



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
Mr. Harish Motiwalla

Chief Financial Officer

Mr. Rajiv Gandhi

Company Secretary

Mr. Sachin Polke

Auditors

M/s. Sanghavi & Company
Chartered Accountants

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

Jamnagar - Dwarka Highway,
Opp. Ashok Petrol Pump, Khambaliya,
District - Jamnagar, Gujarat – 361305.

Plot No. 256/3, Village Baraya,
Bhuj-Mundra Highway, Tal. Mundra,
Kutch (Gujarat) – 370415.

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, Gujarat – 364004.

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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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.

The National Stock Exchange of India Limited

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

The Ahmedabad Stock Exchange Limited

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



NOTICE

NOTICE is hereby given that the Twenty-Ninth **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Friday, 24th September, 2010 at 11.30 a.m. at Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Mumbai - 400020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 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 Piyush Vora, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Harish Motiwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Sanghavi & Co., Chartered Accountants, as Auditors of the Company and to pass the following resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Sanghavi & Co., Chartered Accountants (Registration No – 109099W), be and are hereby appointed as the Auditors of the Company and to hold office from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting, at such remuneration as may be mutually agreed between the Board of Directors and the Auditors of the Company."

5. **To appointment Branch Auditors:**

"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 in consultation with the Company's Auditors, M/s. B. Purushottam & Co., Chartered Accountants, Chennai, as Branch Auditors for Company's Branches at Chennai, Dharur, Hospet & Trivendrum, for carrying out the audit of the books of accounts for the financial year 2010-2011 and to hold their office until the conclusion of next Annual General Meeting and to fix their remuneration."

By order of the Board of Directors

sd/-

SACHIN POLKE
Company Secretary

Place : Mumbai
Dated : 5th August, 2010th

NOTES

1. 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.
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. Members are requested to bring their copies of Annual Report and duly filled Attendance Slip for attending the Meeting.
4. 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.
5. 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.
6. The Company's Transfer Books will remain closed from 17th September, 2010 to 24th September, 2010 (both days inclusive).
7. 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 Exchanges are given under the Corporate Governance Report.
8. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the 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.
9. 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.

By order of the Board of Directors

sd/-

SACHIN POLKE
Company Secretary

Place : Mumbai
Dated : 5th August, 2010

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

ASHAPURA MINECHEM LIMITED

DIRECTORS' REPORT

To,
The Members

The Directors submit the Annual Report of the Company together with the Audited Statements of Accounts (Standalone & Consolidated) for the year ended 31st March, 2010.

FINANCIAL RESULTS AND PERFORMANCE :

	Ashapura Minechem Ltd.		Consolidated	
	(Rs. in Lacs)		(Rs. in Lacs)	
	2009-10	2008-09	2009-10	2008-09
Profit/(Loss) before Depreciation,				
Taxation & Extraordinary items	(4800.45)	(38032.80)	(227.52)	(39315.26)
Depreciation	(980.23)	(659.86)	(2568.58)	(2439.92)
Profit/(Loss) before Tax & Extraordinary items	(5780.68)	(38692.66)	(2796.10)	(41755.18)
Tax Expenses :				
Current	—	—	(1074.90)	(339.50)
Earlier Years Tax	—	(61.11)	(124.61)	(61.11)
Fringe benefit Tax	—	(48.00)	—	(55.40)
Deferred	(237.30)	13362.67	(256.73)	13453.12
Profit/(Loss) after Tax	(6017.98)	(25439.10)	(4252.34)	(28758.07)
Extra ordinary Items	—	(52.71)	—	(52.71)
Prior period Adjustments	(51.68)	(56.15)	553.29	(90.84)
Share of (Loss)/Profit in Associate Company	—	—	(46.60)	(21.92)
Excess Provision of Income Tax Written Back	222.18	—	—	—
Exceptional Items				
Foreign Currency Derivatives Written Back (net of deferred tax)	6821.80	—	6821.80	—
Net Profit/(Loss) after Extra Ordinary Items	974.32	(25547.96)	3076.15	(28923.54)
Minority interest	—	—	(4.20)	(6.99)
	974.32	(25547.96)	3071.95	(28930.53)
Balance brought forward from the previous year	(9974.09)	15573.86	(8100.94)	21179.60
Amount available for Appropriation	(8999.77)	(9974.10)	(5028.99)	(7750.93)
Appropriations :				
1) Proposed Dividend	—	—	—	—
2) Corporate Dividend Tax	—	—	(15.23)	—
3) General Reserve	—	—	(605.17)	(350.00)
Balance carried to Balance sheet	(8999.77)	(9974.10)	(5649.39)	(8100.93)

