



ASHAPURA MINECHEM LTD.



**ASHAPURA MINECHEM LIMITED****BOARD OF DIRECTORS**

<b>Mr. Navnitlal R. Shah</b> .....	<i>Executive Chairman</i>
<b>Mr. Chetan Shah</b> .....	<i>Managing Director</i>
<b>Mr. P. A. Vora</b> .....	<i>Executive Director</i>
<b>Mrs. Dina C. Shah</b> .....	<i>Director</i>
<b>Mr. R. D. Doshi</b> .....	<i>Director</i>
<b>Mr. A. M. Kadakia</b> .....	<i>Director</i>
<b>Mr. B. H. Antia</b> .....	<i>Director</i>
<b>Mr. S. H. Bathiya</b> .....	<i>Director</i>
<b>Mr. Kantibhai Parmar</b> .....	<i>Director (Resigned w.e.f. 1st July, 2003)</i>
<b>Mr. Larry Washow</b> .....	<i>Director</i>
<b>Mr. Gary Castagna</b> .....	<i>Director</i>
<b>Mr. Ryan McKendrik</b> .....	<i>Alternate Director (Alternate to Mr. Larry Washow)</i>
<b>Mr. Gary Morrison</b> .....	<i>Alternate Director (Alternate to Mr. Gary Castagna)</i>

**Company Secretary** ..... **Mr. Sachin Polke**

**Auditors** ..... **M/s. Sanghavi & Company**  
Chartered Accountants  
Rajkot

**Bankers** ..... **Bank of India**  
Overseas Branch  
Mittal Tower, Nariman Point,  
Mumbai - 400 021.  
**UTI Bank**  
1<sup>st</sup> Floor, Janmabhoomi Bhavan,  
Janmabhoomi Marg, Fort,  
Mumbai - 400 001.  
**Union Bank of India**  
66/80, Mumbai Samachar Marg,  
Fort, Mumbai - 400 023.

**Registered and Administrative Office** ..... Jeevan Udyog Bldg., 3rd Floor,  
278, D. N. Road, Fort, Mumbai - 400 001.  
Tel. No. : 56651700  
Fax No. : 22079395 / 22074452

**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 - 364 004, Gujarat.  
Hamla Mines,  
Plot No. 206, Opp. Kutch Dairy,  
Madhapar, Bhuj (Kutch).

**Share Transfer Agent** ..... **Intime Spectrum Registry Limited**  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.  
Tel. : 25923837, Fax : 5672693  
E-mail : isrl@vsnl.com

**For handing over documents only** ..... 201, Davar House, 2nd Floor,  
197/199, D. N. Road, Mumbai - 400 001.



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## ASHAPURA MINECHEM LIMITED



## NOTICE

**NOTICE** is hereby given that the Twenty-Second **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Friday, 26<sup>th</sup> September, 2003 at 11.00 a.m. at the Kilachand Conference Room, Indian Merchants' Chamber, IMC LNM Building, 2<sup>nd</sup> floor, IMC Marg, Mumbai-400 020 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2003 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 Ashok 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 to fix their remunerations.

**SPECIAL BUSINESS:****7. De-listing of Equity Shares :**

To consider and, if thought fit, to pass with or without modifications the following resolution as a **Special Resolution**:  
 "RESOLVED THAT subject to the approvals as may be required under the SEBI (Delisting of Securities) Guidelines, 2003 and other applicable Rules, if any, approval is hereby accorded to the Board of Directors for delisting the equity shares of the Company from Delhi Stock Exchange Association Ltd. and Madras Stock Exchange Ltd."

"RESOLVED FURTHER THAT the Company has no intention to give an exit option to those share holders of Delhi Stock Exchange Association Ltd. and Madras Stock Exchange Ltd., regions as the equity shares continue to be listed on Bombay Stock Exchange and National Stock Exchange."

