cement, etc., which, in turn, are critical for the overall development of the economy. In FY 2013-2014, poor performance of the Mining and Manufacturing Sectors was one of the major contributing factors that adversely affected the GDP growth.

On the demand side, a slowdown in Government and private sector capital/infrastructure spending coupled with muted consumer demand on account of high inflation were some of the larger impediments.

On the supply side mining projects across the country remain stalled due to environmental, regulatory and land acquisition issues. Whereas on the supply side, heavily litigated allotment, administrative and environmental issues plagued the industry.

The lack of foresight in treating the Mining and Mineral processing Sector as an independent & self-sustaining industry rather than being viewed as merely an ancillary to the Metals & Manufacturing Industry has for long years impeded its growth, employment and foreign exchange earning potential.

The overall investment in the Mining Sector is also very low due to the key issues viz. regulatory and administrative procedures, inadequate infrastructure facilities and sustainability.

A strong US dollar, lackluster growth in China and cyclical overcapacity lead to benign metal & ore prices around the world in FY 2013-2014.



## OUTLOOK:

The Company's two major mineral offerings i.e. Bentonite and Bauxite have consistently demonstrated admirable demand resilience even during years of watered down domestic and global growth. Moreover the Company's strategy to expand its value added product portfolio and volumes over the years has stood it in good stead for revenue and margin growth.

The increase in the export duty on Bauxite from 10% to 20% announced in the Union Budget in July 2014 is likely to impact the margins of the Company to the extent of the unabsorbed portion of the hike passed on to customers.

## FINANCIAL PERFORMANCE:

The Financial Statements for the year ended 31<sup>st</sup> March, 2014, 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, revenue from operations of the Company on a stand-alone basis stood at ₹ 66,364 Lacs as compared to ₹ 47,847 Lacs in the previous year and ₹ 1,08,322 Lacs on a consolidated basis as against ₹ 77,192 Lacs in the previous year. The increase in turnover was result of the continuation of the Company's Bauxite sales from Gujarat pursuant to the interim relief granted by the Supreme Court of India.

The Company achieved Earnings Before Interest Tax Depreciation & Amortisation (EBITDA) of ₹. 11,233 during the year under review as compared to the previous year's EBITDA of ₹ 8246 Lacs on a stand-alone basis. On a consolidated basis, the Company achieved Earnings Before Interest Tax Depreciation & Amortisation (EBITDA) during the year under review of ₹ 17,809 Lacs as compared to ₹ 12,258 Lacs in the previous year.

## OPPORTUNITIES:

Renewed economic and investment activity in India with a thrust on infrastructure would augur well for the Company and the mining industry on the whole. Stability in Europe, China coupled with a growing US economy would help strengthen global demand and prices for metals and ores.

Stoppage of export of ores from Indonesia, including Bauxite which accounts for 12% of the global supply, would create opportunity for alternate suppliers in the global market.

## THREATS:

Adverse legislative or regulatory decisions in connection with the Company's Bauxite operations, shipping and other claims could significantly affect the Company's revenue and profitability. Also any unfavourable mining or environmental legislation in India in general could adversely impact the Company along with the entire mining industry.

## RISK & CONCERNS:

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

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

## INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:

The Company has put in place adequate Internal Control System commensurate with the size and nature of its operation. The Company has appointed an Independent Audit Firm as its Internal Auditors to oversee and carry out internal audit of the Company's activities. The audit is based on an internal audit plan, which is reviewed every year by the Audit Committee.

The Company's independent Audit Committee, the details of which have been provided in the Corporate Governance Report, which periodically reviews the Internal Audit Reports submitted by the Internal Auditors. The Audit Committee considers suggestions for improvement and also reviews the corrective actions taken for its implementation. The Audit Committee also meets the Company's Statutory Auditors to discuss their observations regarding the financial statements, the financial reporting system, compliance by the Company to accounting policies and procedures, the adequacy and effectiveness of the internal controls and systems followed by the Company. The Management initiates appropriate actions on the observations and suggestions of the Audit Committee.

## RESEARCH & DEVELOPMENT:

The Company carries out its business functions on a principle that there should be 'no compromise on quality'. The Research & Development (R&D) centre of your Company viz. Ashapura Innovation and Knowledge Centre located at Navi Mumbai is well equipped to carry out stringent quality control tests to ensure that only the best possible product is marketed. Quality is monitored by fully trained and qualified professionals by using state-of-the-art equipments. Your Company's multi-disciplinary R&D team tackles complex issues and highly challenging projects, by working with customers through the entire product development cycle, right from the R&D stage to the commercial production.

During the year under review, your Company's in-house R&D Centre has been recognized and thereafter duly approved for fiscal incentives under section 35(2AB) of the Income Tax Act, 1961 by the Department of Scientific & Industrial Research, Ministry of Science & Technology, Govt. of India. The R&D Centre majorly focused on developing and standardizing the chemistry and process for manufacturing of Ceramic Sand or Proppant used for hydraulic fracking by all international Oil Well Owners. Further, it continued its focus on new areas of development of minerals and in specific, application to ceramics, refractories, paints, paper etc., and improvement of existing products.

## HUMAN RESOURCES:

The mining sector is a highly complex and continuously developing. Your Company has to respond quickly to markets conditions and changing business scenario in order to remain competitive and grow. Your Company has aggressive plans of growing its business and it believes that it is its human capital that will be instrumental in achieving its business objectives and overall growth in this changing business environment. Hence, your Company is continuously focusing on building the team for successful implementation of its business strategies. Your Company encourages and organizes training and development programmes for its employees at all levels. During the year, the Company employed, directly or indirectly, approximately 1700 employees at different levels across diverse locations.

## CORPORATE SOCIAL RESPONSIBILITY (CSR):

Ashapura Group has, as a measure of its gratitude, been committed to its social obligation of paying back to the society especially less fortunate and underprivileged sections of the society. The Company, as a part of its CSR Activities, has been engaged in various community welfare programs especially in areas of Health, Education, Women Empowerment, Culture & Rural Development, Relief & Rehabilitation, Social Awareness & Welfare, etc. for the society at large.

On the Educational Front, the Company is running Ashapura Primary School where education is provided along with many curriculum activities; and has also adopted a Gurukul at Bhujodi in Gujarat. The Company is also conducting technical training programs in various trades in area of Bhuj in partnership with Industrial Training Institute. Further, with the aim of women empowerment and women education, Ashapura Women's Academy has been conducting various certified training courses and also provides educational facilities to the women.

During the year, it has rendered many healthcare services such as Mobile Health Care and Awareness for the general public of remote villages. Further, it has conducted Cancer Detection and General Medical Camps for general public at Mumbai and also published various medical books & CDs on health awareness.

On the Social front, as a part of its Animal Care Project, the Company conducted vaccination program for betterment of health of animals and also provided good quality and nutritious cattle feed to the animals in water scarcity villages of Kutch.

In order to encourage and provide a platform to the artisans in Craft Park of Kutch, the Company organized an Exhibition-cum Sale at Mumbai which helped them to display their art of handicrafts and earn a reasonable income.

The Company has undertaken the work of beautification of Airport at Bhuj and also restored historical monuments.





## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
ASHAPURA MINECHEM LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **Ashapura Minechem Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2014 and the statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 [which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs] as per Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

Reference is invited to -

- *note no. 25(ii) in respect of write-back and non-provision for losses on foreign currency derivatives transactions and certain loans in connection thereto in the earlier years aggregating to ₹ 22,686.91 (27,779.75) lacs;*
- *note no. 25(iii) in respect of non-provision of foreign currency derivatives losses of ₹ Nil (611.49) lacs;*  
  
*and thereby overstatement of the net profit in the financial statements by ₹ Nil (611.49) lacs and overstatement of reserves and surplus by ₹ 22,686.91 (28,391.24) lacs.*

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, give the information required by the Act in the manner so required 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 31<sup>st</sup> March 2014;
- b) In the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) 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;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- c) 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 reports;
- d) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- e) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 [which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs];
- f) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- g) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess to be paid, no cess is due and payable by the Company.

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

sd/-

**MANOJ GANATRA**  
Partner  
Membership No. 043485

Mumbai  
29<sup>th</sup> May, 2014

## ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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. 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 three and the amount involved in the transactions is ₹ Nil and the year-end balances were ₹ 6,117.39 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.

- 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 not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 4 There are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls. There are, however, certain operational areas, which needs improvement in respect of 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 We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 9 In respect of statutory and other dues:
- a. The company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues, to the extent applicable, with the appropriate authorities during the year.
- b. There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable except for tax deducted at source ₹ 0.16 lacs.
- c. There are no statutory dues as prescribed under the clause, which have not been deposited on account of any dispute except for the followings:

Nature of Dues	Name of the Statute	₹ in lacs	Relevant Year	Forum where dispute is pending
Value Added Tax	Kerala Commercial Tax Act	5.67	2007-08	The Dy Commissioner of Sales Tax (Appeals)
Value Added Tax	Andhra Pradesh Value Added Tax Act	16.12	2006-07 to 2009-10	The Commercial Tax Officer
Service Tax	Service Tax Rules	6.05	2008-09, 2009-10	CESTAT - Ahmedabad
Income Tax	Income Tax Act	1,403.32	2010-11	The Commissioner of Income Tax (Appeals)



- 10 *The company has accumulated losses as at the end of the financial year exceeding its entire net worth.* The company has not incurred cash losses during the current year or 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 institutions *except for the dues of certain banks in respect of losses on foreign currency derivatives transactions and certain loans in connection thereto are unpaid and being disputed by the company as stated in note no. 25 and to the extent the amounts stated under notes no. 6 and 7.* 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 The terms and conditions on which the company has given guarantees for loans taken by the subsidiary, associates and joint venture companies from banks and financial institutions are, *prima-facie* not prejudicial to the interest of the company.
- 16 In our opinion, the term loans raised 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 including increase in current liabilities have been used 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 except for allotment of 4,000,000 equity shares on preferential basis upon conversion of equity warrants to a company in which some of the directors are interested in accordance with the guidelines issued by the Securities and Exchange Board of India in this regard.
- 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 *except for a fraud on the company by an employee against whom the company has initiated necessary legal actions, the amount of the said fraud is unascertainable.*

**For SANGHAVI & COMPANY**

Chartered Accountants  
FRN : 109099W

sd/-

**MANOJ GANATRA**

Partner

Membership No. 043485

Mumbai  
29<sup>th</sup> May, 2014

# ASHAPURA MINECHEM LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014

	Note No.	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>EQUITY AND LIABILITIES :</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	173,972,196	165,972,196
Reserves and Surplus	3	(1,616,925,436)	(3,168,914,200)
Money Received against Share Warrants		— (1,442,953,240)	36,830,000 (2,966,112,004)
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	14,710,953	467,232,017
Other Long Term Liabilities		—	—
Long-term Provisions	5	51,950,465	39,258,895
<b>Current Liabilities</b>			
Short-term Borrowings	6	726,282,956	1,547,441,242
Trade Payables		722,648,707	542,678,463
Other Current Liabilities	7	6,984,585,355	7,214,983,792
Short-term Provisions	8	11,195,655	9,746,635
		<b>7,068,420,851</b>	<b>6,855,229,040</b>
<b>ASSETS :</b>			
<b>Non-Current Assets</b>			
Fixed Assets	9		
Tangible Assets		1,480,662,271	1,483,776,311
Intangible Assets		4,073,725	3,003,641
Capital Work-in-Progress		111,454,327	47,928,185
		<b>1,596,190,323</b>	<b>1,534,708,137</b>
Non-current Investments	10	386,674,238	386,679,238
Long-term Loans and Advances	11	766,377,153	912,402,099
Other Non-current Assets		—	—
		<b>2,749,241,714</b>	<b>2,833,789,474</b>
<b>Current Assets</b>			
Current Investments	12	374,800	369,800
Inventories	13	1,389,334,726	1,489,022,461
Trade Receivables	14	1,985,407,446	1,456,978,010
Cash and Bank Balances	15	191,492,239	119,729,865
Short-term Loans and Advances	16	752,569,926	955,330,430
Other Current Assets		—	—
		<b>4,319,179,137</b>	<b>4,021,439,566</b>
		<b>7,068,420,851</b>	<b>6,855,229,040</b>

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

As per our Report of even date

For **SANGHAVI & COMPANY**  
Chartered Accountants

sd/-

**MANOJ GANATRA**  
Partner

Mumbai  
29<sup>th</sup> May, 2014

For and on Behalf of the Board of Directors

sd/-

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

sd/-

**ASHISH DESAI**  
General Manager - Accounts

Mumbai  
29<sup>th</sup> May, 2014

sd/-

**ASHOK KADAKIA**  
Audit Committee Chairman & Director

sd/-

**SACHIN POLKE**  
Company Secretary and Vice President



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

	Note No.	2013-2014 ₹	2012-2013 ₹
<b>REVENUE :</b>			
Revenue from Operations	17	6,636,359,939	4,784,670,181
Other Income	18	83,077,631	99,971,348
		<u>6,719,437,570</u>	<u>4,884,641,529</u>
<b>EXPENSES :</b>			
Cost of Materials Consumed	19	851,791,507	873,051,618
Purchases of Stock-in-Trade		738,400,544	578,132,203
Changes in Inventories	20	71,518,662	(87,928,493)
Employee Benefits Expenses	21	248,970,465	211,444,870
Finance Costs	22	193,973,990	457,090,473
Depreciation and Amortization		111,644,007	114,542,983
Other Expenses	23	3,602,357,981	2,385,357,191
		<u>5,818,657,155</u>	<u>4,531,690,845</u>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>900,780,415</b>	<b>352,950,684</b>
Exceptional Items	34	511,888,349	(28,570,778)
<b>Profit before extraordinary items and tax</b>		<b>1,412,668,764</b>	<b>324,379,906</b>
Extraordinary Items		—	—
<b>Profit Before Tax</b>		<b>1,412,668,764</b>	<b>324,379,906</b>
<b>Tax Expenses</b>			
Current tax		—	—
Earlier years' tax		—	(477,917)
Deferred tax		—	(477,917)
<b>Net Profit for the year</b>		<b>1,412,668,764</b>	<b>323,901,989</b>
Face Value per Equity Share		<b>2.00</b>	2.00
<b>Earning per Equity Share</b>			
Basic / Diluted (before exceptional and extra ordinary items)		<b>10.84</b>	4.40
Basic / Diluted (after exceptional and extra ordinary items)		<b>17.01</b>	4.05

