

Leveraging **sub-micron** technology
Ensuring **progress**



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Chandresh S. Parikh	- Chairman & Managing Director
Mr. Rajesh C. Parikh	- Managing Director
Mr. Atil C. Parikh	- Joint Managing Director
Mr. Sudhir R. Parikh	- Director [Finance]
Mr. Vishnu R. Varshney	- Nominee Director GVFL
Mr. Munish Mohan	- Nominee Director IDBI
Mr. Ram A. Devidayal	
Mr. Pravinchandra M. Shah	
Mr. Vithaldas D. Talati	
Mr. Harish K. Sheth	

COMPANY SECRETARY

Mr. Nikunj J. Savaliya

AUDIT COMMITTEE

Mr. Vishnu R. Varshney
Mr. Pravinchandra M. Shah
Mr. Ram A. Devidayal
Mr. Munish Mohan [w.e.f. 29.04.2009]

REMUNERATION COMMITTEE

Mr. Vishnu R. Varshney
Mr. Vithaldas D. Talati
Mr. Pravinchandra M. Shah
Mr. Ram A. Devidayal

NOMINATION & COMPENSATION COMMITTEE

Mr. Chandresh S. Parikh
Mr. Rajesh C. Parikh
Mr. Vithaldas D. Talati
Mr. Pravinchandra M. Shah
Mr. Ram A. Devidayal

SHARE TRANSFER & INVESTOR'S GRIEVANCES COMMITTEE

Mr. Pravinchandra M. Shah
Mr. Rajesh C. Parikh
Mr. Sudhir R. Parikh
Mr. Vithaldas D. Talati
Mr. Munish Mohan [w.e.f. 29.04.2009]

FINANCE COMMITTEE

Mr. Chandresh S. Parikh
Mr. Sudhir R. Parikh

COMMITTEE FOR REDRESSAL OF DEPOSITORS

Mr. Rajesh C. Parikh
Mr. Vithaldas D. Talati

IPO COMMITTEE

Mr. Chandresh S. Parikh
Mr. Rajesh C. Parikh
Mr. Sudhir R. Parikh
Mr. Vithaldas D. Talati
Mr. Pravinchandra M. Shah

STATUTORY AUDITORS

M/s. Manubhai & Co., Ahmedabad

BANKERS

State Bank of India

REGISTERED OFFICE

9/10, GIDC Industrial Estate,
Waghodia - Dist. Vadodara - 391760
Gujarat, India
Tel : +91 2668 262001
Fax : +91 2668 262447

CORPORATE OFFICE

134-135, Hindustan Kohinoor Industrial Estate,
L. B. S. Marg, Vikhroli (W),
Mumbai, India
Tele : +91 22 25771325 / 50
Fax : +91 22 25771333
E-Mail : corporate@20microns.com
Visit Us : www.20microns.com

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited
(Formerly Intime Spectrum Registry Ltd.)
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel : +91 22 25963838
Fax: +91 22 25960329

WEBSITE

<http://www.20microns.com>



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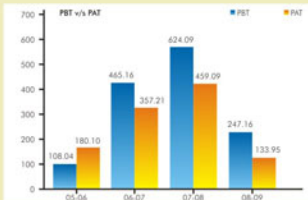
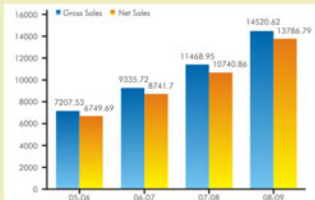
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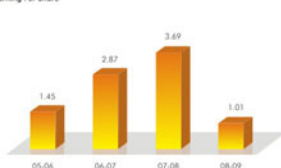
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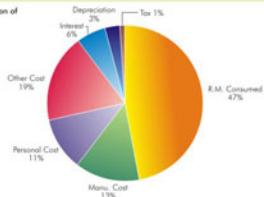
PERFORMANCE



Earning Per Share



Allocation of Income





FROM THE MANAGING DIRECTOR'S DESK



Dear Shareholders,

I am delighted to address you as co-owners of the Company on the occasion of 1st AGM post listing.

What an year 2008-09 was!!.. It was full of uncertainties which fuelled the economic conditions of all countries to press a trigger button and say Hey!! What's up? Slowdown and evaluate our business plans and see how we can do things differently.

20 Microns also tried to re-evaluate the business strategies which were giving us good performances since last 3 years. So our strategic committee had great discussions on various permutations and combinations to leverage our resources and put them to best use in terms of achieving the financial goals. As the interim business plan was made, discussed and finalized—we were in November. So we had 5 months to achieve a task to improve our bottom line inspite of increase in the top-line. Our core team implemented the strategies and yes we were able to turn the tables and bring out some impressive results as compared to the market conditions.

Marching ahead and focusing more and more attention on product development, productivity, quality of the products, market penetration and so on, the 20ML Team has crossed the another milestone of Rs. 145 Crores Turnover during the year 2008-09. This year will also be remembered by the company for its successful subscription of IPO and also be remembered as to how strong business strategies can become haywire in event of global crisis. So both the highs and lows of 2008-09 were digested by the company and it made us to become more sharp and will help us to chalk out recession proof strategies year on year from here onwards. The Company is planning to fuse in additional funds during next three years to make it more compatible to increasing demand of its various products. Looking to the growth rate even in such turbulent times, the Company expects an astonishing rise in its turnover in the coming years.

Apart from investing in manufacturing activities, Company also plans to invest in SAP for improving the alignment of strategies and organizational objectives thereby enhancing the productivity and insight of Management. This initiative will definitely help us to reduce further costs in long term by improving process standardization, efficiency and adaptability.

As the sub-micron convergence is knocking the doors of our Indian customers, we would be in a better shape for tomorrow and help all our customers meet their objectives of converting from micronized segment to sub-micronized segment. The Speed and frequency with which we develop and commercialize new technical advances as well as the minimization of the cost of these initiatives. It is how we generate the margins that fund growth.

Thank you all,

Rajesh C. Parikh



OUR INITIAL PUBLIC OFFER

06th October, 2008 || One more prestigious historical event occurred for the Company i.e. the day on which Equity Shares of the Company were listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Through Initial Public Offer (IPO), the Company has upgraded its status to a widely held Listed Company involving larger number of investors in its journey to achieve finer growth. Its IPO was over-subscribed up to 4.28 times, particularly when the recession dragon has already opened

the doors of Indian Securities Market, clearly demonstrated the extreme confidence reposed by the investors in the Company. The Company offered 43,50,632 Equity Shares of Rs. 10 each (Face value) at a price band Rs. 50 to Rs. 55 per Equity Share in September, 2008. The final price was fixed at the upper end of the band at Rs. 55.





NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY SECOND ANNUAL GENERAL MEETING of the Shareholders of 20 Microns Limited will be held on Thursday, the 20th day of August, 2009 at 3.00 p.m. at the Registered Office of the Company at 9/10, GIDC Industrial Estate, WAGHODIA - 391 760. Dist.: Vadodara, to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at and the Audited Profit and Loss Account of the Company for the year ended 31st March, 2009 together with Directors' Report and Auditors' Report thereon.
- 2 To appoint a Director in place of Mr. Pravinchandra M. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Mr. Ram A. Devidayal, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4 To appoint M/s. Manubhai & Co., Chartered Accountants, Ahmedabad as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass, with or without modifications, the following resolutions as Ordinary/Special Resolutions.

Item 5: As Ordinary Resolution

"RESOLVED THAT Mr. Atil C. Parikh, who was appointed as an Additional Director, under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company on 29th January, 2009 and who shall hold office only upto the date of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director liable to retire by rotation, have been received, be and is hereby appointed as a Director of the Company."

Item 6: As Special Resolution

"RESOLVED THAT, subject to resolution at item no. 5 being passed and pursuant to the provisions of Sections 198, 269, 309, 310, 314 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and the Articles of Association of the Company and subject to the approval of the Central Government, if and to the extent necessary and such other approvals, permissions and sanctions, as may be required in that behalf, and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities in granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment of Mr. Atil C. Parikh as the Joint Managing Director of the Company for a term of three years commencing from 29th January, 2009, and on such other terms and conditions as set out in the agreement, a copy whereof is placed before the meeting detailing the remuneration pattern which is in line with Schedule XIII of the Act."

"RESOLVED FURTHER THAT pursuant to Section 198(4) of the Act, read with Schedule XIII, as amended, and subject to such approvals as may be necessary, the salary and the perquisites as set out in the Agreement may be paid as the minimum remuneration to Mr. Atil C. Parikh in absence of or inadequacy of profit in any financial year".

"RESOLVED FURTHER THAT the Board of Directors and/or Remuneration Committee of the Company be and is hereby authorised without any reference/approval of the Company in General Meeting to alter and/or vary the terms and conditions of the appointment of Mr. Atil C. Parikh from time to time in such manner as may be agreed upon between the parties and within the limits

NOTICE FOR THE ANNUAL GENERAL MEETING (Contd....)

prescribed under Schedule XIII or such other applicable regulations prescribed by the Government in that behalf from time to time"

"RESOLVED FURTHER THAT any one of Mr. Chandresh S. Parikh, Managing Director, Mr. Sudhir R. Parikh, Director (Finance) and Mr. Nikunj J. Savaliya, Secretary of the Company be and is hereby authorised to sign and submit necessary forms, application(s), document(s), writing(s), letter(s) etc. to the concerned Registrar of Companies and such other authorities as may be required."

Place: Waghodia, Vadodara.

Date : 17.07.2009

By Order of the Board of Directors

Nikunj Savaliya

Company Secretary

NOTABENE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. THE EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956, IN RESPECT OF SPECIAL BUSINESS IS ANNEXED HERETO.
4. MEMBERS/PROXIES SHOULD BRING DULY FILLED IN AND SIGNED ATTENDANCE SLIPS SENT HERewith FOR ATTENDING THE MEETING. THE MEMBERS HOLDING SHARES IN DEMATERIALISED FORM ARE REQUESTED TO BRING THEIR CLIENT ID AND DP ID FOR EASY IDENTIFICATION OF ATTENDANCE AT THE MEETING.
5. THE REGISTERS OF MEMBERS AND SHARE TRANSFERS BOOK SHALL REMAIN CLOSE FROM MONDAY, THE 17TH AUGUST, 2009 TO THURSDAY THE 20TH AUGUST, 2009 [BOTH DAYS INCLUSIVE].
6. DOCUMENTS REFERRED TO IN THE NOTICE / EXPLANATORY STATEMENT ARE OPEN FOR INSPECTION AT THE REGISTERED OFFICE OF THE COMPANY BETWEEN 11.00 AM TO 1.00 PM ON ALL WORKING DAYS, EXCEPT SATURDAYS, SUNDAYS AND HOLIDAYS, UPTO THE DATE OF THE ANNUAL GENERAL MEETING.
7. BRIEF PARTICULARS ABOUT THE DIRECTORS SEEKING APPOINTMENT AND/OR RE-APPOINTMENTS, AS REQUIRED BY CLAUSE 49 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES, ARE GIVEN IN THE REPORT ON CORPORATE GOVERNANCE.

IT IS CLARIFIED THAT FOR ATTENDING THE ANNUAL GENERAL MEETING, EXPENSES OF WHATSOEVER NATURE LIKE TRAVELLING EXPENSES, HALTING ALLOWANCE AND/OR OUT OF POCKET EXPENSES WILL NOT BE REIMBURSED.

EXPLANATORY STATEMENT

(AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956)

Item 5:

Mr. Atil C. Parikh was appointed as Additional Director on the Board of Directors of the Company on 29th January, 2009. Prior to his appointment, he was holding various executive positions in the Company. In terms of the provisions of the Section 260 of the Companies Act, 1956, Mr. Atil C. Parikh will hold office only upto the date of this Annual General Meeting of the Company.



NOTICE FOR THE ANNUAL GENERAL MEETING (Contd....)

Notices in writing under Section 257 of the Act have been received by the Company from the members proposing the candidature of Mr. Atil C. Parikh for the office of the Director, liable to retire by rotation along with deposits of Rs. 500/- each.

Mr. Atil C. Parikh, aged about 33 years, holds a Bachelor's degree in Chemical Engineering from Gujarat University. He then began his career working as a Management Trainee in the Company in 1999-2000. Later, he relocated to USA and completed his MBA with Finance specialization from California. On completion of MBA, he joined a Financial Services firm, The Tax Credit Company, where he held a position of a Management Analyst in 2003 and worked for 2 years contributing to various aspects of the industry ranging from Marketing Analysis, HR and Operations. In the year 2005, he rejoined the Company as Management Analyst. He contributed in developing certain strategies and revamping few departments within the organization. He has travelled various countries for the expansion of the business of the Company. He was later on given full charge of the CNC division overlooking all the major activities within that division.

Your Directors commend the resolution for your approval and acceptance.

Except Mr. Atil C. Parikh and his relatives Mr. Chandresh S. Parikh and Mr. Rajesh C. Parikh, none of the other Directors of the Company may be deemed to be concerned or interested in passing this resolution.

Item 6:

Looking to the rich and extensive experience of Mr. Atil C. Parikh and his farsightedness, business acumen and other qualities of management, the Board of Directors of the Company have elevated Mr. Atil C. Parikh to the position of Whole time Director of the Company with effect from 29th January, 2009 on such terms and conditions including remuneration as may be recommended by the Remuneration Committee of Directors of the Company.

He was again elevated to the position of the Joint Managing Director of the Company effective 29th April, 2009 on the same terms and conditions.

Brief terms and conditions of appointment of Mr. Atil C. Parikh as aforesaid are as under:

- i) He shall devote his full time and attention for the business and operations of the Company.
- ii) He will not be paid any sitting fees for attending the meeting of the Board of Directors or Committees thereof.
- iii) If the tenure of office is determined by any reason whatsoever before the expiration of his term of office, he shall be entitled to compensation for loss of office in accordance with Section 318 of the Companies Act, 1956.
- iv) He shall perform his duties and exercise his powers subject to the supervision and control of the Managing Director.
- v) He shall maintain secrecy during the continuance of his employment.

Necessary Agreement for terms of appointment as Whole time Director and Supplemental Agreement at the time of his elevation as the Joint Managing Director of the Company, were executed on 24th February, 2009 and 29th May, 2009, respectively and the same are available for inspection by the Members between 11.00 am to 1.00 pm at the Registered Office of the Company on all working days except, Saturdays, Sundays and Holidays upto the date of the Annual General Meeting.

The appointment of Mr. Atil C. Parikh is completely in accordance with the norms laid down in Schedule XIII to the Companies Act, 1956 and therefore approval of the Central Government would not be necessary. However, as per Part III of the Schedule XIII, approval of the shareholders would be necessary for such an appointment.

The accompanying notice together with Explanatory Statement is and may be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

A statement containing therein information as required under Schedule XIII of the Companies Act, 1956 including abstract of the terms of remuneration is reproduced hereunder.

NOTICE FOR THE ANNUAL GENERAL MEETING (Contd....)

Your Directors commend the resolution for your approval and acceptance.

Except Mr. Atil C. Parikh and his relatives Mr. Chandresh S. Parikh and Mr. Rajesh C. Parikh, none of the other Directors of the Company may be deemed to be concerned or interested in passing this resolution.

STATEMENT CONTAINING INFORMATION AS REQUIRED UNDER SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. GENERAL INFORMATION:

1. Nature of industry:

Manufacturing of Micronised Minerals

2. Date or expected date of commencement of commercial production: 29th June, 1987

3. Financial performance:

(Rs. In Lacs)

Financial Parameters	31.03.2009	31.03.2008	31.03.2007
Turnover (Gross)	14520.62	11468.95	9335.72
Profit before Depreciation, Interest and Tax	1809.92	1561.56	1236.48
Net Profit for the year	133.95	459.10	357.21

4. Export performance:

For the year ended 31st March, 2009, the Company has earned Foreign Exchange of Rs. 1233.30 Lacs and utilization of the same has been of Rs. 212.45 Lacs.

