



ASHAPURA MINECHEM LIMITED

annual report 2000-2001

ASHAPURA MINECHEM LIMITED**Board of Directors**

Mr. Navnital R. Shah
 Mr. Chetan Shah
 Mrs. Dina C. Shah
 Mr. R. D. Doshi
 Mr. P. A. Vora
 Mr. A. M. Kadakia
 Mr. B. H. Antia
 Mr. S. H. Bathiya
 Mr. Bachubhai N. Shah
 Mr. Kantibhai Parmar
 Mr. Frank B. Wright, Jr.
 Mr. Larry Washow
 Mr. Rayan McKendrik
 Mr. Gary Castagna

Executive Chairman
 Managing Director
 Director
 Director
 Director
 Director
 Director
 Director
 Director
 Whole-time Director
 Director
 Director
 Director
 Alternate Director (Alternate to Mr. Frank B. Wright, Jr.)
 Alternate Director (Alternate to Mr. Larry Washow)

Company Secretary

Mr. D. J. Kapadia

Auditors

M/s. Sanghavi & Company
 Chartered Accountants
 Rajkot

Bankers

Bank of India
 Overseas Branch,
 Mittal Tower, Nariman Point,
 Mumbai - 400 021

Registered and Administrative Office

Jeevan Udyog Bldg., 3rd Floor,
 278, D. N. Road, Fort,
 Mumbai - 400 001.
 Tel.No. : 2070258 (10 Lines)
 Fax Nos. : 2079395/2074452

Works

Near Bhuj Railway Station,
 Bhuj, Dist. Kutch, Gujarat
 Ler Village,
 Tal. Bhuj, Dist. Kutch, Gujarat.
 236-239, G.I.D.C., Chitra Ind. Estate,
 Bhavnagar - 364004, Gujarat.
 Hamla Mines,
 Plot No.206, Opp. Kutch Dairy,
 Madhapar, Bhuj (Kutch).

Share Transfer Agent

Intime Spectrum Registry Pvt. Ltd.,
 260-A, Shanti Industrial Estate,
 Sarojini Naidu Road, Mulund (West),
 Mumbai - 400 080
 Tel. No. : 5672716, Fax No. : 5672693

For handing over documents only

201, Davar House, 2nd Floor,
 197/199, D. N. Road, Mumbai - 400 001.

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SHAREHOLDER INFORMATION

Stock Exchanges on which the Company's Securities are Listed

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

The Stock Exchange, Mumbai

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

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.

The Stock Exchange, Ahmedabad,

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



NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of **ASHAPURA MINECHEM LIMITED** will be held on Friday, 21st September, 2001 at 11.00 a.m. at the Kilachand Conference Room, Indian Merchants' Chamber, IMG LNM Building, 2nd Floor, IMC Marg, Mumbai-400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date, and the Reports of the Directors and the Auditors of the Company.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Ashok M. Kadakia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B. H. Antia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri R. D. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and the Branch Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors or the Managing Director to fix their remunerations.

SPECIAL BUSINESS:

7. Revision in terms of remuneration of the Executive Chairman:

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

"RESOLVED THAT in partial modification of the resolution in this regard passed at the Annual General Meeting of the Company held on 18th September, 1997 for the re-appointment and terms of remuneration of Shri Navnitlal R. Shah, then the Chairman & Managing Director and now the Executive Chairman of the Company and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company, subject to the required approval of the Central Government under the provisions of the said Act, hereby approves of payment, with effect from such date as the Board of Directors decide from time to time, of a salary upto Rs.3,00,000/- (Rupees three lakhs only) per month plus the perquisites as permitted under the Schedule XIII of the said Act, from time to time, to Shri Navnitlal R. Shah, the Executive Chairman, as the minimum remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the remainder of the tenure of his appointment."

8. Revision in terms of remuneration of the Managing Director:

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

"RESOLVED THAT in partial modification of the resolution in this regard passed at the Annual General Meeting of the Company held on 18th September, 1997 for the re-appointment and terms of remuneration of Shri Chetan N. Shah, then the Joint Managing Director and now the Managing Director of the Company and in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company, subject to the required approval of the Central Government under the provisions of the said Act, hereby approves of payment, with effect from such date as the Board of Directors decide from time to time, of salary upto Rs.3,00,000/- (Rupees three lakhs only) per month plus the perquisites as permitted under the Schedule XIII of the said Act, from time to time, to Shri Chetan N. Shah, the Managing Director, as the minimum remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the remainder of the tenure of his appointment."

