



# ASHAPURA MINECHEM LIMITED

ANNUAL REPORT 2008-2009

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## **ASHAPURA MINECHEM LIMITED**

### **BOARD OF DIRECTORS (Executive Directors)**

Mr. Navnitlal Shah  
Executive Chairman

Mr. Chetan Shah  
Managing Director

### **(Non-Executive Directors)**

Mrs. Dina Shah

Mr. Piyush Vora

Mr. Larry Washow

Mr. Ashok Kadakia

Mr. Abhilash Munsif  
(Appointed as an Additional Director w.e.f. 29<sup>th</sup> July, 2009)

Mr. Harish Motiwalla  
(Appointed as an Additional Director w.e.f. 29<sup>th</sup> July, 2009)

Mr. Shailesh Bathiya  
(Resigned w.e.f. 18<sup>th</sup> June, 2009)

Mr. Gary Castagna  
(Resigned w.e.f. 15<sup>th</sup> May, 2009)

Mr. Ryan McKendrik - Alternate Director  
(Alternate to Mr. Larry Washow)  
(Resigned w.e.f. 15<sup>th</sup> May, 2009)

Mr. Gary Morrison - Alternate Director  
(Alternate to Mr. Gary Castagna)  
(Resigned w.e.f. 15<sup>th</sup> May, 2009)

Mr. Burjor Antia  
(Resigned w.e.f. 21<sup>st</sup> January, 2009)

Mr. Rasiklal Doshi  
(Resigned w.e.f. 21<sup>st</sup> January, 2009)

### **AUDITORS**

M/s. Sanghavi & Company  
Chartered Accountants

## ASHAPURA MINECHEM LIMITED

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### REGISTERED AND ADMINISTRATIVE OFFICE

Jeevan Udyog Bldg., 3rd Floor,  
278, D. N. Road, Fort,  
Mumbai - 400 001.  
Tel. No. : +91-22-66221700  
Fax No. : +91-22-22079395 / +91-22-22074452

### WORKS

Ler Village  
Tal. Bhuj, Dist. Kutch, Gujarat.

Hamla Mines  
Plot No. 206, Opp. Kutch Dairy,  
Madhapar, Bhuj (Kutch).

Baraya EOU  
Plot No./Survey No. 2558256/3,  
Bhuj Mundra Highway, Village-Baraya,  
Kutch 370415.

Jamnagar EOU (Unit I)  
Survey No. 195 & 198-P2,  
Village Ran, Taluka Jam - Kalyanpur.  
Jamnagar, Gujarat.

Jamnagar EOU (Unit II)  
Survey No. 195 & 196-P1 & P2,  
Village Ran, Taluka Jam - Kalyanpur.  
Jamnagar, Gujarat.

Survey No. 328/2, KINFRA Apparel Park, Menamkulam,  
Thiruvananthapuram, Kerala-695586.

Survey No. 447& 448, Tandur Road, Dharur Village & Mandal-501121,  
District - Ranga Raddy (A.P.).

236-239, G. I. D. C. Chitra Ind. Estate, Bhavnagar - 364004, Gujarat.

Plot No. 182, Baikmpady Industrial Area, Baikmpady, New Mangalore - 575011.

### SHARE TRANSFER AGENT

**M/s. Link Intime India Pvt. Ltd.**  
(Formerly known as M/s. Intime Spectrum Registry Limited)  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.  
Tel. : +91-22-25963838 Fax : +91-22-25946969  
E-mail : rnt.helpdesk@linkintime.co.in

For handing over documents only  
201, Davar House, 2nd Floor, 197/199, D. N. Road, Mumbai - 400 001.  
Tel. : +91-22-22694127



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## ASHAPURA MINECHEM LIMITED

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### SHAREHOLDER'S INFORMATION

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

**Bombay Stock Exchange Limited**

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

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**The National Stock Exchange of India Limited**

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

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**The Ahmedabad Stock Exchange Limited**

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



## NOTICE

**NOTICE** is hereby given that the Twenty-Eighth **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Tuesday, 22<sup>nd</sup> September, 2009, at 11.00 a.m. at Walchand Hirachand Hall, 4<sup>th</sup> Floor, Indian Merchants' Chamber, 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, 2009 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 appoint a Director in place of Shri Ashok Kadakia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. Dina Shah, who retires by rotation and being eligible, offers herself for re-appointment.
4. To re-appoint M/s. Sanghavi & Co., Chartered Accountants, as Statutory Auditors of the Company 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 remuneration:

"RESOLVED THAT M/s. Sanghavi & Co., Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on such remuneration as may be decided by the Board of Directors in consultation with the Auditors."