5. Foreign investments or collaboration:

During the year, the company has invested in 1,54,924 equity shares of RM 1.00 of **20 MICRONS SDN. BHD.**

II. INFORMATION ABOUT THE APPOINTEE:

1. Background details and Past Remuneration:

Mr. Atil C. Parikh, reports to the Managing Director and is in charge of CNC division of the Company and such other matters as may be assigned by Managing Director. He has been associated with the Company since 2005. In fact, the role & responsibilities of him is manifold and onerous in as much as the Company is multi-locational and its manufacturing operations are spread over in several locations across the country including Gujarat, Rajasthan, Tamilnadu etc. He has vision and foresightedness, acquired business acumen and developed other qualities of Management which could not only lead them to greater heights, but have the potential to put the Company on a sound footing front, year after year. Prior to his appointment as a Director of the Company, he was serving the Company as CEO-CNC drawing remuneration within the overall ceiling of Rs. 49,000/- per month.

2. Job profile and his suitability:

Mr. Atil C. Parikh, holds a Bachelor's degree in Chemical Engineering from Gujarat University. He then began his career working as a Management Trainee in the Company in 1999-2000. Later, he relocated to USA and completed his MBA with Finance specialization from California. On completion of MBA, he joined a Financial Services firm, The Tax Credit Company, where he held a position of a Management Analyst in 2003 and worked for 2 years contributing to various aspects of the industry ranging from Marketing Analysis, HR and Operations. In the year 2005, he rejoined the Company as Management Analyst. He contributed in developing certain strategies and revamping few departments within the organization.



NOTICE FOR THE ANNUAL GENERAL MEETING (Contd....)

3. Remuneration proposed:

An abstract of terms of Managerial Remuneration payable to Mr. Atil C. Parikh is given in the subsequent paras.

4. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Taking in to consideration, the size of the Company, the profile of Mr. Atil C. Parikh, the responsibilities shouldered by him, the proposed remuneration is commensurate with the remuneration packages being paid to managerial personnel working in the similar position in the industry.

5. Pecuniary relationship directly or indirectly with the company, or relationship with the Managerial Personnel, if any

Mr. Atil C. Parikh does not having any pecuniary interest in the Company other than holding his office as such and as a shareholder of the Company. Mr. Atil C. Parikh is a son of Mr. Mr. Chandresh S. Parikh, the Chairman and Managing Director and a brother of Mr. Rajesh C. Parikh, the Managing Director of the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits, steps taken for improvement and expected increase in productivity:

The main reasons for inadequacy of profit is slow down in the economy, high cost of finance including restructuring fees of past period and volatility in the international prices of the crude oil resulting into increase in the power & fuel costs as also inward and outward freight of materials. Various steps are being taken to improve the performance by reducing significantly overall costs including that of power, economic finance, atomization of manufacturing process and implementing innovative marketing practices to increase the overall volume of sales and maximization of per unit of sales realization. The turnover of the Company has also astonishingly enhanced in the last 5 years and crossed the gross figure of Rs. 140 Crores during the current fiscal year.

ABSTRACT OF THE TERMS OF MANAGERIAL REMUNERATION PAYABLE TO MR. ATIL C. PARIKH

The Board of Directors of the Company, on recommendation of Remuneration Committee, in their respective meetings held on 29th January, 2009, had, in terms of the provisions Sections 198, 269, 309, 310, 314 and such other applicable/related provisions, if any, read with Schedule XIII of the Act and subject to the approval of the Company in General Meeting approved payment of remuneration to Mr. Atil C. Parikh with effect from 29th January, 2009 as under:

Particulars	Mr. Atil C. Parikh Whole time Director		Remuneration due from 01.04.2010 to the remaining period will be reviewed to match with other Executive Directors of the Company.
Period	29.01.2009 to 31.03.2009	01.04.2009 to 31.03.2010	
Basic	1,07,000	1,13,000	
HRA	16,050	16,950	
Allowance	0	0	
Medical	5,131	5,419	
Bonus @ 8.33%	8,913	9,413	
PF @ 12%	12,480	13,560	
Total Monthly	1,49,934	1,58,342	
Total Yearly	17,99,208	19,00,104	
Rounded to Lacs	18,00,000	19,00,000	

NOTICE FOR THE ANNUAL GENERAL MEETING (Contd....)

Apart from above, he is entitled to other perquisites/benefits as per the rules of the Company. He is also entitled to Company's contribution to Provident Fund and Superannuation Fund/Annuity fund and Gratuity.

Appointment of Mr. Atil C. Parikh is for a period of three years effective 29th January, 2009. If the tenure of his office is determined by any reason whatsoever before the expiration of his term of office, he shall be entitled to compensation for loss of office in accordance with the applicable provisions of the Companies Act, 1956. The said appointment may be terminated by giving 90 days of notice on either side or equivalent payment of salary in lieu thereof. Mr. Atil C. Parikh has not been offered options under Employees Stock Options Scheme of the Company.

Subject to the overall ceiling laid down in Section 198 and Section 309 read with Schedule XIII of the Companies Act, 1956, he would be entitled to receive commission on net profits or performance linked bonus for such an amount as may be determined by the Board of Directors of the Company year after year, however, the Commission, salary and perquisites in any event shall not exceeds the limit laid down in said Sections of the Act.

Pursuant to Section 198(4) of the Act, read with Schedule XIII, as amended, and subject to such approvals as may be necessary, the salary and the perquisites may be paid as the minimum remuneration to Mr. Atil C. Parikh in absence of or inadequacy of profit in any financial year.

The above remuneration has been determined keeping in view the provisions of Part II, 1C of Schedule XIII of the Companies Act, 1956.

By Order of the Board of Directors

Place: Waghodia, Vadodara.
Date : 17.07.2009

Nikunj Savaliya
Company Secretary



REPORT OF BOARD OF DIRECTORS

TO THE MEMBERS

Your Directors are pleased to present 22nd Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

INITIAL PUBLIC OFFER:

As reported last year, the Company came out with the Public Issue of 43,50,632 Equity Shares of Rs. 10/- each for cash at a price of Rs. 55/- per share consisting of fresh issue of 16,75,000 Equity Shares and Offer for sale of 26,75,632 Equity Shares by Gujarat Venture Capital Fund 1995. Your Directors are glad to report that despite unfavorable capital market conditions, the issue was over subscribed by 4.28 times indicating overwhelming response from the investors at large. Your Company's shares were listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 06th October, 2008.

Your Directors take this opportunity to thank all the investors for their trust and confidence reposed in the Company.

RESULTS OF OPERATIONS:

(Rs. in Lacs)

For the year ended 31, March	2008-09	2007-08
Sales (Gross)	14520.62	11468.95
Profit before Depreciation, interest and Tax (PBDITA)	1809.92	1561.56
Interest for the year	788.12	525.44
Depreciation for the year	403.59	372.55
Profit before tax and Exceptional item	618.21	663.57
Exceptional item (Restructuring fees)	371.06	39.47
Profit/(loss) for the year	247.15	624.10
Tax liability :- Current Year's Tax & FBT Earlier Years Tax Adjustments/MAT Credit	56.00 (27.39)	87.00 (119.00)
Deferred Tax Liability/(Asset)	84.59	197.01
Net Profit/(loss) for the year	133.95	459.10

OVERVIEW OF ECONOMY

During the last year, the global economy witnessed a high degree of uncertainty and rapid slowdown. The global gloom and recession are casting their shadows even now. This recession impacted the fortunes of all corporate across the world over. Consequently, the Indian economy could not remain isolated there from. However, there are different schools of thought which are expecting slow and gradual recovery in the next year, once there is some stability achieved during the year 2009. The fundamentals of Indian industries are at a very strong footage. In fact, the domestic consumption demand has helped prop up the GDP growth rates and has prevented it from slipping in negative territory.

PERFORMANCE REVIEW:

During the year under report, Your Company has achieved a turnover of Rs. 14520.62 Lacs (previous year Rs. 11468.95 Lacs). The operations have resulted in a net profit before Depreciation, interest and Tax (PBDITA) of Rs. 1809.92 Lacs (Previous year Rs. 1561.56 Lacs) and Net profit of Rs. 133.95 Lacs (Previous year Rs. 459.10 Lacs).



REPORT OF BOARD OF DIRECTORS (Contd....)

UTILISATION OF IPO PROCEEDS

The statement of proposed and actual utilization of IPO proceeds as on 31st March 2009 and proposed amendment to utilization of issue proceeds is as follows:

(Rs. in Lacs)

Sr. No.	Particulars	Utilisation of Funds		Remarks
		As per prospectus	Actual	
1.	Haldwani	65.00	Nil	The Company has scrapped the plan of expansion of the capacity of talc at Haldwani and Udaipur location.
2.	Udaipur	135.00		
3.	Vadadla	401.00	256.00	The Company proposes to incur a total amount of Rs. 535.00 Lacs instead of Rs. 401.00 Lacs out of which an amount of Rs.256 Lacs has already been incurred.
4.	Bhuj	690.00	313.00	The Company proposes to incur a total amount of Rs. 612.00 Lacs instead of Rs. 690.00 Lacs.
5.	Tirunelveli	239.00	114.00	The balance amount of Rs. 125 Lacs is yet to be incurred.
	TOTAL	1530.00	683.00	

The Company proposes to utilize an amount of Rs. 260 Lacs towards Enhancement of Capacity in existing plants at Vadadla, Alwar and Swaroopgunj out of which an amount of Rs. 77 Lacs has already been spent. The total issue expense incurred was Rs. 331.26 Lacs as against Rs. 341.25 Lacs as given in the Prospectus of the Company.

The Board of Directors is of the opinion that the above changes shall bring an improvement in operational efficacy and cost reductions in all the manufacturing plants spread across the Country and achieve maximum utilization of the available equipments resulting in to improving profitability.

DIVIDEND:

With a view to conserve the liquid resources of the Company, your Directors regret being unable to recommend payment of Dividend to the Shareholders for the year under review.

FUTURE OUTLOOK

The Company has achieved a double digit growth rate of 27% during the year which was much higher than the Indian Mineral Industry average growth rate of 13%. This is a significant indicator of future growth and development. This growth rate is expected to continue and inspire the Company and its dedicated staff to focus more attention on all its applications. The Current year 2008-2009 and all-coming years would walk on the foot prints of earlier year with the continued support of effective sales force, improvement in production facilities and implementation of innovative ideas.

The Speciality Chemicals division of the Company has fared dramatically well and the Company would continue to concentrate more on the products of this division for gaining more volume of sales and more effectively and efficiently to achieve higher growth.

During the year, the Company vigorously followed steps to improve plant efficiency, customers' satisfaction and exploitation of new applications. The Company is still continuing to consolidate, relocate and outsource manufacturing by constantly reviewing market scenario. Product development is an ongoing process carried out in a well equipped R & D Centre. This will enable the Company to review the range of products offered to the Customers.



REPORT OF BOARD OF DIRECTORS (Contd....)

The Company is always looking on enhancing the interest of all the stake holders by better utilization of all its resources.

Your Company expects robust growth in existing Products and contribution new products by adopting the following strategies:--

- Expansion of Mineral Portfolio by adding new products;
- Enhance value change by launching new synthetic minerals products by leveraging R&D strength;
- Expand into Geographies by acquiring Mines and infrastructure facilities in Mineral rich countries in Middle East & South East Asia.

FINANCE

It is gratifying to note that IDBI had sanctioned Term Loan of Rs. 10 Crores to part finance the project/s under IPO for increasing the installed capacities at various locations of the Company. Likewise, the State Bank of India, the Bankers of the Company, had enhanced the aggregate credit facilities from Rs. 2860 Lacs to Rs. 3525 Lacs.

As hitherto, IDBI and SBI have continued their co-operation and support in stimulating and invigorating the operations of the Company.

SALE/DISPOSAL OF INDUSTRIAL UNDERTAKINGS

At the Board Meeting held on 29th April, 2009, your Directors have decided to dispose off the Industrial undertakings situated at Plot No. 9, 10, 11 and 336, GIDC Industrial Estate, Waghodia – 391 760, Dist. Vadodara, Gujarat, India together with Buildings appurtenant thereto to 20 Microns Nano Minerals Limited. The terms and conditions and consideration thereof are particularly set out in the notice under section 192A of the Companies Act, 1956 for passing a resolution under section 293(1)(a) of the said Act has already been issued to the Shareholders for passing the said resolution by means of a Postal Ballot. The result of the Postal Ballot will be notified to the Shareholders and to the Stock Exchanges in due course. The same will also be announced at the Annual General Meeting.

FIXED DEPOSITS

As on 31.03.2009, Fixed Deposits from Public and Shareholders stood at the total of Rs. 829.27 Lacs. 64 deposits totaling to Rs. 9.81 Lacs due for repayment on or before 31.03.2009 were not claimed by the depositors on that day. Out of these, deposits of Rs. 4.18 Lacs have since been repaid or renewed at the option of 24 depositors. No instructions have been received so far for the balance of Rs. 5.63 Lacs from 40 depositors. These deposits, if not claimed in future, shall be deposited in the 'Investors Education and Protection Fund' in due course, as per the provisions of the Companies Act, 1956.

SUBSIDIARY

During the year, the Company had invested in 1,54,924 Equity Shares of RM 1.00 each being 99.99 % of the paid-up capital of 20 Microns Sdn. Bhd., Malaysia on 25th February, 2009. As a consequence, on and from this date, the said Company has become a Subsidiary of the Company.

The statement of your Company's interest in the above subsidiary as at 31st March, 2009, prepared in accordance with the provisions of Section 212 of the Companies Act, 1956 is attached to the Balance Sheet.

CONSOLIDATED FINANCIAL STATEMENTS

The Audited Financial Statements, based on the same received from the subsidiary Company, as approved by its Board of Directors, have been prepared in accordance with AS – 21 on Consolidated Financial Statement read with AS – 23 on Accounting for Investments in Associates.

INSURANCE

All the properties of the Company have been adequately and appropriately insured.

HUMAN RESOURCES

Your Company continuously invests in fostering people development, identifying and grooming management talent and has the culture of harnessing employees' potential to the maximum.



REPORT OF BOARD OF DIRECTORS (Contd....)

The Company considers its employees as its most valuable asset. The Company focuses on building an organization through induction and development of talent to meet current and future needs. A performance management system is in place to facilitate individual and team development for better performance and higher yield. The Company is having judicious system of reward and recognition. In order to attract and retain talent, the Company maintains the compensation structure on par with that of the Industry standards. We continue to make efforts to provide our people with an environment in which they can give their best and realize their full potential.

CORPORATE GOVERNANCE

Pursuant to the requirements of the Listing Agreements with Stock Exchanges, your Directors are pleased to annex the following:

1. Management Discussions and Analysis Report
2. A report on Corporate Governance along with Auditors' Certificate relating to compliance of conditions thereof.
3. CEO Certificate regarding compliance with the Code of Conduct.

These annexure forms part of this report.

PARTICULARS OF EMPLOYEES

Information as required under Section 217(2A) of the Companies Act, 1956 read with The Companies [Particulars of Employees] Rules, 1975, as amended, is as follows:

Name	Age	Designation	Gross Remuneration (Rs.)	Qualification	Total Experience (Years)	Date of Joining/ Employment	Last Employment
Mr. Chandresh S. Parikh	63	Chairman and Managing Director	26,96,970	M.Sc. (Chemistry)	36	29/03/1988	Managing Director, Aerofoam (Nigeria) Ltd.

Note: Gross Remuneration shown above is subject to tax and the nature of employment is contractual. Other Terms and conditions as per rules of the Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO.

In terms of 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, as amended, the particulars of Energy Conservation, Technology Absorption & Foreign Exchange Earnings and Out go are given in the Annexure – A to this Report.

INDUSTRIAL RELATIONS

Industrial relations remain cordial and peaceful at levels of the Company.