9. Commission to Directors other than the Managing and Whole-time Directors:

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

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals of the Central Government and/or Reserve Bank of India, wherever required, a sum not exceeding 1 % {One percent} of the net profits of the Company, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Executive Chairman, the


ASHAPURA WINBOND LIMITED

Managing Director and Whole-time Directors) in such amounts, subject to such ceiling/s and in such manner and in all respects as may be decided and directed by the Board of Directors from time to time and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1st April, 2001."

10. Borrowing Powers:

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

"RESOLVED THAT pursuant to section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and in modification of the ordinary resolution passed by the members at the Annual General Meeting of the Company held on 29th September, 1998, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum(s) of money(s) and the sum(s) to be borrowed together with money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) from time to time with or without security and upon such terms and conditions as they may think fit, shall exceed the aggregate of the Paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total of the amount to be borrowed together with the money(s) already borrowed by the Company shall not exceed the sum of Rs.150 Crores."

11. Creation of Charges:

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the creations by the Board of Directors of the Company of such mortgages, charges and hypothecations and encumbrances in additions to the existing mortgages, charges and hypothecations and encumbrances already created by the Company in such form and manner as the Board may direct on such of the assets of the Company wherever situate, both present and future, together with the power to take over the management of the Company in certain events, to or in favour of the Trustees, appointed or to be appointed by the Board for Secured Partly Convertible/Fully Convertible/Non-Convertible Debentures, whether privately placed or otherwise, Lenders for loans raised or to be raised by the Company in accordance with the relevant statutory provisions and guidelines issued in that behalf, as the case may be, to secure rupee or foreign currency loans, bonds or other instruments (herein after referred to as "the borrowings") together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other moneys payable by the Company in respect of the said borrowings including any increase as a result of devaluation /revaluation of the aforesaid Financial Assistance under the respective documents entered into /to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise the terms and conditions of the borrowings and the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this resolution."

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

"RESOLVED THAT the approval of the Shareholders of the Company be and is hereby accorded to the Board of Directors to incorporate a Company as a 100 % Subsidiary to hold the investments of the Company."

"RESOLVED FURTHER THAT the Board of Directors or the Committee thereof be and is hereby authorised to do all acts, deeds and things as may be necessary for giving effect to this resolution."

By Order of the Board of Directors

Place : Mumbai,
Dated : 31st July, 2001
Registered Office :
Jeevan Udyog Bldg., 3rd Floor,
278, D. N. Road, Fort,
Mumbai - 400 001.

D. J. KAPADIA
COMPANY SECRETARY



NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing proxy in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business as set out in the Notice is annexed hereto.
3. The Company has already notified closure of the Register of Members and the Share Transfer Books of the Company from Friday, 14th September, 2001 to Friday, 21st September, 2001 (both days inclusive) for payment of dividend on equity shares, if declared. In respect of the shares held in electronic form, the dividend, if declared, will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose. The Company will despatch the dividend warrants, if declared, from Friday, 14th September, 2001 onwards. The members are advised to encash dividend warrants within the initial validity period as indicated in the warrants.
4. Shareholders are requested to kindly notify the Company immediately of any change of address with postal pin code number.
5. All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered office of the Company during office hours on all working days, except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
6. Members/Proxies should bring the Attendance Slip duly filled in and signed for attending the Meeting. The members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the Meeting.
7. The Shareholders are requested to intimate the Company of the particulars of their Bank Account Number to minimize chances of fraudulent encashment of the future dividend warrants/cheques, if any.
8. Shareholders seeking any information with regard to any accounts are requested to write to the company at an early date so as to enable the Management to keep the information ready.
9. The Company has already transferred all unclaimed dividend declared up to the financial year ended 31st March, 1994, to the General Revenue Account of the Government as required by the Companies Unpaid Dividend. (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend up to the aforesaid financial year may claim their dividend from the office of the Registrar of Companies, Maharashtra, CGO Complex, 2nd floor, A-Wing, CBD – Belapur, Navi Mumbai-400 614, Telephone No.7576802. {Hakoba Compound 2nd floor, Kalachowki, Mumbai 400 033 or wherever it is shifted.}
10. Pursuant to the provision of Section 205 A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1995 and thereafter, which remained unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1995 or any subsequent financial years are requested to claim the same from the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
11. SEBI has notified vide its Circular No. SMDRP/POLICY/CIR-/2000 dated May 29, 2000 that trading would be compulsory in dematerialised form by all class of investors of your Company from July 24, 2000. The connectivity code no. allotted to the Company both by NSDL and CDSL is ISIN INE 348 A 01015.
12. Appointment /re-appointment of Directors:
The information or details under the Corporate Governance Code to be provided for the Directors to be appointed or re-appointed at the AGM will be applicable to the Company from the next year 2001-2002.



