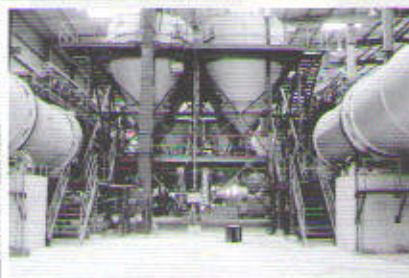




Value Beyond Mining



Annual Report 2010 2011

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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

Mr. Piyush Vora

Mr. Ashok Kadakia

Mr. Abhilash Munsif

Mr. Harish Motiwalla

Mr. Rajendra Khanna

(Nominated by EXIM Bank w.e.f. 8th June, 2011)

Mrs. Dina Shah

(Resigned w.e.f. 1st February, 2011)

Mr. Larry Washow

(Resigned w.e.f. 31st December, 2010)

Chief Financial Officer

Mr. Rajiv Gandhi

Company Secretary

Mr. Sachin Polke

Auditors

M/s. Sanghavi & Company
Chartered Accountants

Bankers

Bank of India Ltd.

Axis Bank Ltd.

Annual Report
2010 2011



● **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

● **SHARE TRANSFER AGENT**

M/s Link Intime India Pvt. Ltd.
C-13, Pannalai 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 handling over documents only
201, Davar House, 2nd Floor, 197/199,
D.N.Road, Mumbai - 400 001.
Tel. : +91-22-22694127

● **PLANT LOCATIONS**

Plot No. 256/3, Village Baraya,
Bhuj-Mundra Highway, Tal. Mundra,
Kutch (Gujarat) - 370 415.

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

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

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

● **SHAREHOLDERS INFORMATION**

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

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

National Stock Exchange of India Limited
"Exchange Plaza", Bandra Kurla Complex,
Bandra (East), Mumbai - 400051



NOTICE

NOTICE is hereby given that the Thirtieth **Annual General Meeting** of the Members of **ASHAPURA MINECHEM LIMITED** will be held on Wednesday, the 28th day of September, 2011, at 11.30 a.m. at The K R Cama Oriental Institute Hall, 136, Mumbai Samachar Marg, Opp. Lion Gate, Fort, Mumbai – 400 023 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 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 Abhilash Munsif, who retires by rotation and being eligible, offers himself for re-appointment.
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 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 for the purpose of audit of the Company's Accounts and to hold office from the conclusion of this 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 2011-2012 and to hold

their office until the conclusion of next Annual General Meeting and to fix their remuneration.”

SPECIAL BUSINESS:

6. **Re-appointment of Shri Navnitlal Ratanji Shah as an Executive Chairman:**

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications, or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if required, the Consent of the Company, be and is hereby accorded for the re-appointment Shri Navnitlal Ratanji Shah as the Executive Chairman of the Company for a period of 3 (three) year with effect from 1st October, 2011, on terms and conditions including remuneration as are set out in the draft Agreement to be entered into between the Company and Shri Navnitlal Ratanji Shah, a copy whereof is placed before the Meeting which is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or draft of the agreement subject to the same not exceeding the limits set out in the said Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf, from time to time or any amendments thereto as may be agreed to by the Board and Shri Navnitlal Ratanji Shah.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, Shri Navnitlal Ratanji Shah, the Executive Chairman, be paid the aforesaid remuneration as Minimum Remuneration for that year, subject to the ceiling as prescribed in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be

necessary, proper and expedient to give effect to this resolution.”

7. Re-appointment of Shri Chetan Navnitlal Shah as a Managing Director:

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications, or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if required, the Consent of the Company, be and is hereby accorded for the re-appointment Shri Chetan Navnitlal Shah as the Managing Director of the Company for a period of 3 (three) year with effect from 1st October, 2011, on terms and conditions including remuneration as are set out in the draft Agreement to be entered into between the Company and Shri Chetan Navnitlal Shah, a copy whereof is placed before the Meeting which is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or draft of the agreement subject to the same not exceeding the limits set out in the said Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf, from time to time or any amendments thereto as may be agreed to by the Board and Shri Chetan Navnitlal Shah.

RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, Shri Chetan Navnitlal Shah, the Managing Director, be paid the aforesaid remuneration as Minimum Remuneration for that year, subject to the ceiling as prescribed in Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

8. Inter-Corporate Loan(s) and Investment(s)

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Members at the General Meeting and in accordance with the provisions of Memorandum & Articles of Association of the Company and the provisions of the Listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject further to such approvals or permissions of other Authorities, if any, as may be necessary, consent/approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to make further loans or investment(s), in one or more tranches by subscription, purchase or otherwise in its subsidiary(ies) / joint venture(s) / other associate(s) in India or abroad, for facilitating day-to-day operating expenses, as also to meet any business emergencies / urgencies, upto a maximum limit of ₹. 100 crores (Rupees One Hundred Crores only).

“RESOLVED FURTHER THAT the Board be and is hereby authorized to negotiate and finalise the terms and conditions of the said Loans & Investments as it may deem fit in the interest of the Company, to take all such actions and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed, on behalf of the Company, in connection with such Loans & Investments and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution.”

9. Donation to Charitable Trust(s) / Fund(s) :

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

“RESOLVED THAT consent of the members be and is hereby accorded to the contribution made by Board of Directors to charitable, religious and other funds not



directly relating to the business of the Company and/or welfare of its employees from time to time including contribution to Ashapura Foundation, Kutch Navnirman Trust, etc., for an amount not exceeding ₹. 3,54,056/- in aggregate in financial year 2010-2011, which is in excess of fifty thousand rupees or five percent of the average net profits as determined in accordance with the provision of Sections 349 and 350 of the Companies Act, 1956.

By order of the Board of Directors

sd/-

SACHIN POLKE
Company Secretary

Place : Mumbai

Date : 2nd August, 2011

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. The Company's Transfer Books will remain closed from 20th September, 2011 to 28th September, 2011 (both days inclusive).

8. The relevant details of Directors seeking re-appointment under item number 2 & 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.
9. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with 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.
10. 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.
11. Members may please note that, Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for participating in the Securities Market, Deletion of name of the deceased shareholder(s), Transmission of shares to the legal heir(s) and Transposition of shares. Members holding shares in dematerialised form are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrar & Share Transfer Agent.

12. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered email addresses of shareholders.

To support this green initiative and to receive communication from the Company through electronic mode, members who have not registered their e-mail addresses and holding shares in physical form are requested to contact the Company's Registrar & Share Transfer Agent and register their e-mail ID and Members holding shares in dematerialised form are requested to contact their Depository Participant. Members may please note that notices, annual reports, etc. will also be available on the Company's website viz. www.ashapura.com.

By order of the Board of Directors

sd/-

SACHIN POLKE
Company Secretary

Place : Mumbai

Date : 2nd August, 2011

Registered Office :

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

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.6 to 9 of the accompanying Notice dated 2nd August, 2011.

ITEM NO. 6

RE-APPOINTMENT OF SHRI NAVNITLAL R. SHAH AS THE EXECUTIVE CHAIRMAN OF THE COMPANY

The Members of the Company at the Annual General Meeting held on 24th September, 2008, re-appointed Shri Navnitlal Ratanji Shah as the Executive Chairman of the Company for a period of three years with effect from 1st October, 2008 at a remuneration and on such other terms and conditions as mentioned in the resolution passed at the said meeting and as set out in the Agreement entered into between the Company and Shri Navnitlal Ratanji Shah.

Shri Navnitlal Ratanji Shah, age 85 years, is the founder of the Ashapura Group of Companies with over three decades of experience in the field of Minerals & allied industry. He started his career with a partnership firm in 1967, which grew steadily and was converted into a Private Limited Company in 1982 and which now, with effect from 1992 is a Public Limited Company. He has been a Chairman of Processed Mineral Panel of CAPEXIL and of Export Promotion Committee of the Mineral Merchants and Manufacturers Association of India, Mumbai. He can be described as a pioneer in Bentonite processing in India. Under his able guidance, Ashapura has bagged many Awards and Certificates such as Certificate of Merit for outstanding performance in Ores, Minerals and Ferro Alloys from the Government of India, Ministry of Commerce; Award for Outstanding Contribution toward promotion of Savings, Consumer Protection and Export performance and Special Award from CAPEXIL, Calcutta, for outstanding Export Performance in respect of Processed Minerals.

