

CONSOLIDATED FINANCIAL STATEMENTS

Contents	Page Nos.
Consolidated Auditors' Report	65
Consolidated Balance Sheet	66
Consolidated Profit & Loss A/c.	67
Cash Flow Statement	68-69
Consolidated Schedules A to R	70-87



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 an associates (Collectively hereinafter referred as "the Ashapura Group") as at 31st March, 2008 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 Company'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 auditing standards generally accepted in India. Those 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.

We did not audit the financial statements of certain subsidiaries and joint venture companies whose Financial Statements reflect total assets of Rs. 9,007.48 lacs as at March 31, 2008 and total revenues of Rs. 21,482.06 lacs and of associates whose financial statements reflect the Group's share of profit (net) of Rs. 44.49 lacs for the year ended on March 31, 2008. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management of the Ashapura Group, and our opinion is based solely on the report of the other auditors. Financial Statements of three associates where in the Ashapura Group's share of Loss (net) aggregates to Rs. 335.25 lacs are unaudited and we have relied upon the unaudited financial statements as provided by the company's management for the purpose of our examination of consolidated financial statements of Ashapura Group.

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 in consolidated financial statements" and Accounting Standard (AS) – 27 "Financial Reporting of Interest in Joint Ventures" as notified under the Companies (Accounting Standards), Rules 2006.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and other financial information of the components, and to the best of our information and according to the explanations given to us, 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, 2008;
- (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 Ashapura Group for the year ended on that date.

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner
Membership No. 043485

Place : Mumbai
Date : 30th June, 2008

ASHAPURA MINECHEM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	SCH.	31st March, 2008 Rs.	31st March, 2007 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	157,937,180	78,242,570
Share Application Money		198,810	—
Employee Stock Option Outstanding		7,680,379	21,469,434
Reserves and Surplus	B	5,384,425,141	5,550,241,510
			3,952,375,309
Minority Interest	C	1,180,113	621,343
Deferred Tax Liability (net)		56,980,340	48,430,248
Loan Funds			
Secured Loans	D	2,895,668,408	1,694,092,296
Deferred Payment Liabilities	E	43,795,142	31,291,408
Unsecured Loans		—	—
TOTAL		8,547,865,513	5,826,522,608
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	F	1,680,623,397	1,241,854,675
Accumulated Depreciation		490,266,694	402,897,865
Net Block		1,190,356,703	838,956,810
Capital Work -in-Progress and Pre-Operative Expenses		867,950,108	92,420,874
		2,058,306,811	931,377,684
Goodwill on Consolidation		104,400,525	104,400,525
Investments	G	1,370,263,382	1,281,776,028
Current Assets, Loans and Advances			
Inventories	H	1,815,108,504	992,926,502
Sundry Debtors		2,603,700,926	2,099,454,983
Cash & Bank Balances		598,847,219	497,134,782
Loans and Advances		1,679,990,272	877,152,608
		6,697,646,921	4,466,668,875
Less: Current Liabilities and Provisions	I	1,523,289,108	784,723,422
Current Liabilities		160,889,922	176,162,295
Provisions		1,684,179,030	960,885,717
Net Current Assets		5,013,467,891	3,505,783,158
Miscellaneous Expenditure	J	1,426,904	3,185,213
(To the extent not written off or adjusted)		—	—
TOTAL		8,547,865,513	5,826,522,608
Notes On Accounts	R	—	—

The Accompanying Schedules A to R are an integral part of this financial statements.