EMPLOYEES STOCK OPTION SCHEME [ESOS]

Details of the option granted, accepted and lapsed under Employees Stock Option Scheme – 2007 of the Company, as also the disclosures in compliance with the clause 12 of Securities and Exchange Board of India (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999 are set out in the Annexure - B to this Report. The Auditors' Certificate relating thereto have been set out in the said Annexure.

Under the said Scheme, during the year under review, 84,829 Equity Shares have been allotted to the Permanent Employees/Directors who exercised their options.

DIRECTORATE

Mr. Rajesh C. Parikh who has hitherto designated as Joint Managing Director has now been elevated to the position of Managing Director with effect from 29th April, 2009. Your Directors have rightly taken this step to entrust larger responsibilities to him without

REPORT OF BOARD OF DIRECTORS (Contd....)

any corresponding change in his terms of appointment including remuneration.

Mr. Atil C. Parikh who was appointed as an Additional Director on the Board of Directors of the Company on 29th January, 2009 was elevated to the position of a Whole time Director on that day. He was thereafter, promoted to the position of a Joint Managing Director on the remuneration recommended by Remuneration Committee of Directors of the Company. Necessary resolutions for the appointment of Mr. Atil C. Parikh as additional director and thereafter his elevation to the position of a Joint Managing Director are being included in the accompanying Notice of the Annual General Meeting.

IDBI vide their letter no. SS-ICG.53/636/Nom.8 dated 16.02.2009 withdrew the nomination Mr. Diptimay D. Bhattacharjee as a Nominee on the Board of Directors of the Company. They have also nominated in his place Mr. Munish Mohan as their Nominee with effect from 02nd March, 2009. Board places on record his support and guidance received by the Company during his association with the Company.

Mr. Mihir A. Joshi resigned as the GVFL Nominee from the Board of the Company with effect from 29th January, 2009. Board places on record his support and guidance received by the Company during the tenure of his Directorship.

Mr. Pravinchandra M. Shah & Mr. Ram A. Devidayal are retiring by rotation and being eligible, offer themselves for reappointment.

RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make following statements in terms of Section 217(2AA) of the Companies Act, 1956:

1. The applicable accounting standards have been followed in the preparation of the Annual Accounts along with proper explanations relating to material departures;
2. Accounting policies are selected and applied consistently and judgments and estimates are made which are reasonable and prudent so as to give a true and fair view of the state of the affairs as at the end of financial year and of the profit of the Company for the year under review;
3. The Directors have taken proper and sufficient care 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;
4. The Directors have prepared the accounts on a "going concern" basis.

AUDITORS

M/s. Manubhai & Co., Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from Statutory Auditors to the effect that, in case their appointment is made, it would be within the specified limit under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance & co-operation received from the Government Authorities; GVCF-1995 – the Investor; Banks and Financial Institutions; Customers; Vendors; Investors; Depositors and all others.

Your Directors also wish to place on record deep sense of their appreciation for the valuable services of the Executives, Staff & Workers of the Company. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of the Board of Directors

Place: WAGHODIA, Vadodara
Date: 17.07.2009

Chandresh S. Parikh
Chairman and Managing Director

ANNEXTURE TO THE DIRECTOR'S REPORT ANNEXTURE-A

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUT GO.

Statement pursuant to 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 forming part of the Directors' Report.

Conservation of Energy

The Company's operations do not involve substantial consumption of energy in comparison to the cost of production. Whatever possible, energy conservation measures have been implemented. Total energy consumption is as per Form - A and forms part of the report.

FORM - A

CONSERVATION OF ENERGY FOR THE ACCOUNTING YEAR ENDED 31ST MARCH, 2009

1. Power and Fuel Consumption

A).	Fuel Consumption	2008-09	2007-08
1.	Electricity		
	Purchased from Electricity Board		
	Unit consumed	15040481	14034287
	Total Amount (Rs. in Lacs)	789.79	749.45
	Average Rate / unit (Rs.)	5.25	5.34
2.	Diesel / SKO		
	Diesel / SKO Liters	152999	99967
	Total Amount (Rs. in Lacs)	61.18	35.91
	Average Rate / Liter (Rs.)	39.99	35.92
3.	Gas		
	Gas used MT	52	33
	Total (Rs. in Lacs)	24.81	15.27
	Average Rate/ MT (Rs)	47956	46223
4.	Coal / Wood /Lignite		
	Coal / wood / Lignite used MT	14831	9397
	Total Amount (Rs. in Lacs)	523.37	407.02
	Average Rate/ MT (Rs)	3529	4331

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

1. Research and Development(R & D):

a) Specific areas in which R&D carried out by the Company:

- As per Directors' Report.

b) Benefits derived as a result of the above R & D:

- As per Directors' Report.



ANNEXTURE TO THE DIRECTOR'S REPORT (Contd....)

c) Future plan of action:

- As per Directors' Report.

d) Expenditure on R & D

- | | |
|--|------------------|
| a) Capital | : Rs. Nil |
| b) Recurring | : Rs. 31.47 Lacs |
| c) Total | : Rs. 31.47 Lacs |
| d) Total R & D expenditure as a percentage of total turnover | : 0.21% |

2. Technology absorption, adaptation and innovation:

1. Efforts in brief made towards technology absorption, adaptation and innovation.

- As per Directors' Report.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc.,

- As per Directors' Report.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- | | |
|--|------|
| a) Technology imported: | ---- |
| b) Year of import: | ---- |
| c) Has technology been fully absorbed? | ---- |
| d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : | ---- |

FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

- As per Directors' Report.

b) Total Foreign Exchange used and earned:

- | |
|--|
| i. Foreign Exchange Earned: Rs. 1233.30 Lacs |
| ii. Foreign Exchange Used : Rs. 212.45 Lacs |



ANNEXTURE TO THE DIRECTOR'S REPORT ANNEXURE - B

EMPLOYEES' STOCK OPTION SCHEME - 2007

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEME - 2007

On the basis of our examination of the relevant books of accounts and other records maintained by 20 MICRONS LIMITED ("the Company"), and as per the information and explanation given to us in this regard, we certify to the best of our knowledge and belief, that during the financial year 2008-09 the Company has implemented the Employees Stock Option Scheme - 2007 as approved by the members in the Extra-Ordinary General Meeting held on March 28, 2007, in accordance to the Securities and Exchange Board of India (employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to the extent applicable and also the resolutions passed by the Company.

For **Manubhai & Co.**
Chartered Accountants

K. C. PATEL
Partner
Membership No. 30083

Place: Ahmedabad
Date : July 06, 2009

Disclosure pursuant to the provisions of Securities and Exchange Board of India
(Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999

Sr. No.	Particulars	Employees Stock Options Scheme - 2007	
a.	Options granted	553,431	
b.	Exercise Price	Rs. 14/- per share	
c.	Options Vested	433341	
d.	Options Exercised	89630	
e.	Total no. of shares arising as result of exercise of Options	290,157	
f.	Options lapsed (Includes options forfeited and cancelled/lapsed)	263,274	
g.	Variation in terms of Options	None	
h.	Money realized by exercise of Options	Rs. 1,254,820/-	
i.	Total number of options in force	200,527	
j.	Employee wise details of options granted to:		
	Senior Managerial Personnel	Name of Key Managerial Personnel	No of Options granted under ESOS 2007
		Mr. Nirakar H. Desai	10,000
		Mr. Rajiv C. Parikh	10,000
		Mrs. Darshana J. Mankad	6,000
		Mr. Suresh B. Jagetia	6,000
		Mr. Ajay P. Joshi	5,625
		Mr. Dipesh L. Goyal	5,250
		Mr. Arun B. Ajmeri	5,250



ANNEXTURE TO THE DIRECTOR'S REPORT (Contd....)

Senior Managerial Personnel	Mr. Rakesh S. Parikh	5,000
	Mr. Lalit R. Parikh	4,688
	Mr. Peshank K. Patel	4,688
	Mr. Ramnath J. Rao	4,500
	Mr. Gaurang V. Gandhi	4,400
	Mr. Jogdish C. Patel	3,600
	Mr. Sanjay B. Mungra	3,438
	Mr. Dinesh P. Shah	2,500
	Mr. Narendrakumar R. Patel	3,438
	Mr. Jagat N. Ojha	3,300
	Mr. Dushyant B. Mehta	3,150
	Mr. Vipul M. Chowda	3,125
	- Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	None
	- Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	None
k.	Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'	1.00
l.	Pro Forma Adjusted Net Income and Earnings per Share	
Particulars		Rs. In Lacs
Net Income		
As Reported		
Add: Intrinsic Value Compensation Cost		133.95
Less: Fair Value Compensation Cost		22.70
Adjusted Pro Forma Net Income		29.33
Earning Per Share: Basic		127.32
As Reported		1.01
Adjusted Pro Forma		1.01
Earning Per Share: Diluted		
As Reported		1.00
Adjusted Pro Forma		1.00
m.	Weighted average exercise price of Options granted during the year whose	
	(a) Exercise price equals market price	NA
	(b) Exercise price is greater than market price	NA
	(c) Exercise price is less than market price	14.00

ANNEXTURE TO THE DIRECTOR'S REPORT (Contd....)

n.	Weighted average fair value of options granted during the year whose	
	(a) Exercise price equals market price	NA
	(b) Exercise price is greater than market price	NA
	(c) Exercise price is less than market price	6.46
	Description of method and significant assumptions used to estimate the fair value of options	The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below:
	Variables	Weighted average values for options granted during the year
	Stock Price	19.09
	Volatility	0.00%
	Risk free Rate	6.99%
	Exercise Price	14.00
	Time to Maturity	1.53
	Dividend Yield	0.00%
		6.46

Notes :

- **Stock Price:** The latest available valuation as per the independent valuer has been considered for the purpose of option valuation for the options granted.
- **Volatility:** We have considered nil volatility for the purpose of fair value calculation of the options granted prior to the listing of the shares of the company on a recognized stock exchange.
- **Risk-free rate of return:** The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.
- **Exercise Price:** The options have been granted at Rs. 14/- per share per option.
- **Time to Maturity:** Time to Maturity / Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the life after which the options cannot be exercised.
- **Expected Dividend Yield:** Expected dividend yield has been calculated as an average of dividend yields for the four financial years preceding the date of the grant. As there is no dividend history, expected dividend yield is considered to be Nil.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Your Directors submit hereunder an analysis of the sector wise performance of the Company for the year 2008-2009 and its outlook for the future. This outlook is based on assessment of the current business environment and Government Policies. Any change in the future economic and other developments are likely to cause variation in this outlook.

Export:

The Global Market during the year 2008-09 had witnessed serious recession in various Industries originating from the American Continent viz - Banks, Automotive Industries, Plastics, Coatings, Rubber, Paper Segments spread across the continents of America and gradually percolating into the regions of Europe, Middle East & Far Eastern Countries more predominantly who had US customer base for their end products. This had closed down many industries, created crunch in cash flow and many healthy buyers had also deferred their buying program.

In spite of this Global recession scenario, the Company having adopted a prudent Forex Exposure Strategy has achieved double digit export growth inspite of Global downturn.

The comparative export sales is as under :

	(Rs in Lacs)	
	2008-09	2007-08
CIF Value	1396.61	1162.42
FOB Value	1233.30	1084.82

Over the years, the Company has been continuously raising a platform for export spread across various regions and applications with the foresight that in the event one geographical region or industrial segment has serious economic downturn the Company does not get affected and is able to stabilize the negative market impact and accelerates growth.

Accordingly, With this in focus the Company had participated in following International Exhibitions :

- 1) Asia Pacific Coatings Show - Kuala Lumpur Malaysia
- 2) Middle East Coating Show - Cairo Egypt
- 3) European Coating Show - Nuremberg Germany

The Company has further invested in Pre - Registering some of the key products under "ReaCH" to continue its presence in the European Markets.

All these efforts & investments in the Global Market have created a positive image amongst customers, distributors etc keenly interested in cooperating with 20 Microns Ltd in enhancing business growth in years to come.

Value Added Division

In line with global recessionary trend, the year 2008-09 witnessed erratic demand supply particularly in the second half of the financial year and erratic supply position of Polymer which drives the demand.

Plastics sector saw especially in Oct to Dec 2008 drop in the demand due to polymer crisis up to 30-40%. However defying all constraints, this division was able to sustain growth of 20% for current compared to previous year.

The Company's operations coupled with Malaysian operations would eye further strengthening its stake in polymer Industry for calcium carbonate.

Increasing focus on HIGH ASPECT RATIO TALC will open up more avenues in the coming years for the growth with polymer industry focusing more on the automobile industry.



MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

Paper segment market growth coupled with market expansion with increasing usage of carbonates would be providing positively to the growth of business. Increasing focus and offering more products such as slurry, calcined kaolin, high aspect ratio talc will drive business growth in the segment.

Based on the Feb-March, 2009 performance, the year 2009-10 offers good growth prospects for the division.

Consumer and Commodity Division

The year 08-09 accomplished growth of about 30% in paint and coating industries where small scale customer based has relatively increased and constituted future market stability. Multinational players in the field has embark on their production and anticipating to accelerate during middle of year to capitalized seasonal demand of Indian market which will definitely keep abreast double digit growth of 20 Microns.

Agriculture segment has also ameliorate its performance in the year 08-09 due to sufficient rain, due to which demand of pesticides has depicted vertical growth where minerals are being used as carrier. It has registered enceinte quantity growth of 25% compare to year 07-08. Looking at fervid market potentiality many players are expanding their capacity to make headway in the segment which will increase demand of fillers for year 09-10

Past one year real estate and infrastructure has shown breeding growth which has passed on immediate impact in the growth of Ceramic and Construction industries. However during 4th Quarter of 08-09, slow down has effected remarkable reduction in the sales but since India is under develop country and infrastructures development is going very fast. This segment will have at least double digit growth during year 09-10.

Year 2008-09 has evinced incredible maturation for Consumer and Commodity division. Immense ontogeny in the field of Oil well drilling, activity in India has conduced remarkable increase in the sales till Dec -09 for the year passed. After a small break due to reduced rate in crude prices, all Companies has shown positive trend during early first quarter of year-09-10 and expectations are very high to maintain the growth in Oil Well drilling segment.

Organizational approaches for International Sourcing

Looking to the present market scenario all multinational firms require an effective strategy to acquire goods and services in the markets in which they operate. More and more buyers have to learn to develop a supply base in more than one country in order to remain competitive in the complex and dynamic global business environment.

To meet the competitive challenge of international business, In 2008-09, we are turning to a strategy of being "world class organizations". In the purchasing area, this "world class" philosophy translates into viewing the world as a source for products and buying at the lowest cost worldwide.

International purchasing requirements were channeled through a centralized international procurement group from decentralized domestic purchasing units. For domestic purchases the plant buyers dealt directly with domestic suppliers. For international purchases, the plant buyers sent requirements to the centralized international procurement.

Speciality Minerals & Chemicals Division

During the year 2008-09, the products of the Company were well received in the market and as a result the Company has achieved 27% of growth compared to last year. This was found in Paints, MNC and Paper application whereas Plastic application was slightly affected due to uncertainty in crude prices.

The Company was always on the look out to tape new products and developments and those would be Wet process, Calcium Carbonate (Dry & Slurry) application that is targeted more for the paper & plastics and Wet process talc will be mainly used in automotive sector as it has good potential.



MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

Research and Development

The vision of 20 Microns – R&D is to make people's lives easier, better and resourceful with our brands and technologies. Innovations are the basis for successfully turning this vision into reality. They assure our future viability and our capacity to adjust proactively in a world where change is constant.

The Company has a high-tech lab possessing all adequate facilities to carry out well diversified R&D work pertaining to the minerals and their application in different fields. The Company is committed not only to conducting the highest quality, most innovative research, but also to training a new generation of researchers who will be prepared to carry on this critically important work. At a time when the nation is more cognizant than ever of the sacrifices that have been made by our veterans, 20 Microns Research is producing the knowledge necessary to give them the best service possible.