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

As per our Report of even date

**For SANGHAVI & COMPANY**  
Chartered Accountants

sd/-

**MANOJ GANATRA**  
Partner

Mumbai  
29<sup>th</sup> May, 2014

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

sd/-

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

sd/-

**ASHISH DESAI**  
General Manager - Accounts

Mumbai  
29<sup>th</sup> May, 2014

sd/-

**ASHOK KADAKIA**  
Audit Committee Chairman & Director

sd/-

**SACHIN POLKE**  
Company Secretary and Vice President

# ASHAPURA MINECHEM LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

	2013-2014 (₹. in lacs)		2012-2013 (₹. in lacs)	
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit Before Tax and Extraordinary Items		9,007.80		3,529.51
<b>Adjustments for -</b>				
Depreciation	1,116.44		1,145.43	
Loss (Profit) on Sale/disposal of Fixed Assets	(0.71)		13.55	
Loss (Profit) on Sale of Investment	(13.71)			
Dividend	(134.54)		(89.67)	
Interest (net)	1,494.66	2,462.14	2,682.02	3,751.33
Operating Profit Before Working Capital Changes		11,469.96		7,280.84
<b>Adjustments for -</b>				
Trade and Other Receivables	(3,121.09)		(916.51)	
Inventories	996.88		(1,250.32)	
Trade and Other Payables	(361.00)	(2,485.21)	6,370.67	4,203.84
Cash Generated From Operations		8,984.75		11,484.68
Direct Taxes Paid / Refund Receipts	(90.40)	(90.40)	210.48	210.48
Cash Flow before Exceptional / Extra Ordinary Items		8,894.35		11,695.16
Exceptional / Extra Ordinary Items		6,968.88		(285.71)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>15,863.23</b>		<b>11,409.45</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets	(1,813.56)		(587.27)	
Sale of Fixed Assets	83.01		20.39	
Sale (Purchase) of Investments (net)	13.71		480.17	
Interest Received	578.08		544.33	
Dividend Received	134.54		89.67	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(1,004.22)</b>		<b>547.29</b>



### C CASH FLOW FROM FINANCING ACTIVITIES :

Proceeds (Repayments) from Long Term Borrowings	(4,525.21)	3,307.80
Proceeds (Repayments) from Short Term Borrowings	(8,211.58)	(12,797.92)
Loans lent / recovered	(434.88)	(391.01)
Dividend Paid	(1.88)	(1.02)
Interest Paid	(2,072.74)	(3,226.35)
Net Change in Statutory Restricted Accounts Balances	(247.45)	(53.68)
Increase in Share Capital (including premium)	1,104.90	1,473.20
Share Warrants Application Money	—	368.30
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(14,388.84)</b>	<b>(11,320.68)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>470.17</b>	<b>636.06</b>
Cash and cash equivalents as at beginning of the year	829.42	193.36
Cash and cash Equivalents as at end of the year	<u>1,299.59</u>	<u>829.42</u>
<b>Cash and Cash Equivalents</b>		
Cash and Bank Balances	1,914.92	1,197.30
Statutory restricted accounts	(615.33)	(367.88)
	<u>1,299.59</u>	<u>829.42</u>

As per our Report of even date

**For SANGHAVI & COMPANY**  
Chartered Accountants

sd/-

**MANOJ GANATRA**  
Partner

Mumbai  
29<sup>th</sup> May, 2014

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

sd/-

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

sd/-

**ASHISH DESAI**  
General Manager - Accounts

Mumbai  
29<sup>th</sup> May, 2014

sd/-

**ASHOK KADAKIA**  
Audit Committee Chairman & Director

sd/-

**SACHIN POLKE**  
Company Secretary and Vice President



# ASHAPURA MINECHEM LIMITED

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## 1 SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF ACCOUNTING:

The financial statements have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 [which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs] as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India and are based on 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:

Inventories are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:

Raw materials, traded goods and stores and spares – on a first-in first-out (FIFO) basis;

Finished and semi-finished goods – at material cost plus direct expenses and appropriate value of overheads.

### REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably be measured.

Revenue from sale of goods is recognized when significant risks and rewards of ownership are passed to the buyer, which generally coincides with dispatch of goods. Sales taxes and value added taxes, wherever applicable, are collected on behalf of the Government and therefore, excluded from the revenue.

Revenue from services are recognized as and when the services are rendered in terms of the agreements with the customers. Service tax, wherever applicable, is collected on behalf of the Government and therefore, excluded from the revenue.

### 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 & RECEIPTS :

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. Receipts of Research & Development Center of the company are accounted for as revenue receipts



#### **FOREIGN CURRENCY TRANSACTIONS:**

- a. Foreign currency transactions are accounted for at the rates prevailing on the date of transaction. Exchange rate differences related to sales and other transactions are dealt with in the profit & loss account.
- b. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year except where the ultimate recovery or the payment, as the case may be, are uncertain, are translated at the closing rates and profit or loss arising therefrom is dealt with in the profit & loss account.
- c. In respect of forward foreign exchange contracts, the difference between the forward rate and exchange rate at the inception of the contract is recognized as income or expense, as the case may be, over the life of the contract.
- d. Realized gain or loss on cancellation of forward exchange contracts are recognized in the profit & loss account of the year in which they are cancelled.

#### **FINANCIAL DERIVATIVES TRANSACTIONS:**

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

#### **BORROWING COSTS:**

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

#### **EMPLOYEE BENEFITS:**

Post-employment benefit plans

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

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

Short-term employee benefits

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

#### **TAXATION:**

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

#### **EARNING PER SHARE:**

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

#### **PROVISION AND CONTINGENCIES:**

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

# ASHAPURA MINECHEM LIMITED

## Note No. 2

### 2.1 Share Capital :

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>Authorised</b>		
125,000,000 Equity Shares of ₹ 2/- each	250,000,000	250,000,000
6,500,000 Preference Shares of ₹ 100/- each	650,000,000	650,000,000
	900,000,000	900,000,000
<b>Issued, Subscribed and Paid up</b>		
86,986,098 (82,986,098) Equity Shares of ₹ 2/- each	173,972,196	165,972,196
	173,972,196	165,972,196

Of the total capital, 65,543,049 equity shares were issued as fully paid-up bonus shares including equity shares issued as fully paid up bonus shares during the preceding five years : Nil

### 2.2 Share Capital Reconciliation :

#### Equity Shares :

Particulars	31st March 2014		31st March 2013	
	No.of Shares	₹	No.of Shares	₹
Shares outstanding at the beginning of the year	82,986,098	165,972,196	78,986,098	157,972,196
Shares issued during the year	4,000,000	8,000,000	4,000,000	8,000,000
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	86,986,098	173,972,196	82,986,098	165,972,196

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

Name of Shareholder	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
	No.of shares	% of holding	No.of shares	% of holding
Volclay International Corporation	—	—	15,714,690	18.94
Mr. Chetan Navnitlal Shah	12,143,814	13.96	11,843,814	14.27
Mr. Navnitlal Ratanji Shah	9,514,087	10.94	10,314,087	12.43
Mrs. Dina Chetan Shah	7,768,020	8.93	7,768,020	9.36
Ashapura Industrial Finance Limited	8,088,000	9.30	—	—
Albula Investment Fund Limited	7,857,345	9.03	—	—

### 2.4 Rights, preferences and restrictions attached to shares

#### Equity Shares :

The Company has one class of equity shares having a face value of ₹ 2 each ranking *pari passu* in all respects including voting rights and entitlement to dividend.



### Note No. 3 RESERVES AND SURPLUS

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>a. Capital Reserve</b>	3,400,694	3,400,694
<b>b. Capital Redemption Reserve</b>	100,000	100,000
<b>c. Securities Premium Account</b>		
Balance at the beginning of the year	1,634,138,645	1,494,818,645
Premium received during the year	139,320,000	139,320,000
Balance at the end of the year	<u>1,773,458,645</u>	<u>1,634,138,645</u>
<b>d. Surplus</b>		
Balance at the beginning of the year	(4,806,553,539)	(5,130,455,528)
Net Profit for the current year	1,412,668,764	323,901,989
Balance at the end of the year	<u>(3,393,884,775)</u>	<u>(4,806,553,539)</u>
	<u>(1,616,925,436)</u>	<u>(3,168,914,200)</u>

### Note No. 4 LONG TERM BORROWINGS

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>a. Secured</b>		
Term loans from financial institutions (Foreign currency accounts)	—	56,858,192
Term loans from banks and others (Indian rupee accounts)*	14,710,953	373,825
Working capital finance from financial institutions (Indian rupee accounts)	—	60,000,000
Working capital finance from banks (Indian rupee accounts)	—	350,000,000
	<u>14,710,953</u>	<u>467,232,017</u>

\* includes accounts upon assignment from a financial institution

#### Notes:

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

Working capital 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.

Period of default	NA	NA
Amount	Nil	Nil
<b>b. Unsecured</b>	—	—
	—	—
	<u>14,710,953</u>	<u>467,232,017</u>

# ASHAPURA MINECHEM LIMITED

## Note No. 5 LONG TERM PROVISIONS

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
Provision for leave encashment	6,211,261	6,350,866
Provision for mining restoration	45,739,204	32,908,029
	<u>51,950,465</u>	<u>39,258,895</u>

## Note No. 6 SHORT TERM BORROWINGS

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>a. Secured</b>		
Working capital finance from banks (Indian rupee accounts)	254,000,000	645,182,120
Working capital finance from financial institutions and others * (Indian rupee accounts)	420,282,956	781,019,556
Term Loans from financial institutions and others * (Indian rupee accounts)	52,000,000	98,389,566
* Includes accounts upon assignment from banks/financial institution		
	<u>726,282,956</u>	<u>1,533,591,242</u>

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 certain fixed assets of the company

Amount of default : Of the above, accounts with aggregate balances of ₹ 726,282,956 (1,533,591,292) have been classified by the respective bankers as non-standard.

### b. Unsecured

Inter corporate loans	—	13,850,000
	<u>—</u>	<u>13,850,000</u>
	<u>726,282,956</u>	<u>1,547,441,242</u>



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**Note No. 7 OTHER CURRENT LIABILITIES**

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
Current maturities of long-term debt [including amount in default in repayment ₹ 229,107,507 (98,615,036)]	765,366,025	1,086,770,110
Interest accrued and due on borrowings	346,352,493	389,344,998
Payables on purchase of capital assets	1,964,231	2,064,298
Advances from customers	170,599,467	40,102,664
Statutory liabilities	53,146,811	56,459,704
Unclaimed dividends	929,644	1,118,344
Shipping claims payable	5,620,288,244	5,620,288,244
Other liabilities	25,938,440	18,835,430
	<u>6,984,585,355</u>	<u>7,214,983,792</u>

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**Note No. 8 SHORT TERM PROVISIONS**

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
Provision for bonus	9,903,232	8,497,741
Provision for leave encashment	1,292,423	1,248,894
	<u>11,195,655</u>	<u>9,746,635</u>

## Note No. 9 FIXED ASSETS

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April 2013	Additions	Deductions	As at 31 <sup>st</sup> March, 2014	As at 1 <sup>st</sup> April 2013	For the Year	On Deductions	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March 2013
	₹	₹	₹	₹.	₹	₹.	₹	₹.	₹.	₹
<b>OWNED TANGIBLE ASSETS</b>										
LAND AND LAND DEVELOPMENT	148,262,444	3,411,558	449,006	151,224,996	—	—	—	—	151,224,996	148,262,444
BUILDINGS	531,650,296	51,859,193	—	583,509,489	89,159,653	17,421,211	—	106,580,864	476,928,625	442,490,643
PLANT AND EQUIPMENT	1,240,577,791	53,345,624	10,135,117	1,283,788,298	410,958,342	80,055,803	2,516,067	488,498,078	795,290,220	829,619,449
BARGES	7,598,314	—	—	7,598,314	7,353,950	—	—	7,353,950	244,364	244,364
VEHICLES	80,278,123	940,717	1,500,039	79,718,801	64,213,398	4,108,378	1,341,005	66,980,971	12,737,830	16,064,525
FURNITURE & FIXTURES	85,926,089	1,772,536	—	87,698,625	55,690,839	5,569,697	—	61,260,536	26,438,089	30,235,250
OFFICE EQUIPMENT	65,953,396	4,753,395	53,583	70,653,208	49,093,760	3,812,094	50,793	52,855,061	17,798,147	16,859,636
<b>TOTAL</b>	<b>2,160,246,453</b>	<b>116,083,023</b>	<b>12,137,745</b>	<b>2,264,191,731</b>	<b>676,470,142</b>	<b>110,967,183</b>	<b>3,907,865</b>	<b>783,529,460</b>	<b>1,480,662,271</b>	<b>1,483,776,311</b>
<b>OWNED INTANGIBLE ASSETS</b>										
COMPENSATION FOR PREMISES RIGHTS	1,602,693	—	—	1,602,693	—	—	—	—	1,602,693	1,602,693
COMPUTER SOFTWARES	3,405,373	1,743,408	—	5,148,781	2,138,120	676,824	—	2,814,944	2,333,837	1,267,253
MINING LEASE	133,695	3,500	—	137,195	—	—	—	—	137,195	133,695
<b>TOTAL</b>	<b>5,141,761</b>	<b>1,746,908</b>	<b>—</b>	<b>6,888,669</b>	<b>2,138,120</b>	<b>676,824</b>	<b>—</b>	<b>2,814,944</b>	<b>4,073,725</b>	<b>3,003,641</b>
CAPITAL WORK IN PROGRESS	47,928,185	116,237,354	52,711,212	111,454,327	—	—	—	—	111,454,327	47,928,185
<b>GRAND TOTAL</b>	<b>2,213,316,399</b>	<b>234,067,285</b>	<b>64,848,957</b>	<b>2,382,534,727</b>	<b>678,608,262</b>	<b>111,644,007</b>	<b>3,907,865</b>	<b>786,344,404</b>	<b>1,596,190,323</b>	<b>1,534,708,137</b>
PREVIOUS YEAR	2,166,033,334	83,554,676	36,271,611	2,213,316,399	572,115,089	114,542,983	8,049,810	678,608,262	1,534,708,137	1,593,918,245