During the financial year ended 31st March, 2010, the Loss before depreciation, interest and tax reported by the Company was reined to Rs.4800.45 lacs in comparison to Loss before depreciation, interest and tax of Rs.38032.80 lacs in the previous year. The Company on the basis of legal advice taken from various Counsels has written back Foreign Currency Derivatives Loss and therefore the bottom line reflected a Net Profit after minority interest of Rs.974.32 lacs & Rs.3071.95 lacs, respectively, in the standalone & consolidated financial results.



DIVIDEND:

In view of losses incurred, your Directors have not recommended any Dividend for the year 2009-2010.

REVIEW OF OPERATIONS:

The standalone turnover for the year ended 31st March, 2010, declined by 28.14% and stood at Rs.50306.49 lacs as against Rs.70009.78 lacs in the previous year. The turnover for the entire Ashapura Group stood at Rs.71366.59 lacs as against Rs.96126.36 lacs in the previous year. Although the scale of business was comparable to the previous year, the decline in turnover was largely attributable to export sales of minerals on a Free on Board basis as against Cost Insurance Freight basis in the previous year.

Although the Government of Gujarat declared its Bauxite Policy permitting the resumption of Bauxite exports from the State in November 2009; continuing administrative delays in implementation of the Policy restrained the Company in achieving optimum volumes of Bauxite sales. The Management believes that the imminent implementation of the State's Mineral Policy will help the Company achieve its potential volumes of Bauxite sales from the State of Gujarat.

Bentonite & Allied Minerals witnessed volume growth rates in excess of 60% as compared to the previous year on account of the buoyed demand from the oil well drilling and iron ore pelletization sector.

SUBSIDIARIES:

a) Bombay Minerals Limited

Bombay Minerals Ltd. is a 100 percent subsidiary of your Company. The said Company reported a turnover of Rs. 5814.10 lacs during the year as compared to Rs.5573.52 lacs in the previous year. The net profit for the year under review stood at Rs. 823.66 lacs as compared to Rs. 124.49 lacs in the previous year.

b) Ashapura International Limited

Ashapura International Ltd., a 100 percent subsidiary of your Company, has performed well during the year under review. It bagged contracts for supplying Bentonite to Kolkata Airport Project, Kolkata Garden Reach Project and Paradeep Port Project. It also reported a growth in sales of Specility products like Hydrokol & Attapulgit. In view of the above, the said Company reported a turnover of Rs. 5536.77 lacs as against a turnover of Rs. 4704.77 lacs in the previous year. Correspondingly, the said Company's net profit stood at Rs.295.24 lacs as against Rs. 66.39 lacs in the previous year.

c) Ashapura Aluminium Limited

Ashapura Aluminium Limited is a 100 percent subsidiary of your Company. The said Company is primarily engaged in setting up of an Alumina Refinery in the Kutch District of Gujarat. The basic Engineering for setting up the said Refinery has been completed and a contract for the detailed Engineering has been awarded to a China based Company. The said Company has also obtained a revised Techno Economic Feasibility Report for the setting up the said Alumina Refinery.

d) Ashapura Claytech Limited

Your Company owns 95.25 percent of the share capital of Ashapura Claytech Ltd. The said Company is in process of exploring new business activities like mining and marketing of Feldspar, Quartz, etc. During the year under review, the turnover declined by 21.01 percent and stood at Rs.487.74 lacs as against Rs.617.50 lacs in the previous year. The decline in turnover affected the net profit which stood at Rs. 88.19 lacs as compared to Rs.147.29 lacs in the previous year showing a decrease of 40.12 percent.

e) Ashapura Minechem (UAE) FZE

Ashapura Minechem (UAE) FZE, a 100 percent subsidiary of your Company established in United Arab Emirates (UAE), is engaged in the business of import, export and distribution of industrial minerals and other related activities. The said Company during the year under review reported a decline in the total turnover from approx. Rs. 17752.32 lacs (USD 390.50 lacs) to approx. Rs. 6001.64 lacs (USD 125.19 lacs). Subsequently, the net profits also declined from approx. Rs. 730.77 lacs (USD 16.08 lacs) to approx. Rs. 117.65 lacs (USD 2.45 lacs).