Innovative products developed during the year 2008-09

The center, in line with its tradition, has developed the following innovative as well as the value added products during the tenure of the year 2008-2009. Commercial production and marketing of these materials have already been started.

- (1) HYDROGEL – 70T
- (2) BENTOCOL
- (3) MEGACOL
- (4) RIO-BENT DP
- (5) HIGH ASPECT RATIO TALC SLURRY
- (6) AR TALC A&B AND MICRON TALC HAR
- (7) MICRONLITE SL & MICRONLITE 90
- (8) POLSTAT 40-A
- (9) POLAID -60
- (10) POLLUB -250

Innovative products in pipeline process

- (1) CALCIUM SILICATE
- (2) PRECIPITATED BARIUM SULPHATE
- (3) PRECIPATATED CALCIUM CARBONATE
- (4) ALUMINIUM TRI-HYDRATE
- (5) PRECIPATATED SILICA
- (6) RIO-BENT WP
- (7) ZINC STREATE/MAGNESIUM STREATE/CALCIUM STREATE
- (8) RED OXIDE



MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

By consistently focusing on customer and customer needs and incorporating sustainability aspects in to our research and development strategy from the outset, we gain a technological leads and generate competitive advantages.

Corporate Social Responsibility - "A NECESSITY NOT A CHOICE"

The Company believes that Corporate Social Responsibility (CSR) is "the continuing commitment by business to behave ethically and to contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. It relates to business decision-making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment, in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of businesses. It is no longer the domain of large corporate and is now a necessity rather than choice and those failing to act now, face an uncertain future"

The Company has been taking various concrete actions to realize its social responsibility objectives, thereby binding value for its shareholders and customers. The Company have defined a set of core values for itself i.e. Care, Innovation, Passion and Trust and recognizes the multifaceted responsibilities to various classes of people and the same is highlighted below:

CSR as a Citizen

The Company takes a disciplined approach to Corporate Social Responsibility that aims at creating long-term benefit for its business and at the same time global communities in which the Company operates through effective business practices and social investments. Its commitment to responsible business practices helps ensure sound management across business ecosystem. The Company is also committed to rigorous and diligent oversight at every level across the Company, ethical and responsible management of its affairs.

CSR as Employer

The Company respects human rights, value its employees, and invests in innovative technologies and solutions for sustainable energy flow and overall economic growth. To stay innovative and competitive, the Company must attract and retain the very best and brightest employees. The Company competes for its employees, not just in the Mineral sector but across a broad spectrum of industries in order to find out best talent. Many of the Company's new hires are young people who came with different expectations about their work environments than past generations had. They take flexible workplaces and collaborative technologies for granted, and they bring a facility for social networking and a multicultural outlook to their jobs. The Company recognizes that employees expect to take advantage of Company-sponsored career development opportunities, whatever their jobs and aspirations. The Company constantly reevaluates its programs and work environments to make sure they meet the needs of its employees, who vary widely in their job descriptions, ages, working styles, cultural backgrounds, career aims, and personal lives. The Company seeks new ways to cultivate inclusiveness, develop leadership abilities, nurture career growth, and engage its employees in its strategies and objectives.

The Company has designed a comprehensive leadership development system aimed at developing and strengthening key capabilities, competencies and leadership qualities for all level of employees. Over and above system, the Company believes that the excellent way to develop the talent of employees is to place them in roles that continuously challenge them to reach to their full potential and at the same time preparing themselves to manage for sustained business growth and profitability in a complex business environment.

CSR to Society

The Company feels that corporate social investments can help sow the seeds of prosperity anywhere in the world, but especially in those places where the needs are greatest. People prosper when their basic needs have been met and they are free to reach their full potential, increasing their own well-being and that of their family and community.

The Company takes a results-oriented approach to corporate social responsibility (CSR) by compiling a strong portfolio of social investments and continually assessing how well they perform. The Company looks for CSR investments that offer a good return by having a measurable impact on lives and society, and that promise to grow and sustain themselves over time through community



MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

involvement. The Company recognizes that everyone's future prosperity and well-being depends on a healthy planet. Consequently, many of the CSR initiatives of the Company both within and outside the Company promote and practices environmental sustainability.

By vary nature of its industry, Innovation is central to the Company's business approach, whether in product development, supply chain management, sales and marketing, or CSR. The Company is always looking for new and better ways to apply its core competencies to build healthier, more productive, and more sustainable communities, enabling them to play a stronger role in promoting prosperity in the community. The Company's employees bring their own intelligence, business acumen, and socially responsible attitudes to the social programs that the Company's initiate and incubate.

In its endeavor of giving something back to the society in which the Company operates, the 20 Microns Foundation in collaboration with Manav Seva Foundation has established a "VADODARA DIABETES ASSOCIATION" on the occasion of World Diabetes Day and organized Diabetes Awareness Campaign and Diabetes Walk.

The Company's Corporate Social Responsibility practices improves its accountability, business sustainability and employee -well being and contribute to environmentally conscious operations and products. The Company time and again consults with a diverse pool of stakeholders concerning existing and emerging issues relevant to its industry.

REPORT ON CORPORATE GOVERNANCE

Governance Philosophy

20 Microns Limited has always been committed to highest standards of Corporate Governance and firmly believes in and practices it for optimizing shareholders' values and protecting their interests.

The Company's endeavors are towards attaining the highest standards of transparency and accountability by conducting its affairs with integrity, responsibility and fairness with the applicable regulatory framework.

The Senior Management team has an excellent blend of professionals and is guided by ethical integrity and functions in a harmonious manner to meet every challenge and translate it into an opportunity for maximizing returns to the shareholders.

Your Company has been greatly benefiting from the invaluable inputs provided by the Non-Executive Directors, who are persons with vast experience, expertise and wisdom.

Key aspects of the Company's Governance processes are:

- Clear statements of Board processes.
- Disclosures, accountability, transparency, adequate systems and procedures to monitor the state of the affairs of the Company to enable the Board to effectively discharge its responsibilities to the stake holders of the Company.

Listing of Securities

The Company's Equity Shares have been listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited on 06th October, 2008.

1. BOARD OF DIRECTORS

Composition

Your Company has a balanced mix of Executive, Non-Executive and Independent Directors on the Board. The total strength of the Board of Directors is 10. Your Company has an optimum combination of Executive and Non-Executive Directors with 50 % of the Board of Directors comprising of Non-Executive Directors. Since the Chairman is the Executive Director, number of Independent Directors is 5 which is in conformity with the requirements of the clause 49 of the Listing Agreement.

As specified in Clause 49, none of the Directors on the Board is a member in more than 10 Committees or a Chairman of more than 5 Committees, across all the companies in which he is a Director.

Non Executive Directors' Compensation and Disclosure

Apart from sitting fees that are paid to the Independent directors for attending Board/Committee meetings, no other fees/commissions were paid during the year. No significant material transactions have been made with Independent director vis-à-vis your Company.

Category

The names and categories of Director on the Board and the number of Directorships and Committee Chairmanships /



REPORT ON CORPORATE GOVERNANCE (Contd....)

Memberships held by them in other Companies as on 31st March, 2009 are given below:

Names of Directors	Category of Directors	No. of other Directorship	Committee Membership/ Chairmanship	
			Committee Membership	Committee Chairmanship
EXECUTIVE DIRECTORS				
Mr. Chandresh S. Parikh	Chairman & Managing Director	5	--	4
Mr. Rajesh C. Parikh	Managing Director	5	4	1
Mr. Atil C. Parikh [w.e.f. 29.01.2009]	Joint Managing Director	2	--	--
Mr. Sudhir R. Parikh	Wholetime Director	5	4	--
NON EXECUTIVE DIRECTORS				
Mr. Vishnu R. Varshney	GVFL Nominee	10	2	--
Mr. Mihir Joshi [upto 29.01.2009]	GVFL Nominee	--	--	--
Mr. Diptimoy D. Bhattacharjee [upto 02.03.2009]	IDBI Nominee	--	--	--
Mr. Vithaldas D. Talati	Independent Director	NIL	4	--
Mr. Pravinchandra M. Shah	Independent Director	NIL	4	1
Mr. Ram Devidayal	Independent Director	4	3	--
Mr. Harish Sheth	Independent Director	3	--	--
Mr. Munish Mohan [w.e.f. 02.03.2009]	IDBI Nominee	1	--	--

Board Meetings and Procedure

The Company has well-defined process of placing vital and sufficient information before the Board pertaining to the matters to be considered at each Board and Committee Meetings, to enable the Board to discharge its responsibilities effectively and efficiently.

The Company Secretary in consultation with the concerned person in the Senior Management finalises the agenda, which is distributed to the Board Members in advance of the Meetings.

A. During the financial year ended 31.03.2009, the Board met 08 [eight] times the dates of which are as under:

Sr. No.	Dates of Meetings	Board Strength	No. of Directors present
1	26.04.2008	10	9
2	11.06.2008	10	8
3	11.08.2008	10	9
4	17.09.2008	10	9
5	25.09.2008	10	5
6	25.10.2008	10	9
7	29.01.2009	10	8
8	29.01.2009	10	7

REPORT ON CORPORATE GOVERNANCE (Contd....)

The maximum gap between any two meetings was not more than 3 (three) calendar months.

- B. Attendance of Directors at** 1) Board Meetings and
2) Annual General Meeting.

Names of Directors	No. of Board meetings attended	Attendance at last AGM
Mr. Chandresh S. Parikh	8	YES
Mr. Rajesh C. Parikh	8	NO
Mr. Sudhir R. Parikh	7	YES
Mr. Atil C. Parikh [w.e.f. 29.01.2009]	Nil	N.A.
Mr. Vishnu R. Varshney	7	NO
Mr. Diptimoy D. Bhattacharjee [upto 02.03.2009]	7	YES
Mr. Vithaldas D. Talati	8	NO
Mr. Pravinchandra M. Shah	8	YES
Mr. Mihir A. Joshi [upto 29.01.2009]	4	NO
Mr. Ram A. Devidayal	6	YES
Mr. Harish K. Sheth	Nil	NO
Mr. Munish Mohan [w.e.f. 02.03.2009]	Nil	N.A.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

Mr. Atil C. Parikh

He, aged 33 years, holds a Bachelor's degree in Chemical Engineering from Gujarat University. He then began his career working as a Management Trainee with 20 Microns Limited in 1999-2000. Later, he relocated to USA and completed his MBA with Finance specialization from California. On completion of MBA he joined a Financial Services firm, The Tax Credit Company, where he held a position of a Management Analyst in 2003 and worked for 2 years contributing to various aspects of the industry ranging from Marketing, Analysis, HR and Operations. In the year 2005, he rejoined 20 Microns Limited as Management Analyst. He contributed in developing certain strategies and revamping few departments within the organization. He was later on given full charge of the CNC division overlooking all the major activities within that division. He is on the Board of 20 Microns Nano Minerals Ltd. and Bruno Industrial Products Ltd. He holds 2,79,978 equity shares constituting 1.97 % of the present paid-up capital of 20 Microns Limited.

Mr. Pravinchandra M. Shah

He, aged 71 years, holds Degree in M.Com, LLB, AICWA and ACS. He has an experience of more than 47 years in various fields of Accounting, Finance, Taxation (Direct and Indirect), Company Secretarial Matters, Legal Matters, General Administration, Labour Matters, etc. He started his career in the year 1959 with Textile Appliances & Instruments Co. Pvt. Ltd as Accountant cum Secretary till 1962. Mr. Shah has worked for more than 20 years (1966 – 1986) with Banco Products (India) Ltd and its group in

REPORT ON CORPORATE GOVERNANCE (Contd....)

different capacities, lastly as Director (Finance) and from the year 1989 onwards with Transpek Industry Ltd as Vice President (Finance). He has also worked as a consultant for over more than 13 years in the areas of Finance, Accounts, Taxation, Company Law and SEBI Matters, etc. He is a Chairman of Share Transfers & Investor's Grievance Committee and a member of Audit Committee, Remuneration Committee, IPO Committee and Nomination & Compensation Committee of the Company. He holds 7,000 equity shares constituting 0.05 % of the present paid-up capital of 20 Microns Limited.

Mr. Ram A. Devidayal

He, aged 57 years, M.Com. and MBA. He was appointed as the Director on the Board of the Company on 13th October, 2007. He has reach & extensive experience in the fields of Agrochemicals of 30 years of which 20 years in the senior – 1st Line Management of the Companies to which he has been associated as Director. He has also been actively attached with various Associations, since last over a decade. He is a director of Devidayal Sales Limited, 20 Microns Nano Minerals Ltd, Munjal Auto Industries Ltd. and Banco Products (I) Limited. He is also a member of Audit Committee, Nomination & Compensation Committee and Remuneration Committee of the Company.

Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company and the same is posted on the website of the Company (www.20microns.com). All Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct. A Declaration signed by the Chairman and Managing Director regarding affirmation of the compliance with the Code of Conduct by the Board Members and Senior Management personnel of the Company is appended at the end of this report.

2. COMMITTEES OF THE BOARD

The Board of Directors of the Company has constituted the following Committees from time to time:

Committee of Directors	Constituted on
Audit Committee	27th February, 2001
Remuneration Committee	6th January, 2003
Nomination and Compensation Committee	5th August, 2006
Share Transfers & Investors' Grievances Committee	20th November, 1997
Finance Committee	29th November, 1997
Management Committee	30th September, 1997

AUDIT COMMITTEE

Composition

The Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956. The Committee acts as a link between Management, Statutory and Internal Auditors and the Board of Directors and oversees the financial reporting process. The majority of Committee members have accounting and financial management expertise. The Director Finance/Chief Financial Officer, Vice President/s -



REPORT ON CORPORATE GOVERNANCE (Contd....)

Finance and representatives of the Statutory Auditors and Internal Auditors of the Company are permanent invitees to the Committee meetings. The Company Secretary acts as Secretary to the Committee.

The Audit Committee of Directors was re-constituted at the Board Meetings held on 26th April, 2008 and 29th April, 2009 by addition of Mr. Ram Devidayal and by inducting Mr. Munish Mohan in place of Mr. Diptimoy D. Bhattacharjee respectively.

The Committee, as on 31st March, 2009, comprised of the following members:

1. Mr. Vishnu R. Varshney
2. Mr. Pravinchandra M. Shah
3. Mr. Ram A. Devidayal [w.e.f. 26.04.2008]
4. Mr. Diptimoy D. Bhattacharjee [upto 02nd March, 2009]

All of them are Non – Executive Directors.

Attendance

During the financial year ended 31st March, 2009, the Audit Committee met 4 [four] times the dates of which are as under:

Sr. No.	Dates of Meetings	Committee strength	No. of members present
1	22.04.2008	3	2
2	11.08.2008	4	4
3	25.10.2008	4	4
4	29.01.2009	4	3

Attendance at the Committee Meetings:

Names of Directors	Category	No of Meetings attended
Mr. Diptimoy D. Bhattacharjee [upto 02.03.2009]	Non – Executive Director	4
Mr. Vishnu R. Varshney	Non – Executive Director	3
Mr. Pravinchandra M. Shah	Non – Executive Director	4
Mr. Ram A. Devidayal [w.e.f. 26.04.2008]	Non – Executive Director	2

REPORT ON CORPORATE GOVERNANCE (Contd....)

Terms of Reference

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations.
- Safeguarding of assets and adequacy of provisions for all liabilities
- Reliability of financial and other management information and adequacy of disclosures.
- Compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee;
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Committee shall be as under:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other service rendered by the auditors;
- (c) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with legal requirements concerning financing statements
 - Any related party transactions i.e. transactions of the Company of material nature with the top management or their relatives, with shareholders with large holdings in the Company or their subsidiaries etc. that may have potential conflict with the interests of the Company at large;
- (d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board;
- (e) Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- (f) Reviewing the findings of any internal investigations by the internal auditors and where there is suspected fraud or irregularity or failure of internal control systems of a material nature reporting the matter to the Board;



REPORT ON CORPORATE GOVERNANCE (Contd....)