## Note No. 10 NON-CURRENT INVESTMENTS

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>Unquoted; at cost :</b>		
<b>a. Investments in Subsidiary Companies:</b>		
3,000,000 equity shares of Ashapura International Limited of ₹ 10 each (A wholly owned subsidiary)	32,727,000	32,727,000
3,410,000 equity shares of Ashapura Claytech Limited of ₹ 10 each (extent of holding: 95.25%)	34,100,000	34,100,000
10,000 equity shares of Ashapura Consultancy Service Pvt Limited of ₹ 10 each (A wholly owned subsidiary)	100,000	100,000
10,000 equity shares of Sharda Consultancy Pvt Limited of ₹ 10 each (A wholly owned subsidiary)	100,000	100,000
10,000 equity shares of Peninsula Property Developers Pvt Limited of ₹ 10 each (A wholly owned subsidiary)	100,000	100,000
700,000 equity shares of Prashansha Ceramics Limited of ₹ 10 each (A wholly owned step down subsidiary)	14,700,000	14,700,000
218,080 equity shares of Bombay Minerals Limited of ₹ 10 each (A wholly owned subsidiary)	96,154,325	96,154,325
50,000 equity shares of Ashapura Aluminum Limited of ₹ 10 each (A wholly owned subsidiary)	500,000	500,000
68 equity shares of Ashapura Minechem UAE FZE of AED 150,000 (A wholly owned subsidiary)	112,312,634	112,312,634
	<u>290,793,959</u>	<u>290,793,959</u>
<b>b. Investments in Joint Ventures:</b>		
8,966,590 equity shares of Ashapura Volclay Limited of ₹ 10 each (extent of holding: 50.00%)	89,665,900	89,665,900
30,750 equity shares of Ashapura Midgulf NV (AMCOL) Antwerp of Euro 1.00 each (extent of holding: 50.00%)	1,776,379	1,776,379
	<u>91,442,279</u>	<u>91,442,279</u>
<b>c. Investments in Associates:</b>		
55,000 equity shares of Ashapura Arcadia Logistics Pvt Limited of ₹ 10 each (extent of holding: 50.00 %)	550,000	550,000
	<u>550,000</u>	<u>550,000</u>
<b>d. Investments in Other Equity shares:</b>		
186,285 equity shares of Shantilal Multiport Infrastructure Pvt Limited of ₹ 10 each	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>
<b>e. Investments in Government Securities:</b>		
National Savings Certificates (under lien with sales tax/mining authorities)	1,388,000	1,393,000
	<u>1,388,000</u>	<u>1,393,000</u>
	<u>386,674,238</u>	<u>386,679,238</u>



# ASHAPURA MINECHEM LIMITED

## Note No. 11 LONG-TERM LOANS AND ADVANCES

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>Unsecured (considered good)</b>		
Capital advances	2,387,370	2,644,866
Security deposits	151,892,877	156,209,000
<b>includes -</b>		
Security deposits towards land and premises to directors, firms and companies in which some of the directors are interested ₹ 23,200,000 (23,200,000)		
security deposits towards premises to subsidiary companies ₹ 44,100,000 (44,100,000)		
Loans to subsidiary companies	404,166,461	541,044,015
Loans to a joint venture company	181,504,551	189,045,901
Loans to associate companies	26,067,760	23,161,136
Loans to staff	358,134	297,181
	<u>766,377,153</u>	<u>912,402,099</u>

## Note No. 12 CURRENT INVESTMENT

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>Investments in Government Securities:</b>		
National Savings Certificates (under lien with sales tax/mining authorities)	374,800	369,800
	<u>374,800</u>	<u>369,800</u>

## Note No. 13 INVENTORIES

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
(valued at the lower of cost or net realisable value)		
Raw materials	100,679,715	130,087,420
Work-in-progress	7,677,948	6,907,375
Finished goods	1,154,244,802	1,207,506,888
Stock-in-trade	78,447,848	97,474,997
Stores & spares	36,114,235	36,524,253
Packing materials	12,170,178	10,521,528
	<u>1,389,334,726</u>	<u>1,489,022,461</u>



#### Note No. 14 TRADE RECEIVABLES

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>Unsecured (considered good, unless otherwise stated)</b>		
Over six months	655,477,517	444,947,084
Others	1,407,474,577	1,067,180,204
	<u>2,062,952,094</u>	<u>1,512,127,288</u>
less: Provision for doubtful debts	77,544,648	55,140,278
	<u>1,985,407,446</u>	<u>1,456,987,010</u>
<b>includes -</b>	<u>More than Six Months</u>	<u>Others</u>
due from subsidiaries	270,274,730	532,157,478
due from joint venture and associate companies	93,831,778	165,525,750

#### Note No. 15 CASH AND BANK BALANCES

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>I. Cash and Cash Equivalents</b>		
<b>a. Balances with Banks :</b>		
Current accounts	127,171,187	81,236,019
Short term deposits	—	—
	<u>127,171,187</u>	<u>81,236,019</u>
<b>b. Cash on Hand</b>	2,788,302	1,705,618
	<u>129,959,489</u>	<u>82,941,637</u>
<b>II. Other Bank Balances</b>		
Dividend accounts	928,997	1,118,008
Margin money accounts	1,363,000	1,363,000
Terms deposits with more than 12 months maturity	3,933,794	403,261
Other terms deposits	55,306,959	33,903,959
	<u>61,532,750</u>	<u>36,788,228</u>
	<u>191,492,239</u>	<u>119,729,865</u>

Term deposits of ₹ 59,240,753 are under lien with banks against letter of credits and bank guarantees (previous year ₹ 34,307,220)

# ASHAPURA MINECHEM LIMITED

## Note No. 16 SHORT-TERM LOANS AND ADVANCES

	31 <sup>st</sup> March, 2014 ₹	31 <sup>st</sup> March, 2013 ₹
<b>Unsecured (considered good, unless otherwise stated)</b>		
Trade advances to suppliers	750,332,545	738,310,502
less: Provision for doubtful advances	<u>229,922,692</u>	<u>41,817,922</u>
	<b>520,409,853</b>	696,492,580
<b>includes -</b>		
Trade advances to subsidiaries ₹ 140,327,258 (145,972,318)		
Trade advances to joint ventures and associate companies ₹ 144,767,157 (156,048,198)		
Advance payments of income tax (net of provisions)	19,993,376	10,952,676
Loans and advances to staff	4,238,456	3,318,212
Claims receivable	133,107,896	136,959,024
Prepaid expenses	13,768,657	8,972,181
Other loans and advances	<u>61,051,688</u>	<u>98,635,757</u>
	<u><b>752,569,926</b></u>	<u><b>955,330,430</b></u>

## Note No. 17 REVENUE FROM OPERATIONS

	2013-2014 ₹	2012-2013 ₹
<b>Sale of Products</b>		
Export sales	4,708,373,239	3,605,886,260
Domestic sales	<u>1,166,685,889</u>	<u>1,079,871,778</u>
	<b>5,875,059,128</b>	4,685,758,038
<b>Sale of Services</b>		
Cargo handling income	440,272,525	10,490,000
<b>Other Operating Revenue</b>		
Export incentives and credits	1,483,872	2,046,393
Foreign currency fluctuation gain	121,936,211	37,485,829
Research & development fees receipts	20,186,000	—
Machinery hire charges receipts	136,129,515	34,831,930
Other operational income	<u>41,292,688</u>	<u>14,057,992</u>
	<u><b>6,636,359,939</b></u>	<u><b>4,784,670,181</b></u>



## Note No. 18 OTHER INCOME

	2013-2014 ₹	2012-2013 ₹
<b>Dividend receipts</b>		
from joint venture companies	13,449,885	8,966,590
from others	<u>3,775</u>	<u>480</u>
	<b>13,453,660</b>	<b>8,967,070</b>
Interest receipts	57,807,752	54,433,051
Profit on sale of assets (net)	70,725	—
Profit on sale of Investment	1,370,918	—
Sundry balances/excess provisions written back (net)	3,200,000	32,321,862
Miscellaneous income	7,174,576	4,249,365
	<u><b>83,077,631</b></u>	<u><b>99,971,348</b></u>

## Note No. 19 COST OF MATERIALS CONSUMED

	2013-2014 ₹	2012-2013 ₹
<b>Materials and Mining Expenses</b>		
Opening stock	130,087,420	88,807,516
Purchase and direct expenses	<u>300,621,004</u>	<u>339,377,060</u>
	<b>430,708,424</b>	<b>428,184,576</b>
Closing stock	<u>100,679,715</u>	<u>130,087,420</u>
	<b>330,028,709</b>	<b>298,097,156</b>
Rent and royalty	180,367,525	224,905,213
Mining expenses	341,395,273	350,049,249
	<u><b>851,791,507</b></u>	<u><b>873,051,618</b></u>

# ASHAPURA MINECHEM LIMITED

## Note No. 20 CHANGES IN INVENTORIES

		2013-2014 ₹		2012-2013 ₹
<b>Opening Stock</b>				
Finished Goods	1,207,506,888		1,132,742,421	
Stock-in-trade	97,474,997		78,057,295	
Work-in-progress	<u>6,907,375</u>	1,311,889,260	<u>13,161,051</u>	1,223,960,767
<b>Closing Stock</b>				
Finished Goods	1,154,244,802		1,207,506,888	
Stock-in-trade	78,447,848		97,474,997	
Work-in-progress	<u>7,677,948</u>	1,240,370,598	<u>6,907,375</u>	1,311,889,260
		<u><u>71,518,662</u></u>		<u><u>(87,928,493)</u></u>

## Note No. 21 EMPLOYEE BENEFIT EXPENSES

		2013-2014 ₹		2012-2013 ₹
Salaries, wages, allowances and bonus		215,166,858		185,674,090
Contribution to employee benefit funds		17,218,601		12,312,884
Staff welfare expenses		16,585,006		13,457,896
		<u><u>248,970,465</u></u>		<u><u>211,444,870</u></u>
includes directors' remuneration		3,600,000		3,600,000

## Note No. 22 FINANCE COSTS

		2013-2014 ₹		2012-2013 ₹
<b>Interest</b>				
Working capital finance	138,570,469		383,908,413	
Term loans	25,427,703		53,599,226	
Others	<u>283,486</u>	164,281,658	<u>300,360</u>	437,807,999
Loss / (gain) on foreign currency borrowings		29,692,332		19,282,474
		<u><u>193,973,990</u></u>		<u><u>457,090,473</u></u>



## Note No. 23 OTHER EXPENSES

	2013-2014 ₹		2012-2013 ₹
<b>Manufacturing Expenses</b>			
Power & Fuel	146,718,055		123,889,597
Machinery repairs and maintenance	15,698,541		7,981,310
Packing materials and expenses	43,457,692		50,363,431
Carriage inward	23,610,282		20,458,508
Stores and Spares	53,896,482		34,623,814
Other expenses	<u>101,594,808</u>	<b>384,975,860</b>	<u>79,160,241</u>
			316,476,901
<b>Selling and Distribution Expenses</b>			
Sales commission	6,563,002		13,268,278
Cargo handling expenses	327,768,493		5,931,899
Export freight and insurance	347,959,440		131,679,100
Export and other shipment expenses	<u>2,051,231,712</u>	<b>2,733,522,647</b>	<u>1,680,291,328</u>
			1,831,170,605
<b>Administrative and Other Expenses</b>			
Travelling expenses	44,295,134		34,671,803
Rent	10,146,407		11,324,360
Rates and taxes	11,802,070		10,431,478
Insurance premiums	3,486,629		2,616,055
Building and other repairs	11,710,550		6,692,509
Advertisement and business promotion	8,739,043		7,755,199
Directors' sitting fees	390,000		375,000
Legal and professional fees	46,532,692		48,923,474
Payments to auditors	4,581,521		3,885,340
Provision and write off for doubtful debts and advances	245,873,377		—
Bank discount, commission and other charges	4,553,578		3,160,529
Donations	376,150		63,100
Loss on sale of assets (net)	—		1,355,030
Prior period expenses	355,545		2,403,823
General expenses	<u>91,016,778</u>	<b>483,859,474</b>	<u>104,051,985</u>
		<b>3,602,357,981</b>	<u>2,385,357,191</u>

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

The Board Industrial & Financial Reconstruction (BIFR) on considering the material on their record, declared the company as a sick company vide its order dated 20<sup>th</sup> March 2012. Further, in terms of the order passed and the powers available u/s 17(3) of SICA, the Bench has appointed Bank of India as Operating Agency with directions to submit Draft Rehabilitation Scheme which is under consideration and discussion.

- 25
- i. Certain foreign currency derivatives contracts entered into by the Company in the earlier years with the various bankers are under litigation at various stages. Based on the legal opinion obtained by the Company, these contracts are void in nature and cannot be legally enforced.
  - ii. The Company has, in the previous year, written back liabilities of ₹ 15,334.50 lacs on account of the provision for such foreign currency derivatives losses; and not provided for foreign currency derivatives losses of ₹ 27,119.53 lacs (previous year: ₹ 26,508.05 lacs) in the earlier years. [net of settlement with some of the banks and financial institutions for certain secured loans and unprovided disputed foreign currency contracts ₹ 22,686.91 lacs (previous year: ₹ 27,779.75 lacs)]
  - iii. Apart from the above, the Company has also not provided for the losses arising during the year on foreign currency derivatives contracts aggregating to ₹ Nil (previous year: ₹ 611.49 lacs).
  - iv. As a result of the above, net profit for the year as well as reserves and surplus are overstated by ₹ Nil (previous year: ₹ 611.49 lacs) and ₹ 22,686.91 lacs (previous year: ₹ 28,391.24 lacs) respectively.
- 26 The company had entered into Contract of Affreightment (COA) with four shipping companies viz. (i) British Marine, (ii) IHX Pacific (UK), (iii) Eitzen Bulk A/S and (iv) Armada (Pte) Singapore.

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

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

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

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

By an order dated 26<sup>th</sup> June 2013, Jam Khambhaliya District Court refused to pass any order on the ground of the jurisdiction issue.

Aggrieved by the above order, the company has preferred an appeal before the Honourable Gujarat High Court, which has been admitted.