As per our Report of even date

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner

SACHIN POLKE
Company Secretary

For and on Behalf of the Board of Directors

NAVNITLAL SHAH
Executive Chairman

CHETAN SHAH
Managing Director and
Chief Executive Officer

Place : Mumbai
Date : 30th June , 2008

Place : Mumbai
Date : 30th June , 2008



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2008

	SCH.	2007-2008 Rs.	2006-2007 Rs.
INCOME			
Sales and Operational Income	K	17,387,123,189	12,724,428,289
Other Income	L	128,035,370	68,635,913
		<u>17,515,158,558</u>	<u>12,793,064,202</u>
EXPENDITURE			
Change in Inventory	M	(778,760,409)	(175,519,231)
Materials, Mining and Manufacturing Expenses	N	4,641,661,126	4,938,130,098
Direct Selling & Distribution Expenses	O	10,781,695,580	5,557,410,701
Administrative and Other Expenses	P	524,670,430	400,861,234
Interest	Q	161,677,917	136,941,417
Depreciation		91,432,483	73,475,412
TOTAL		<u>15,422,377,127</u>	<u>10,931,299,631</u>
Profit Before Taxation		<u>2,092,781,431</u>	<u>1,861,764,571</u>
Less : Provision for Taxation:			
Current Tax	(441,355,000)	(529,050,000)	
Earlier Years' Tax	(20,282,280)	(7,219,662)	
Fringe Benefit Tax	(8,083,738)	(6,997,014)	
Deferred Tax	(7,309,106)	(12,374,310)	(555,640,986)
Profit After Taxation		1,615,751,307	1,306,123,585
Less : Extra Ordinary item (Refer Note No.7)		(3,130,002)	
Prior Period Adjustments		(87,981)	(107,282)
Less : Share of (Loss) / Profit in Associate Companies		4,449,181	(3,337,561)
		<u>1,616,982,505</u>	<u>1,302,678,742</u>
Minority Interest		(558,770)	(698,512)
Profit After Tax and Minority Interest		<u>1,616,423,735</u>	<u>1,301,980,230</u>
Balance Brought Forward From Previous Year		<u>911,967,016</u>	<u>472,741,994</u>
Amount Available for Appropriation		<u>2,528,390,751</u>	<u>1,774,722,224</u>
Less : Appropriations			
General Reserve	262,608,551	725,445,366	
Proposed Dividend	126,349,744	117,363,855	
Corporate Dividend Tax	21,473,139	19,945,987	862,755,208
Balance Carried to Balance Sheet		<u>2,117,959,317</u>	<u>911,967,016</u>
Earning Per Share			
Before Extra Ordinary Items			
Basic		20.60	18.09
Diluted		20.50	17.94
After Extra Ordinary Items			
Basic		20.56	18.09
Diluted		20.46	17.94
Face Value per Share		2.00	2.00

Notes On Accounts R
The Accompanying Schedules A to R are an integral part of this financial statements.

As per our Report of even date

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner

SACHIN POLKE
Company Secretary

For and on Behalf of the Board of Directors

NAVNITLAL SHAH
Executive Chairman

CHETAN SHAH
Managing Director and
Chief Executive Officer

Place : Mumbai
Date : 30th June , 2008

Place : Mumbai
Date : 30th June , 2008

ASHAPURA MINECHEM LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

			(Rs in lacs)
	2007-2008		2006-2007
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax And Extraordinary Items	20,927.81		18,617.65
Adjustments for -			
Depreciation	914.32	734.75	
Amortization of Expenses	17.58	63.33	
Amortization of Stock Compensation	(137.89)	101.52	
Exchange Rate Adjustments (net)	(245.02)	(62.86)	
Loss (Profit) on sale of Fixed Assets	(2.10)	(3.21)	
Loss (Profit) on sale of Investments	(201.41)	(10.37)	
Prior Period Adjustments	(0.88)	(73.27)	
Dividend Received	(630.23)	(377.85)	
Interest	1,260.65	975.03	1,133.83
Operating Profit Before Working Capital Changes			1,505.87
Capital Changes	21,902.84		20,123.52
Adjustments for -			
Trade and Other Receivables	(11,183.14)	(9,979.74)	
Inventories	(8,221.82)	(1,948.21)	
Trade Payables	7,446.52	(11,958.44)	(5,216.40)
		9,944.40	(17,144.35)
			2,979.17
Cash Generated From Operations			
Interest Paid (net)	(1,570.00)	(1,356.14)	
Direct Taxes Paid (net)	(7,069.68)	(8,639.68)	(5,215.15)
		1,304.71	(6,571.29)
			(3,592.12)
Cash Flow Before Extra Ordinary Items			
Extra ordinary Items	(31.30)		—
NET CASH FROM OPERATING ACTIVITIES	1,273.41		(3,592.12)
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(12,202.32)	(2,192.60)	
Sale of Fixed Assets	20.80	5.43	
Purchase of Investments (Net)	(638.98)	(12,386.03)	
Interest Received	309.35	222.31	
Dividend Received	630.23	377.85	
NET CASH USED IN INVESTING ACTIVITIES	(11,880.91)		(13,973.04)