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

The following Explanatory Statement sets out all material facts relating to the business mentioned under items No. 7 to item No. 12 (both inclusive) of the accompanying Notice dated 31st July, 2001.

1. ITEM No. 7

The members are aware that at the Annual General Meeting held on 18th September, 1997, Shri Navnitlal R. Shah was appointed as the Chairman and Managing Director of the Company for a period of five years with effect from 1st October, 1997 at a remuneration and on the other terms and conditions as mentioned in the resolution passed at the said meeting and as contained in the Agreement dated 27th September, 1997.

The said resolution, inter-alia, authorised the Board of Directors to amend the remuneration and other terms and conditions from time to time as the Board thinks fit and proper. The Agreement with Shri Navnitlal R. Shah provided for a total remuneration up to 5 % of the net profit of the Company. It also provided within this limit of 5%, a monthly salary of Rs.75,000/- plus the perquisites as permitted under Schedule XIII of the Companies Act, 1956.

As already informed to the members in the previous Directors' Report, the Board had, with effect from 1st January, 1998 increased the salary of Shri Navnitlal R. Shah from Rs.75,000 to Rs.1,50,000 per month, as also re-designated him as the Executive Chairman of the Company.

Under the far-sighted vision and able guidance of Shri Navnitlal R. Shah, the Company has achieved for the first time in its history, a turnover of Rs.1,41,24,06,171/- with an overall excellent performance of the Company. The Board of Directors, in token of its appreciation of this achievement, has proposed to pay to Shri Navnitlal R. Shah, with effect from such date as the Board may decide from time to time for the remainder period of his tenure as the Executive Chairman of the Company a minimum remuneration, within the overall limit of 5% of the net profits of the Company, of amount(s) upto Rs.3,00,000/- per month by way of salary plus the perquisites referred to above. The proposed minimum remuneration is to be paid to Shri Navnitlal R. Shah in the event of absence or inadequacy of profits during any financial year of the Company covered by the remainder period of his term of appointment.

Shri Navnitlal R. Shah is 75 years old. As per the Schedule XIII of the Companies Act, 1956, the proposed minimum remuneration mentioned above to Shri Navnitlal R. Shah, being more than the limit prescribed therein requires the approvals from the Members as well as the Central Government, and hence the member's approval is sought by the special resolution under item No. 7 of the Notice.

It is in the interest of the Company to pass the special resolution and as such, the Directors commend your approval.

Shri Navnitlal R. Shah, the Executive Chairman of the Company is concerned or interested in the proposed resolution. Shri Chetan Shah, the Managing Director and Smt. Dina Chetan Shah, the Director of the Company, being relatives of Shri Navnitlal R. Shah, are also concerned or interested in the resolution. None of the other Directors of the Company are concerned or interested in the said resolution.

The above information may also be treated as an abstract under Section 302 of the Companies Act, 1956, of the variations in the terms of appointment and remuneration of Shri Navnitlal R. Shah.

2. ITEM No. 8

The members are aware that at the Annual General Meeting held on 18th September, 1997, Shri Chetan Shah was appointed as the Joint Managing Director of the Company for a period of five years with effect from 1st October, 1997 at a remuneration and on the other terms and conditions as mentioned in the resolution passed at the said meeting and as contained in the Agreement dated 27th September, 1997.

The said resolution, inter-alia, authorised the Board of Directors to amend the remuneration and other terms and conditions from time to time as the Board thinks fit and proper. The Agreement with Shri Chetan Shah provided for a total remuneration up to 5 % of the net profit of the Company. It also provided within this limit of 5%, a monthly salary of Rs.75,000/- plus the perquisites as permitted under Schedule XIII of the Companies Act, 1956.

As already informed to the members in the previous Directors' Report, the Board had, with effect from 1st January, 1998, increased the salary of Shri Chetan Shah from Rs.75,000 to Rs.1,50,000 per month as also re-designated him as the Managing Director of the Company.