### SPECIAL BUSINESS:

#### 5. Re-appointment of Branch Auditors:

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 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors be and is hereby authorised to re-appoint, M/s. Shah Narielwala & Co., Chartered Accountants, as Branch Auditors for Company's Bhuj Branch Office and M/s. B. Purushottam & Co., Chartered Accountants, as Branch Auditors for Company's Branches at Chennai, Dharur, Hospet, Kodur, Vinjanmur & Trivendrum, for carrying out the audit of the books of accounts for the financial year 2009-2010 and to hold their office until the conclusion of next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors".

#### 6. Appointment of Shri Abhilash Munsif as a Director, liable to retire by rotation:

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

"RESOLVED THAT Shri Abhilash Munsif who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation".

#### 7. Appointment of Shri Harish Motiwalla as a Director, liable to retire by rotation:

To consider and if thought fit to pass, with or without modification(s),

the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Harish Motiwalla who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation".

**By order of the Board of Directors**

sd/-

**SACHIN POLKE**  
Company Secretary

Place : Mumbai  
Dated : 29<sup>th</sup> July, 2009

### Registered Office :

Jeevan Udyog Building,  
3rd Floor, 278, Dr. D. N. Road, Fort,  
Mumbai - 400 001.

### NOTES:

1. 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.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. 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.
4. Members are requested to bring their copies of Annual Report and duly filled Attendance Slip for attending the Meeting.
5. Members are requested to address all correspondences, including dividend matters, to the Registrars and the Share Transfer Agents, M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.
6. 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 and also the particulars of their Bank Account Numbers to minimise the chances of fraudulent encashment of the future dividend warrants/cheques/drafts, if any.
7. All the documents referred to in the Notice and the Explanatory Statements 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

8. The Company's Transfer Books will remain closed from 15th September, 2009 to 22nd September, 2009 (both days inclusive).
9. The relevant details of Directors seeking re-appointment under item numbers 2 and 3 of the Notice, as required under clause 49 of the Listing Agreement entered into with the Stock Exchange(s) are given under the Corporate Governance Report.
10. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Mr. Sachin Polke, Company Secretary at the Company's Registered Office. 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.
11. Queries on accounts and operations of the Company, if any, may please be sent to the Company ten days in advance of the Meeting so that the answers may be made available at the Meeting.

### 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.5 to 7 of the accompanying Notice dated 29th July, 2009.

#### ITEM NO. 5

The members in their last Annual General Meeting held on 24th September, 2008, approved the appointment of M/s. Shah Narielwala & Co., Chartered Accountants, as Branch Auditors for Company's Bhuj Branch Office and M/s. B. Purushottam & Co., Chartered Accountants, as Branch Auditors for Company's Branches at Chennai, Dharur, Hospet, Kodur, Vinjanmur & Trivendrum, for carrying out the audit of the books of accounts for the financial year 2008-2009. Accordingly, their term of appointment is expiring at the conclusion of this Annual General Meeting.

The Board of Directors in its meeting held on 29th July, 2009, has recommended the re-appointment of M/s. Shah Narielwala & Co., Chartered Accountants and M/s. B. Purushottam & Co., Chartered Accountants, as Branch Auditors of the Company to carry out the audit of the accounts relating to the Branches as mentioned above, respectively for the financial year 2009-2010.

The Board of Directors recommends this resolution for your approval.

None of the Directors is concerned or interested in this resolution.

#### ITEM NO. 6

Shri Abhilash Munsif was co-opted as an Additional Director of the Company w.e.f. 29th July, 2009 and pursuant to the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting. The Company has received notice in writing from a member alongwith a deposit of Rs. 500/- proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Shri Abhilash Munsif, aged 66 years, is an Associate Member of Institute of Chartered Accountants, London. He has also specialised in Emergency Disaster Management by pursuing a Program from University of Wisconsin, USA.