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

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

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



- 28** The management of the Company has, during the year, carried out technological valuation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) – 28 prescribed under the Companies (Accounting Standards) Rules, 2006. Based on the judgment of the management and as certified by the directors, no provision for impairment is found to be necessary in respect of any of the assets.
- 29** As the company's main business activity, in the opinion of the management, falls within a single primary segment i.e. bulk minerals for industrial consumption and its derivatives and other activities incidental thereto, which are subject to the same risks and returns, the disclosure requirements in accordance with the Accounting Standard (AS) – 17 "Segment Reporting" prescribed under the Companies (Accounting Standards) Rules, 2006, in the opinion of the management, are not applicable.
- 30** In the opinion of the directors, the current assets, loans and advances are approximately of the value as stated in the balance sheet, if realized in the ordinary course of the business. The provisions of all known liabilities are adequate and not in excess of the amount reasonably required.
- 31** In accordance with Accounting Standard (AS) 13 prescribed under the Companies (Accounting Standards) Rules, 2006, the long-term investments held by the company are carried at cost. All the investments of the company in subsidiaries, joint ventures and associate companies have been considered by the management to be of a long-term nature and diminution in the value of investments, being considered by the management to be for a temporary period is not provided for.
- 32** The Company had, in the previous year, issued 4,000,000 convertible equity warrants of ₹ 2 each to Ashapura Industrial Finance Limited, a body corporate under the promoters group, on preferential basis at a premium of ₹ 34.83 per warrant. These warrants were converted into 4,000,000 equity shares during the current financial year.
- 33** Based on the principles of prudence and in view of the uncertainty, deferred tax assets arising out of the carried forward business losses are not accounted for in accordance with the provisions of Accounting Standard (AS) – 22 "Accounting for Taxes on Income."

**34 Exceptional Items :**

Particulars	(₹ in lacs)	
	2013-2014	2012-2013
Net liabilities in respect of certain secured loans as well as disputed and unprovided foreign currency derivative contracts upon settlement with certain terms and conditions with some of the banks and financial institutions.	6,968.88	(285.71)
Write-off of a loan to a wholly owned subsidiary company	(1,850.00)	---

- 35** The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures relating to amounts unpaid as at the year-end together with interest paid/payable under this Act have not been given.

**36 Contingent Liabilities: (other than those stated in note no. 25)**

Particulars	(₹ in lacs)	
	31 <sup>st</sup> March	
	2014	2013
Guarantees to banks against credit facilities extended to Subsidiary Companies	5,971.20	5,271.20
Guarantees to banks against credit facilities extended to Joint Venture and Associate Companies	4,116.00	7,827.00
Guarantees given by the Company to various Government Authorities	8,228.97	4,569.22
In respect of contracts remaining to be executed	3.11	150.89
In respect of disputed Income Tax Matters	1,541.85	138.53
In respect of Other Matters	435.14	306.96



# ASHAPURA MINECHEM LIMITED

## 37 Payments to Auditors:

Particulars	2013-2014 ₹	2012-2013 ₹
Audit Fees including Limited Review	3,625,000	3,100,000
Tax audit Fees	400,000	400,000
Other Services	245,000	263,259
Reimbursement of Expenses	311,521	122,081

## 38 DISCLOSURE AS PER AS – 15 (REVISED) ON “EMPLOYEE BENEFIT” FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014:

Gratuity Plan	2013-2014 ₹	2012-2013 ₹
<b>Change in the defined benefit obligations</b>		
Defined benefit obligations as at 1 <sup>st</sup> April	32,258,257	39,295,396
Service cost	3,333,748	3,354,039
Interest cost	2,580,661	3,143,632
Actuarial loss / (Gain)	138,655	(10,852,473)
Benefits paid	---	(2,682,337)
Defined benefit obligations as at 31 <sup>st</sup> March (a)	38,311,321	32,258,257
<b>Change in plan assets</b>		
Fair Value of plan assets as at 1 <sup>st</sup> April	37,397,920	34,000,496
Expected return on plan assets	2,193,355	3,207,026
Contributions by employer	---	2,872,735
Actuarial Gain / (loss)	---	---
Benefits paid	---	(2,682,337)
Fair Value of plan assets as at 31 <sup>st</sup> March (b)	39,591,275	37,397,920
Present Value of unfunded obligations (a-b)	---	---
The net amount recognized in the statement of profit and loss for the year ended 31 <sup>st</sup> March is as follows:		
Current service cost	3,333,748	3,354,039
Interest cost	2,580,661	3,143,632
Expected return on plan assets	(2,193,355)	(3,207,026)
Net actuarial loss / (gain) recognized	138,655	(10,852,473)
Net amount recognized	3,859,709	7,561,828
<b>Actual Return on Plan Assets</b>		
The principal actuarial assumptions used as at 31 <sup>st</sup> March are as follows:		
Discount Rate	8.00%	8.00%
Expected rate of return on plan assets	6.00%	9.00%
Rate of increase in compensation levels	5.00%	5.00%



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

#### 40 RELATED PARTY TRANSACTIONS:

##### Subsidiaries:

- Ashapura Aluminium Limited
- Ashapura Claytech Limited
- Ashapura Consultancy service Pvt. Ltd
- Ashapura International Limited
- Ashapura Holdings (UAE) FZE
- Ashapura Maritime FZE
- Ashapura Minechem (UAE) FZE
- Bombay Minerals Limited
- Penisula Property Developers Pvt Ltd
- Prashansa Ceramics Limited
- PT Ashapura Resources
- Sharda Consultancy Pvt. Ltd.

##### Associates and Joint Ventures:

- Altage Stone Crushing Co
- Ashapura Amcol NV
- Ashapura Arcadia Logistic Pvt Ltd.
- Ashapura Exports Pvt Limited
- Ashapura Industrial Finance Limited
- Ashapura Infin Pvt. Limited
- Ashapura Mineral Company
- Ashapura Volclay Ltd
- Bharat Abrasives & Chemicals Industries
- Emo Ashapura Energy and Mining
- Manico Resources Pvt. Limited
- Hudson MPA SDN BHD, Malaysia
- Kantilal Mohanlal Mehta
- Minologic Corporation
- Minotrans Logistic Corporation
- Prabhudas Vithaldas
- Sandeep Abrasive Industries
- Saurashtra Traders
- Sharda Industrial Corporation
- Sohar Ashapura Chemicals LLC
- Vinod J Pandya

##### Key Managerial Personnel:

- Mr. Navnitlal R Shah
- Mr. Chetan Shah

# ASHAPURA MINECHEM LIMITED

Particular of Transaction	2013-2014 ₹	2012-2013 ₹
<b>Subsidiaries :</b>		
Sales of Materials	722,488,042	634,147,578
Purchase of Materials	329,466,528	449,470,215
Export Shipment and Other Expenses	—	1,968,000
Interest Received	26,086,545	21,803,812
Lease Rent Paid	1,368,000	1,368,000
Loan Granted	1,006,723	1,359,500
Loans Received	15,240,064	—
Administrative Expenses Reimbursements (net) Receipts	72,699,264	75,172,736
Reimbursement of Royalty Payments	25,641,383	63,931,521
Sale of Investments	—	48,012,010
R&D Charges Receipts	15,936,000	—
Assets Purchases	12,725,791	—
Loans written off	185,000,000	—
<b>Outstanding Balances as on 31st March</b>		
Security Deposits (Long-term loans and advances)	44,100,000	44,100,000
Trade Receivables	802,432,208	323,969,197
Trade Payables	—	14,108,525
Trade Advances (Short-term loans and advances)	140,327,258	145,972,318
Long-term Loans and Advances	404,166,461	541,044,015
<b>Associates and Joint Ventures:</b>		
Sales of Materials	314,644,139	120,406,209
Purchase of Materials	38,822,088	3,130,254
Interest Received	24,202,621	27,624,895
Lease Rent Paid	225,555	—
Mining, Other Charges Payments	91,930,201	76,577,194
Reimbursement of Administrative Expenses	53,141,510	40,350,920
Export Shipment and Other Expenses	185,007,441	186,543,660
Loan Received	—	13,850,000
Fixed Assets purchase	3,387,544	5,159,995
Sales of Sizing Equipment /Machinery	7,720,884	—
R & D Charges Receipts	4,250,000	—
Issue of Equity Shares	147,320,000	147,320,000
<b>Outstanding Balances as on 31st March</b>		
Trade Receivables	259,357,528	181,191,257
Trade Advances	144,767,157	156,048,198
Security Deposits (Long-term loans and advances)	23,200,000	23,200,000
Long-term Loans and Advances	207,572,311	212,207,037
Trade Payables	42,617,431	37,653,818
Advances from Customers	36,605,152	12,923,714
Short-term Borrowings	—	13,850,000
Interest Received	5,146,258	—
<b>Key Management Personnel :</b>		
Remuneration	3,600,000	3,600,000
<b>Outstanding Balances as on 31st March</b>	—	—



#### 41 Additional information (as certified by the Management)

##### a Details of Stocks & Trading Purchases

(Amounts in ₹)

Material	Opening Stock		Purchases		Closing Stock	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Processed Industrial Minerals	1,207,506,888	1,132,742,421	—	—	1,154,244,802	1,207,506,888
Traded Industrial Minerals	97,474,997	78,057,295	738,400,544	578,132,203	78,447,848	97,474,997
Work in Progress	6,907,375	13,161,051	—	—	7,677,948	6,907,375
Total	1,311,889,260	1,223,960,767	738,400,544	578,132,203	1,240,370,598	1,311,889,260

##### b Details of Materials Consumed

Material	2013-2014			2012-2013		
	Total	Indigenous	Imported	Total	Indigenous	Imported
Raw Minerals	190,917,250	190,189,450	727,800	172,821,586	172,821,586	—
		99.62%	0.38%		100.00%	
Chemicals and Others	139,111,459	58,107,908	81,003,552	125,275,570	125,275,570	—
		41.77%	58.23%		100.00%	

##### c Expenditure in Foreign Currency

Particulars	2013-14 ₹	2012-2013 ₹
i) Travelling Expenses	9,355,170	12,151,780
ii) Commission	8,971,733	12,442,698
iii) C.I.F. Value of Import of Materials	51,327,605	6,918,117
iv) C.I.F. Value of Import of Capital Goods	17,160,955	—
v) Others	440,422,053	112,854,545

##### d Earnings in Foreign Currency

Particulars	2013-14 ₹	2012-2013 ₹
F.O.B. Value of Exports	4,360,413,799	3,474,207,160

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

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

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

Signatures to notes no. 1 to 44

As per our Report of even date

**For SANGHAVI & COMPANY**  
Chartered Accountants

sd/-

**MANOJ GANATRA**  
Partner

Mumbai  
29<sup>th</sup> May, 2014

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

sd/-

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

sd/-

**ASHISH DESAI**  
General Manager - Accounts

Mumbai  
29<sup>th</sup> May, 2014

sd/-

**ASHOK KADAKIA**  
Audit Committee Chairman & Director

sd/-

**SACHIN POLKE**  
Company Secretary and Vice President

# 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	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014
2. Shares of the Subsidiary Companies held by Ashapura Minechem Limited (a) Number	3,000,000 Equity Shares of ₹.10/- each fully paid-up	3,410,000 Equity Shares of ₹.10/- each fully paid-up	10,000 Equity Shares of ₹.10/- each fully paid-up	10,000 Equity Shares of ₹.10/- each fully paid-up	10,000 Equity Shares of ₹.10/- each fully paid-up
(b) Extent holding – Equity Shares Preference Shares	100% —	95.25% —	100% —	100% —	100% —
3. The net aggregate of profits/(losses) of the Subsidiary Companies for the Financial Year, so far as they concern the members of Ashapura Minechem Limited were: (a) Dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2014 (b) Not dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2014	NIL ₹.46,081,077/-	NIL ₹.1,997,429/-	NIL (₹. 42,656/-)	NIL (₹.651,862/-)	NIL (₹.921,092/-)
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 31/03/2014 (b) Not dealt with in the accounts of Ashapura Minechem Limited for the year ended 31/03/2014	NIL ₹. 74,290,163/-	NIL ₹.17,186,889/-	NIL (₹. 953,219/-)	NIL (₹.10,027,485/-)	NIL (₹.17,425,377/-)

Notes :

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

Place : Mumbai  
Date : 29<sup>th</sup> May, 2014


**1956, RELATING TO SUBSIDIARY COMPANIES**

(Amount in ₹)

<b>BOMBAY MINERALS LTD.</b>	<b>PRASHANSHA CERAMICS LTD.</b>	<b>ASHAPURA ALUMINIUM LTD.</b>	<b>ASHAPURA MINECHEM (UAE) FZE</b>	<b>ASHAPURA HOLDINGS (UAE) FZE</b>	<b>ASHAPURA MARITIME FZE</b>	<b>PT ASHAPURA RESOURCES INDONESIA</b>
31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014
218,080 Equity Shares of ₹.10/- each fully paid-up	700,000 Equity Shares of ₹. 10/- each fully paid-up	50,000 Equity Shares of ₹.10/- each fully paid-up	68 Shares of Dhs. 150,000	NIL**	NIL***	NIL****
100% —	48.28% * —	100% —	100% —	NIL** —	NIL*** —	NIL**** —
NIL  ₹. 96,349,778/-	NIL  ₹. 107,863/-	NIL  ₹. 32,522,984/-	NIL  USD 551,306 [Equivalent to (₹. 31,529,190/-)] #	NIL  N.A	NIL  N.A	NIL  N.A
NIL  ₹. 233,679,499/-	NIL  (₹.19,415,172/-)	NIL  (₹.25,585,954/-)	NIL  USD (3,733,133) (Equivalent to ₹.224,361,293) ##	NIL  N.A.	NIL  N.A.	NIL  N.A.

b) # The profits as on 31.03.2014 are converted into Indian Rupees at an average rate of USD 1 = ₹. 57.19/- (Rounded off to nearest Rupee)

## The profits are converted in Indian Rupees at the closing rate of USD 1 = ₹. 60.10/- (As on 31/3/2014) (Rounded off to nearest Rupee)

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

Sd/-  
**SACHIN POLKE**  
Company Secretary & Vice President

Sd/-  
**ASHISH DESAI**  
G. M. - Accounts

Sd/-  
**CHETAN SHAH**  
Managing Director  
& Chief Executive Officer

Sd/-  
**ASHOK KADAKIA**  
Audit Committee Chairman &  
Director

## CONSOLIDATED FINANCIAL STATEMENTS

Contents	Page Nos.
Consolidated Auditors' Report	67
Consolidated Balance Sheet	68
Consolidated Statement of Profit & Loss A/c.	69
Consolidated Cash Flow Statement	70-71
Consolidated Notes 1 to 41	72-92



## INDEPENDENT AUDITORS' REPORT

To  
The Board of Directors of  
**ASHAPURA MINECHEM LIMITED**

We have audited the accompanying consolidated financial statements of **Ashapura Minechem Limited** ("the Company") and its subsidiaries, joint venture companies and associates (collectively referred to as "the Ashapura Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Ashapura Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Ashapura Group's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

Reference is invited to -

- *note no. 29(ii) in respect of write-back and non-provision for losses on foreign currency derivatives transactions and certain loans in connection thereto in the earlier years aggregating to ₹ 22,686.90 (27,779.75) lacs;*
- *note no. 29(iii) in respect of non-provision of foreign*

*currency derivatives losses of ₹ Nil (611.49) lacs;*

*and thereby overstatement of the net profit in the financial statements by ₹ Nil (611.49) lacs and overstatement of reserves and surplus by ₹ 22,686.91 (28,391.24) lacs.*

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries, joint venture companies and associates referred to below in the Other Matters paragraph, the consolidated financial statements, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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 state of affairs of the Ashapura Group as at 31<sup>st</sup> March 2014;
- b) In the case of the Consolidated Profit and Loss Statement, of the profit of the Ashapura Group for the year ended on that date; and
- c) In the case of the consolidated Cash Flow Statement, of the cash flows of the Ashapura Group for the year ended on that date.