Under the able leadership of Shri Chetan Shah, the Company has achieved for the first time in its history, a turnover of Rs. 1,41,24,06,171/- with an overall excellent performance of the Company. The Board of Directors in token of its appreciation of hard work, diligence and able leadership has proposed to pay to Shri Chetan Shah, with effect from such date as the Board of Directors may decide from time to time for the remainder period of his tenure as the Managing Director of the Company a minimum remuneration, within the overall limit of 5% of the net profits of the Company, of amount(s) upto Rs.3,00,000/- per month by way of salary plus the perquisites referred to above. The proposed minimum remuneration is to be paid to Shri Chetan Shah in the event of absence or inadequacy of profits during any financial year of the Company covered by the remainder period of his term of appointment.

As per Schedule XIII of the Companies Act, 1956, the proposed minimum remuneration mentioned above to Shri Chetan Shah, being more than the limit prescribed therein, requires the approvals from the Members as well as the Central Government, and hence the member's approval is sought by the resolution under item No. 8 of the Notice.

It is in the interest of the Company to pass the special resolution and as such, the Directors commend your approval.

Shri Chetan Shah, the Managing Director of the Company is concerned or interested in the proposed resolution. Shri N. R. Shah, the Executive Chairman and Smt. Dina Chetan Shah, the Director of the Company, being relatives of Shri Chetan Shah, are also concerned or interested in the resolution. None of the other Directors of the Company are concerned or interested in the said resolution.

The above information may also be treated as an abstract under Section 302 of the Companies Act, 1956, of the variations in the terms of appointment and remuneration of Shri Chetan Shah.

3 ITEM No. 9

At present, as permitted by the Articles of Association of the Company and the Companies Act, 1956, the non-executive/ non-full time directors are paid only the sitting fees for attending the Board Meetings and the Committee Meetings. On account of the increased activities of the Company as well as under the Corporate Governance Code of the Listing Agreement with Stock Exchanges and the amended provisions of the Companies Act, 1956, the non-whole time directors are required to discharge additional responsibilities. It is therefore considered appropriate that these directors be compensated for the additional responsibilities. Under the provisions of the Companies Act, 1956, as they stand today, this can be carried out of the 1 % of the net profits of the Company for each year with the approval of the members. Such approvals can be given for a period of five years at a time.

It is proposed to seek the approval of the members by a Special Resolution under section 309(4) and other applicable provisions of the Companies Act, 1956, for payment of commission @ 1% of the net profits of the Company computed in the manner laid down in sections 198, 349 and 350 of the said Act for each of the five financial years of the Company commencing from 1st April, 2001, such commission to be distributed amongst the Directors of the Company (including alternate directors but excluding Managing/Joint Managing/Whole-time Director(s) and the Executive Chairman) as may be decided by the Board in the proportion and manner as the Board may decide from time to time.

The payment of commission to directors who are foreign nationals and resident outside India would be subject to approvals, if any, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999.

All the Directors of the Company, except the Executive Chairman and the Managing Director and the Whole-time Director may be regarded as interested in this special resolution.

4. ITEM No.10

Under section 293(1)(d) of the Companies Act, 1956, the Board of Directors shall not, except with the consent of the Company in General Meeting, borrow moneys (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate Paid-up capital and free reserves of the Company.

According to explanation (I) of the said section, every resolution passed in the general meeting of the Company in relation to the exercise of the above power shall specify the total amount up to which the Board of Directors over and above the Paid-up capital and free reserves may borrow moneys.



At the annual general meeting of the Company held on 29th September, 1998, the members have authorised the Board of Directors to borrow moneys not exceeding Rs. 100 Crores. Taking into account the requirements for additional finance for working capital, expansion, diversification and modernisation programmes undertaken by the Company on an on-going basis, especially in the fields of other minerals in addition to the existing mineral products and their exports, it is proposed to obtain the consent of the members to increase the limit to Rs.150 Crores over and above the Paid-up capital and free reserves. This will also enable smooth conduct of the day to day business of the Company. Hence the resolution as set out is proposed.

The Board commends this resolution for your approval.

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

5. ITEM No. 11

In the normal course of its business, the Company from time to time is required to avail of short term and long term loans and advances and various types of credit facilities and/or issue debentures and bonds, from the Banks and/or Financial Institutions {herein after referred as "the borrowings"}. This resolution under item No.11 is proposed to cover and match the proposed borrowing limits of Rs.150 Crores referred to in the resolution No.10 of the Notice, for which the Company may be required, from time to time, to mortgage or create charges or hypothecate the Company's assets.