Shri Abhilash Munsif is a well-experienced diplomat, fully conversant with, the working of United Nation systems and the High Level Commissions. He has worked for 8 years in private sector in London.

He has also held several positions at CFO / CAO / Director Level, with several organs of United Nations in Switzerland, Asia & Africa and with High Level Commissions like "South Commission" comprising 18 countries & Summit level group of Developing Countries (G-15) comprising 15 countries. His last assignment was with 'World Intellectual Property Organization (Geneva) as the Director of Finance for 8 years. He has travelled extensively to over 50 countries and has met several heads of the states and/or governments and has established excellent connections at the highest level in several countries in Asia, Africa, Latin America and the Middle East.

The Board recommends the resolution for your approval.

None of the Directors, except Shri Abhilash Munsif, is concerned or interested in the resolution.

#### ITEM NO. 7

Shri Harish Motiwalla was co-opted as an Additional Director of the Company w.e.f. 29th July, 2009 and pursuant to the provisions of Section 260 of the Companies Act, 1956 holds the office upto the date of this Annual General Meeting. The Company has received notice in writing from a member alongwith a deposit of Rs. 500/- proposing his candidature for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Shri Harish Motiwalla, aged 64 years, is a Fellow Member of Institute of Chartered Accountants of India. He is also a Law Graduate. He has also completed DISA certification course conducted by Institute of Chartered Accountants of India.

Shri Harish Motiwalla is currently a Practising Chartered Accountant and has vast expertise in the field of accounts, finance and corporate governance. He is also on the Board of the following companies:

1. Hitech Plast Limited
2. Excel Industries Limited
3. LIC Mutual Assets Management Co. Limited
4. Gujarat Organics Limited
5. Balkrishna Synthetics Limited

The Board recommends the resolution for your approval.

None of the Directors, except Shri Harish Motiwalla, is concerned or interested in the resolution.

By order of the Board of Directors

sd/-

**SACHIN POLKE**  
Company Secretary

Place : Mumbai  
Dated : 29th July, 2009

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



## DIRECTORS' REPORT

To,  
The Members

Your Directors hereby present the Twenty Eighth Annual Report on the business and operations of the Company together with the Statements of Audited Accounts of the Company and Consolidated Audited Accounts of the Group for the year ended 31st March, 2009.

### FINANCIAL RESULTS AND PERFORMANCE :

	<b>Ashapura Minechem Ltd.</b>		<b>Consolidated</b>	
	<b>Rs. in Millions</b>		<b>Rs. in Millions</b>	
	<b>2008-09</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2007-08</b>
Profit before Depreciation, Taxation & Extraordinary items	<b>(3803.28)</b>	1823.49	<b>(3931.53)</b>	2184.21
Depreciation	<b>(65.99)</b>	48.49	<b>(243.99)</b>	(91.43)
<b>Profit before Tax &amp; Extraordinary items</b>	<b>(3869.27)</b>	1775.00	<b>(4175.52)</b>	2092.78
Tax Expenses :				
Current	—	(388.28)	<b>(33.95)</b>	(441.36)
Earlier Years Tax	<b>(6.11)</b>	(12.19)	<b>(6.11)</b>	(20.28)
Fringe Benefit Tax	<b>(4.80)</b>	(7.30)	<b>(5.54)</b>	(8.08)
Deferred Tax	<b>1336.27</b>	(6.80)	<b>1345.31</b>	(7.31)
<b>Profit after Tax</b>	<b>(2543.91)</b>	1360.43	<b>(2875.81)</b>	1615.75
Extra ordinary Items	<b>(5.27)</b>	(3.13)	<b>(5.27)</b>	(3.13)
Prior period Adjustments	<b>(5.61)</b>	(1.42)	<b>(9.08)</b>	(0.09)
Share of (Loss)/ Profit in Associate Company	—	—	<b>(2.19)</b>	4.45
<b>Net Profit after Extra Ordinary Items</b>	<b>(2554.79)</b>	1355.88	<b>(2892.35)</b>	1616.98
Minority interest	—	—	<b>(0.70)</b>	(0.56)
	<b>(2554.79)</b>	1355.88	<b>(2893.05)</b>	1616.42
Balance brought forward from the previous year	<b>1557.39</b>	547.52	<b>2117.96</b>	911.97
Amount available for Appropriation	<b>(997.40)</b>	1903.40	<b>(775.09)</b>	2528.39
<b>Appropriations :</b>				
1) Proposed Dividend	—	(126.35)	—	(126.35)
2) Corporate Dividend Tax	—	(21.47)	—	(21.47)
3) General Reserve	—	(198.20)	<b>(35.00)</b>	(262.61)
Balance carried to Balance Sheet	<b>(997.40)</b>	1557.38	<b>810.09</b>	2117.96