**8. Incorporation of 100% Subsidiary :**

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

"RESOLVED THAT subject to the approvals as may be required from the Central Government, Reserve Bank of India and / or any other authorities, the approval of the Shareholders of the Company be and is hereby accorded to the Board of Directors to incorporate Company(ies) as 100 % Subsidiary (WOS) in India and / or in Foreign Country(ies) to hold the investments of the Company and / or for Industrial projects and /or for such other business purpose within its object clause."

"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  
 Date : 31<sup>st</sup> July, 2003

**SACHIN POLKE**  
 COMPANY SECRETARY



## ASHAPURA 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 after 24<sup>th</sup> October, 2003 to those members whose names appear in the Register of Members as at the closure of business hours on 19<sup>th</sup> September, 2003.
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., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
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 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund. The un-encashed/unclaimed Dividend for the year 1995-1996 should be encashed or claimed by 10<sup>th</sup> September, 2003, 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 is 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 & 8 of the accompanying Notice dated 31<sup>st</sup> July, 2003.

**ITEM NO. 7****DE-LISTING OF EQUITY SHARES :**

At the AGM held on 29<sup>th</sup> September, 1998, the shareholders approved for de-listing the equity shares of the Company from Delhi Stock Exchange and Madras Stock Exchange. It is observed that only a few transactions take place in a year in the Company's shares at the Delhi and Madras Stock Exchanges. However, as per SEBI (Delisting of Securities guidelines), 2003 in respect of voluntary delisting of shares, Madras Stock Exchange has requested the Company to follow the guidelines for delisting. The Company's Shares would however, continue to be listed on Bombay Stock Exchange and National Stock Exchange where the equity share actively traded.

The Board commends this resolution for your approval.

None of the Directors are interested in the resolution.

**ITEM NO. 8****INCORPORATION OF 100% SUBSIDIARY :**

Members are aware that the core of the activities of the Company are 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. Company may incorporate a Foreign WOS for industrial projects or any other business purpose so as also to facilitate the stocking and distribution of its export products. 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 propose 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 interested in the resolution.

**By Order of the Board of Directors**

Place : Mumbai  
Date : 31<sup>st</sup> July, 2003

**SACHIN POLKE**  
COMPANY SECRETARY



# ASHAPURA MINECHEM LIMITED

## DIRECTORS' REPORT

To,  
The Members,  
ASHAPURA MINECHEM LIMITED

Your Directors have pleasure in presenting their Twenty-Second Annual Report on the working of the Company together with Statements of Audited Accounts for the year ended 31<sup>st</sup> March, 2003.

### FINANCIAL RESULTS :

	2002-2003 (Rs.)	2001-2002 (Rs.)
Profit before Depreciation and Taxation	109,457,031	81,817,212
Less : Depreciation	17,744,745	16,911,655
Profit before Tax	91,712,286	64,905,557
Less : Provision for Taxation		
Current	13,000,000	4,000,000
Deferred	8,459,915	1,159,484
Profit after Tax	70,252,371	59,746,073
Less : Prior period adjustments	2,823,422	1,413,992
	67,428,949	58,332,081
Add : Balance brought forward from the previous year	102,718,019	87,789,938
Amount available for Appropriation	170,146,968	146,122,019
Appropriations:		
(1) Proposed Dividend	14,680,210	13,404,000
(2) Corporate Dividend Tax	1,880,902	—
(3) General Reserve	30,000,000	30,000,000
(4) Balance carried to Balance Sheet	123,585,856	102,718,019
	170,146,968	146,122,019

### REVIEW OF OPERATIONS :

Your Company surpassed its previous best in terms of overall turnover showing a sharp increase of approx. 63.59% to value Rs. 20125.24 Lacs as compared to Rs.12314.81 Lacs of the previous year inspite of recessionary global economic conditions. The net profit figures increased from Rs. 597.46 Lacs of the previous year to Rs. 702.52 Lacs recording a growth of 17.59%. We shall endeavour to sustain and maintain the said growth in the years to come.