### Other Matters

We did not audit the financial statements of eight subsidiaries and two joint venture companies whose financial statements reflect total assets of ₹ 10,234.96 (previous year: ₹ 8,898.25) lacs as at 31<sup>st</sup> March 2014 and total revenues of ₹ 10,670.71 lacs (previous year ₹ 4,797.50 lacs) for the year ended on that date and of two associates whose financial statements reflect the Company's share of profit (net) of ₹ 4.71 lacs (previous year ₹ 23.94 lacs) for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose audit reports (except for the one as stated below) have been furnished to us by the management of the Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture companies and associates, is based solely on the reports of such other auditors.

Financial statements of an overseas associate wherein the Company's share of loss for the year is ₹ 16.76 lacs (previous year loss ₹ 9.84 lacs) are unaudited. We have relied upon the unaudited financial statements as provided by the Company's management for the purpose of our examination of consolidated Statement of the Company.

Our opinion is not qualified in respect of other matters.

### For SANGHAVI & COMPANY

Chartered Accountants  
FRN : 109099W

sd/-

**MANOJ GANATRA**

Partner  
Membership No. 043485

Mumbai  
29<sup>th</sup> May, 2014



# ASHAPURA MINECHEM LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014

	Note No.	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>EQUITY AND LIABILITIES :</b>			
<b>Shareholders' Funds</b>			
Share Capital	4	173,972,196	165,972,196
Reserves and Surplus	5	(1,173,563,662)	(3,015,686,309)
Money Received against Share Warrant		—	36,830,000
		(999,591,466)	(2,812,884,113)
<b>Minority Interest</b>	6	<b>2,749,016</b>	<b>2,649,512</b>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	7	511,663,712	966,330,166
Deferred Tax Liabilities (net)		27,319,941	12,181,000
Other Long Term Liabilities	8	12,892,294	17,355,365
Long-term Provisions	9	133,942,534	77,463,262
		<b>685,818,480</b>	<b>1,073,329,793</b>
<b>Current Liabilities</b>			
Short-term Borrowings	10	1,535,370,770	2,034,830,671
Trade Payables		1,102,013,993	872,736,808
Other Current Liabilities	11	7,374,545,909	7,610,594,133
Short-term Provisions	12	24,680,431	20,207,534
		<b>10,036,611,104</b>	<b>10,538,369,146</b>
		<b>9,725,587,134</b>	<b>8,801,464,338</b>
<b>ASSETS :</b>			
<b>Non-Current Assets</b>			
Fixed Assets	13		
Tangible Assets		2,810,904,020	2,589,385,638
Intangible Assets		7,175,204	7,569,925
Capital Work-in-Progress		259,728,281	303,082,689
		<b>3,077,807,505</b>	<b>2,900,038,252</b>
Goodwill on Consolidation		104,400,525	104,400,525
Non-current Investments	14	596,246,377	46,636,077
Long-term Loans and Advances	15	409,286,027	382,672,003
Other Non-current Assets		—	—
		<b>4,187,740,434</b>	<b>3,433,746,857</b>
<b>Current Assets</b>			
Current Investments	16	14,285,878	5,572,483
Inventories	17	2,139,423,337	2,144,182,970
Trade Receivables	18	2,167,868,266	1,868,498,727
Cash and Bank Balances	19	337,560,135	296,859,668
Short-term Loans and Advances	20	878,709,084	1,052,603,633
Other Current Assets		—	—
		<b>5,537,846,700</b>	<b>5,367,717,481</b>
		<b>9,725,587,134</b>	<b>8,801,464,338</b>

The accompanying notes 1 to 41 are an integral part of these financial statements.

As per our Report of even date

For **SANGHAVI & COMPANY**  
Chartered Accountants

sd/-

**MANOJ GANATRA**  
Partner

Mumbai  
29<sup>th</sup> May, 2014

For and on Behalf of the Board of Directors

sd/-

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

sd/-

**ASHISH DESAI**  
General Manager - Accounts

Mumbai  
29<sup>th</sup> May, 2014

sd/-

**ASHOK KADAKIA**  
Audit Committee Chairman & Director

sd/-

**SACHIN POLKE**  
Company Secretary and Vice President



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

	Note No.	2013-2014 ₹.	2012-2013 ₹.
<b>REVENUE :</b>			
Revenue from Operations (Gross)	21	10,959,155,214	7,809,178,897
Less : Excise duty		126,948,251	89,994,125
Revenue from Operations (Net)		10,832,206,963	7,719,184,772
Other Income	22	56,601,681	143,757,843
		10,888,808,644	7,862,942,615
<b>EXPENSES :</b>			
Cost of Materials Consumed	23	1,713,241,499	1,820,643,279
Purchases of Stock-in-Trade		1,062,829,027	313,919,453
Changes in Inventories	24	44,204,392	(208,470,155)
Employee Benefits Expenses	25	554,293,930	447,488,090
Finance Costs	26	285,260,323	543,033,542
Depreciation and Amortization		256,809,312	257,964,189
Other Expenses	27	5,676,780,610	4,119,828,015
		9,593,419,092	7,294,406,414
<b>Profit before exceptional and extraordinary items and tax</b>		1,295,389,552	568,536,200
Exceptional Items	34	545,314,651	(72,531,023)
<b>Profit before extraordinary items and tax</b>		1,840,704,203	496,005,177
Extraordinary Items		—	—
<b>Profit Before Tax</b>		1,840,704,203	496,005,177
Tax Expenses			
Current tax		92,415,000	64,115,000
Earlier Years' Tax		(8,537,560)	(8,173,748)
Deferred tax		15,085,830	937,956
<b>Net Profit After Tax</b>		1,741,740,933	439,125,970
Share of Profit in Associate Companies		471,372	2,393,632
Minority Interest		(99,504)	(86,530)
<b>Net Profit for the Year</b>		1,742,112,801	441,433,072
Face Value per Equity Share		2.00	2.00
Earnings per Equity Share			
Basic / Diluted (before exceptional and extra ordinary items)		14.41	6.42
Basic / Diluted (after exceptional and extra ordinary items)		20.97	5.52

The accompanying notes 1 to 41 are an integral part of these financial statements.

As per our Report of even date

For **SANGHAVI & COMPANY**  
Chartered Accountants

sd/-

**MANOJ GANATRA**  
Partner

Mumbai  
29<sup>th</sup> May, 2014

For and on Behalf of the Board of Directors

sd/-

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

sd/-

**ASHISH DESAI**  
General Manager - Accounts

Mumbai  
29<sup>th</sup> May, 2014

sd/-

**ASHOK KADAKIA**  
Audit Committee Chairman & Director

sd/-

**SACHIN POLKE**  
Company Secretary and Vice President

# ASHAPURA MINECHEM LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

(₹. in lacs)

	2013-2014	2012-2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	12,953.90	5,685.36
Adjustments for -		
Depreciation and Amortization	2,568.09	2,579.64
Exchange Rate Adjustment (net)	(891.52)	472.65
Loss (Profit) on Sale/disposal of Fixed Assets	81.04	3,540.69
Loss (Profit) on Sale of Investments	(13.71)	1.35
Provisions and Write-offs	2,529.11	227.14
Dividend	(18.09)	(4.41)
Interest (net)	2,446.55	3,477.27
Operating Profit Before Working Capital Changes	19,655.37	15,979.69
Adjustments for -		
Trade and Other Receivables	(3,658.93)	(2,891.23)
Inventories	47.60	(2,601.39)
Trade and Other Payables	308.81	8,968.30
Cash Generated From Operations	16,352.85	19,455.38
Direct Taxes Paid / Refund Receipts	(804.51)	52.47
Cash Flow before Exceptional / Extra Ordinary Items	15,548.34	19,507.84
Exceptional / Extra Ordinary Items	5,453.15	(725.31)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>21,001.49</b>	<b>18,782.53</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(3,989.33)	(4,093.97)
Sale of Fixed Assets	84.27	1,490.70
Sale (Purchase) of Investments (net)	(5,564.82)	120.73
Interest Received	313.46	413.45
Dividend Received	18.09	4.41
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(9,138.32)</b>	<b>(2,064.68)</b>



### C CASH FLOW FROM FINANCING ACTIVITIES :

Proceeds (Repayments) from Long Term Borrowings	(4,546.66)	293.50
Proceeds (Repayments) from Short Term Borrowings	(4,994.60)	(12,853.90)
Loans lent / recovered	(257.93)	(860.01)
Dividend Paid	(1.88)	(1.02)
Interest Paid	(2,760.01)	(3,890.72)
Net Change in Statutory Restricted Accounts Balances	(242.27)	(96.76)
Increase in Share Capital (including premium)	1,104.90	1,473.20
Share Warrants Application Money	—	368.30
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(11,698.45)</b>	<b>(15,567.41)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>164.73</b>	<b>1,150.44</b>
Cash and cash equivalents as at beginning of the year	2,349.47	1,199.03
Cash and cash equivalents as at end of the year	<u>2,514.20</u>	<u>2,349.47</u>
<b>Cash and Cash Equivalents:</b>		
Cash and Bank Balances	3,375.60	2,968.60
Statutory restricted accounts	(861.40)	(619.13)
	<u>2,514.20</u>	<u>2,349.47</u>

As per our Report of even date

**For SANGHAVI & COMPANY**  
Chartered Accountants

sd/-

**MANOJ GANATRA**  
Partner

Mumbai  
29<sup>th</sup> May, 2014

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

sd/-

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

sd/-

**ASHISH DESAI**  
General Manager - Accounts

Mumbai  
29<sup>th</sup> May, 2014

sd/-

**ASHOK KADAKIA**  
Audit Committee Chairman & Director

sd/-

**SACHIN POLKE**  
Company Secretary and Vice President

# ASHAPURA MINECHEM LIMITED

## 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 31<sup>st</sup> March 2014 except for an overseas joint venture company, Sohar Ashapura Chemicals LLC and an overseas associate, Hudson MPA Sdn Bhd–Malaysia where the accounts are last drawn up to 31<sup>st</sup> December, 2013.
- b. The financial statements of the subsidiaries and joint venture companies are audited.
- c. The consolidated financial statements present the consolidated accounts of Ashapura Minechem Limited with its following subsidiaries, joint ventures and associates.

Particulars	Proportion of Ownership Interest as at 31 <sup>st</sup> March 2014 (either directly or through subsidiaries)
<b>Subsidiaries:</b>	
1 Ashapura International Limited	100.00 %
2 Ashapura Claytech Limited	95.25 %
3 Bombay Minerals Limited	100.00 %
4 Prashansha Ceramics Limited	100.00 %
5 Peninsula Property Developers Private Limited	100.00 %
6 Sharda Consultancy Private Limited	100.00 %
7 Ashapura Consultancy Service Private Limited	100.00 %
8 Ashapura Minechem (UAE) FZE	100.00 %
9 Ashapura Holdings (UAE) FZE	100.00 %
10 Ashapura Maritme FZE	100.00 %
11 Ashapura Aluminum Limited	100.00 %
12 PT Ashapura Resources Indonesia	100.00 %
<b>Joint Ventures:</b>	
1 Ashapura Volclay Limited	50.00 %
2 Ashapura Midgulf NV – Antwerp	50.00 %
3 Sohar Ashapura Chemicals LLC	40.00 %
<b>Associates:</b>	
1 Hudson MPA Sdn Bhd – Malaysia	25.00 %
2 Ashapura Arcadia Logistic Private Limited	50.00 %
3 Emo Ashapura Energy and Mining Limited – Nigeria	48.00 %

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



## 2. Principles of Consolidation

- a. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of the assets, liabilities, income and expenses, after fully eliminating there from intra-group balances and intra-group transactions as per Accounting Standard (AS) – 21 “Consolidated Financial Statements” prescribed under the Companies (Accounting Standards) Rules, 2006.
- b. Interests in joint ventures have been accounted for by using the proportionate consolidation method as per Accounting Standard (AS) – 27 “Financial Reporting of Interest in Joint Ventures” prescribed under the Companies (Accounting Standards) Rules, 2006.
- c. Interests in associates have been accounted for by using the equity method as per Accounting Standard (AS) – 23 “Accounting for Investments in Associates in Consolidated Financial Statements” prescribed under the Companies (Accounting Standards) Rules, 2006.
- d. The financial statements of the parent company and its subsidiaries and joint ventures have been consolidated using uniform account policies for like transactions and other events in similar circumstances.
- e. The excess of cost to the parent company of its investment in each of the subsidiary over its share of equity in the respective subsidiary, on the acquisition date, is recognized in the financial statements as goodwill on consolidation and carried in the Balance Sheet as an asset.
- f. The investment in associates is initially recorded at cost. Goodwill and/or capital reserve arising at the time of acquisition and the carrying amount are adjusted to recognize the share of profit or loss of the invested after the date of acquisition.

## 3. Significant Accounting Policies

### Use of Estimates:

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

### Fixed Assets:

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

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

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

### Investments:

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

### Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. Cost is determined on the following basis:

Raw materials, traded goods and stores and spares – on a first-in first-out (FIFO) basis;

Finished and semi-finished goods – at material cost plus direct expenses and appropriate value of overheads.

## Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably be measured.