- (g) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;

REMUNERATION COMMITTEE

The Remuneration policy of the Company is based on several criterions which include responsibility, performance and potential of the Executive Director and growth of the Company.

The Remuneration Committee is vested with all the necessary powers and authorities to recommend and ensure appropriate disclosure on the remuneration of the Managing Director, Jt. Managing Director and the Whole time Director(s).

Composition

The Remuneration committee of Directors was re-constituted at the Board Meeting held on 29th April, 2009 by inducting Mr. Munish Mohan in place of Mr. Diptimoy D. Bhattacharjee.

The Remuneration Committee, as on 31st March, 2009, comprised of the following members:

1. Mr. Vishnu R. Varshney - Chairman
2. Mr. Vithaldas D. Talati
3. Mr. Pravinchandra M. Shah
4. Mr. Diptimoy D. Bhattacharjee [upto 02nd March, 2009]

All of them are Non – Executive Directors.

Attendance

During the year 2008-09, the Remuneration Committee met once on 29th January, 2009 and all the four members attended the meeting.

NOMINATION AND COMPENSATION COMMITTEE

As required by SEBI (Employees Stock Option Scheme & Employees Share Option Purchase) Guidelines, 1999, the Company has constituted a Nomination and Compensation Committee of Directors consisting of a majority of Independent Directors.

Composition

The Committee, as on 31st March, 2009, comprised of the following members:

1. Mr. Chandresh S. Parikh - Chairman
2. Mr. Rajesh C. Parikh
3. Mr. Vithaldas D. Talati
4. Mr. Pravinchandra M. Shah
5. Mr. Ram A. Devidayal



REPORT ON CORPORATE GOVERNANCE (Contd....)

Attendance

During the financial year ended 31st March, 2009, the Committee met 3 (three) time as detailed below:

Sr. No.	Date of Meeting	Committee strength	No. of members present
1	02.07.2008	5	4
2	19.12.2008	5	3
3	21.02.2009	5	2

Attendance at the Committee Meetings:

Names of Directors	Category	No of Meetings attended
Mr. Chandresh S. Parikh	Executive Director	3
Mr. Rajesh C. Parikh	Executive Director	1
Mr. Vithaldas D. Talati	Non – Executive Director	2
Mr. Pravinchandra M. Shah	Non – Executive Director	1
Mr. Ram A. Devidayal	Non – Executive Director	2

SHARE TRANSFERS & INVESTORS' GRIEVANCES COMMITTEE

The major functions of the Committee are to approve transfer, transmission and transposition of shares, issue of duplicate share certificates and all other matters relating to shares and investor grievances.

The Share Transfers & Investors' Grievances Committee of Directors was re-constituted at the Board Meeting held on 29.01.2009 by inducting Mr. Rajesh C. Parikh, the then Joint Managing Director of the Company.

The Committee was further re-constituted at the Board Meeting held on 29.04.2009 by inducting Mr. Munish Mohan in place of Mr. Diptimoy D. Bhattacharjee.

Composition

The Committee, as on 31st March, 2009, comprised of the following members:

- 1) Mr. Pravinchandra M. Shah - Chairman
- 2) Mr. Rajesh C. Parikh [w.e.f. 29.01.2009]
- 3) Mr. Sudhir R. Parikh
- 4) Mr. Diptimoy D. Bhattacharjee [upto 02.03.2009]
- 5) Mr. Vithaldas D. Talati

Except Mr. Rajesh C. Parikh and Mr. Sudhir R. Parikh, all of them are Non – Executive Directors.

Any one of Mr. Rajesh C. Parikh, Managing Director, Mr. Sudhir R. Parikh, Whole-time Director, Mr. Nikunj J. Savaliya, Company Secretary and Mr. Nishith Mehta, the Secretarial Officer has been duly authorized to make necessary endorsements in the names of the transferees on the reverse of the share certificates, once the transfers are approved by the Committee.



REPORT ON CORPORATE GOVERNANCE (Contd....)

Attendance

During the financial year ended 31st March, 2009, the Committee met 3 (three) times the dates of which are as under:

Sr. No.	Dates of Meetings	Committee strength	No. of members present
1	10.06.2008	4	3
2	15.11.2008	4	3
3	01.12.2008	4	2

Attendance at the Committee Meetings:

Names of Directors	Category	No of Meetings attended
Mr. Provinchandra M. Shah	Non – Executive Director	3
Mr. Vithaldas D. Talati	Non - Executive Director	2
Mr. Rajesh C. Parikh [w.e.f. 29.01.2009]	Executive Director	Nil
Mr. Sudhir R. Parikh	Executive Director	3
Mr. Diptimoy D. Bhattacharjee [upto 02.03.2009]	Non – Executive Director	Nil
Mr. Munish Mohan [w.e.f. 29.04.2009]	Non – Executive Director	Nil

IPO COMMITTEE

With a view to quicken the decision making process, on all matter relating to Initial Public Offer (IPO), IPO Committee was constituted 27th November, 2007 with 6 (Six) members headed by Mr. Chandresh S. Parikh, Chairman & Managing Director of the Company.

Composition

The Committee, as on 31st March, 2009, comprised of the following members:

- 1) Mr. Chandresh S. Parikh - Chairman
- 2) Mr. Rajesh C. Parikh
- 3) Mr. Sudhir R. Parikh
- 4) Mr. Mihir A. Joshi [upto 29.01.2009]
- 5) Mr. Vithaldas D. Talati
- 6) Mr. Provinchandra M. Shah

Attendance

During the financial year ended 31st March, 2009, the Committee Met 6 (six) times the dates of which are as under:

Sr. No.	Dates of Meetings	Committee strength	No. of members present
1	05.05.2008	6	5
2	21.07.2008	6	4
3	11.08.2008	6	6
4	26.08.2008	6	5
5	13.09.2008	6	5
6	15.09.2008	6	5



REPORT ON CORPORATE GOVERNANCE (Contd....)

Attendance at the Committee Meetings:

Names of Directors	Category	No of Meetings attended
Mr. Chandresh S. Parikh	Executive Director	6
Mr. Rajesh C. Parikh	Executive Director	6
Mr. Sudhir R. Parikh	Executive Director	5
Mr. Mihir A. Joshi [upto 29.01.2009]	Non – Executive Director	1
Mr. Vithaldas D. Talati	Non – Executive Director	6
Mr. Pravinchandra M. Shah	Non – Executive Director	6

Upon completion of formalities of IPO, the Committee has ceased to function.

FUNCTIONAL COMMITTEES

In addition to the above, the Company has constituted Strategic Planning Committee comprising of the Executives from all the Key Departments and Finance Committee from amongst the Directors.

The Finance Committee of Directors holds discussions on financial matters at regular intervals. These discussions will go a long way in reviewing financial affairs of the Company.

The Company may, from time to time, constitute such other functional Committees. The above Committees are delegated power and duties with respect to specific purposes. Meetings of such Committees are held for the growth and efficient management and better co-ordination in the working of the Company.

The meetings of all the above Committees are held periodically looking to the needs of such meetings.

COMMITTEE FOR REDRESSAL OF DEPOSITORS.

This Committee is headed by Mr. Rajesh C. Parikh, Managing Director of the Company and it looks after all matters relating to deposits such as payment of interest on due dates, repayment of principal, maintenance of liquidity and other matters relating to Section 58A of the Companies Act, 1956 and Rules made there under.

The Company has received report from Mr. Rajesh C. Parikh, Managing Director of the Company, to the effect that the Company was the most regular in making repayment of principal, payment of interest on due dates, maintenance of liquidity and other matters relating to Section 58A of the Companies Act, 1956 and Rules made there under and no default has been committed by the Company in respect of the above matters.

The Committee was re-constituted on 29th January, 2009 by inducting Mr. Vithaldas D. Talati in place of Mr. Mihir A. Joshi, who had since resigned.

Composition

The Committee, as on 31st March, 2009, comprised of the following members:

- 1) Mr. Rajesh. C Parikh - Chairman
- 2) Mr. Vithaldas D. Talati [w.e.f. 29.01.2009]
- 3) Mr. Mihir A. Joshi [upto 29.01.2009]

Attendance

The Committee met once on 31st March, 2009 and both the members have attended the Meeting.

3. DISCLOSURES

Disclosure of materially significant related party transactions

The related party transactions have been placed before the Audit Committee on a quarterly basis. The transactions with related parties, for the financial year ended 31st March, 2009, were not in conflict with the interest of the Company at large. The related party transactions have been disclosed under Note 18 of Schedule S of the Balance Sheet forming part of the Annual Report.

REPORT ON CORPORATE GOVERNANCE (Contd....)

Disclosure of Accounting treatment

There is no deviation in the following the treatment prescribed in any Accounting Standard in preparation of financial statements of the Company during the year.

Details of non-compliance with regard to the Capital Market

The Company has complied with all the requirements of the Stock Exchanges as well as the regulations and guidelines prescribed by Securities and Exchange Board of India from time to time. Since the listing of securities of the Company, there were no penalties or strictures imposed on the Company by the stock exchanges or SEBI, or any other statutory authorities on any manner related to capital markets.

Disclosure of Unclaimed Shares

The following are the number of Shares issued pursuant to the Public Issue, which remain unclaimed despite the best efforts of the Registrar to issue.

Particulars	Aggregate No. of Shareholders	Aggregate No. of Shares
Shares lying in Suspense account as on 01.04.2008	NIL	NIL
Shares lying in Suspense account as on 30.09.2008	68	25846
Shares transferred from Suspense account during 30.09.2008 to 31.03.2009	53	20546
Shares lying Suspense account as on 31.03.2009	15	5300

The Voting right on above shares shall remain frozen till the rightful owner of such shares claims the shares.

Board Disclosures – Risk Management

The Company has an integrated approach to managing the risks inherent in the various aspects of business. The Audit Committee of the Board is regularly informed about the business risks and steps taken to mitigate the same.

Proceeds from Public Issue

The status of utilization of IPO proceeds up to 31st March, 2009 has been disclosed in the Report of the Board of Directors forming part of the Annual Report.

Remuneration of Directors for the financial year 2008-09

Remuneration to Executive Directors has been paid to them in terms of the resolutions passed at the General Meetings of the Company under Section 269, 309 and other applicable provisions of the Companies Act, 1956 and the resolution passed in that behalf by the Remuneration Committee of Directors duly constituted pursuant to Schedule XIII of the Companies Act, 1956.

The remuneration to the Executive Directors consists of a fixed salary and other perquisites as per the Rules of the Company. The Provident Fund is contributed as per Provident Fund Rules.

The Non-Executive Directors are not paid any remuneration except the sitting fees for attending the Board and Committee Meetings.

The details of Remuneration drawn by the Executive Directors & Sitting Fees paid to the Non-Executive Directors are as under:

Names of Directors	Basic	HRA	Medical	Bonus	TOTAL
EXECUTIVE DIRECTORS :					
Mr. Chandresh S. Parikh	20.87	-	0.87	1.74	23.49
Mr. Rajesh C. Parikh	13.07	1.96	0.62	1.09	16.74
Mr. Atil C. Parikh [w.e.f. 29.01.2009]	1.95	0.29	0.09	0.16	2.50
Mr. Sudhir R. Parikh	13.07	1.96	0.62	1.09	16.74

These do not include Company's contribution to provident fund.



REPORT ON CORPORATE GOVERNANCE (Contd....)

Non Executive Directors	Sitting fees [Rs.]
Mr. Vishnu R. Varshney	25,500
Mr. Diptimoy D. Bhattacharjee [upto 02.03.2009]*	27,500
Mr. Vithaldas D. Talati	42,000
Mr. Pravinchandra M. Shah	50,000
Mr. Mihir A. Joshi [upto 29.01.2009]	12,000
Mr. Ram A. Devidayal	23,000
Mr. Harish K. Sheth	Nil
Mr. Munish Mohan [w.e.f. 02.03.2009]*	Nil

[*] = Sitting Fees were paid to the respective Institutions nominating them.

Director's Shareholding

Shareholding of the Directors in the Company as on 31st March, 2009

Names of Directors	No. of shares held in the Company singly and / or jointly	Percentage of holding
Mr. Chandresh S. Parikh	15,48,067	10.89
Mr. Rajesh C. Parikh	2,79,978	1.97
Mr. Sudhir R. Parikh	1,98,345	1.39
Mr. Atil C. Parikh	2,79,978	1.97
Mr. Vishnu R. Varshney	20,700	0.15
Mr. Vithaldas D. Talati	7,000	0.05
Mr. Pravinchandra M. Shah	7,000	0.05

In terms of Article 129 of the Articles of Association of the Company, the Directors are not required to hold any qualification shares. The remaining Directors namely Mr. Ram A. Devidayal, Mr. Harish K. Sheth, Mr. Munish Mohan do not hold any shares in the Company.

4. MANAGEMENT

A detailed Management Discussion and Analysis Report form part of the Report of the Board of Directors.

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company.

5. MEANS OF COMMUNICATION

The Quarterly, Half yearly and Annual Results are generally published in widely circulating national and local dailies such as "Economic Times" – English & Gujarati and/or "The Business Standard" – English and "Loksatta" -- Gujarati. These Results are not sent individually to the Shareholders but are put on the website of the Company.

The Company's Results and Official News Releases are displayed on the Company's website www.20microns.com



REPORT ON CORPORATE GOVERNANCE (Contd....)

Pursuant to the Listing of the Company's Equity shares, your Management Team has maintained consistent communication with investors.

6. GENERAL BODY MEETINGS

The details of the last three Annual General Meetings are given below:

Financial Year	Date	Location	Time	No. of Special Resolutions passed
2007-08	29.05.2008	Regd. Office at 9/10, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	12.30 p.m.	1 [One] Special Resolution was passed in respect of appointment of Relative of a Director of the Company
2006-07	31.07.2007	---- do ----	12.30 p.m.	3 [Three] Special Resolutions were passed in respect of revision in the terms of appointment & payment of remuneration to Mr. C.S. Parikh, Managing Director, Mr. R.C. Parikh, Joint Managing Director & Mr. Sudhir R. Parikh, Director [Finance] for the period of 3 years from 01.04.2007.
2005-06	05.08.2006	---- do ----	12.00 noon	3 [Three] Special Resolutions were passed in respect of re-appointment of Mr. R.C. Parikh, Joint Managing Director & Mr. Sudhir R. Parikh, Director [Finance] for a further period of 5 years as also payment of remuneration to the Managerial Personnel for the year 2006-07.

During the year 2008-09, No Extra – ordinary General Meetings were held.

7. CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO & CFO have furnished a Certificate to the Board for the year ended 31st March, 2009.

8. REPORT ON CORPORATE GOVERNANCE

This Report on Corporate Governance forms part of the Annual Report. The Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges of India.

9. COMPLIANCE

A Certificate from the Statutory Auditors of the Company, confirming the compliance with all the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges is annexed at the end of this Report.

10. GENERAL SHAREHOLDERS' INFORMATION

Registered Office

9/10, GIDC Industrial Estate,
 Waghodia – 391760 Tel: + 91-2668-262001
 Dist. Vadodara, Gujarat, India Fax: +91-2668-262447

Annual General Meeting

Day and Date : Thursday, the 20th day of August, 2009
 Time : 3.00 p.m.
 Venue : Registered Office of the Company

REPORT ON CORPORATE GOVERNANCE (Contd....)

