

CONSOLIDATED FINANCIAL STATEMENTS

*Contents**Page Nos.*

Consolidated Auditors' Report	59
Consolidated Balance Sheet	60
Consolidated Profit & Loss A/c.	61
Cash Flow Statement	62-63
Consolidated Schedules A to S	64-81



CONSOLIDATED AUDITORS' REPORT

To,
The Members of
ASHAPURA MINECHEM LIMITED

We have audited the attached Consolidated Balance Sheet of **Ashapura Minechem Limited** (the Company), its Subsidiaries, Joint Venture Companies and Associate Companies (collectively hereinafter referred as "the Ashapura Group") as at 31st March, 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These Consolidated Financial Statements are the responsibility of the Ashapura Group's Management and have been prepared by the Management on the basis of separate Financial Statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Financial Statements of certain Subsidiaries have been audited by other auditors and we have relied upon such audited financial statements for the purpose of our examination of the Consolidated Financial Statements.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) – 21 "Consolidated Financial Statements", Accounting Standard (AS) – 23 "Accounting for Investments in Associates" and Accounting Standard (AS) – 27 "Financial Reporting of Interest in Joint Ventures" issued

by the Institute of Chartered Accountants of India and on the basis of the separate Audited Financial Statements of the Company, its Subsidiaries and Joint Ventures and Unaudited Financial Statements of the Associate Companies.

In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual Audited Financial Statements of the Company, its Subsidiaries and Joint Venture Companies and Unaudited financial statements of the Associate Companies, we are of the opinion that the Consolidated Financial Statements read with all the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the consolidated affairs of Ashapura Group as at 31st March, 2007;
- (b) In the case of the Consolidated Profit & Loss Account, of the **Profit** of Ashapura Group for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner
Membership No. 043485

Place : Mumbai
Date : 15th June, 2007

ASHAPURA MINECHEM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2007

	SCH.	31st March, 2007 Rs.	31st March, 2006 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	78,242,570	64,508,000
Employee Stock			
Option Outstanding		21,469,434	11,316,640
Reserves and Surplus	B	3,952,375,309	1,369,410,328
		4,052,087,313	1,445,234,968
Minority Interest			
	C	621,343	(77,169)
Deferred Tax Liability (net)			
		48,430,248	36,055,938
Loan Funds			
Secured Loans	D	1,694,092,296	1,318,267,321
Deferred Payment Liabilities	E	31,291,408	23,062,825
Unsecured Loans	F	—	48,745,000
		1,725,383,704	1,390,075,146
TOTAL		5,826,522,608	2,871,288,883
APPLICATION OF FUNDS			
Fixed Assets			
	G		
Gross Block		1,241,854,675	997,537,146
Less : Depreciation		402,897,865	329,336,324
Net Block		838,956,810	668,200,822
Capital work -in-progress		92,420,874	117,613,428
		931,377,684	785,814,250
Goodwill on Consolidation			
		104,400,525	104,400,525
Investments			
	H	1,281,776,028	45,474,927
Current Assets, Loans and Advances			
	I		
Inventories		992,926,502	798,104,821
Sundry Debtors		2,099,454,983	1,480,578,636
Cash & Bank Balances		497,134,782	528,191,335
Loans and Advances		877,152,608	498,053,388
		4,466,668,875	3,304,928,180
Less : Current Liabilities and Provisions	J	960,885,717	1,378,847,671
		3,505,783,158	1,926,080,509
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	K	3,185,213	9,518,672
TOTAL		5,826,522,608	2,871,288,883
Notes on Accounts	S		

The Accompanying Schedules A to S are an integral part of these Financial Statements.

As per our Report of even date

For **SANGHAVI & COMPANY**
Chartered Accountants

For and on behalf of the Board of Directors

MANOJ GANATRA
Partner

SACHIN POLKE
Company Secretary

NAVNITLAL SHAH
Executive Chairman

CHETAN SHAH
Managing Director and
Chief Executive Officer

Place : Mumbai
Date : 15th June, 2007

Place : Mumbai
Date : 15th June, 2007



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

	SCH.	2006-2007 Rs.	2005-2006 Rs.
INCOME			
Sales and Operational Income	L	12,724,428,289	8,543,704,300
Other Income	M	68,635,913	22,429,665
TOTAL		12,793,064,202	8,566,133,965
EXPENDITURE			
Change in Inventory	N	(187,317,954)	16,952,863
Materials, Mining & Manufacturing Expenses	O	4,988,960,278	2,915,356,010
Direct Selling & Distribution Expenses	P	5,518,379,244	3,979,618,011
Administrative Expenses	Q	400,861,234	383,122,548
Interest	R	136,941,417	124,271,325
Depreciation		73,475,412	54,204,660
TOTAL		10,931,299,631	7,473,525,417
Profit Before Tax		1,861,764,571	1,092,608,548
Less : Provision for Taxation			
Current Tax		529,050,000	282,332,398
Fringe Benefit Tax		6,997,014	5,946,741
Deferred Tax		12,374,310	13,382,809
Profit After Tax		1,313,343,247	790,946,600
Less : Prior Period Adjustments		7,326,944	7,081,907
Less : Share of Loss in Associate Companies		3,337,561	132,713
Net Profit		1,302,678,742	783,731,980
Less: Minority Interest		698,512	186,675
Profit After Tax and Minority Interest		1,301,980,230	783,545,305
Balance brought forward from last year		472,741,994	144,363,124
		1,774,722,224	927,908,429
Less : Appropriations			
Proposed Dividend		117,363,855	48,381,000
Corporate Dividend Tax		19,945,987	6,785,435
General Reserve		725,445,366	400,000,000
Balance Carried to Balance Sheet		911,967,016	472,741,994
Earning Per Share (Basic)		36.17	24.37
Earning Per Share (Diluted)		35.88	24.16
Face Value per Share		2.00	2.00

Notes on Accounts S

The Accompanying Schedules A to S are an integral part of these Financial Statements.