C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds (Repayments) of loans borrowed (net)	12,140.80	3,353.09
Proceeds from issuance of share capital (including premium)	650.34	14,383.15
Proceeds from Share Application Money	1.99	—
Dividend Paid	(1,168.51)	(481.64)
NET CASH USED IN FINANCING ACTIVITIES	11,624.62	17,254.60
Net Increase in Cash and Cash Equivalents	1,017.12	(310.56)
Cash and Cash Equivalents as at beginning of the year	4,971.35	5,281.91
Cash and Cash Equivalents as at end of the year	5,988.47	4,971.35



As per our Report of even date

For SANGHAVI & COMPANY
Chartered Accountants

MANOJ GANATRA
Partner

SACHIN POLKE
Company Secretary

Place : Mumbai
Date : 30th June , 2008

For and on Behalf of the Board of Directors

NAVNITLAL SHAH
Executive Chairman

CHETAN SHAH
Managing Director and
Chief Executive Officer

Place : Mumbai
Date : 30th June , 2008

ASHAPURA MINECHEM LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE - A SHARE CAPITAL

	31st March, 2008 Rs.	31st March, 2007 Rs.
Authorised		
110,000,000 (60,000,000) Equity Shares of Rs.2/- each	220,000,000	120,000,000
300,000 Preference Shares of Rs. 100/- each	30,000,000	30,000,000
TOTAL	250,000,000	150,000,000
Issued, Subscribed and Paid - up		
78,968,590 (39,121,285) Equity Shares of Rs.2/- each, fully paid - up [of which, 65,534,295 (26,050,000) shares were issued as fully paid - up Bonus Shares by capitalizing General Reserve and Securities Premium account]	157,937,180	78,242,570
TOTAL	157,937,180	78,242,570

SCHEDULE - B RESERVES AND SURPLUS

	31st March, 2008 Rs.	31st March, 2007 Rs.
Capital Reserve	31,611,461	31,611,461
Securities Premium Account		
Balance at the beginning of the year	1,507,881,333	83,301,124
Premium received during the year	64,307,597	1,455,001,679
Capitalized on issue of fully paid-up bonus shares	(78,968,590)	—
Utilized for share expenses	—	(30,421,470)
	1,493,220,340	1,507,881,333
Capital Redemption Reserve	390,000	390,000
General Reserve		
Balance at the beginning of the year	1,510,000,000	784,554,634
Adjustment on transitional provisions on Account of employees benefit costs (refer note no.5)	2,611,705	—
Transferred from Profit & Loss Account	262,608,551	725,445,366
	1,775,220,256	1,510,000,000
Foreign Currency Translation Reserve	(33,976,233)	(9,474,501)
Profit & Loss Account	2,117,959,317	911,967,016
TOTAL	5,384,425,141	3,952,375,309

SCHEDULE - C MINORITY INTEREST

	31st March, 2008 Rs.	31st March, 2007 Rs.
As per last year	621,343	(77,169)
Share of Profit for the Year	558,770	698,512
TOTAL	1,180,113	621,343



SCHEDULE - D SECURED LOANS

	31st March, 2008 Rs.	31st March, 2007 Rs.
TERM LOANS		
From Financial Institutions (Foreign Currency Accounts)	182,988,736	61,772,185
From Financial Institutions (Indian Rupee Accounts)	67,949,000	—
From Banks (Foreign Currency Accounts)	332,378,800	74,659,671
From Banks (Indian Rupee Accounts)	—	14,812,445
Others (Indian Rupee accounts)	1,037,845	—
	584,354,381	151,244,301
Working Capital Finance		
From Financial Institutions (Foreign Currency Accounts)	409,397,744	314,872,072
From Banks (Foreign Currency Accounts)	1,579,526,880	498,462,893
From Banks (Indian Rupee Accounts)	312,493,355	729,039,013
	2,301,417,979	1,542,373,978
Hire Purchase Finance	9,896,048	474,017
TOTAL	2,895,668,408	1,694,092,296

SCHEDULE - E DEFERRED PAYMENT LIABILITIES

	31st March, 2008 Rs.	31st March, 2007 Rs.
Sales Tax Deferred Payment Liability	43,795,142	31,291,408
TOTAL	43,795,142	31,291,408