Financial Calendar

The Financial Year of the Company is from 1st April to 31st March and the Financial Results will be declared as per the following tentative Schedule:

Particulars	Tentative Schedule
Quarter ending on 30th June, 2009	End July, 2009
Quarter / Half Year ending on 30th September, 2009	End October, 2009
Quarter ending on 31st December, 2009	End January, 2010
Annual Results of the Year 2009-10	Within 3 months of the close of the financial year

Book Closure

The Registers of Members and Share Transfer Books of the Company will be closed from Monday, the 17th August, 2009 to Thursday, the 20th August, 2009 [both days inclusive] for the purpose of 22nd Annual General Meeting.

Listing Details

The Company's Equity shares are listed on the following Stock Exchanges w.e.f. 06th October, 2008:

Name of the Exchange	Address	Code
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Fort, MUMBAI – 400 001.	533022
National Stock Exchange of India Limited	Exchange Plaza, Bandra – Kurla Complex, Bandra [East], MUMBAI – 400 051.	20MICRONS

Annual Listing Fees for the year 2009-10 have been paid by the Company to BSE and NSE.

Registrar and Share Transfer Agents

Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bhanup (West),
 Mumbai – 400 078

Tel: +91-22-25963838
 Fax: +91-22-25960329

Share Transfer System

The Company's shares are traded on Stock Exchanges in Demat as well as Physical Modes.

In Demat mode, the transfers are effected through NSDL & CDSL. Majority of the share transfers take place in this form.

In Physical mode, the transfer of shares are processed and approved and returned to the transferee within one month from the date of lodgment of the same, subject to documents being valid and complete in all respects.

Dematerialisation of Shares and Liquidity

The ISIN code of the Shares of the Company is INE144J01019. As on 31st March, 2009, 49.47 % of the paid-up capital has been



REPORT ON CORPORATE GOVERNANCE (Contd....)

dematerialized as detailed below:

Mode	No. of Shares	% of the total share capital
PHYSICAL	71,78,372	50.53
NSDL	21,88,405	15.41
CDSL	48,38,471	34.06
TOTAL	1,42,05,248	100.00

Stock Performance

The monthly Average Prices of the Shares of the Company are given hereunder:

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
October, 2008	96.25	13.85	80.00	13.50
November, 2008	22.40	15.70	22.35	14.90
December, 2008	18.95	14.70	18.80	14.75
January, 2009	20.00	13.25	19.70	13.20
February, 2009	19.50	14.30	20.00	14.50
March, 2009	16.50	14.00	18.60	13.50

Shareholding Pattern

The Shareholding Pattern of the Company as on 31st March, 2009 is as follows:

Category	No. of Shares	% Shareholding
Promoter & Promoter Group	6706679	47.21
Venture Capital Funds	2675632	18.84
Foreign Institutional Investors	291000	2.05
Bodies Corporate	694889	4.89
Directors/ Relatives	34700	0.24
Office Bearers	284551	2.00
Clearing Members	98912	0.70
Non Resident Indians	783008	5.51
Foreign Companies	51700	0.36
Trusts	513	0.00
Other Individuals	2583664	18.19
TOTAL	14205248	100.00



REPORT ON CORPORATE GOVERNANCE (Contd....)

Distribution of Shareholding

The distribution of shareholding of the Company as on 31st March, 2009 is as follows:

Range of Shares	Number of Shareholders	% to total Shareholding	No. of Shares held	% to total Shareholding
Upto 5000	9834	98.52	2120618	14.93
5001 - 10000	59	0.59	426358	3.00
10001 - 20000	39	0.39	590090	4.15
20001 - 30000	11	0.11	275516	1.94
30001 - 40000	5	0.05	167883	1.18
40001 - 50000	6	0.06	269899	1.90
50001 - 100000	12	0.12	937351	6.60
100001 & above	16	0.16	9417533	66.30
TOTAL	9,982	100.00	1,42,05,248	100.00

Investor Correspondence

In order to facilitate quick redressal of the grievances/queries as also quick disposal of the matters relating to physical share transfers, transmissions, transposition and any other query relating to the shares of the Company, please write to:

Mr. Nikunj Savaliya

Company Secretary & Compliance Officer

20 Microns Limited

307-308, Arundee Complex,

Vadodara - 390 007, Gujarat, India

Tel: +91 265 3057019

Fax: +91 265 2333755

Email: investors@20microns.com



DECLARATION FOR CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreements with the Stock Exchanges, it is hereby declared that the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the Code of Conduct for the year ended 31st March, 2009.

Place : Vadodra
Date : 17.07.2009

Chandresh S. Parikh
Chairman & Managing Director

AUDITORS' CERTIFICATE FOR COMPLIANCE OF CORPORATE GOVERNANCE

To,
The Members of
20 MICRONS LIMITED

We have examined the relevant records of 20 Microns Limited (the Company) for the year ended March 31, 2009 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we state that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, as certified by the share transfer agents of the Company and based on the records maintained by them.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted affairs of the Company.

For **Manubhai & Co.**
Chartered Accountants

Place : Ahmedabad
Date : July 17, 2009

K.C. PATEL
Partner
Membership No. 30083

AUDITORS' REPORT

To,
The Members of
20 MICRONS LIMITED.

1. We have audited the attached Balance Sheet of **20 MICRONS LIMITED** ('the Company') as at 31st March, 2009, and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and related amendments issued by the Central Government of India in terms of sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii. in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. in so far as it relates to the Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.

For **MANUBHAI & CO.**
CHARTERED ACCOUNTANTS

Place: Ahmedabad
Date : April 29, 2009

(K. C. Patel)
Partner
Membership No.: 30083

AUDITORS' REPORT (Contd....)

[Referred to paragraph 3 of our report of even date]

1. In respect of its fixed assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- As explained to us, the fixed assets have been physically verified by the management as per phased programme of verification during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification as compared to the records maintained by the Company.
- In our opinion, the Company has not disposed of any substantial part of fixed assets during the year so as to affect going concern status.

2. In respect of its inventories:

- As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.

3. (i) In respect of loans granted to parties covered in the register maintained u/s 301 of the Companies Act, 1956.

- The Company has not granted loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 170 lacs and the year end balance of the loan granted to such party was Rs 170 lacs.
- In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which loan have been granted to the party listed in the register maintained under section 301 of the companies Act, 1956 are not. Prime facie, prejudicial to the interest of the Company.
- In respect of loan granted by the Company the principal amount is repayable over a period of three year and hence there is no repayment schedule.
- The loan granted by the Company is repayable on within a period of three years and therefore question of overdue amount does not arise.

(ii) In respect of loans taken from parties covered in the register maintained u/s 301 of the Companies Act, 1956.

The Company has not taken any loans or advances in the nature of loans, secured or unsecured from parties covered in the register maintained under section 301 of the Companies Act, 1956 Consequently, reporting requirements as per clauses (iii) (e) to (iii) (g) of paragraph 4 of the Order are not applicable in case of the Company.

4. In respect of internal control

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. In respect of transactions need to be entered into a register maintained u/s 301 of the Companies Act, 1956.

- According to the information and explanation given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so maintained.



AUDITORS' REPORT (Contd....)

- b. Having regard to the nature of transaction and non availability on comparable quotations, the reasonability of price in respect of transaction made in pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect on any party during the year can not be ascertained.

6. In respect of deposits from public

In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public. We are informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. In respect of internal audit system

The Company has appointed firms of chartered accountants as internal auditors. On the basis of reports submitted by internal auditor, in our opinion the internal audit system is commensurate with the size and nature of companies business.

8. In respect of maintenance of cost records

According to information and explanation given to us, neither order has been passed by Central Government nor have cost records been prescribed under section 209(1) (d) of the Companies Act, 1956 in respect of products manufactured by the Company.

9. In respect of statutory dues:

- a. In our opinion and according to the information and explanation given to us, the company has been regular in undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Investor Education and Protection Fund, Employees' State Insurance dues, Custom duty, Excise duty, Professional tax and other statutory dues as may be applicable to the company except in case of Income Tax deducted at Source, Sales Tax and Service Tax where there was some delay on few occasions at some of the locations.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in position to comment upon the regularity or otherwise of the Company in depositing the same.

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31st March, 2009 for a period of more than six months from the date they become payable.

- c. The details of disputed statutory dues that have not been deposited on account of dispute are as under:

Sr. No.	Nature of dues	Amount (in Lacs Rs.)	Forum where dispute is pending
1	Central sales tax and Sales Tax	14.02	Assistant Commissioner of Sales Tax
2	Central Excise	2.29	Central Excise & Gold (Control) Appellate Tribunal

10. In respect of accumulated losses and cash losses

The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

11. In respect of dues to financial institution / banks / debentures

In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.



AUDITORS' REPORT (Contd....)

12. In respect of loans and advances granted on the basis of security.

In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In respect of provisions applicable to Chit fund

In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society as per the Chit Fund Act, 1982 and other state legislations. Therefore, clause 4(xiii) of the Order is not applicable to the Company.

14. In respect of dealing or trading in shares, securities, debentures and other investment

As the company is not dealing or trading in shares, securities, debentures and other investments, provision of clause 4(xiv) of the Order is not applicable to the Company.

15. In respect of guarantee given for loans taken by others

According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions and therefore paragraph 4(xv) of the Order is not applicable.

16. In respect of application of term loans

In our opinion, the term loans have been applied for the purpose for which they were raised.

17. In respect of fund used

According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the company, funds raised on short-term basis have, prima facie, not been used for long-term purpose.

18. In respect of preferential allotment of shares

During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

19. In respect of securities created for debentures

The Company has not issued any debentures during the year therefore paragraph 4(xix) of the Order is not applicable.

20. In respect of end use of money raised by public issues

We have verified the end use of money raised by public issue as disclosed in the notes to the financial statements.

21. In respect of fraud

According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For **MANUBHAI & CO.**
CHARTERED ACCOUNTANTS

Place: Ahmedabad
Date : April 29, 2009

(K.C. Patel)
Partner
Membership No.: 30083



BALANCE SHEET AS AT MARCH 31ST, 2009

(RUPEES IN LACS)

PARTICULARS	SCHEDULE	AS AT March 31st, 2009	AS AT March 31st, 2008
SOURCES OF FUNDS :			
1. SHARE HOLDERS FUND			
a) Share Capital	A	1420.52	1244.48
b) Share Application Money		0.67	-
c) Stock option outstanding		10.27	22.70
d) Reserves and Surplus	B	2148.94	1576.38
		3580.40	2843.56
2. LOAN FUNDS			
a) Secured Loans	C	4848.75	3715.94
b) Unsecured Loans	D	1012.81	935.97
		5861.56	4651.91
		701.09	616.50
		10143.06	8111.97
APPLICATION OF FUNDS :			
1. FIXED ASSETS	E		
Gross Block		8111.63	7606.57
Less : Depreciation and amortization		2963.64	2583.90
Net Block		5147.99	5022.67
Capital Work - in -process		460.01	87.95
		5608.00	5110.62
2. INVESTMENTS	F	90.53	69.09
3. CURRENT ASSETS, LOANS AND ADVANCES	G		
a) Inventories		1906.55	1283.00
b) Sundry Debtors		2328.92	1988.72
c) Cash & Bank Balance		497.75	306.81
d) Other Current assets		157.73	121.09
e) Loans & Advances		1486.00	604.14
		6376.95	4303.76
LESS : CURRENT LIABILITIES AND PROVISIONS	H		
a) Current Liabilities		1679.16	1174.95
b) Provisions		253.25	196.55
		1932.41	1371.50
NET CURRENT ASSETS		4444.54	2932.26
		10143.06	8111.97
Statement of Significant Accounting policies	R		
Notes on Account	S		

As per our audit report attached

 For **Manubhai & Co.**
 Chartered Accountants

For and on behalf of Board of Directors

K. C. Patel
 Partner

Chandresh S Parikh
 Chairman and Managing Director

Rajesh Parikh
 Managing Director

N J Savalia
 Secretary

PM. Shah
 Director

 Place: Ahmedabad
 Date: 29th April 2009

 Place: Vadodara
 Date: 29th April 2009



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31ST, 2009

(RUPEES IN LACS)

PARTICULARS	SCHEDULE	FOR YEAR ENDING ON March 31st, 2009	FOR YEAR ENDING ON March 31st, 2008
INCOME :			
Sales (Gross)	I	14520.62	11468.95
Less:- Excise Duty and Sales Tax		733.82	728.09
Net Sales	J	13786.80	10740.86
Other Income		149.35	49.39
Increase/(Decrease) in Stock of Finished Goods	K	159.04	217.01
		14095.19	11007.26
EXPENDITURE :			
Cost of Materials	L	6452.45	4693.34
Manufacturing Expenses	M	1816.53	1626.11
Payment to and Provision for Employees	N	1511.53	1323.12
Administrative and Other Expenses	O	386.58	368.09
Selling and Distribution Expenses	P	2086.71	1379.59
Research & Development Expenses		31.47	55.46
		12285.27	9445.70
Profit before Depreciation, Interest, Tax and Exceptional Items		1809.92	1561.56
Interest and finance expenses	Q	788.12	525.44
Depreciation and Amortisation		403.59	372.55
Profit before Tax and Exceptional Item		618.21	663.56
Less:- Exceptional Item (Restructuring fees)	S(7)	371.06	39.47
Profit before Tax		247.16	624.09
Less: Current Tax		27.00	69.53
Less: MAT Credit Entitlement		(27.00)	(69.53)
		-	-
Wealth Tax		1.50	-
Fringe Benefit Tax		27.50	18.00
Add: Income Tax adjustment of earlier years		0.39	4.40
Less: Adjustment for Deferred Tax	S(19)	84.59	197.01
Add: MAT Credit Entitlement of earlier year		-	45.60
Net Profit for the Year		133.95	459.10
Less : Charge on account of transitional liability under Accounting Standard AS-15 (Net of Tax)		-	14.37
Less : Adjusted against balance of General reserve		-	12.89
		-	1.48
Balance of Profit / (Loss) as per last Balance Sheet		256.55	(201.05)
BALANCE OF PROFIT CARRIED TO BALANCE SHEET		390.51	256.55
Basic Earning Per Share		1.01	3.69
Diluted Earning Per Share		1.00	3.65
Statement of Significant Accounting policies	R		
Notes on Account	S		

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

K. C. Patel
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh Parikh
Managing Director

N J Savalia
Secretary

P.M. Shah
Director

Place: Ahmedabad
Date: 29th April 2009

Place: Vadodara
Date: 29th April 2009



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

PARTICULARS	(RUPEES IN LACS)	
	AS AT March 31st, 2009	AS AT March 31st, 2008
SCHEDULE -A		
SHARE CAPITAL		
AUTHORISED	2000.00	2000.00
2,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 2,00,00,000 Equity Shares)		
ISSUED SUBSCRIBED AND PAID UP		
14205248 Equity Shares of Rs. 10/- each fully paid up (Previous Year 1,24,44,800)	1420.52	1244.48
"(Of the above (i) 32,65,350 Equity Shares of Rs. 10/- each 'fully paid up' have been issued as Bonus Shares by 'Capitalisation of General Reserve and balance of Profit & Loss Account (ii) 24,62,635 Equity Shares of Rs 10/- 'each fully paid up have been issued to share holders of amalgamating companies on amalgamation.")		
TOTAL	1420.52	1244.48
SCHEDULE-B		
RESERVES AND SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet		12.89
Add:- Transfer from Employees stock option Outstanding (on lapse of the Option)	8.19	
Less: Transfer to Profit and Loss account	-	-12.89
	8.19	-
SHARE PREMIUM		
As per last Balance Sheet	1319.83	1319.83
Add: Proceeds from public offer/Employee Stock Option Scheme	761.66	-
Less: issue expenses adjusted	331.26	-
	1750.23	1319.83
PROFIT AND LOSS ACCOUNT		
TOTAL	390.52	256.55
	2148.94	1576.38
SCHEDULE -C		
SECURED LOANS		
Term Loans from		
Financial Institutions	226.80	283.50
Banks	1584.34	1474.08
	1811.14	1757.58
Working Capital Finance From		
Financial Institutions	-	193.33
Banks	2977.93	1692.41
	2977.93	1885.74
Deferred Payment Credits against assets (Amount Payable within next one year 26.54 Lacs P.Yr. 34.28 Lacs)	59.68	72.62
TOTAL	4848.75	3715.94



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st, 2009	AS AT March 31st, 2008
SCHEDULE-D		
UNSECURED LOANS		
Fixed Deposits		
From Directors	9.10	8.10
From Others	820.17	712.26
	829.27	935.97
Trade Deposit	4.49	5.80
Sales Tax Loan under Sales tax incentive scheme	179.05	209.81
TOTAL	1012.81	935.97

SCHEDULE - E FIXED ASSETS

(RUPEES IN LACS)

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION BLOCK				NET BLOCK	
	As At 01/04/2008	Additions During Year	On Sale/ Adjustments	As At 31/3/2009	Upto 01/04/2008	Provided During Year	On Sale Adjustments	Upto 31/3/2009	As At 31/3/2009
(A) TANGIBLE ASSETS									
FREEHOLD LAND	55.29	0.52	(.44)	55.37	-	-	-	-	55.37
LEASEHOLD LAND	75.07	-	-	75.07	32.05	3.56	-	35.61	39.46
FACTORY BUILDING	1036.47	114.35	-	1150.82	252.22	33.00	-	285.22	865.60
PLANT AND MACHINERY	6037.57	342.13	(47.29)	6332.41	2113.89	321.45	(15.13)	2420.20	3912.21
VEHICLES	200.90	30.11	(15.99)	215.01	62.57	18.67	(8.71)	72.52	142.49
FURNITURE AND OFFICE EQUIPMENTS	201.27	26.68	-	227.95	123.18	15.91	-	139.09	88.86
(B) INTANGIBLE ASSETS									
PROCESS KNOW HOW	-	55.00	-	55.00	-	11.00	-	11.00	44.00
TOTAL (Rs)	7606.57	568.78	(63.72)	8111.63	2583.90	403.59	(23.85)	2963.64	5147.99
PREVIOUS YEARS AS AT 31-03-08	7128.65	527.61	(49.69)	7606.57	2234.67	372.55	(23.33)	2583.90	5022.67

Note:- Pursuant to Accounting Standard AS-28, "Impairment of Assets", there is no impairment of assets.