As per our Report of even date

For **SANGHAVI & COMPANY**
Chartered Accountants

For and on behalf of the Board of Directors

MANOJ GANATRA
Partner

SACHIN POLKE
Company Secretary

NAVNITLAL SHAH
Executive Chairman

CHETAN SHAH
Managing Director and
Chief Executive Officer

Place : Mumbai
Date : 15th June, 2007

Place : Mumbai
Date : 15th June, 2007

ASHAPURA MINECHEM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	2006-2007		(Rs in lacs)
			2005-2006
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax And Extraordinary Items	18,617.65		10,926.09
Adjustments for -			
Depreciation	734.75		542.05
Amortization of Expenses	63.33		97.25
Amortization of Stock Compensation	101.52		116.37
Exchange Rate Adjustments (net)	(62.86)		(12.08)
Loss (Profit) on sale of Fixed Assets	(3.21)		(2.98)
Loss (Profit) on sale of Investments	(10.37)		—
Prior Period Adjustments	(73.27)		(70.82)
Dividend received	(377.85)		(0.09)
Interest	1,133.83	1,505.88	<u>1,125.35</u>
Operating Profit Before Working Capital Changes	20,123.52		12,721.14
Adjustments for -			
Trade and Other Receivables	(9,979.74)		(2,794.62)
Inventories	(1,948.22)		(51.12)
Trade Payables	(5,216.40)	(17,144.35)	<u>7,955.78</u>
		2,979.17	<u>5,212.28</u>
Cash Generated From Operations			17,933.42
Interest Paid (net)	(1,356.14)		(1,269.59)
Direct Taxes Paid (net)	(5,215.15)	(6,571.30)	<u>(2,761.13)</u>
			(4,030.72)
NET CASH FROM OPERATING ACTIVITIES	(3,592.12)		13,902.70
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(2,192.61)		(2,746.08)
Sale of Fixed Assets	5.43		8.24
Purchase of Investments (Net)	(12,386.03)		(451.13)
Interest received	222.31		144.24
Dividend received	377.85		<u>0.09</u>
NET CASH USED IN INVESTING ACTIVITIES	(13,973.04)		(3,044.64)



C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds (Repayments) of loans borrowed (net)	3,353.09	(9,162.18)
Proceeds from issuance of Share capital (including premium)	14,383.15	44.81
Dividend Paid	<u>(481.64)</u>	<u>(254.67)</u>
NET CASH USED IN FINANCING ACTIVITIES	17,254.59	(9,372.04)
Net Increase in Cash and Cash Equivalents	(310.56)	1,486.02
Cash and Cash Equivalents as at beginning of the year	<u>5,281.91</u>	<u>3,795.89</u>
Cash and Cash Equivalents as at end of the year	<u><u>4,971.35</u></u>	<u><u>5,281.91</u></u>



As per our Report of even date

For **SANGHAVI & COMPANY**
Chartered Accountants

MANOJ GANATRA
Partner

SACHIN POLKE
Company Secretary

Place : Mumbai
Date : 15th June, 2007

For and on behalf of the Board of Directors

NAVNITLAL SHAH
Executive Chairman

CHETAN SHAH
Managing Director and
Chief Executive Officer

Place : Mumbai
Date : 15th June, 2007

ASHAPURA MINECHEM LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - A SHARE CAPITAL

	31st March, 2007 Rs.	31st March, 2006 Rs.
Authorised		
12,000,000 Equity Shares of Rs. 10/- each	120,000,000	120,000,000
300,000 Preference Shares of Rs. 100/- each	30,000,000	30,000,000
TOTAL	150,000,000	150,000,000
Issued, Subscribed and Paid-up		
39,121,285 (32,254,000) Equity Shares of Rs. 2/- each fully paid-up	78,242,570	64,508,000
TOTAL	78,242,570	64,508,000

SCHEDULE - B RESERVES AND SURPLUS

	31st March, 2007 Rs.	31st March, 2006 Rs.
Capital Reserve	31,611,461	31,611,461
Securities Premium Account		
Balance at the beginning of the year	83,301,124	77,578,000
Premium received during the year	1,455,001,679	5,723,124
Utilized for share expenses	(30,421,470)	—
Capital Redemption Reserve	390,000	390,000
General Reserve		
Balance at the beginning of the year	784,554,634	384,554,634
Transferred from Profit & Loss Account	725,445,366	400,000,000
Foreign Currency Translation Reserve	(9,474,501)	(3,188,885)
Profit & Loss Account	911,967,016	472,741,994
TOTAL	3,952,375,309	1,369,410,328

SCHEDULE - C MINORITY INTEREST

	31st March, 2007 Rs.	31st March, 2006 Rs.
As per last Year	(77,169)	(263,844)
Share of Profit for the Year	698,512	186,675
TOTAL	621,343	(77,169)