f) Ashapura Holdings (UAE) FZE

The said Company is a wholly-owned subsidiary of Ashapura Minechem (UAE) FZE and a step down subsidiary of your Company. During the year under review, there were no earnings in the said Company and the expenditure incurred is reflected in statement of financial position as 'accumulated losses' which stood at approx Rs. 26.09 lacs (USD 54,419).

g) Ashapura Maritime FZE

This is a 100 percent subsidiary of Ashapura Holdings (UAE) FZE and a step down subsidiary of your Company. The said Company is engaged in ship management & operations and has currently leased a vessel from its 100 percent subsidiary – Asha Prestige Co, a Company incorporated in Marshall Islands. During the year under review, the Company earned an income of Rs. 2318.95 lacs (USD 48.37 lacs). However, it incurred a net loss of approx. Rs. 788.11 lacs (USD 16.44 lacs).

h) PT. Ashapura Resources Indonesia

This is a subsidiary of Ashapura Minechem (UAE) FZE and a step down subsidiary of your Company.

The said Company was incorporated on 21st April, 2010, for tapping mining opportunities in Indonesia especially for minerals like Bauxite, Coal and Manganese Ore.

JOINT VENTURES AND ASSOCIATES:

i) Ashapura Volclay Limited

Your Company owns 50 percent Equity of Ashapura Volclay Ltd. The said Company reported a turnover of Rs. 9684.76 lacs as against a turnover of Rs. 7793.22 lacs in the previous year. The profits after tax stood at Rs. 1233.65 lacs for the year under review as compared to Rs. 161.80 lacs in the previous year.

The said Company is in the process of expanding its production capacity of Acid Activated Bleaching Clay from 48,000 TPA to 72,000 TPA. The new capacity is expected to be operational by December, 2010. On completion of the expansion, Ashapura will be the World's third largest Bleaching Clay producer in terms of capacity. The Ashapura Group has achieved this milestone within 8 years of its foray into the industry.

j) Ashapura AMCOL NV

Your Company together with its subsidiary – Ashapura Minechem (UAE) FZE owns 50 percent stake in Ashapura AMCOL NV, a Company incorporated in Belgium with an object of developing, trading, manufacturing and marketing of clay mineral products.

During the year under review, the said Company's income stood at Rs. 3789.76 lacs (Euro 59.25 lacs) and the net loss after tax stood at Rs. 237.95 lacs (Euro 3.72 lacs).

k) Shantilal Multiport Infrastructure Private Limited

Your Company owns 50 percent Equity of Shantilal Multiport Infrastructure Private Limited. The said Company's income stood at Rs. 96.37 lacs and the net profit after tax stood at Rs. 35.38 lacs as against the net profit after tax of Rs. 17.20 lacs in the previous financial year.

l) Ashapura Arcadia Logistics Private Limited

Your Company owns 50 percent Equity of Ashapura Arcadia Logistics Private Limited. The said Company's income declined by approx 39% & stood at Rs. 632.12 lacs as compared to income of Rs. 1038.73 lacs in the previous year. The said Company reported a net loss of Rs. 321.88 lacs as compared to a net loss of Rs. 73.41 lacs in the previous year.

STATUS OF THE PENDING LITIGATIONS:

- a) The Contracts of Affreightment entered into by the Company with Shipping Companies - viz. [1] British Marine PLC [2] I.H.X. (UK) Ltd [3] Eitzen Bulk A/s and [4] Armada Singapore Pte Ltd., were terminated due to force majeure on account of stoppage of Bauxite export by the Government of Gujarat.

In view of this, the said Shipping Companies initiated legal proceedings against the Company claiming potential damages for non performance of Contracts of Affreightment. These claims are being contested on the basis of invalidity and frustration of contracts.

The Company has successfully settled the claims with one of the Shipping Companies. In case of the other Shipping Companies, the matters are pending at various stages in Courts where the Company is contesting its liabilities. The Company is also simultaneously negotiating to arrive at an amicable settlement with the claimants.

- b) In case of Forex Derivatives Contracts, the Company has taken legal opinion that these Contracts are void and are not legally enforceable. It has been further advised by the Counsels that the Company can take legal actions for challenging the validity of the said Contracts. In light of the recently concluded court cases, the Company has approached the Bankers to settle the claims amicably.