The Agreement to be entered into between the Company and Shri Navnitlal Shah, inter-alia, provides the following terms and conditions:

1. Tenure of Appointment:

The Appointment of the Executive Chairman is for a period of 3 years w.e.f. 1st October, 2011.

2. Remuneration:

Salary ₹. 1,50,000/- per month or such other as may be approved by the Remuneration Committee/Board of Directors of the Company within the limits as prescribed under Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

3. Nature of Duties:

To manage and conduct the business and affairs of the Company and shall oversee, supervise and guide the operations of the Company faithfully, diligently, honestly and to the best of his ability and power and do and execute all such acts, deeds, matters and things for carrying out such objects as may from time to time be assigned or entrusted by the Board of Directors of the Company or as may be vested in him as an Executive Chairman and shall in all respects confirm to and comply with lawful orders and directions issued and given by the Board of Directors to him and shall faithfully serve the Company and use his best endeavour to promote its interests.

4. Perquisites & Allowances:

The Executive Chairman will also be entitled to such perquisites & allowances as mentioned in the aforesaid Agreement and in accordance with the Rules of the Company and as may be agreed to by the Board of Directors / Remuneration Committee and the Executive Chairman.

Contribution to Provident Fund, Superannuation Fund and Gratuity shall be as per rules of Fund / Scheme in force from time to time.

5. Other terms & conditions:

- (a) Remuneration by way of commission shall be payable, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.
- (b) Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Chairman, the Company has no profits or its profits are inadequate the Company will pay remuneration by way of salary and perquisites and allowances as specified above as minimum remuneration subject to the overall ceiling as set out in Section II of Part II of Schedule XIII and the same as may be amended from time to time.
- (c) He shall not be paid any fees for attending meetings of the Board of Directors and / or any Committee thereof.



- (d) He shall not, during his tenure of office as the Executive Chairman, be liable to retire by rotation as Director of the Company.
- (e) The employment of the Executive Chairman under this Agreement shall forthwith terminate if he shall become insolvent or make any composition or arrangement with the creditors or shall cease to be a Director of the Company.
- (f) Notwithstanding anything contained in this Agreement, either party shall be entitled to terminate this Agreement by giving three calendar months notice in writing in that behalf to the other party without any cause and on the expiry of the period of such notice, this Agreement shall stand terminated.

Shri Navnitlal R. Shah also holds the position of Directorship in following Public Companies:

Sr. No.	Name of the Company
1.	Ashapura International Limited
2.	Ashapura Claytech Limited
3.	Ashapura Volclay Limited

The above information may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, other than Shri Navnitlal Shah & Shri Chetan Shah S/o. Shri Navnitlal Shah, is in any way concerned or interested in this resolution.

The Board commends the Resolution set out at Item No. 6 of the Notice for your approval.

ITEM NO. 7

RE-APPOINTMENT OF SHRI CHETAN SHAH AS THE MANAGING DIRECTOR OF THE COMPANY

The Members of the Company at the Annual General Meeting held on 24th September, 2008, re-appointed Shri Chetan Shah as the Managing Director of the Company for a period of Three years with effect from 1st October, 2008 at a remuneration and on such other terms and conditions as mentioned in the resolution passed at the said meeting and as set out in the Agreement between the Company and Shri Chetan Shah.

Shri Chetan Navnitlal Shah, age 56 years, is one of the Promoter of Ashapura Group, has more than 28 years of experience in the field of Bauxite, Bentonite and allied Industry. He has travelled worldwide and is the moving spirit for development of Ashapura's Export market, which has achieved excellence in Exports of Bauxite and other value added products. Under his leadership in the field of marketing, sales and administration, your Company has become one of the leading mineral processors and is also developing a large and versatile mineral portfolio for the entire value chain which includes mining, processing, value addition and logistics.