An overall slowdown in the business affected the performance of the Company during the year under review. The Company reported a loss of Rs.3803.28 million before Depreciation, Taxation and Extra Ordinary Items as against profit before Depreciation, Taxation and Extra Ordinary Items of Rs.1823.49 million in the previous year. Further, the bottom line stood at negative Rs.2554.79 million as against profit of Rs.1355.88 million in the previous year.

Correspondingly, the Consolidated Net Loss after Minority Interest for 2008-2009 stood at Rs.2893.05 million as against a Net Profit after Minority Interest of Rs.1616.42 million in the previous year.



## ASHAPURA MINECHEM LIMITED

To mitigate the effects of the slowdown, your Company has initiated various measures in the areas of capital expenditure rationalization, working capital management and cost control.

### DIVIDEND :

In view of the losses incurred, your Directors have not recommended any Dividend for the year 2008-2009. (Previous year dividend was declared @ 80% per share i.e. Rs.1.60 per Equity Share on the face value of Rs. 2/- each)

### REVIEW OF OPERATIONS :

The standalone turnover for the year ended 31st March, 2009, declined by 53.07% and stood at Rs.7000.98 million as against Rs.14916.45 million in the previous year. The turnover of the entire Ashapura Group stood at Rs.9612.64 million as against Rs.17336.65 million in the previous year. The decline in the turnover was particularly attributable to continued restriction on mining and sale of Bauxite by the Government of Gujarat.

Further, the profitability of the Company was also affected on account of paucity of deliverable foreign exchange, pre-sold on the basis of confirmed export orders coupled with foreign exchange fluctuations.

During the year under review, the Company reported a loss after extra ordinary items of Rs.2554.79 million as against a profit of Rs.1355.88 million in the previous year. While the loss of the entire Ashapura Group stood at Rs.2893.05 million as compared to a Profit of Rs.1616.42 million in the previous year.

Consequently, Deferred Tax Assets of Rs.1336.3 million have arisen out of the carried forward business loss permitted under the Income Tax Act, 1961, to the extent of expected set-off as your Directors believe that the Company would have sufficient taxable income in the future years to set off the same.

The new financial year has begun with a positive note with the Government of Gujarat issuing an interim permission for mining and sale of about 6 Lac tones of Bauxite. The Management believes that the said permission coupled with a substantially lower quantum of forward foreign exchange commitments shall enable the Company to gradually turnaround in the near future.

### SUBSIDIARIES :

#### a) Bombay Minerals Ltd :

Bombay Minerals Ltd is a 100% subsidiary of your Company.

The Company earned a total income of Rs.558.55 million during the year as compared to Rs.554.67 million in the previous year. The profit after tax for the year under review stood at Rs.12.45 million as compared to Rs.51.69 million during the previous year.

#### b) Ashapura International Ltd :

Ashapura International Ltd is a 100% subsidiary of your Company.

The Company reported a turnover of Rs.447.57 million as against a turnover of Rs.847.35 million in the previous year. Correspondingly, the Company's Profit after Tax stood at Rs.7.09 million as against Rs.37.98 million in the previous year.

#### c) Ashapura Claytech Ltd :

Your Company owns 95.25% of the share capital of Ashapura Claytech Ltd.