During the year under review, your Company acquired the remaining 49% (approx.) equity share capital of M/s. Bombay Minerals Limited making it a WOS of your Company. We also acquired the equity stake in Prashansha Ceramics Limited, subsidiary of Bombay Minerals Limited.

### 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.

To share the fruits of Company's performance and growth during the year, we are pleased to propose and recommend a higher rate of dividend, which can be sustained. The Dividend for current year will be paid without deduction of taxes.

### DIVIDEND :

The Directors recommend a Dividend of 23% (previous year dividend of 21%) per Equity Share on 63,82,700 fully paid up



## ASHAPURA MINECHEM LIMITED



Equity Shares of Rs.10/- each. If approved by the members at the forth-coming Annual General Meeting, the total dividend will absorb Rs. 14,680,210/- (previous year dividend of Rs. 13,404,000/-).

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND :

During the year, the Company has transferred sums of Rs. 67,500/- plus Rs. 25,048/- totalling to Rs.92,548/- being refund of Application Money and Dividend respectively, as amount unclaimed and remaining unpaid for period of 7 years, as provided under section 205C of the Companies Act, 1956.

### CURRENT OUTLOOK :

Your Company ended the financial year i.e. 31<sup>st</sup> March, 2003 with highest ever sales in its entire history. Last year's performance is expected to continue in the current year barring unforeseen circumstances. Your Company expects growth and continued buoyancy in exports as it has built up a very good Order Book for its various products like Bentonite, Bauxite, Bleaching-clay, Barytes etc. for the international market.

Constantly improving market share is significant contributor to the Company's outstanding performance. Company's main products viz. Bentonite and Bauxite have been well received in the world market due to our quality of the minerals and the growth of alumina industry where in Bauxite is the basic ore used for extracting alumina.

The net sales for the first quarter of the current year stood at Rs. 4,737.81 lacs as compared to Rs. 4,259.63 lacs of the corresponding period of the previous year showing an increasing trend for the year. Overall the current year looks quite promising.

### PROJECTS :

Your Company's investment in the Joint Venture Company for bleaching clay project viz. M/s. Ashapura Volclay Limited in which both, your Company and Volclay International Corporation of USA are 50% partners has completed second year of Commercial production and has started yielding results. It has achieved a sales turnover of Rs. 1250.12 lacs during the year under review.

Keeping in view of its ultimate aim of forward integration in terms of Bauxite, your Company has during the year acquired the remaining and balance 49% equity stake in M/s. Bombay Minerals Limited making it a Wholly Owned Subsidiary of your Company and through which your Company has acquired control over the Bauxite mines in the state of Gujarat. Bombay Mineral Ltd. is planning to start the calcination operation in the current year. Your Company is actively pursuing the initial feasibility study for an alumina refinery along with the said Subsidiary.

Establishing the Research & Development Centre has been the turning point for the 'Ashapura Group'. Three years of hard work are now showing fruitful results as lot of research has gone in development of various applications of Bentonite in the process of production in the industries like paper industry, bath soap, various pillared clay, oil refineries, leather industry, ceramic industry, etc. as also development of Attapulgit Powder required in Paint and pesticide industries.

At the R & D Centre lot of exploratory work like Characterization of Bauxite from different locations for extraction of Alumina is also on, in addition to the compilation of database of Ashapura Bentonite deposit, metallurgical and mineralogical characterizations of Bauxite for new mines and study various properties of Bentonite.

Corporate R & D is ultimately driven by application and research and we assure that the R & D centre shall contribute to your Company's future and meet your expectations.

### MANAGEMENT :

Shri Ashok Kadakia, Shri B. H. Antia and Shri R. D. Doshi will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Shri K. R. Parmar, the Director of the Company resigned from the Board of Directors with effect from 1<sup>st</sup> July, 2003. Your Directors place on record their sincere appreciation for the valued guidance and advice from Shri K. R. Parmar during his tenure as a Director of the Company.