The Agreement to be entered into between the Company and Shri Chetan Shah, inter-alia, provides the following terms and conditions:

1. Tenure of Appointment :

The Appointment of the Managing Director is for a period of 3 years w.e.f. 1st October, 2011.

2. Remuneration :

Salary ₹. 1,50,000/- per month or such other as may be approved by the Remuneration Committee/Board of Directors of the Company within the limits as prescribed under Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

3. Nature of Duties :

To manage and conduct the business and affairs of the Company and shall oversee, supervise and guide the operations of the Company faithfully, diligently, honestly and to the best of his ability and power, and do and execute all such acts, deeds, matters and things for carrying out such objects as may from time to time be assigned or entrusted by the Board of Directors of the Company or as may be vested in him as a Managing Director under these presents or otherwise, and he shall in all respects confirm to and comply with lawful orders and directions issued and given by the Board of Directors to him and shall faithfully serve the Company and use his best endeavour to promote its interests.

4. Perquisites & Allowances :

The Managing Director will also be entitled to such perquisites & allowances as mentioned in the aforesaid Agreement and in accordance with the Rules of the Company and as may be agreed to by the Board of Directors / Remuneration Committee and the Executive Chairman.

Contribution to Provident Fund, Superannuation Fund and Gratuity shall be as per rules of Fund / Scheme in force from time to time.

5. Other terms & conditions :

- (a) Remuneration by way of commission shall be payable, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceiling stipulated in Sections 198 and 309 of the Companies Act, 1956.
- (b) Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate the Company will pay remuneration by way of salary and perquisites and allowances as specified above as minimum remuneration subject to the overall ceiling as set out in Section II of Part II of Schedule XIII and the same as may be amended from time to time.
- (c) He shall not be paid any fees for attending meetings of the Board of Directors and/or any Committee thereof.
- (d) He shall not, during his tenure of office as the Managing Director, be liable to retire by rotation as Director of the Company.
- (e) The employment of the Managing Director under this Agreement shall forthwith terminate if he shall become insolvent or make any composition or arrangement with the creditors or shall cease to be a Director of the Company.
- (f) Notwithstanding anything contained in this Agreement, either party shall be entitled to terminate this Agreement by giving three calendar months notice in writing in that behalf to the other party without any cause and on the expiry of the period of such notice, this Agreement shall stand terminated.

Shri Chetan N. Shah also holds the position of Directorship in following Public Companies:

Sr. No.	Name of the Company
1.	Ashapura International Limited
2.	Ashapura Claytech Limited
3.	Ashapura Volclay Limited
4.	Bombay Minerals Ltd.
5.	Prashansha Ceramics Limited
6.	Ashapura Industrial Finance Ltd.
7.	Ashapura Aluminium Ltd.
8.	Asim Resources Ltd.

The above information may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors, other than Shri Chetan Shah & Shri Navnitlal Shah F/o. Shri Chetan Shah, is in any way concerned or interested in this resolution.

The Board commends the Resolution set out at Item No. 7 of the Notice for your approval.

ITEM NO. 8

INTER-CORPORATE LOAN(S) AND INVESTMENT(S)

The Company during the year ended 31st March, 2011, provided for certain shipping claims which resulted in negative bottom line and as such negative net worth. In view of the same, the Company thought fit to restructure its limits under Section 372A of the Companies Act, 1956, upto to maximum of ₹. 100 Crores and further restricting it only to its subsidiary(s) / joint venture(s) / other associate(s).

As per the provisions of Section 372A of the Companies Act, 1956, a Company cannot, except with the permission of the Shareholders, make investment(s) or give loan(s), in excess of the limits set out therein.

The Board of Directors in their meeting held on 2nd August, 2011, formed an opinion that the Company may have to give loan(s) or make investment(s), so as to meet certain business emergencies / urgencies, as also to facilitate day-to day operating expenses of the subsidiary(s) / joint venture(s) / other associate(s), as and when the need may arise. Considering the above mentioned state of affairs,