During the year under review, the turnover declined by 11.53% and stood at Rs.61.75 million as against Rs.69.80 million in the previous year. On the other hand, the Profit after Tax stood at Rs.14.93 million as compared to Rs.11.57 million in the previous year showing an increase of 29.04%.

#### d) Ashapura Minechem (UAE) FZE:

Ashapura Minechem (UAE) FZE is a 100% subsidiary of your Company.

The Company reported a decline in the total turnover from approx. Rs.1955.52 million ( viz. USD 46,805,064 ) to approx. Rs.1775.23 million ( viz.USD 39,050,417) during the year under review. Subsequently the net profits also declined from approx. Rs.153.40 million (viz. USD 3,671,566 ) to approx. Rs.73.08 million ( viz. USD 1,607,507 ).

#### e) Ashapura Maritime FZE:

This is a 100% subsidiary of Ashapura Holdings (UAE) FZE, a step down subsidiary of your Company.

The said Company is engaged in shipping activities and has currently leased a vessel from its 100% subsidiary – Asha Prestige Co. It has incurred a net loss of approx. Rs.83.62 million (viz. USD 18,39,493) during the year under review.



**f) Asha Prestige Company:**

This is a 100% subsidiary of Ashapura Maritime FZE.

The said subsidiary acquired a vessel named "MV Asha Prestige" on 24<sup>th</sup> July, 2008, for approx. USD 19 million. The said vessel has been leased on time charter basis to the parent company viz. Ashapura Maritime FZE.

**g) Ashapura Aluminium Limited:**

Ashapura Aluminium Limited is a 100% subsidiary of your Company.

The Company received the Final Environmental Clearance from Ministry of Environment and Forests (MoEF) and a clearance for establishment of the Alumina refinery from the Gujarat Pollution Control Board in July, 2008 and October, 2008 respectively.

**h) Ashapura Industrial Finance Limited and Ashapura Logistics and Infrastructure Private Limited:**

Your Company divested its entire shareholding from its 100% subsidiaries viz. Ashapura Industrial Finance Limited and Ashapura Logistics and Infrastructure Private Limited w.e.f. 24<sup>th</sup> March, 2009 and 4<sup>th</sup> May, 2009, respectively.

**JOINT VENTURE :**

**Ashapura Volclay Ltd :**

Your Company owns 50% equity of Ashapura Volclay Ltd.

The said Company's turnover has shown a steady growth of 26.74 % from Rs.614.90 million in the previous year to Rs.779.32 million during the year under review. The net profits after tax stood at Rs.16.18 million for the year under review as compared to Rs.73.30 million in the previous year.

**ASSOCIATES :**

**a) Crystal Nanoclay Private Limited:**

Your Company owns 50% Equity of Crystal Nanoclay Private Limited.

Considering the current market scenario and the inability of the said Company to attain commercial success for its products, your Company has considered disinvestment and has made a provision to write off a part of its investment during the year under review.

**b) Ashapura AMCOL NV:**

Your Company together with its subsidiary – Ashapura Minechem (UAE) FZE owns 50% stake in Ashapura AMCOL NV.

The said Joint Venture commenced its commercial production w.e.f April, 2008 and has three product lines, selling grinded bentonite, bleaching clay and kaolin within Europe.

**c) Shantilal Multiport Infrastructure Private Limited:**

Your Company owns 50% Equity of Shantilal Multiport Infrastructure Private Limited.

The said Company's Income stood at Rs.10.51 million and the Net profit after tax during the year under review stood at Rs.1.72 million.

**d) Ashapura Arcadia Logistic Private Limited:**

Your Company owns 50 % Equity of Ashapura Arcadia Logistic Private Limited.

The Company's total income stood at Rs.104.86 million during the year under review as compared to Rs.292.22 million in the previous year showing a sharp decline by 64%. The said Company reported a Net Loss of Rs.7.31 million as compared to a Net Profit of Rs.14.81 million in the previous year.

**OTHER PROJECT :**

**Kaolin Project:**

The Project was scheduled to commence operations by the end of December, 2008. However, there was a delay in the commencement due to external and internal factors like arson/vandalism and the modification of the plant layout respectively. Despite the various obstacles, your Company has successfully commenced the operations in July, 2009.