Revenue from sale of goods are recognized when significant risks and rewards of ownership are passed to the buyer, which generally coincides with dispatch of goods. Sales taxes and value added taxes, wherever applicable, are collected on behalf of the Government and therefore, excluded from the revenue.

Revenue from services are recognized as and when the services are rendered in terms of the agreements with the customers. Service tax, wherever applicable, is collected on behalf of the Government and therefore, excluded from the revenue.

## 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 & Receipts:

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. Receipts of Research & Development Center of the company are accounted for as revenue receipts.

## 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 except where the ultimate recovery or the payment, as the case may be, are uncertain, are translated at the closing rates and profit or loss arising there from is dealt with in the profit & loss 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 entered into in the earlier years are void, the Company has not provided for unpaid claims of the counter parties and has written back in earlier years, provisions made for such unpaid claims/converted loans in connection with such losses. The Company has, however, accounted for such claims wherever paid due to uncertainty of recovery of such claims

## Borrowing Costs:

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



## Employee Benefits:

### Post-employment benefit plans

- i) Defined Contribution Plan: Contribution for provident fund are accrued in accordance with applicable statutes and deposited with 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.

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.



# ASHAPURA MINECHEM LIMITED

## Note No. 4

### 4.1 SHARE CAPITAL

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>Authorised</b>		
125,000,000 equity shares of ₹ 2/- each	250,000,000	250,000,000
6,500,000 preference shares of ₹ 100/- each	650,000,000	650,000,000
	900,000,000	900,000,000
<b>Issued, Subscribed and Paid up</b>		
86,986,098 (82,986,098) equity shares of ₹ 2/- each	173,972,196	165,972,196
	173,972,196	165,972,196

Of the total capital, 65,543,049 equity shares were issued as fully paid-up bonus shares including equity shares issued as fully paid up bonus shares during the preceding five years : Nil

### 4.2 Share Capital Reconciliation

#### Equity Shares

Particulars	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
	No. of Shares	₹.	No. of Shares	₹
Shares outstanding at the beginning of the year	82,986,098	165,972,196	78,986,098	157,972,196
Shares issued during the year	4,000,000	8,000,000	4,000,000	8,000,000
Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	86,986,098	173,972,196	82,986,098	165,972,196

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

Name of Shareholder	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
	No. of shares	% of holding	No. of shares	% of holding
Volclay International Corporation	—	—	15,714,690	18.94
Mr. Chetan Navnitlal Shah	12,143,814	13.96	11,843,814	14.27
Mr. Navanilal Ratanji Shah	9,514,087	10.94	10,314,087	12.43
Mrs. Dina Chetan Shah	7,768,020	8.93	7,768,020	9.36
Ashapura Industrial Finance Limited	8,088,000	9.30	—	—
Albula Investment Fund Limited	7,857,345	9.03	—	—

### 4.4 Rights, preferences and restrictions attached to shares

#### Equity Shares

The Company has one class of equity shares having a face value of ₹ 2/- each ranking *pari passu* in all respects including voting rights and entitlement to dividend.



## Note No. 5 RESERVES AND SURPLUS

	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
	₹.	₹.
<b>a. Capital Reserve</b>	33,111,461	33,111,461
<b>b. Capital Redemption Reserve</b>	390,000	390,000
<b>c. Statutory Reserve</b>		
Balance at the beginning of the year	423,321	—
Transferred from Profit & Loss account	4,223,003	423,321
Balance at the end of the year	<u>4,646,324</u>	<u>423,321</u>
<b>d. Securities Premium Account</b>		
Balance at the beginning of the year	1,634,138,645	1,494,818,645
Premium received during the year	139,320,000	139,320,000
Balance at the end of the year	<u>1,773,458,645</u>	<u>1,634,138,645</u>
<b>e. Foreign Currency Translation Reserve</b>		
Balance at the beginning of the year	(49,191,342)	(96,456,080)
Current year transfer	(37,024,346)	47,264,738
Balance at the end of the year	<u>(86,215,688)</u>	<u>(49,191,342)</u>
<b>f. Surplus</b>		
Balance at the beginning of the year	(4,634,558,394)	(5,073,282,337)
Net Profit for the year	1,742,112,801	441,433,072
Corporate dividend tax	(2,285,808)	(2,285,808)
Transfer to Statutory Reserve	(4,223,003)	(423,321)
Balance at the end of the year	<u>(2,898,954,404)</u>	<u>(4,634,558,394)</u>
	<u>(1,173,563,662)</u>	<u>(3,015,686,309)</u>

## Note No. 6 MINORITY INTEREST

	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
	₹.	₹.
Balance at the beginning of the year	2,649,512	2,562,982
Share of profit for the year	99,504	86,530
Balance at the end of the year	<u>2,749,016</u>	<u>2,649,512</u>

# ASHAPURA MINECHEM LIMITED

## Note No. 7 LONG TERM BORROWINGS

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>a. Secured</b>		
Term loans from financial institutions (Foreign currency accounts)	—	56,858,192
Term loans from banks (Foreign currency accounts)	275,569,162	251,990,032
Term loans from banks and others (Indian rupee accounts) *	58,087,958	71,829,459
Working capital finance from financial institutions (Indian rupee accounts)	—	60,000,000
Working capital finance from banks (Indian rupee accounts)	—	350,000,000
Hire purchase finance	3,655,302	1,571,719
* includes accounts upon assignment from a financial institution		
	<u>337,312,422</u>	<u>792,249,402</u>
Period of default	NA	NA
Amount	Nil	Nil
<b>b. Unsecured</b>		
Inter corporate loans	113,031,500	95,519,324
Others	61,319,790	78,561,440
	<u>174,351,290</u>	<u>174,080,764</u>
	<u>511,663,712</u>	<u>966,330,166</u>

## Note No. 8 OTHER LONG TERM LIABILITIES

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
Sales tax deferred payment liabilities	12,142,294	16,605,365
Security deposits	750,000	750,000
	<u>12,892,294</u>	<u>17,355,365</u>

## Note No. 9 LONG TERM PROVISIONS

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
Provision for leave encashment	9,711,201	9,824,532
Provision for mining restoration	123,695,369	67,638,730
Provision for Gratuity	535,964	—
	<u>133,942,534</u>	<u>77,463,262</u>



## Note No. 10 SHORT TERM BORROWINGS

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>a. Secured</b>		
Working capital finance from banks (Foreign currency accounts)	66,320,427	53,403,503
Working capital finance from banks (Indian rupee accounts)	700,154,562	932,352,330
Working capital finance from financial institutions and others * (Indian rupee accounts)	420,282,956	781,019,556
Term loans form financial institutions and others * (Indian rupee accounts)	52,000,000	98,389,661
* includes accounts upon assignments from banks/financial institution		
	<u>1,238,757,945</u>	<u>1,865,165,050</u>
Amount of default : Of the above, accounts with aggregate balances of ₹ 726,282,956 (1,533,591,292) have been classified by the respective bankers as non-standard.		
<b>b. Unsecured</b>		
Inter corporate loans	—	13,850,000
Others	296,612,825	155,815,621
	<u>296,612,825</u>	<u>169,665,621</u>
	<u>1,535,370,770</u>	<u>2,034,830,671</u>

## Note No. 11 OTHER CURRENT LIABILITIES

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
Current maturities of long-term debt [including amount in default in repayment ₹ 229,107,507 (98,615,036)]	802,857,208	1,123,625,324
Interest accrued and due on borrowings	346,352,493	390,294,554
Interest accrued but not due on borrowings	3,061,647	3,946,169
Sales tax deferred liabilities	4,494,630	4,255,394
Payables on purchase of capital assets	13,860,879	2,310,411
Advances from customers	333,546,076	214,695,519
Statutory liabilities	89,378,058	84,611,515
Unclaimed dividends	929,644	1,118,344
Shipping claims payable	5,620,288,244	5,620,288,244
Other liabilities	159,777,030	165,448,659
	<u>7,374,545,909</u>	<u>7,610,594,133</u>

## Note No. 12 SHORT TERM PROVISIONS

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
Provision for bonus	19,853,357	16,048,333
Provision for leave encashment	2,541,266	1,873,394
Provision for corporate dividend tax	2,285,808	2,285,808
	<u>24,680,431</u>	<u>20,207,534</u>

## Note No. 13 FIXED ASSETS

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April, 2013	Additions*	Deductions	As at 31 <sup>st</sup> March, 2014	As at 1 <sup>st</sup> April, 2013	For the Year	On Deductions	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Owned Tangible Assets</b>										
Freehold Land	171,213,572	4,411,558	449,006	175,176,124	—	—	—	—	175,176,124	171,213,572
Buildings	872,373,172	86,235,555	—	958,608,727	154,753,261	32,041,824	—	186,795,085	771,813,642	717,620,089
Plant and Equipment	2,500,120,353	365,702,075	23,714,129	2,842,108,299	925,633,129	198,336,811	8,897,004	1,115,072,936	1,727,035,363	1,574,412,542
Barges	7,598,314	—	—	7,598,314	7,353,950	—	—	7,353,950	244,364	244,364
Vehicles	113,260,367	13,424,060	6,276,317	120,408,110	83,415,924	8,899,131	5,047,621	87,267,434	33,140,676	29,844,444
Furniture & Fixtures	115,538,441	12,385,890	9,350	127,914,981	78,136,026	7,617,860	6,939	85,800,947	42,114,034	37,402,364
Office Equipment	88,506,463	9,676,010	163,554	98,018,919	65,768,850	5,274,100	129,452	70,913,498	27,105,421	22,783,790
	3,868,610,682	491,835,148	30,612,356	4,329,883,474	1,315,061,140	252,223,726	14,081,016	1,553,203,850	2,776,629,624	2,553,521,165
<b>Tangible Assets Under Lease</b>										
Freehold Land	30,800	—	—	30,800	—	—	—	—	30,800	30,800
Buildings	12,838,268	—	—	12,838,268	2,563,137	289,723	—	2,852,860	9,985,408	10,275,131
Plant and Equipment	35,761,590	—	—	35,761,590	10,550,022	1,278,840	—	11,828,862	23,932,728	25,211,568
Vehicles	75,000	—	—	75,000	23,152	5,368	—	28,520	46,480	51,848
Furniture & Fixtures	319,902	—	—	319,902	124,482	12,204	—	136,686	183,216	195,420
Office Equipment	253,871	—	—	253,871	154,165	3,942	—	158,107	95,764	99,706
	49,279,431	—	—	49,279,431	13,414,958	1,590,077	—	15,005,035	34,274,396	35,864,473
<b>Owned Intangible Assets</b>										
Compensation for Premises Rights	24,434,113	—	—	24,434,113	18,265,136	2,283,142	—	20,548,278	3,885,835	6,168,977
Computer Softwares	3,452,613	2,589,567	—	6,042,180	2,177,639	712,367	—	2,890,006	3,152,174	1,267,253
Mining Lease Rights	133,695	3,500	—	137,195	—	—	—	—	137,195	133,695
	28,020,421	2,593,067	—	30,613,488	20,442,775	2,995,509	—	23,438,284	7,175,204	7,569,925
<b>Total</b>	3,945,910,534	494,428,215	30,612,356	4,409,726,394	1,348,918,876	256,809,312	14,081,016	1,591,647,169	2,818,079,224	2,596,955,563
<b>Capital Work in Progress</b>	151,508,991	376,735,682	268,516,392	259,728,281	—	—	—	—	259,728,281	151,508,991
<b>Pre-Operative Expenses</b>	151,573,698	—	151,573,698	—	—	—	—	—	—	151,573,698
<b>Total</b>	4,248,993,223	871,163,897	450,702,446	4,669,454,675	1,348,918,876	256,809,312	14,081,016	1,591,647,169	3,077,807,505	2,900,038,252
<b>Previous Year</b>	4,654,350,055	644,420,404	1,070,435,562	4,228,334,897	1,402,605,775	257,964,189	332,273,319	1,328,296,645	2,900,038,252	3,251,744,280

\* includes foreign currency translation adjustments



## Note No. 14 NON-CURRENT INVESTMENTS

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>Quoted; at cost:</b>		
<b>a. Investments in Equity Shares</b>		
21,535,056 Equity Shares of Orient Abrasive Ltd. of ₹ 1/- each (Aggregate market value of quoted investments ₹ 409,166,064)	549,143,928	—
	<u>549,143,928</u>	<u>—</u>
<b>Unquoted - at cost:</b>		
<b>b. Investments in Associates</b>		
<b>Hudson MPA Sdn Bhd, Malaysia</b>		
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)	(10,408,595)	(8,732,114)
	<u>37,603,415</u>	<u>39,279,896</u>
<b>Emo Ashapura Energy &amp; Mining Limited, Nigeria</b>		
Goodwill on acquisition	112,884,398	112,884,398
Carrying amount of investment	101,099,602	101,099,602
Accumulated share of profit or (loss)	—	—
Provision for Impairment of investment	(213,984,000)	(213,984,000)
	<u>—</u>	<u>—</u>
<b>Ashapura Arcadia Logistic Private Limited</b>		
Goodwill on acquisition	(7,825,342)	(7,825,342)
Carrying amount of investment	8,375,342	8,375,342
Accumulated share of profit or (loss)	4,975,034	2,827,181
	<u>5,525,034</u>	<u>3,377,181</u>
	<u>43,128,449</u>	<u>42,657,077</u>
<b>c. Investments in Other Equity Shares:</b>		
186,285 equity shares of Shantilal Multiport Infrastructure Pvt Limited of ₹ 10/- each	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>
<b>d. Investments in Government Securities:</b>		
National Savings Certificates (under lien with sales tax/mining authorities)	1,474,000	1,479,000
	<u>1,474,000</u>	<u>1,479,000</u>
	<u>596,246,377</u>	<u>46,636,077</u>

# ASHAPURA MINECHEM LIMITED

## Note No. 15 LONG-TERM LOANS AND ADVANCES

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>Unsecured (considered good)</b>		
Capital advances	15,815,003	12,923,931
Security deposits	161,545,574	159,270,291
includes - Security deposits towards land and premises to directors, firms and companies in which some of the directors are interested ₹ 34,200,000 (34,200,000)		
Loans to joint venture companies	202,226,529	179,341,293
Loans to associate companies	27,966,063	25,059,439
Loans to staff	1,478,870	1,502,750
Other loans and advances	253,989	4,574,299
	<u>409,286,027</u>	<u>382,672,003</u>