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st, 2009	AS AT March 31st, 2008
SCHEDULE-F		
INVESTMENTS		
Long Term - Unquoted		
(I) In shares of:		
a) Subsidiary		
154924 ordinary shares of 20 Microns SDN BHD of RM 1.00 each	21.44	-
b) Other Companies		
60000 shares 0.10 % fully paid Redeemable Cumulative Convertible preference shares of Rs. 100 each of Erez Finance and Investment Limited.	60.00	60.00
80000 Equity Shares of Erez Finance & Investment Limited of Rs. 10 each.	8.00	8.00
(II) Other Securities:		
National Saving Certificate (Lodged with Sales tax Authorities)	1.09	1.09
TOTAL	90.53	69.09



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

PARTICULARS	(RUPEES IN LACS)	
	AS AT March 31st, 2009	AS AT March 31st, 2008
SCHEDULE-G		
CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
Raw Materials (Including in transit Rs. 16.92 Lacs P.Yr. 1.08 Lacs)	1012.47	533.38
Finished Goods (Including in transit Rs 74.63 Lacs P.Yr. 7.77 Lacs)	815.94	664.68
Stores & Spares	78.14	84.94
	1906.55	1283.00
SUNDRY DEBTORS		
Debt outstanding for a period exceeding six months		
(a) Considered Good	88.80	110.52
(b) Considered Doubtful	7.86	13.60
	96.66	124.12
Less: Provision for doubtful debts	7.86	13.60
	88.80	110.52
Others (Considered Good)	2240.12	1878.19
	2328.92	1988.72
CASH AND BANK BALANCES		
Cash on Hand	22.46	16.17
Balances with Scheduled Banks		
Fixed Deposit Accounts (Liquid Assets)	70.00	70.00
Fixed Deposit Accounts (Margin money)	101.41	111.69
Current Accounts	303.87	108.95
	497.75	306.81
OTHER CURRENT ASSETS		
Interest receivable on fixed deposit	16.14	6.49
MAT Credit Receivable	141.60	114.60
	157.73	121.09
LOANS AND ADVANCES		
[Unsecured, Considered Good]		
Advances recoverable in cash or kind or for value to be received	518.35	228.56
Loan	170.00	30.97
Advance to Subsidiary (Share Application Money)	28.47	-
Deposits	214.76	153.64
Advance Income Tax	247.13	166.68
Advance for Capital Goods	307.29	24.29
	1486.00	604.14
TOTAL	6376.95	4303.76



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

PARTICULARS	(RUPEES IN LACS)	
	AS AT March 31st, 2009	AS AT March 31st, 2008
SCHEDULE-H		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro and Small Enterprises	54.41	-
Dues to Others	1396.00	978.57
Advances from Customers	17.76	19.76
Capital Expenses	86.33	2.92
Due to bank in current account	4.11	13.97
Interest accrued but not due on deposits	56.84	50.32
Other Liabilities	63.71	109.41
	1679.16	1174.95
PROVISIONS		
Excise and Royalty on finished goods	3.66	12.72
Taxation	202.10	158.60
Provision for Gratuity	47.49	25.23
	253.25	196.55
TOTAL	1932.41	1371.50
PARTICULARS		
	FOR YEAR ENDING ON March 31st, 2009	FOR YEAR ENDING ON March 31st, 2008
SCHEDULE-I		
SALES		
Domestic	13124.01	10306.53
Export	1396.61	1162.42
TOTAL	14520.62	11468.95
SCHEDULE-J		
OTHER INCOME		
Interest on Bank deposits	11.24	12.91
Interest on Loan	36.66	-
Interest to others	1.72	-
Dividend	10.14	0.28
Income tax refund (including interest)	10.63	-
Profit on sales of Assets	1.82	1.39
Export incentive	5.40	-
Royalty received	12.73	9.65
Bad Debts Recovered	7.61	-
Insurance claims	5.26	1.94
Miscellaneous Income	46.15	23.22
TOTAL	149.35	49.39



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

PARTICULARS	(RUPEES IN LACS)	
	FOR YEAR ENDING ON March 31st, 2009	FOR YEAR ENDING ON March 31st, 2008
SCHEDULE-K		
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Closing Stock	815.94	664.68
Less : Opening Stock	656.90	447.67
Increase/(Decrease) in Stock of Finished Goods	159.04	217.01
SCHEDULE-L		
COST OF MATERIALS		
Raw Material Consumed		
Opening Stock	532.31	411.32
Purchases	3483.90	2398.45
Less : Goods in Transit	16.92	1.08
Less : Closing Stock	995.55	532.31
Raw Material Consumed	3003.74	2276.38
Purchase of Goods	3448.71	2416.94
TOTAL	6452.45	4693.34
SCHEDULE-M		
MANUFACTURING EXPENSES		
Power and Fuel	1399.15	1207.65
Factory Expenses and other Manufacturing Expenses	114.60	116.61
Stores & Spares Consumed	20.83	20.03
Repair - Plant & Machinery	271.17	268.10
- Building	10.78	13.72
TOTAL	1816.53	1626.11
SCHEDULE-N		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages, Bonus & Allowance	1301.67	1157.23
Contribution to Provident Fund & Others Funds	65.37	54.94
Gratuity	37.60	8.59
Staff Welfare & Amenities	41.53	38.25
Managerial Remuneration	65.36	61.00
Value of Stock option to Directors	-	3.11
TOTAL	1511.53	1323.12



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

PARTICULARS	(RUPEES IN LACS)	
	FOR YEAR ENDING ON March 31st, 2009	FOR YEAR ENDING ON March 31st, 2008
SCHEDULE-O		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	25.07	20.60
Rates and Taxes	2.58	2.62
Insurance	25.29	23.22
Post, Telephone & Courier	82.40	67.64
Travelling & Conveyance	85.75	78.62
Vehicle Running & Maintenance	32.82	33.95
Professional Fees	29.61	32.26
Auditors Remuneration	3.37	3.15
Directors sitting fees	1.56	1.32
Sales Tax	1.77	23.72
Donation	0.77	0.29
Bad Debts written off	1.42	4.05
Provision for Bad debts	6.26	3.29
Miscellaneous Expenses	87.90	73.36
TOTAL	386.58	368.09
SCHEDULE-P		
SELLING AND DISTRIBUTION EXPENSES		
SELLING EXPENSES		
Travelling Expenses	217.99	174.23
Rebate and Discount	63.53	46.47
Sales Commission	39.60	26.85
Other Selling Expenses	288.87	163.76
	610.00	411.31
DISTRIBUTION EXPENSES		
Freight outward - Local sales	1244.40	736.51
Freight outward - Export sales	170.97	185.96
Service Tax	61.35	45.81
	1476.71	968.28
TOTAL	2086.71	1379.59
SCHEDULE-Q		
INTEREST & FINANCE EXPENSES		
Interest on Term Loans	209.21	221.76
Interest on working Capital Loans	388.05	179.99
Other Interest	118.06	86.48
Bank Commission and Charges	72.80	37.21
TOTAL	788.12	525.45

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

SCHEDULE: R

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. Historical Cost Basis:

The financial statements are prepared under the historical cost convention and in accordance with applicable mandatory accounting standards and relevant presentation requirements of the Companies Act, 1956.

2. Use of Estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3. Revenue Recognition

- A) The Company follows accrual system of accounting for recognizing revenue and expenses.
- B) Export benefits available under the prevalent scheme are accrued in the year in which the goods are exported and are accounted to the extent considered recoverable.

4. Sales

- A) Sales figures are inclusive of Excise duty, Value Added Tax, Central Sales Tax and freight in case of landed rates, but are net of sales returns, and rate difference adjustments.
- B) Domestic sales are accounted on dispatch of products to customers
- C) Export sales are recognized on the dates of export invoice.

5. Fixed Assets and Depreciation

- A) Fixed assets include all expenditure of capital nature and stated at cost (net of Cenvate, wherever applicable) less accumulated depreciation.
- B) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- C) In respect of addition and sales of assets during the year, depreciation is provided on prorata basis.
- D) In case of lease hold land, 95 % cost of lease is being amortized over a period of 20 years or the life of the lease whichever is less.
- E) Expenditure on projects pending capitalization are shown under the head "Capital Work In Progress" which will be capitalized in respective heads of Fixed Assets on commencement of commercial production.
- F) Machinery spares either procured along with plant and machineries or subsequently and whose useful life is expected to be irregular are capitalized and depreciated over residual use life of related plant and machinery.

6. Impairment of Fixed Assets

- A) Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists an asset recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
- B) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

7. Inventories

Raw Materials, Stores & Spares and finished goods are valued at cost or net realizable value whichever is lower. For this purpose cost is arrived at on First in First out basis (FIFO).

8. Foreign Exchange Transactions

- A) Transactions of foreign currency are recorded at the exchange rate as applicable at the date of transaction. Monetary items outstanding as on balance sheet date are revalued at exchange rate prevailing on balance sheet date and the gain / loss is recognized in Profit and Loss Account.
- B) The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the Contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

9. Investments

- A) Current Investments are carried at the lower of cost and quoted / fair value, computed category wise.
- B) Long-term investments are stated at cost added by directly attributable cost. Provision for diminution in the value of long-term investments is made only if such a decline is of other than temporary in nature in the opinion of the management.

10. Employee Benefits

- A) Short term employee benefits are recognized as expenses at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.
- B) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered service. The expense is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.
- C) Long term benefits in the form of provident fund and pension scheme whether in pursuance of any law or otherwise are accounted on accrual basis.

11. Borrowing Cost

Borrowing costs attributable to the acquisition and construction of assets are capitalized as part of the cost of such assets up to the date when such asset are ready for their intended use. Other borrowing cost are treated as revenue expenditure

12. Taxes on Income

- A) Tax expense comprise of current, deferred and fringe benefit taxes.
- B) Current income tax and fringe benefit tax are measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act.
- C) Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.
- D) Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow or resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

14. Employees stock option

The accounting value of stock options is determined on the basis of "Intrinsic value" representing the excess of fair price on the date of grant over the exercise price of the shares granted under the "Employee Stock Options Scheme" of the Company, and is recognized as compensation in the year in which option is granted in accordance with Guidance Note on "Accounting for Employees Share-Based Payments" issued by the Institute of Chartered Accountants of India.

15. Intangible Assets

Acquired Intangible Assets in the form of "Process Know How" is recognized at the cost of acquisition and amortized over a period of 5 years, depending on their estimated useful life.

16. General:

Accounting policies not specifically referred to are consistent with generally accepted accounting practice.

SCHEDULE: S

NOTES TO THE FINANCIAL STATEMENT:

1. Share Capital:

- During the year the Company made Initial Public Offer ("IPO") and offer for sale at a price of Rs 55/- per share. Consequently the Company has allotted 16,75,619 equity shares of Rs 10 each on 25-9-2008. The fully paid up equity shares of the Company were listed for trading on the Bombay Stock Exchange and National Stock Exchange on 6-10-2008.
- The funds of Rs 2393.13 Lacs raised through the IPO have been utilized as under upto March 31, 2009:

(Rs in Lacs)		
SR. NO.	NATURE OF EXPENDITURE	AMOUNT
1	Amount paid to selling shareholders through Offer for Sale	1471.60
2	Issue Expenses	331.26
3	Amount utilized for the expansion of the capacity at various locations	590.33
	TOTAL	2393.19

- Share issue expenses incurred amounting to Rs 331.26 Lacs are adjusted against Share premium received from the public offer during the year.

2. Secured Loans:

- Term loan from financial institutions are secured by equitable mortgage of certain land / plant and machineries of the Company.
- Facilities with bank comprise of term loan and overdraft facilities which are secured by equitable mortgage of certain land / plant and machineries of the Company and against stock and receivable of the Company.
- Deferred payment credits for purchase of vehicles are secured by hypothecation of the respective assets.
- Term Loan due within one year Rs 433.86 Lacs (Previous Year Rs 403.48 Lacs)



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

E) Particulars of Securities charged to Lenders are as under :

SR. NO.	DETAILS OF ASSETS	FIRST CHARGE	FIRST CHARGE ON PARI PASSU BASIS	SECOND CHARGE
I	Present and future movable and immovable assets located at Plot no 172, 174 and 175 Vadadala, Dist. Baroda.	---	I DBI & SBI For Term Loan	SBI For Working Capital
II	Present and future movable and immovable assets located at Plot No 157 Village Mamwara, Dist. Bhuj.	---	I DBI, EXIM & SBI, For Term Loan	SBI For Working Capital
III	Office premises situated at 307/308, Arundee Complex, Race Course, Baroda and at 134 & 135, 1st Floor, Hindustan Kohinoor Ind. Complex, LBS Marg, Vikhroli (W), Mumbai.	---	I DBI, EXIM & SBI For Term Loan	SBI For Working Capital
IV	Present and future movable and immovable assets located at Plot No 104/3 Village, Puthur, Dist Tirunelveli, Tamilnadu.	---	I DBI For Term Loan	
V	Present and future movable and immovable assets located at Plot No F-75/76/82/85 and H-83/84, RIICO Industrial area, Swaroopgunj, Rajasthan.	---	I DBI, EXIM & SBI For Term Loan	SBI For Working Capital
VI	Movable and immovable Assets located at Plot No. 253/254, Waghodia Dist. Baroda (Excluding those as per sr. no. IX)	SBI For Working Capital	---	
VII	Movable and immovable Assets located at Plot No. 9, 10, 11, 728 and 729, at G.I.D.C. Waghodia Dist. Baroda.	SBI For Working Capital	---	
VIII	Movable and immovable Assets located at Plot No. 23/24 at Hosur, Tamilnadu.	SBI For Working Capital	---	
IX	Hypothecation of all the current assets of the company	SBI For Working Capital	---	---

All the term loans and working capital borrowing are further collaterally secured by personal guarantee of Chairman and Managing Director and Whole Time Director of the Company.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

3. Contingent Liabilities :

(Rs in Lacs)

SR. NO.	PARTICULARS	MARCH 31, 2009	MARCH 31, 2008
1	Demand of Sales Tax disputed in appeal.	14.02	16.22
2	Claims from Excise authorities not acknowledged as debt.	2.29	2.29
3	Demand of Income Tax disputed in appeal.	--	9.03

4. Estimated amount of contracts (net of advances) remaining to be executed on capital account, not provided for amounting to Rs. 37.57 lacs (Previous year Rs. 28.37 lacs).
5. In the opinion of the management, the current assets, loans and advances are stated at a value, which is realizable in the ordinary course of business and provision is made for all known material liabilities.
6. Provision for Current Tax is made as per Section 115 JB of the Income Tax Act, 1961. However, Company is entitled to Minimum Alternate Tax Credit as per Section 115 JAA of the Income Tax Act, 1961.
7. Exceptional item appearing in profit and loss account of Rs 371.06 Lacs represent payments made to the Banks for restructuring of Loans taken in the past.
8. The Company has indentified enterprises covered under, the Micro, Small, and Medium Enterprises Development Act, 2006 on the basis of the confirmation received from such enterprises. The amount payable to such enterprises is Rs 46.11 Lacs and interest payable to them is Rs 8.30 Lacs (Previous Year Nil).

