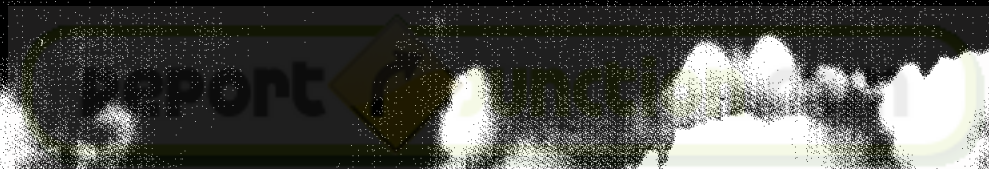


Annual Report 2001~2002




ASHAPURA
MINECHEM LTD.

ASHAPURA MINECHEM LIMITED**Board of Directors**

Mr. Navnitlal 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. Kantibhai Parmar
Mr. Larry Washow
Mr. Gary Castagna
Mr. Ryan McKendrik
Mr. Gary Morrison

Executive Chairman
 Managing Director
 Director
 Director
 Director
 Director
 Director
 Director
 Director
 Director
 Alternate Director (Alternate to Larry Washow)
 Alternate Director (Alternate to Mr. Gary Castagna)

Company Secretary

Mr. D. J. Kapadia
 (Retired w.e.f. 30th June, 2002)
Mr. Sachin Polke
 (Appointed w.e.f. 1st July, 2002)

Auditors

M/s. Sanghavi & Company
 Chartered Accountants
 Rajkot

Bankers

Bank of India
 Overseas Branch,
 Mittal Tower, Nariman Point,
 Mumbai - 400 021.
ICICI Bank Ltd.
 Free Press House,
 215, 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 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.

Contents	Page Nos.
Shareholders' Information	2
Notice & Expla. Statement	3-15
Directors' Report	16-19
Management Discussion & Analysis	20-21
Corporate Governance	22-28
Certificate on Corporate Governance	29
Auditors' Report	30-31
Balance Sheet	32
Profit & Loss A/c.	33
Schedules A to P	34-47
Cash Flow Statement	48
Statement u/s 212 of the Companies Act.	49
Ashapura International Ltd.	50-69
Ashapura Claytech Ltd.	70-87
Penisuala Property Developers Ltd.	88-89
Sharda Consultancy Ltd.	90-91
Ashapura Consultancy Service Ltd.	92-93
Balance Sheet Abstracts	94
Bombay Minerals Limited	95-101
Prashansha Ceramics Limited	102-107
Consolidated Financial Statements	108-122



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.

ASHAPURA MINECHEM LIMITED**NOTICE**

NOTICE is hereby given that the Twenty-First **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Friday, 27th September, 2002 at 11.00 a.m. at the Kilachand Conference Room, Indian Merchants' Chamber, IMC 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, 2002 and the Profit and Loss Account for the year ended on that date, and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri S. H. Bathiya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Piyush Vora, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Smt. Dina C. Shah, who retires by rotation and being eligible, offers herself 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 to fix their remunerations.

SPECIAL BUSINESS:**7. Re-appointment of the Executive Chairman:**

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Navnittal R. Shah as the Executive Chairman of the Company for a period of Three years with effect from 1st October, 2002, on the terms and conditions as set out in the draft agreement to be executed by Shri Navnittal R. Shah, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period), submitted to this meeting and initialled by the Company Secretary for the purpose of identification with the liberty to the Board of Directors to alter, vary and modify the terms of the said re-appointment/remuneration including salary, time scale of salary, bonus and perquisites in such a manner as may be agreed to between the Board of Directors and Shri Navnittal R. Shah within and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment or any statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Shri Navnittal R. Shah."

"RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year of the company closing on or after 31st March, 2003, the Company incurs a loss or its profits are inadequate, the Company shall pay, as may be decided by the Board of Directors from time to time, to Shri Navnittal R. Shah remuneration by way of salary, bonus and other allowances not exceeding a sum of Rs.36,00,000/- (Rupees Thirty Six Lacs Only) per annum or Rs.3,00,000/- (Rupees Three Lacs Only) per month and in addition thereto the perquisites not exceeding the limits specified under Para 2 of Section II, Part II of the Schedule XIII to the Companies Act, 1956, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration."

8. Re-appointment of the Managing Director:

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Chetan N. Shah as the Managing Director of the Company for a period of Three years with effect from 1st October, 2002, on the terms and conditions as set out in the draft agreement to be executed by Shri Chetan N. Shah, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period), submitted to this meeting and initialled by the Company Secretary for the purpose of identification with the liberty to the Board of Directors to alter, vary and modify the terms of the said re-appointment/remuneration including salary, time scale of salary, bonus and perquisites in such a manner as may be agreed to between the Board of Directors and Shri Chetan N. Shah within and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment or any statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Shri Chetan N. Shah."



"RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year of the company closing on or after 31st March, 2003, the Company incurs a loss or its profits are inadequate, the Company shall pay, as may be decided by the Board of Directors from time to time, to Shri Chetan N. Shah remuneration by way of salary, bonus and other allowances not exceeding a sum of Rs.36,00,000/- (Rupees Thirty Six Lacs Only) per annum or Rs.3,00,000/- (Rupees Three Lacs Only) per month and in addition thereto the perquisites not exceeding the limits specified under Para 2 of Section II, Part II of the Schedule XIII to the Companies Act, 1956, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration."

9. Appointment of Executive Director:

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Shri Piyush A. Vora as the Executive Director of the Company for a period of Three years with effect from 1st October, 2002, on the terms and conditions as set out in the draft agreement to be executed by Shri Piyush A. Vora, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period), submitted to this meeting and initialled by the Company Secretary for the purpose of identification with the liberty to the Board of Directors to alter, vary and modify the terms of the said appointment/remuneration including salary, time scale of salary, bonus and perquisites in such a manner as may be agreed to between the Board of Directors and Shri Piyush A. Vora within and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment or any statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Shri Piyush A. Vora."

"RESOLVED FURTHER THAT notwithstanding anything herein above stated where in any financial year of the Company closing on or after 31st March, 2003, the Company incurs a loss or its profits are inadequate, the Company shall pay, as may be decided by the Board of Directors from time to time, to Shri Piyush A. Vora, remuneration by way of salary, bonus and other allowances not exceeding a sum of Rs.15,00,000/- (Rupees Fifteen Lacs Only) per annum or Rs.1,25,000/- (One Lac Twenty Five Thousand Only) per month and in addition thereto the perquisites not exceeding the limits specified under Para 2 of Section II, Part II of the Schedule XIII to the Companies Act, 1956, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration."

10. Appointment of Director:

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

"RESOLVED THAT Shri Gary Castagna, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 28th June, 2002, with effect from the same date and who, in terms of Section 260 of the Companies Act, 1956, read with Article 130 of the Articles of Association of the Company, holds office only up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, nominated by Volclay International Corporation, USA, be and is hereby appointed as a Director of the Company not liable to retire by rotation."

11. Guarantee Commission to be paid to the 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 applicable provisions of the Companies Act, 1956 and Article 132(4) of the Articles of Association of the Company a sum not exceeding 1% (one percent) of the amounts involved in the guarantee/security given by the Directors for the Company be paid as commission to Directors who stand as surety and/or give guarantee, for loans and credit facilities taken by the Company from Financial Institutions, Banks etc. for such amounts, subject to such ceiling/s and in such manner as may be decided and directed by the Board of Directors from time to time and that such payment of guarantee commission will not be regarded as remuneration under Section 309 of the Companies Act, 1956, and shall be paid in addition to the regular salary / remuneration to the Directors."

**12. 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 the provisions of 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 21st September, 2001, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies, as it may considered fit for the business of the Company on such terms and conditions as it may deem fit and expedient in the interests of the Company, notwithstanding that monies borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may 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 maximum amount of monies so borrowed by the Company shall (apart from temporary loans obtained or to be obtained from Company's bankers in the ordinary course of business) and outstanding at any given point of time, not at any time exceed the sum of Rs. 200 Crores (Two Hundred Crores only)."

13. 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 creation by the Board of Directors of the Company of such mortgages, charges and hypothecations and encumbrances in addition 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."

14. Employee Stock Option:

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

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81 and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company whether working in India or out of India under a Scheme titled "Employee Stock Option Plan" (hereinafter



ASHAPURA MINECHEM LIMITED

referred to as the "ESOP" or "Scheme" or "Plan") such number of equity shares and/or equity linked instruments (including Options) and/or any other instruments or securities (hereinafter collectively referred to as "Securities") of the Company which could give rise to the issue of equity shares not exceeding 5% of the issued Equity Share Capital of the Company as on 31st March, 2002, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time."

"RESOLVED FURTHER THAT the said Securities may be allotted directly to such employees/ directors or in accordance with a Scheme framed in that behalf through a trust which may be setup in any permissible manner and that the scheme may also envisage for providing any financial assistance to the employee(s) or to the trust to enable the employee/trust to acquire, purchase or subscribe to the securities of the Company."

"RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company; except that they shall be entitled for dividend on pro-rata basis from the date of allotment till the end of the relevant financial year in which the new Equity Shares are allotted."

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

15. Employee Stock Option:

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

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 79A, 81 and all other applicable provisions of the Companies Act, 1956 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including ESOP Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) consent of the Company be and is hereby accorded to the Board to extend the benefits of Employees Stock Option Plan proposed in the resolution under Item No. 14 in this Notice to the eligible employees/directors of the holding/subsidiary companies, and/or to such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board."

"RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment or listing of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company."

By Order of the Board of Directors

Place : Mumbai
Dated : 23rd August, 2002
Registered Office :
Jeevan Udyog Bldg., 3rd Floor,
278, D. N. Road, Fort,
Mumbai - 400 001.

SACHIN POLKE
COMPANY SECRETARY

ASHAPURN MINECHEM LIMITED**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.**
2. The instrument appointing proxy in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. 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.
4. Members/Proxies should bring duly filled in and signed Attendance Slips sent herewith for attending the meeting. The Members holding shares in dematerialised form are requested to bring their client ID and DP. ID Numbers for easy identification of attendance at the meeting.
5. The Register of Directors' shareholdings maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the Annual General meeting.
6. Dividend as recommended by the Board of Directors, if declared at the meeting, will be payable on or before 25th October, 2002 to those members whose names appear in the Register of Members as at the closure of business hours on 19th September 2002, subject to deduction of tax at source at applicable rates. Members, who are eligible to submit a declaration in Form 15G for non deduction of tax are requested to submit the same in duplicate at the earliest but not later than 19th September 2002 with the Company's Registrar and Transfer Agents.
7. The Members holding shares in electronic mode are requested to direct change of address notifications and/or updations of their Bank Account details to their respective Depository Participants.
8. Members are requested to address all correspondences, including dividend mandates, to the Registrars and the Share Transfer Agents, M/s. Intime Spectrum Registry Pvt. Ltd., 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai-400 080, India.
9. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company Secretary at the Registered Office of the Company for further particulars. 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 205 A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund. The un-encashed/unclaimed Dividend for the year 1994-1995 should be encashed or claimed by 15th September, 2002 as otherwise the same will be transferred to the said fund.
10. 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 as also of the particulars of their Bank Account Number to minimise the chances of fraudulent encashment of the future dividend warrants/cheques/drafts, if any.
11. All the documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 11.a.m. to 1 p.m. on all working days except Saturdays and holidays, up to the date of the Annual General Meeting.



ASHAPURA MINECHEM LIMITED

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

As required under Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.7 to 15 of the accompanying Notice dated 23rd August, 2002.

ITEM NO. 7

The members are aware that at the Annual General Meeting held on 18th September, 1997, Shri Navnital 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 set out in the Agreement dated 27th September, 1997. In 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 may think fit, subject to the provisions of Schedule XIII and other applicable provisions of Companies Act, 1956.

As per the above mentioned resolution and Agreement of 1997, Rs. 75,000/- plus the perquisites per month were paid initially and subsequently this amount was increased to Rs.1,50,000/- per month and also re-designated him as the Executive Chairman of the Company.

Shri Navnital R. Shah, Executive Chairman is the founder of the Ashapura Group of Companies with over three decades of experience in the industry. He started with a partnership firm in 1967, which grew steadily and was converted into a Private Limited Company in 1982 and which is now a public limited company with effect from 1992. He has been Chairman of Processed Mineral Panel of CAPEXIL, and Chairman of Export Promotion Committee of the Mineral Merchants and Manufacturers Association of India, Mumbai. He can be described as a pioneer in Bentonite processing in India. He has been guiding in marketing, sales and financial aspects of the Company's business, apart from the technical side. Under his able guidance Ashapura has become the 7th largest producer of Bentonite in the world.

Under his able guidance your Company has bagged many Awards and Certificates Viz. Certificate of Merit for outstanding performance in Ores, Minerals and Ferro Alloys from the Government of India, Ministry of Commerce, Indian Merchant's Chamber, Mumbai, Award for Outstanding Contribution towards promotion of savings, consumer protection and Export performance and special Award from CAPEXIL, Calcutta for outstanding Export Performance in respect of Processed Minerals.