## Note No. 16 CURRENT INVESTMENT

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>Investments in Government Securities:</b>		
National Savings Certificates (under lien with sales tax/mining authorities)	374,800	369,800
<b>Investments in Mutual Funds :</b>		
Religare Liquid Fund	3,805,196	3,627,974
Reliance Invesco Liquid Fund	7,605,882	—
Union KBC FMP Fund	2,500,000	—
Reliance Liquidity Fund	—	1,574,709
	<u>13,911,078</u>	<u>5,202,683</u>
	<u>14,285,878</u>	<u>5,572,483</u>

Aggregate market value of quoted investment ₹. 13,929,778 (Previous year : ₹. 5,202,683)

## Note No. 17 INVENTORIES

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
(Valued at lower of cost or net realisable value)		
Raw materials	349,500,001	330,512,122
Work-in-progress	49,066,950	44,005,019
Finished goods	1,441,937,419	1,413,553,028
Materials in transit	2,145,690	3,467,295
Stock-in-trade	155,337,848	231,666,957
Stores & spares	102,332,331	92,933,192
Packing materials	39,103,099	28,045,358
	<u>2,139,423,337</u>	<u>2,144,182,970</u>



## Note No. 18 TRADE RECEIVABLES

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>Unsecured (considered good, unless otherwise stated)</b>		
Over six months	600,252,605	277,552,655
Others	<u>1,676,973,892</u>	<u>1,681,336,932</u>
	<b>2,277,226,497</b>	<b>1,958,889,587</b>
less: Provision for doubtful debts	<u>109,358,231</u>	<u>90,390,860</u>
	<u><b>2,167,868,266</b></u>	<u><b>1,868,498,727</b></u>
includes -	<u>More than Six Months</u>	<u>Others</u>
due from joint venture and associate companies	<b>39,152,858</b>	11,726,644
due from firms and companies in which directors are interested	<b>20,090,850</b>	20,186,485

## Note No. 19 CASH AND BANK BALANCES

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>I. Cash and Cash Equivalents</b>		
<b>a. Balances with Banks:</b>		
Current accounts	242,072,253	211,194,629
Short term deposits	<u>163,473</u>	—
	<b>242,235,726</b>	<b>211,194,629</b>
<b>b. Cash on Hand</b>	<b>4,407,424</b>	2,950,834
	<u><b>246,643,149</b></u>	<u><b>214,145,463</b></u>
<b>II. Other Bank Balances</b>		
Dividend accounts	928,997	1,118,008
Margin Money Accounts	1,462,026	16,241,050
Terms deposits with more than 12 months maturity	17,531,073	658,436
Other term deposits	66,685,449	62,002,709
Cheques on Hand	1,529,000	2,193,039
Funds in Transit	<u>2,780,441</u>	<u>500,963</u>
	<u><b>90,916,985</b></u>	<u><b>82,714,205</b></u>
	<u><b>337,560,135</b></u>	<u><b>296,859,668</b></u>

Term deposits of ₹ 85,210,565 are under lien with banks against working capital finance, letter of credits and bank guarantees (previous year ₹ 60,795,421)



# ASHAPURA MINECHEM LIMITED

## Note No. 20 SHORT-TERM LOANS AND ADVANCES

	31 <sup>st</sup> March, 2014 ₹.	31 <sup>st</sup> March, 2013 ₹.
<b>Unsecured (considered good, unless otherwise stated)</b>		
Trade advances to suppliers	744,715,509	843,855,557
less: Provision for doubtful advances	230,658,492	42,553,722
	<u>514,057,017</u>	<u>801,301,835</u>
Trade advances to companies or firms in which some of the directors are interested ₹ 139,634,917 (136,232,928)		
Advance payments of income tax (net of provisions)	19,526,833	6,213,581
Loans and advances to staff	7,133,745	5,012,484
Claims receivable	159,496,902	136,959,025
Prepaid expenses	16,095,236	12,647,797
Advance payments of royalty	41,082,867	39,822,663
Input credits receivable	38,069,687	7,011,188
Other loans and advances	83,246,797	43,635,061
	<u>878,709,084</u>	<u>1,052,603,633</u>

## Note No. 21 REVENUE FROM OPERATIONS

	2013-2014 ₹.	2012-2013 ₹.
<b>Sale of Products</b>		
Export sales	6,831,774,821	5,059,230,106
Domestic sales	3,194,464,351	2,478,502,357
	<u>10,026,239,172</u>	<u>7,537,732,463</u>
<b>Sale of Services</b>		
Cargo handling income	446,072,525	42,130,000
Shipping operations income	—	28,479,651
	<u>446,072,525</u>	<u>70,609,651</u>
<b>Other Operating Revenue</b>		
Export incentives and credits	13,846,653	15,982,181
Foreign currency fluctuation gain	143,192,241	50,253,597
Research & development fees receipts	2,125,000	—
Machinery Hire charges receipts	136,129,515	34,831,930
Freight receipts on sales	101,385,388	77,259,089
Other operational income	90,164,720	22,509,986
	<u>486,843,517</u>	<u>200,836,783</u>
	<u>10,959,155,214</u>	<u>7,809,178,897</u>



## Note No. 22 OTHER INCOME

	2013-2014 ₹.	2012-2013 ₹.
Dividend receipts	1,808,850	441,494
Interest receipts	31,345,983	41,344,809
Insurance claims receipts	393,612	—
Profit on sale of Investment	1,370,918	—
Sundry balances / excess provisions written back (net)	5,572,005	89,680,997
Miscellaneous income	16,110,314	12,290,543
	<u>56,601,681</u>	<u>143,757,843</u>

## Note No. 23 COST OF MATERIALS CONSUMED

	2013-2014 ₹.	2012-2013 ₹.	
<b>Materials and Mining Expenses</b>			
Opening stock	330,512,122	273,696,876	
Purchase and direct expenses	723,512,370	799,204,924	
	<u>1,054,024,492</u>	<u>1,072,901,800</u>	
Closing stock	349,500,001	704,524,491	
		<u>330,512,122</u>	
		742,389,678	
Rent and Royalty	278,886,588	380,267,149	
Mining expenses	729,830,420	697,986,452	
	<u>1,713,241,499</u>	<u>1,820,643,279</u>	

# ASHAPURA MINECHEM LIMITED

## Note No. 24 CHANGES IN INVENTORIES

		2013-2014 ₹.		2012-2013 ₹.
<b>Opening Stock</b>				
Finished Goods	1,413,553,028		1,362,543,155	
Stock-in-trade	231,666,957		78,057,295	
Materials in transit	3,467,295		3,119,891	
Work-in-progress	<u>44,005,019</u>	<u>1,692,692,299</u>	<u>40,501,803</u>	1,484,222,144
<b>Closing Stock</b>				
Finished Goods	1,441,937,419		1,413,553,028	
Stock-in-trade	155,337,848		231,666,957	
Materials in transit	2,145,690		3,467,295	
Work-in-progress	<u>49,066,950</u>	<u>1,648,487,907</u>	<u>44,005,019</u>	1,692,692,299
		<u>44,204,392</u>		<u>(208,470,155)</u>

## Note No. 25 EMPLOYEE BENEFIT EXPENSES

	2013-2014 ₹.	2012-2013 ₹.
Salaries, wages, allowances and bonus	496,726,584	405,388,386
Contribution to employee benefit funds	29,056,756	21,079,201
Staff welfare expenses	28,510,590	21,020,503
	<u>554,293,930</u>	<u>447,488,090</u>
includes directors' remuneration	3,600,000	3,600,000

## Note No. 26 FINANCE COSTS

	2013-2014 ₹.	2012-2013 ₹.
<b>Interest</b>		
Working capital finance	174,244,711	425,647,122
Term loans	38,765,757	70,957,772
Others	<u>18,162,728</u>	<u>12,535,914</u>
Loss on foreign currency borrowings	45,325,963	24,894,595
Other borrowing costs	8,761,165	8,998,139
	<u>285,260,323</u>	<u>543,033,542</u>



## Note No. 27 OTHER EXPENSES

	2013-2014 ₹.		2012-2013 ₹.
<b>Manufacturing Expenses</b>			
Power & Fuel	405,287,562	339,267,419	
Machinery repairs and maintenance	65,233,818	48,039,625	
Packing materials and expenses	170,286,956	158,825,103	
Stores & spares consumption	193,030,867	137,327,964	
Carriage inward	76,256,470	71,721,929	
Other expenses	<u>283,763,529</u>	<u>189,569,717</u>	944,751,757
<b>Ship Operating Expenses</b>			
	—		29,956,499
<b>Selling and Distribution Expenses</b>			
Sales commission and discount	27,672,526	33,205,137	
Cargo handling expenses	331,989,405	25,501,423	
Export freight and insurance	644,537,770	413,289,556	
Export and other shipment expenses	<u>2,791,130,014</u>	<u>3,795,329,714</u>	<u>2,271,309,828</u>
<b>Administrative and Other Expenses</b>			
Travelling expenses	54,987,782	44,030,310	
Rent	39,743,592	32,443,543	
Rates and taxes	17,270,455	12,614,395	
Insurance premiums	6,344,238	5,388,554	
Building and other repairs	28,970,532	17,243,176	
Advertisement and business promotion	23,142,960	16,559,870	
Directors' sitting fees	437,888	420,000	
Legal and professional fees	66,983,979	65,105,941	
Payments to auditors	7,715,822	6,501,843	
Provisions/write off of doubtful debts/advances	252,911,012	22,714,095	
Bank discount, commission and other charges	10,785,179	8,294,591	
Donations	3,842,450	3,209,795	
Corporate Social Responsibility Expenses	8,838,750	7,250,000	
Loss on sale of assets (net)	8,104,167	1,831,639	
Loss on sale of investments (net)	—	135,100	
Prior period expenses (net)	355,545	2,578,700	
General expenses	<u>157,157,342</u>	<u>155,492,263</u>	401,813,815
	<u>5,676,780,610</u>		<u>4,119,828,015</u>

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

The Board for Industrial & Financial Reconstruction (BIFR) on considering the material on their record, declared the company as a sick company vide its order dated 20<sup>th</sup> March 2012. Further, in terms of the order passed and the powers available u/s 17(3) of SICA, the Bench has appointed Bank of India as Operating Agency with directions to submit Draft Rehabilitation Scheme which is under consideration and discussion.

- 29
- i. Certain foreign currency derivatives contracts entered into by the Company in the earlier years with the various bankers are under litigation at various stages. Based on the legal opinion obtained by the Company, these contracts are void in nature and cannot be legally enforced.
  - ii. The Company has, in the earlier years, written back liabilities of ₹ 15,334.50 lacs on account of the provision for such foreign currency derivatives losses; and not provided for foreign currency derivatives losses of ₹ 27,119.53 lacs (previous year: ₹ 26,508.05 lacs) in the earlier years. [net of settlement with some of the banks and financial institutions for certain secured loans and unprovided disputed foreign currency contracts ₹ 22,686.91 lacs (previous year: ₹ 27,779.75 lacs)]
  - iii. Apart from the above, the Company has also not provided for the losses arising during the year on foreign currency derivatives contracts aggregating to ₹ Nil (previous year: ₹ 611.49 lacs).
  - iv. As a result of the above, net profit for the year as well as reserves and surplus are overstated by ₹ Nil (previous year: ₹ 611.49 lacs) and ₹ 22,686.91 lacs (previous year: ₹ 28,391.24 lacs) respectively.
- 30 The company had entered into Contract of Affreightment (COA) with four shipping companies viz. (i) British Marine, (ii) IHX Pacific (UK), (iii) Eitzen Bulk A/S and (iv) Armada (Pte) Singapore.

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

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

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

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

By an order dated 26<sup>th</sup> June 2013, Jam Khambhaliya District Court refused to pass any order on the ground of the jurisdiction issue.

Aggrieved by the above order, the company has preferred an appeal before the Honourable Gujarat High Court, which has been admitted.

In view of the above, the company has "strictly without prejudice and without admitting the claims of the shipping companies" made the provision of ₹ 562.03 cr. in the earlier years against the shipping claims.

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



- 31 The Company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed, when referred from the individual financial statements.
- 32 Balances with some of the banks as well as balances for trade payables, trade receivables, for loans and advances in many cases are subject to confirmations from the respective parties and reconciliations, if any. In absence of such confirmations, the balances as per books have been relied upon by the auditors.
- 33 In the opinion of the directors, the current assets, loans and advances are approximately of the value as stated in the balance sheet, if realized in the ordinary course of the business. The provisions of all known liabilities are adequate and not in excess of the amount reasonably required.

34 **Exceptional Items:**

(₹. in Lacs)

Particulars	2013-2014	2012-2013
Net liabilities in respect of certain secured loans as well as disputed and unprovided foreign currency derivative contracts upon settlement with certain terms and conditions with some of the banks and financial institutions.	6,968.88	2,797.06
Preoperative expenses written off	(1,515.74)	---
Impairment of fixed assets		3,522.37
<b>Total...</b>	<b>5,453.14</b>	<b>(725.31)</b>

- 35 Based on the principles of prudence and in view of the uncertainty, deferred tax assets arising out of the carried forward business losses in the parent company are not accounted for in accordance with the provisions of Accounting Standard (AS) - 22 "accounting for Taxes on Income".