Your Directors commend the resolution for your approval.

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

6. ITEM No.12

Members are aware that the core of the activities of the Company is in the areas of mining, mineral processing and exports of mineral products, etc. During the course of its existence, the Company has made investments in some corporates and the Company may have to make such investments in future. With a view to restructure the Company's activities and to consolidate and/or to have better control over the entire investments, the Board of Directors at their meeting held on 31st July, 2001 proposed to hold such investments held by the Company, for administrative convenience, through a separate 100% Subsidiary which the Company may incorporate afresh and/or utilise one of its existing subsidiaries, suitably named and restructured for the purpose, as the Directors deem it fit and proper.

The Directors are of the view that transfer of investments to a 100 % Subsidiary would be in the best interest of the Company.

The Board commends this resolution for your approval.

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

By Order of the Board of Directors

Place : Mumbai,
Dated : 31st July, 2001

D. J. KAPADIA
COMPANY SECRETARY

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



DIRECTORS' REPORT

To,
The Members,
ASHAPURA MINECHEM LIMITED

Your Directors have pleasure in presenting the 20th Annual Report together with Statements of Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS :

	2000-2001 (Rs.)	1999-2000 (Rs.)
Profit before Depreciation & Taxation	11,57,92,666	4,91,51,247
Less : Depreciation	1,52,60,852	1,12,77,906
Profit before Tax	10,05,31,814	3,78,73,341
Less : Provision for Taxation	1,20,00,000	25,00,000
Profit after Tax	8,85,31,814	3,53,73,341
Add : Balance brought forward from the previous year	5,10,59,383	5,39,02,024
	13,95,91,197	8,92,75,365
Less : Prior period Adjustments	42,16,920	* 27,16,245
Amount Available for distribution	13,53,74,277	8,65,59,120
Appropriations :		
(1) Interim Dividend	0	1,39,63,727
(2) Proposed Dividend	1,59,56,750	0
(3) Corporate Dividend Tax	16,27,589	15,36,010
(4) General Reserve	3,00,00,000	2,00,00,000
(5) Balance carried to Balance Sheet	8,77,89,938	5,10,59,383
	13,53,74,277	8,65,59,120

REVIEW OF OPERATIONS :

Your Company's efforts to expand and diversify its business have started paying off. The overall sales turnover for the whole year amounted to Rs.14124 lakhs as against Rs.6012 of the previous year – a spectacular increase of about 135%. And the profit for the year before taxation has increased by about 165 % from Rs. 378.74 lakhs of previous year to Rs.1005.31 lakhs of the year under review. A major part of this growth is derived from exports of Bauxite from the Kutch and Saurashtra region and your Company is now reckoned as a preferred supplier of Bauxite to a large number of major Alumina Refineries across the globe. Whilst the sales of Bauxite increased by about 325% over that of the previous year, the sales of other items, namely Bentonite and Barytes powder and lumps also registered improvement during the year. The overall performance of the Company is considered quite satisfactory.

DIVIDEND POLICY :

Recognising the importance of its Shareholders, it is the Company's policy that they should get a sustained, stable and fair return on their investments in the Company. At the same time, the Company will need to take into account its own requirements of funds for future growth. The better performance during the year under review has encouraged the Directors to declare dividend at a higher rate which they believe can be sustained, barring any major adverse or unforeseen circumstances.

DIVIDEND :

The Directors recommend a Dividend of 25% (previous year an interim dividend of 22%) per Equity Share on 63,82,700 fully paid up Equity Shares of Rs.10/- each. If approved by the members at the forth-coming Annual General Meeting, the total dividend will absorb Rs.1,75,84,339/-, including tax thereon.

CURRENT OUTLOOK :

With a steady global demand for Bentonite from the steel and drilling business as also considering the present good order book of the Company for Bauxite and Barytes, the Company, barring unforeseen circumstances, expects to achieve still better results during the current year.

CAPITAL STRUCTURE :

At the request of Volclay International Corporation of U. S. A., your Board of Directors has extended its consent up to 31st March, 2002 by a resolution indicating its no objection to Volclay International Corporation of U. S. A., a subsidiary of American Colloid Company of U.S.A., presently holding 20.004 % in the paid-up Equity Share Capital of the Company, to acquire, during the extended period, from the open market further equity shares not exceeding 5% of the total Equity Shares of the Company as on 31st March, 2001 subject to the Government approval, and such other statutory approvals, as applicable.