Shri Navnital R. Shah is 76 years old, whose term as Executive Chairman expires on 30th September 2002. Therefore it is proposed that Shri Navnital R. Shah be re-appointed as the Executive Chairman for a further period of three years with effect from 1st October, 2002 on the terms and conditions set out in the draft agreement, so that your Company can continue to avail of the benefits of his experience and leadership qualities, among many others. The Board of Directors at its meeting held on 23rd August, 2002 re-appointed Shri Navnital R. Shah as the Executive Chairman of the Company with effect from 1st October, 2002, subject to approval of the members at the Annual General Meeting. The remuneration Committee constituted by the Board of Directors has approved the proposed remuneration payable to the Executive Chairman. As per Schedule XIII of the Companies Act, 1956, the proposed minimum remuneration will be, within overall limit of 5% of the net profits of the Company, of Amount(s) up to Rs. 3,00,000/- (Rupees Three Lakhs) per month by way of salary plus the perquisites. The proposed minimum remuneration is to be paid in the event of absence or inadequacy of profits during any financial year of the Company.

The Perquisites and Allowances include Furnished accommodation up to 60% of the salary, Gas, water, electricity and furnishing / refurbishments / repairs and renovation, Medical reimbursement, Leave travel Concession, Club fees, Personal accident insurance, Leave encashment etc. as per the Company rules in this regard and /or rules framed by the government in this regard.

Shri Navnital R. Shah will also be eligible for Contribution to Provident Fund, Super annuation Fund or annuity fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961, and Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, which shall not be included in the computation of remuneration mentioned above.

Remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in sections 198 and 309 of the Companies Act, 1956.

ASHAPURA MINECHEM LIMITED

Where in any financial year of the company closing on or after 31st March, 2003, the Company incurs a loss or its profits are inadequate, the Company shall pay, as may be decided by the Board of Directors from time to time, to Shri Navnital R. Shah remuneration by way of salary, bonus and other allowances not exceeding a sum of Rs.36,00,000/- (Rupees Thirty Six Lakhs) per annum or Rs.3,00,000 (Rupees Three Lakhs) per month and in addition thereto the perquisites not exceeding the limits specified under Para 2 of Section II, Part II of the Schedule XIII to the Companies Act, 1956, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

The proposed resolution is required to be passed as a Special Resolution as he has crossed 70 years of age as also required under the amended Schedule XIII to the Companies Act, 1956 and as such, the Directors commend your approval.

Shri Navnital 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 Navnital 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.

Shri Navnital R. Shah also holds the position of Director in following Companies :

Ashapura International Ltd.

Ashapura Volclay Ltd.

Hemprabha Trading Co. Pvt. Ltd.

Ashapura Shipping Ltd.

Ashapura Consultancy Service Pvt. Ltd.

Legendary Trading Pvt. Ltd.

Ashapura Claytech Ltd.

Gem Ashapura Granite (Gujarat) Pvt. Ltd.

Ashapura Impex Pvt. Ltd.

Peninsula Property Developers Pvt. Ltd.

Ashapura Exports Pvt. Ltd.

Ashapura Infin Pvt. Ltd.

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

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 set out in the Agreement dated 27th September, 1997. In 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 may think fit, subject to the provisions of Schedule XIII and other applicable provisions of Companies Act, 1956.

As per the above mentioned resolution and Agreement of 1997, Rs. 75,000/- plus the perquisites per month were paid initially and subsequently this amount was increased to Rs.1,50,000/- per month and also re-designated him as the Managing Director of the Company.

Shri Chetan Shah, the Managing Director has more than 25 years of experience in the Bentonite industry and overall management. He has travelled worldwide and is the moving spirit being Ashapura's Export thrust. He also looks after Marketing, Sales and Administration of the Company.

Because of his vision your Company has achieved excellence in Exports of Bauxite and other value added products. As indicated in Directors' Report, within a span of three years, Ashapura is on the world map of Bauxite Exporters.

Under his leadership the Company entered into a successful Joint Venture with one of the leading Groups in Bentonite production from U.S.A. viz.: AMCOL, for Bleaching Clay Project. He was also instrumental in setting up of a, state of the art Research & Development Center for detailed analysis of Minerals & their Value - added products.

Shri Chetan Shah, whose term as Managing Director expires on 30th September, 2002. Therefore it is proposed that Shri Chetan Shah be re-appointed as the Managing Director for the further period of three years with effect from 1st October, 2002 on the terms and conditions set out in the respective draft agreements, so that your Company can continue to avail of the benefits of their experience and leadership qualities, among many others. The Board of Directors at its meeting held on 23rd August, 2002 re-appointed Shri Chetan Shah as the Managing Director of the Company with effect from 1st October, 2002 subject to your approval of the members at the Annual General Meeting. The remuneration Committee constituted by Board of Directors has approved the proposed remuneration payable to the Managing Director. As per Schedule XIII of the Companies Act, 1956, the proposed minimum remuneration will be, within overall limit of 5% of the net profits of the Company, of Amount(s) upto