## ASHAPURA MINECHEM LIMITED

### 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, 2003, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) that the directors had selected such accounting policies and applied consistently and made judgements 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, 2003 and the profit of the Company for the year under review;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended 31<sup>st</sup> March, 2003, have been prepared on a 'going concern' basis.

### CORPORATE GOVERNANCE :

In terms of the provisions under Clause 49 of the Listing Agreement, your Company has implemented on the requirements of Corporate Governance and a report on Corporate Governance along with Management Discussion and Analysis, forms a part of this Annual Report for the financial year 2002-2003.

Your Company has obtained a certificate regarding Compliance of the conditions of Corporate Governance, from the auditors of your Company. The same is annexed hereto.

### AUDIT COMMITTEE :

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and as required under Clause 49 of the Listing Agreement with the Stock Exchange an Audit Committee was constituted by the Board of Directors of the Company on 21<sup>st</sup> September, 2000.

The details relating to Audit Committee are mentioned in Corporate Governance Report, which forms a part of this Annual Report.

### SUBSIDIARY COMPANIES :

During the year under review your Company has acquired remaining 49% (approx.) stake in Bombay Minerals Limited. Consequently, it has now become a Wholly Owned subsidiary of your Company.

Your Company has also acquired Equity Shares of Prashansha Ceramics Limited, a subsidiary of Bombay Minerals Limited.

As required under section 212 of the Companies Act, 1956 the Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report on the accounts of the subsidiaries are annexed together with the statement of subsidiary Companies to this Report.

### AUDITORS :

M/s. Sanghavi & Co., the Auditors of the Company hold their office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment as the Company's Auditors including its Bhavnagar, Mundra and Bhatiya Branch offices. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956.

### BRANCH AUDITORS :

M/s. Shah Narielwala & Co., Chartered Accountants, Ahmedabad, the Branch Auditors for Bhuj Branch Office and M/s. B.

**ASHAPURA MINECHEM LIMITED**

Purushottam & Co., Chartered Accountants, Chennai, the Branch Auditors for Chennai Branch and Dharur Branch Offices of the Company, hold their offices till the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

**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 given in the Statement annexed (Annexure 'I') hereto and forms a part of this report.

The Company does not have any employees covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended under Companies (Particulars of Employees) (Amendment) Rules, 2002.

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

The Company's Equity Shares are listed at Mumbai Stock Exchange, Ahmedabad Stock Exchange and National Stock Exchange of India Ltd., and the Annual Listing Fees have been paid to each of these three Exchanges whose addresses have been mentioned on page no. 45 of this Report.

**SOCIAL MEASURES :**

Ashapura Group is always committed in discharging its Social Responsibilities. It has always strived to be a good corporate citizen. The social activities of Ashapura Group are carried out through its trusts viz. Ashapura Foundation, which works in the field of rural development, preservation and promotion of Culture and Art, improvement and enhancement of Education, carries out relief and rehabilitation work in the times of famines, cyclones, earthquake etc., provides medical facilities in villages. It has completed construction of Drinking Water Dams in the most inaccessible villages of Kutch providing for a total water storage capacity of over 100 lac litres of water.

Ashapura has come to the aid of earthquake-affected people in the Kutch, through its charity trust " KUTCH NAVNIRMAN TRUST ", committing itself to construct certain earthquake resistant houses and have allotted completed houses to few of those who lost their homes by earthquake, at a handing over Ceremony. Your Company has not restricted itself to interventions at the time of calamities alone but rendered long term benefits to villages in Kutch by providing for tube wells, creating self employment for ladies, schools for children etc.

**ACKNOWLEDGEMENT :**

Your Board of Directors sincerely thank the Bankers, Customers, Suppliers and Shareholders for their valuable support and co-operation and hope that the Company will continue to receive the same in future.

Your Directors also place on record their appreciation of the dedicated services of the employees of the Company.

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

Place : Mumbai  
Date : 31<sup>st</sup> July, 2003

**NAVNITLAL SHAH**  
Executive Chairman