SUBSIDIARIES:

As per Section 212(1) of the Companies Act, 1956, the Company is required to attach to its Accounts, the Directors' Report, Balance Sheet and Profit & Loss Account of each of its Subsidiaries. As the Consolidated Accounts present a complete picture of the financial results of the Company and its Subsidiaries, the Company had applied to the Central Government acting through Ministry of Corporate Affairs, under Section 212(8) of the Companies Act, 1956, seeking exemption from attaching the documents referred to in Section 212(1). The approval for the same has been granted by the Central Government vide letter dated 15th June, 2010. Accordingly, the Annual Report of the Company does not contain the individual financial statements of its Subsidiaries. However, a gist of the financial details of the Subsidiary Companies is contained in the Annual Report.

The Annual Accounts of the Subsidiary Companies along with the related information are available for inspection at the Company's Registered Office and copies shall be provided on request.

EMPLOYEE STOCK OPTION SCHEME:

Your Company, as approved by the members at the Extra Ordinary General Meeting held on 31st May, 2004, has introduced a Stock Option Scheme - the Employees Stock Option Plan – 2004 ("ESOP 2004") for its employees and the employees of its Subsidiary Companies. An approval to issue upto 15,95,675 Equity Shares of Rs. 2/- each was obtained, wherein not more than 317,500 Equity shares of Rs. 2/- each could be issued per employee.

The information required to be disclosed in terms of the provisions of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is set out in the Statement annexed hereto (Annexure II) and forms part of this Report.

As required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999, the Auditors' Certificate on ESOP is set out in the Statement annexed hereto (Annexure III) and forms part of this Report.

CORPORATE GOVERNANCE:

Pursuant to the Clause 49 of the Listing Agreement entered into with Stock Exchanges, Report on Corporate Governance alongwith Management Discussion and Analysis and Auditors' Certificate on compliance with the Corporate Governance requirements is set out in the Statement annexed hereto (Annexure IV) and forms part of this Report.

DIRECTORS:

Shri Piyush Vora and Shri Harish Motiwalla retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

The brief details of the said Directors have been provided in Corporate Governance Report under the heading "Board of Directors".

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 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments 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 31st March, 2010 and of 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 31st March, 2010, have been prepared on a 'going concern' basis.

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 set out in the Statement annexed hereto (Annexure I) and forms part of this Report.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' Report as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders, excluding the aforesaid information about the employees. Any shareholder, interested in obtaining a copy of this statement, may write to the Company Secretary at the Registered Office of the Company.

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

The Company's Equity Shares are listed at the Bombay Stock Exchange Limited, the National Stock Exchange of India Ltd., the Ahmedabad Stock Exchange Limited and the Annual Listing Fees have been paid to each of these three Exchanges whose addresses have been mentioned under the heading Shareholders information.

AUDITORS:

M/s. Sanghavi and Co., Chartered Accountants (Registration No. 109099W), 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 for the Financial Year 2010-2011. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Company has also received a copy of the 'Peer Review Certificate' as received by the Auditors from the Institute of Chartered Accountants of India.

AUDITORS' OBSERVATION:

With reference to the observations made by the Auditors in their Report, the Directors hereby state as follows:

- a) In case of foreign currency derivatives contracts, the Management has received legal opinion from various counsels to the effect that these contracts are void in nature and cannot be legally enforced. The Company has also been advised that it can contemplate legal actions, challenging the validity of said Contracts.
- b) In respect of strengthening of the internal control systems in few functional areas, the respective functional heads along with the Internal Auditors are in process of devising certain plans to strengthen the same.
- c) In case of interest free loan to wholly-owned subsidiary, the Management states that the said wholly-owned subsidiary was incorporated to set up the Alumina Project. However, the said project is still in the Initial Stages of being set-up, which impelled the Parent Company to provide interest free loan.

BRANCH AUDITORS:

M/s. B. Purushottam & Co., Chartered Accountants, Chennai, the Branch Auditors appointed pursuant to Section 228 of the Companies Act, 1956, for Chennai, Dharur, Hospet and Trivendrum 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(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT:

Your Directors takes this opportunity to express their gratitude for the assistance and co-operation received, especially in such tough times and difficult circumstances faced by the Company, from employees at all levels, who have contributed to the progress of the Company. We also thank all our investors, clients, bankers and other business associates for their continued support and encouragement during the year.

We also thank all government agencies for their support during the year and look forward for their contributed support in future.

For and on Behalf of the Board of Directors

sd/-
Navnitlal Shah
Executive Chairman

sd/-
Chetan Shah
Managing Director

Place : Mumbai

Date : 5th August, 2010