Details of the balance of ₹ 27,319,941 are as under:

Particulars	₹
Depreciation	39,671,425
Disallowances u/s 43B & others under the Income Tax Act	(12,351,484)
<b>Total...</b>	<b>27,319,941</b>

- 36 The proportionate share of assets, liabilities, income and expenses in respect of the Company having interest in the jointly controlled entities, Ashapura Volclay Limited (holding: 50%), and Ashapura Midgulf NV (holding: 50%) & Sohar Ashapura Chemicals LLC (holding:40%) are as under:

(₹. in Lacs)

	Current Year	Previous Year
<b>Assets</b>		
Fixed Assets (Net Block including WIP)	9,326.49	8,750.01
Investments	25.00	---
Current Assets	5,643.19	4,705.51
Long term Loans and Advances	251.75	179.52
Short Term Loans and Advances	1,528.33	558.53
<b>Total...</b>	<b>16,774.76</b>	<b>14,193.57</b>

# ASHAPURA MINECHEM LIMITED

<b>Liabilities</b>		
Non Current Liabilities	4,014.39	4,543.93
Current Liabilities	6,480.42	4,660.89
<b>Total</b>	<b>10,494.81</b>	9,204.82
<b>Income</b>		
Sales and Operational Income	14,792.69	10,820.41
Other Income	92.70	36.31
<b>Total</b>	<b>14,885.39</b>	10,856.72
<b>Expenditure</b>		
Manufacturing and Other Expenses	11,716.78	8,509.08
Interest	597.84	595.72
Depreciation	1,049.66	962.64
<b>Total</b>	<b>13,364.28</b>	10,067.44

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

(₹. in Lacs)

Particulars	31 <sup>st</sup> March	
	2014	2013
Guarantees to banks against credit facilities extended to group companies	2,058.00	3,913.50
Guarantees given to others on behalf of inter-group companies	191.30	821.71
Guarantees given to various Government Authorities and Others	8,228.97	4,569.22
In respect of guarantees given by the company	3,736.29	3,344.75
In respect of disputed Income Tax liabilities	1,541.85	160.01
Claims against the company not acknowledged as debt	769.23	708.98
In respect of contracts remaining to be executed	3.11	150.89
Disputed Liabilities in respect of Excise Duty	2,456.43	---
In respect of Other matters	632.83	236.32

## 38 Related Party Transactions:

### Associates and Joint Ventures

- Altage Stone Crushing Co
- Ashapura Midgulf NV
- Ashapura Arcadia Logistic Pvt Ltd.
- Ashapura Exports Pvt Limited
- Ashapura Industrial Finance Limited
- Ashapura Infin Pvt. Limited
- Ashapura Mineral Company
- Ashapura Volclay Ltd
- Bharat Abrasives & Chemicals Industries
- Cetco Lining Technologoes India Pvt Ltd



- Emo Ashapura Energy and Mining
- Gem Ashapura Granite Pvt Limited
- Hudson MPA SDN BHD, Malaysia
- Kantilal Mohanlal Mehta
- Minologistic Corporation
- Minotrans Logistic Corporation
- Prabhudas Vithaldas
- Sandeep Abrasive Industries
- Saurashtra Traders
- Sharda Industrial Corporation
- Sohar Ashapura Chemicals LLC
- Vinod J Pandya
- Volclay International Corporation

**Key Managerial Personnel:**

- Mr. Navnitlal R Shah
- Mr. Chetan Shah

<b>Particulars of Transactions</b>	<b>2013-2014</b> ₹	<b>2012-2013</b> ₹
<b>Associates:</b>		
Sales of Materials	140,376,894	81,942,619
Purchases of Materials	34,564,435	1,842,550
Interest Received	13,554,768	15,106,220
Interest Paid	8,867,446	5,596,612
Export Shipment & Other Expenses	185,007,441	186,543,660
Lease Rent Paid	2,040,555	4,620,000
Reimbursement of Administrative Expenses	56,731,336	17,748,622
Miscellaneous Expenditure	—	2,193,195
Rent Received	2,650,000	—
Mining and Other Charges Payments	85,158,802	71,567,504
Loans Received	105,000,000	—
Loans Repaid	5,000,000	—
Fixed Assets Purchase	1,711,097	3,507,041
Sale of Fixed Asset	3,865,892	—
R&D Charges Receipts	2,125,000	—
Machinery Repairs & Maintenance	2,157,150	—
Service Charge Receipts	1,582,800	—



# ASHAPURA MINECHEM LIMITED

<b>Outstanding Balances as on 31<sup>st</sup> March</b>		
Trade Payables	<b>43,879,968</b>	37,863,815
Trade Receivables	<b>151,632,416</b>	77,711,651
Loans and Advances	<b>118,718,339</b>	124,922,229
Advance from Customers	<b>23,302,576</b>	—
Security Deposits	<b>28,200,000</b>	28,200,000
Trade Advances	<b>133,797,689</b>	136,232,928
Long-term and Short-term Borrowings	<b>214,299,312</b>	100,415,049
Interest Receivable	<b>2,573,129</b>	—
Interest Payable	<b>1,793,836</b>	—
<b>Key Management Personnel:</b>		
Remuneration	<b>3,600,000</b>	3,600,000
Rent Paid	<b>180,000</b>	180,000
Guarantee Commission	<b>8,646,000</b>	—
Land Security Deposit	<b>—</b>	5,000,000
<b>Outstanding Balances as on 31<sup>st</sup> March</b>		
Trade Payables	<b>5,078,075</b>	458,875
Security Deposits	<b>6,000,000</b>	1,000,000
Others payables	<b>—</b>	5,000,000

**39** Figures pertaining to the subsidiary companies as well as a joint venture companies have been reclassified wherever necessary to bring them in line with the Parent Company's financial statements.

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

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

## Signatures to Notes No. 1 to 41

As per our Report of even date

**For SANGHAVI & COMPANY**  
Chartered Accountants

sd/-

**MANOJ GANATRA**  
Partner

Mumbai  
29<sup>th</sup> May, 2014

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

sd/-

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

sd/-

**ASHISH DESAI**  
General Manager - Accounts

Mumbai  
29<sup>th</sup> May, 2014

sd/-

**ASHOK KADAKIA**  
Audit Committee Chairman & Director

sd/-

**SACHIN POLKE**  
Company Secretary and Vice President



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**FINANCIAL DETAILS  
OF  
SUBSIDIARY COMPANIES  
FOR  
YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

# ASHAPURA MINECHEM LIMITED

## FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

PARTICULARS	Name of the Subsidiary Companies	Ashapura International Limited	Ashapura Claytech Limited	Bombay Minerals Limited	Prashansha Ceramics Limited	Peninsula Property Developers (P) Limited
Capital		30,000,000	35,799,000	2,180,800	14,500,000	100,000
Reserves (including balance in the Statement of Profit & Loss)		271,676,040	22,111,426	346,848,331	(39,990,284)	(995,875)
Total Assets		1,268,578,856	88,932,208	1,500,772,172	12,525,984	1,143,017
Total Liabilities		966,902,816	31,021,782	1,151,743,041	38,016,268	2,038,892
Investments (except investments in Subsidiary(ies)#)		86,000	11,411,078	549,143,928	—	—
Turnover (including Other Income)		2,115,289,788	80,701,172	1,345,811,946	525,000	79,980
Profit/(Loss) Before Taxation		66,741,076	2,891,038	140,178,922	223,411	(41,706)
Provision for taxation		20,659,999	794,000	43,829,144	—	950
Profit/(Loss) After Taxation		46,081,077	2,097,038	96,349,778	223,411	(42,656)
Proposed Dividend		—	—	—	—	—
Misc. Exp. – not written off		—	—	—	—	—

\* Balance Sheet Items are converted at closing Exchange Rate of USD 1 = ₹. 60.10 (As on 31/03/2014) (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 Minechem (UAE) FZE	PT. Ashapura Resources Indonesia	Shares

1 USD = 3.67 AED

### Notes :

- The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8<sup>th</sup> February, 2011 and 21<sup>st</sup> February, 2011, respectively has granted a general exemption from compliance with provisions of Section 212 of the Companies Act, 1956. Accordingly, the Annual Report of the Company does not contain the individual financial statements of its subsidiaries. However, a gist of the financial details of the Subsidiary Companies is given in the Annual Report. The Company will make available the annual accounts of the subsidiary companies and the related prescribed information upon request by any member of the Company and of its subsidiaries. Any member interested in obtaining such document and details may inspect the same on all working days except Saturday and holidays, between 11 am to 1 pm at the Registered Office of the Company at Jeevan Udyog Building, 3<sup>rd</sup> Floor, 278, D. N. Road, Fort, Mumbai – 400001.

Place : Mumbai

Date : 29<sup>th</sup> May, 2014



**FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014**

(Amount in ₹.)

Sharda Consultancy (P) Limited	Ashapura Consultancy Services (P) Limited	Ashapura Aluminium Limited	Ashapura Minechem (UAE) FZE	Ashapura Holdings (UAE) FZE	Ashapura Maritime FZE	PT Ashapura Resources Indonesia
100,000	100,000	500,000	166,999,269*	2,456,407*	2,456,407*	6,01,00,000*
(10,679,347)	(18,346,469)	6,937,030	(191,227,803)*	10,777,553*	(264,549,502)*	(31,696,980)*
3,681,336	5,208,514	7,440,030	485,596,341*	208,580,235*	1,038,889*	28,580,495*
14,260,683	23,454,983	3,000	509,824,874*	195,346,275*	263,131,984*	177,475*
—	—	—	172,427,561	15,686,100	—	—
242,193	579,792	812,908	410,534,012**	7,544,448**	1,143,400**	—
(653,962)	(923,892)	32,522,984	31,52,91,90**	6,524,407**	(818,046)**	(387,806)**
(2,100)	(2,800)	—	—	—	—	—
(651,862)	(921,092)	32,522,984	31,52,91,90**	6,524,406**	(818,046)**	(387,806)**
—	—	—	—	—	—	—
—	—	—	—	—	—	—

\*\* Revenue Items are converted at an average Exchange Rate of USD 1 = ₹ 57.19 (As on 31/03/2014) (rounded off to the nearest Rupee)

Face Value	No. of Shares	Amount in ₹.
₹. 10/-	750,000	7,500,000/-
AED 150000	1	2,456,407/-*
AED 150000	1	2,456,407/-*
USD 1/-	1,000,000	60,100,000/-*

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

Sd/-  
**SACHIN POLKE**  
Company Secretary & Vice President

Sd/-  
**ASHISH DESAI**  
General Manager - Accounts

Sd/-  
**CHETAN SHAH**  
Managing Director

Sd/-  
**ASHOK KADAKIA**  
Audit Committee Chairman  
& Director

# ASHAPURA MINECHEM LIMITED

## CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹. In Millions)

<b>PROFIT / LOSS</b>	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010
<b>Revenue from Operations</b>	<b>10,832.21</b>	<b>7,719.18</b>	<b>6,526.00</b>	<b>6,356.21</b>	<b>7,136.66</b>
Operating Expenses	7,809.47	5,644.11	4,968.64	4,869.19	5,867.68
<b>Operating Profit / (Loss)</b>	<b>3,022.74</b>	<b>2,075.07</b>	<b>1,557.36</b>	<b>1,487.02</b>	<b>1,268.98</b>
Other Income	56.61	143.76	111.62	91.53	52.83
Finance Cost	285.26	543.03	554.65	503.28	595.31
Depreciation	256.81	257.97	279.13	264.47	256.86
Other Expenses	1,241.89	849.30	800.01	681.31	749.26
Tax Expenses	98.96	56.88	55.11	1,004.63	(145.62)
Prior Period Adjustments	—	—	—	—	55.33
Exceptional & Extra-ordinary Items	545.31	(72.53)	(317.08)	(5,141.76)	682.18
Share of Profit / (Loss) in Associate Company	0.47	2.40	0.61	(3.53)	(4.66)
Minority Interest	(0.10)	(0.09)	(0.06)	(0.20)	0.41
<b>Net Profit / (Loss) for the Year</b>	<b>1,742.11</b>	<b>441.43</b>	<b>(336.45)</b>	<b>(6,020.63)</b>	<b>307.20</b>







# ASHAPURA MINECHEM LIMITED

Regd. Office: Jeevan Udyog Building, 3<sup>rd</sup>Floor, 278,  
D.N. Road, Fort, Mumbai – 400001  
Tel. No. : +91-22 66221700 Fax : +91-22 22079395 / 22074452  
Website: www.ashapura.com  
Investor Relations E-mail ID : cosec@ashapura.com  
CIN: L14108MH1982PLC026396

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013  
and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014)

### 33<sup>rd</sup> Annual General Meeting – September 25, 2014

Name of the Member (s) : _____
Registered address: _____
E-mail Id: _____
Folio No / Client Id: DP ID: _____

I / We, being the member(s) of \_\_\_\_\_ shares of the above mentioned Company, hereby appoint

- Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him/her
- Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him/her
- Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_, or failing him/her

As my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company, to be held on Thursday, September 25, 2014 at 3.30 p.m. at Babasaheb Dahanukar Sabhagriha, Maharashtra Chamber of Commerce, Oricon House, 6th Floor, 12, K. Dubhash Marg, Kala Ghoda, Fort, Mumbai – 400 001 and at any adjournment thereof, in respect of such resolution as are indicated below:

Resolution No.	Resolution	Optional*	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2014 and Reports of the Directors and Auditors thereon.		
2.	Re-Appointment of Shri Chetan Shah, who retires by rotation.		
3.	Appointment of M/s. Sanghavi & Co., Chartered Accountants, as Auditors of the Company.		
4.	Appointment of M/s. B. Purushottam & Co., Chartered Accountants, as Branch Auditors of the Company.		
<b>Special Business</b>			
5.	Appointment of Shri Ashok Kadakia as an Independent Director.		
6.	Appointment of Shri Harish Motiwalla as an Independent Director.		
7.	Appointment of Shri Abhilash Munsif as an Independent Director.		
8.	Ratification of appointment of and remuneration payable to M/s. S. K. Rajani & Co., Cost Accountants, as Cost Auditors for the FY – 2014-2015.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

\_\_\_\_\_  
Signature of Shareholder

Affix  
Revenue  
Stamp

\_\_\_\_\_  
Signature of Proxy Holder (s)

#### Notes:

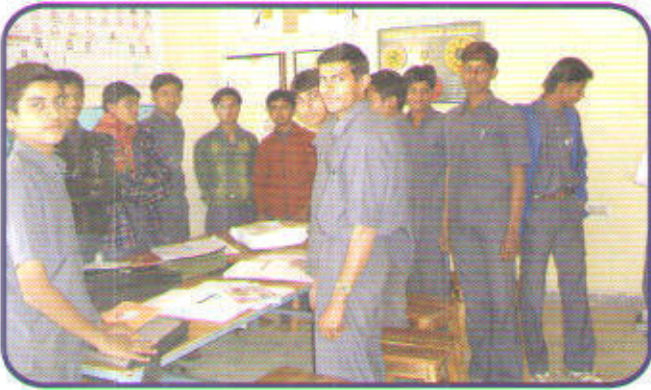
- \* It is optional to put a (tick) '✓' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.



# PAYING BACK TO SOCIETY ...

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

Ashapura Foundation goes beyond the requisite corporate responsibilities by following an ethical and sound path; be it business, economics, environment and the society.



Technical Courses at ITI



Grass Distribution to Remote areas of Kutch



Bharat Natyam - Ashapura Women's Academy



Promotion of Handicrafts



Cancer Detection Camps



Mobile Medical Clinics



## ASHAPURA GROUP OF INDUSTRIES

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