9. Auditors remuneration:

(Rs in Lacs)

Particulars	MARCH 31, 2009	MARCH 31, 2008
Audit Fees	3.00	3.00
In other capacity	1.62	2.19
Out of Pocket Expenses	0.66	0.12

10. A) Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or payable during the year, to the Directors:

(Rs in Lacs)

Particulars	MARCH 31, 2009	MARCH 31, 2008
Salaries and Allowances	59.48	54.57
Contribution to P.F.	5.88	5.39
Value of Stock option	--	1.04
Total	65.36	61.00

* Includes remuneration paid to Whole Time Director which is subject to approval of shareholders.

- B) Since managerial personnel are not paid commission, computation of net profit under Section 349 of the Companies Act, 1956 is not stated.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

11. Licensed and Installed Capacity.

A) Licensed: License is not required under the Industries (Development & Regulation) Act.

B) Installed:

Particulars	Unit	MARCH 31, 2009	MARCH 31, 2008
1. Dry Ground Minerals	MT	69400*	67600*
2. Wet Ground Minerals China Clay Hydrous/ Refined and Calcined	MT	26400**	26400**
3. Speciality Chemicals	MT	3150	2400

Installed capacity being technical matter is taken as per certificate of Chairman and Managing director and not verified by the auditors.

* Capacity is variable depending upon the Micron size.

** Capacity is stated on the basis of Technical Report.

C) Particulars in respect of goods manufactured / traded.

(Rs in Lacs)

	Dry Ground Minerals		Wet Ground Minerals		Others	
	Qty MT	Value	Qty MT	Value	Qty MT	Value
Opening Stock	10590 (13897)	400.79 (346.17)	3950 (2826)	238.62 (85.71)	2837 (1876)	17.49 (15.78)
Production	58890 (61129)		15625 (14793)		13492 (12510)	
Purchase for Re Sale	119112 (118030)	2668.72 (2415.79)	(142)	(1.15)		
Purchase for resale (inter divisional)	6440 (2920)		(0)			
Sales*	173238 (156134)	10662.71 (8559.85)	13054 (12753)	2592.23 (1992.12)	2130 (1902)	1265.68 (916.98)
Inter Divisional Sales	12156 (31715)		1370 (1058)		11361 (10118)	
Closing Stock	9814 (8127)	485.30 (400.79)	5152 (3950)	234.55 (238.62)	2838 (2367)	21.46 (17.49)

Note: Figures in bracket relate to previous period.

* Sales quantity includes sales of out sourced materials.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

12. Particulars of Raw Materials Consumed.

(Rs in Lacs)

Particulars	Unit	MARCH 31, 2009		MARCH 31, 2008	
		Qty.*	Value	Qty*	Value
Dry Minerals	MT	74843	1346.02	69242	942.42
Wet Minerals	MT	54441	203.55	66608	254.50
Others		--	1454.17	--	1079.47
Total			3003.74		2276.39

*Consumption includes inter divisional transfers of 12878 MT in dry and 10685 MT in wet process (Previous period 34862 MT in dry and 8035 MT in wet process)

13. Value of imported and indigenous material consumed

(Rs in Lacs)

Particulars		MARCH 31, 2009		MARCH 31, 2008	
		Value (In Rs.)	%	Value (In Rs.)	%
Raw Material	Imported	510.79	17.00	231.20	10.15
	Indigenous	2492.95	83.00	2045.19	89.85
Total		3003.74	100.00	2276.39	100.00
Machinery Spares #	Imported	3.39	1.17	8.32	2.90
	Indigenous	288.61	98.83	279.81	97.10
Total		292.00	100.00	288.13	100.00

Also includes spares consumed for repairs.

14. Value of imports on C.I.F basis in respect of

(Rs in Lacs)

Particulars	MARCH 31, 2009	MARCH 31, 2008
Raw Material & Its Freight	142.64	138.09
Machinery Spares	3.39	33.92
Capital goods	14.64	1.32

15. Expenditure in foreign currency

(Rs in Lacs)

Particulars	MARCH 31, 2009	MARCH 31, 2008
Travelling	13.93	33.59
Sales Commission	18.58	20.14
Other Matters	19.27	20.01



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

16. Earnings in foreign currency

(Rs in Lacs)

Particulars	MARCH 31, 2009	MARCH 31, 2008
FOB Value of Exports	1233.30	1084.82

17. Gratuity

The following table sets out the status of the gratuity plan as required under Accounting Standard AS 15 Employee Benefit (Revised 2005) and the reconciliation of opening balances of the present value of the defined benefit obligation.

A) Changes in Present Value of Obligations.

(Rs in Lacs)

Particulars	March 31, 2009	March 31, 2008
Present Value of Obligation as at the beginning of the year	86.98	82.6
Interest Cost	6.96	7.02
Current Service Cost	11.84	8.79
Actuarial (gain) / Loss on obligations	18.32	(8.87)
Benefits paid	(5.64)	(2.56)
Present value of Obligation as at the end of the year	118.46	86.98

B) Changes in the Fair Value of Plan Assets.

(Rs in Lacs)

Particulars	March 31, 2009	March 31, 2008
Fair Value of Plan Assets at the beginning of the year	61.75	60.83
Expected Return on Plan Assets	5.30	4.90
Contributions	11.02	0.92
Actuarial Gain / (loss) on Plan Assets	(5.06)	(4.90)
Benefit paid	(2.03)	-
Fair Value of Plan Assets at the end of the year	70.98	61.75

C) The amount recognized in balance sheet.

(Rs in Lacs)

Particulars	March 31, 2009	March 31, 2008
Present Value of Obligations as at the end of the year	118.46	86.98
Fair value of plan Assets as at the end of the year	70.98	61.75
Net Asset / (Liability) recognized in Balance sheet	(47.49)	(25.23)

D) Amount recognized in the Profit and loss account.

(Rs in Lacs)

Particulars	March 31, 2009	March 31, 2008
Current Service Cost	11.84	8.79
Interest Cost	6.96	7.02
Expected Return on Plan Assets	(5.30)	(4.90)
Net actuarial (gain) / loss recognized in the year	23.38	(3.96)
Expenses Recognized in the statement of Profit & Loss	36.88	6.95

This amount is disclosed in Schedule 'O' payment to and provision for employees.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

E) Assumptions.

Particulars	March 31, 2009	March 31, 2008
Discount Rate	8.00 %	8.50 %
Rate of increase in Compensation Levels	5.50 %	5.00 %
Rate of Return on Plan Assets	8.00 %	8.00 %

- Discount Rate used for valuing liabilities is based on yields (as on valuation date) of Government Bonds with tenure similar to the expected working lifetime of the employee.
 - Estimates of future salary increase are based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the company.
 - This assumption is based on interest rates declared by L.I.C. on gratuity funds.
18. Related party disclosures as required under the Accounting Standard AS – 18 on "Related Party Disclosures" as notified by The Companies (Accounting Standards) Rules, 2006 are given below:

(A) List of related parties:

- Enterprises where control exists:
 - 20 Microns SDN BHD – Subsidiary Company.
- Enterprises where significant influence exists:
 - 20 Microns Nano Minerals Ltd.
 - Dispersive Minerals and Chemicals India Ltd.
 - Bruno Industrial Products Ltd.
 - Eriez Finance & investment Ltd
 - Aric Industrial Products P. Ltd
 - Trio Techno Minerals P. Ltd
 - Nanotech Minerals India P. Ltd
 - Ultra Minchem Equipments P. Ltd
 - 20 Microns Foundation Trust.
- Key Management Personnel
 - Shri C S Parikh - Chairman and Managing Director
 - Shri S R Parikh - Whole Time Director
 - Shri R C Parikh - Managing Director
 - Shri A C Parikh - Jt. Managing Director
- Relatives of Key Management Personnel:
 - Mrs. I C Parikh - Wife of Shri C S Parikh
 - Shri L R Parikh - Brother of Shri Sudhir Parikh
 - Mrs. D S Parikh - Wife of Shri Sudhir Parikh
 - Mrs. S R Parikh - Wife of Shri Rajesh C Parikh
- Enterprises that exercises significant influence over the Company:
 - Gujarat Venture Capital Fund – 1995.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

(B) Disclosures required for related parties transaction:

- Transactions during the year:

Description	Enterprises where control exists		Enterprises where significant influence exists		Key Management Personnel		Relatives of Key Management Personnel		Enterprises that exercises significant influence over the Company	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Sales	-	-	131.12	190.68	-	-	-	-	-	-
Sales Of Fixed Assets	-	-	20.80	-	-	-	-	-	-	-
Rendering Services	-	-	23.21	-	-	-	-	-	-	-
Rent Received	-	-	1.01	-	-	-	-	-	-	-
Royalty Received	-	-	12.44	9.6	-	-	-	-	-	-
Loan Given	-	-	139.03	29.00	-	-	-	-	-	-
Interest on loan	-	-	21.92	-	-	-	-	-	-	-
Advance Given	-	-	94.35	-	-	-	-	-	-	-
Interest on Advances	-	-	1.05	-	-	-	-	-	-	-
Purchase	-	-	543.00	159.91	-	-	-	-	-	-
Purchase Of Fixed Assets	-	-	8.22	-	-	-	-	-	-	-
Acquisition of process know how	-	-	60.67	-	-	-	-	-	-	-
Share Application	28.47	-	-	-	-	-	-	-	-	-
Money Purchase of Equity Shares	21.44	-	-	-	-	-	-	-	-	-
Reimbursement of IPO Expenses	-	-	-	-	-	-	-	-	50.00	-
Donation Paid	-	-	0.30	-	-	-	-	-	-	-
Deposit Received	-	-	-	-	-	2.50	22.70	12.65	-	-
Interest Paid on Deposit	-	-	-	-	0.37	0.24	4.04	3.72	-	-
Remuneration Paid *	-	-	-	-	-	-	12.76	13.63	-	-

* Particulars of Remuneration paid are given in Note No. 10 above.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

• Balances at the end of the year:

Description	Enterprises where control exists		Enterprises where significant influence exists		Key Management Personnel		Relatives of Key Management Personnel		Enterprises that exercises significant influence over the Company	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Debtors	-	-	175.54	269.49	-	-	-	-	-	-
Loan & Advances Given	-	-	264.35	29.00	-	-	-	-	-	-
Interest Receivable	-	-	21.92	2.54	-	-	-	-	-	-
Royalty	-	-	-	9.60	-	-	-	-	-	-
Rendering Services	-	-	0.10	-	-	-	-	-	-	-
Share Application Money	28.47	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	6.50	2.50	30.85	34.35	-	-

19. The deferred tax liability comprise of the following:

(Rs. In Lacs)

Particulars	As at March 31, 2008	Change during the period	As at 31, 2009
Deferred Tax Liability			
Bad and Doubtful Debts	-	1.11	1.11
Product Development Expenses	-	14.95	14.96
Difference between WDV of fixed assets as per the Income Tax Act, 1961 and the Companies Act, 1956.	902.17	6.33	908.50
Deferred Tax Assets			
Unabsorbed losses and Depreciation	277.10	(72.63)	204.47
Disallowances u/s 40 (a)(ia)	-	1.53	1.53
Disallowances u/s 43 B	-	8.23	8.23
Provision for Gratuity liability	8.57	0.67	9.25
Net Deferred Tax Liabilities	616.50	84.60	701.09

20. Calculation of earning per share:

A) Basic

Particulars	March 31, 2009	March 31, 2008
Profit attributable to Shareholders (Rs.)	Rs 133.95	Rs 459.09
Weighted average no. of Equity shares outstanding during the year	1,33,16,922	1,24,44,800
Nominal Value of Equity Shares (Rs.)	Rs 10/-	Rs 10/-
Basic earning per shares (Rs.)	1.01	3.69

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

B) Diluted

Particulars	Mar 31st, 2009	Mar 31st, 2008
Profit attributable to Shareholders (Rs.)	Rs 133.95	Rs 459.09
Weighted average no. of Equity shares outstanding during the year	1,33,70,956	1,25,64,284
Nominal Value of Equity Shares (Rs.)	Rs 10/-	Rs 10/-
Diluted earning per shares (Rs.)	1.00	3.65

21. Employees Stock Option Scheme – 2007 :

- A) The Shareholders of the Company at the Extra Ordinary General Meeting held on March 28, 2007, approved the introduction of the Employees Stock Option Scheme - 2007 (ESOS-2007) for all the eligible employees of the Company. Under the scheme, 6,22,240 (now revised to 4,33,341 shares in terms of approval of Stock Exchange) Equity Shares of the Company have been earmarked to be granted. Pursuant to this approval, the company instituted ESOS-2007 and the compensation committee of the Company administered this plan.
- B) Pursuant to the above scheme, the employee will have the option to exercise the right within one year from the date of vesting of shares at Rs. 14 per share, being its exercise price.
- C) In accordance with the Guidance Note on "Accounting for Employees Share-Based Payments" the following information relates to the stock options granted by the Company:

Particulars	Stock Options (Numbers)	Range of Exercise Prices	Weighted Average Exercise Prices (Rs.)	Weighted Average Remaining Contractual Life
Outstanding at the beginning of the year	4,54,041	14	14	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	89,630	14	14	-
Lapsed during the year	1,43,184	14	14	-
Outstanding at the end of the year	2,00,527	14	14	4 Months
Exercisable at the end of the year	2,00,527	14	14	-

22. A) The Company uses forward contracts to hedge its risks associated with fluctuations in foreign currency and interest rates. The use of forward contracts is covered by Company's overall strategy. The Company does not use forward covers for speculative purposes.
- B) Part of the foreign currency loans are covered by comprehensive hedge which effectively fixes liability of such loans and further there is no additional risk involved post hedging of such loans.
- C) The outstanding forward contracts as at March 31, 2009 Rs 648.68 Lacs in respect of hedging forward cover.



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS (Contd....)

23. Following current investments were purchased and sold during the year:-

(Rs in Lacs)

Sr. No.	Scheme Name	Total quantity purchased (Units)	Total Value of purchases	Total quantity redeemed (Units)	Total value of redemption
1	Reliance liquid Plus Fund	79909.191	800.00	79909.191	801.44
2	SBI-SHF-Liquid Plus	4533461.479	500.00	4533461.479	506.44
3	SBI Debt fund series-90	918611.060	100.00	918611.060	102.31

24. The Company operates only in one business segment i.e. Industrial Minerals. In view of this, no separate Disclosure is required under AS-17.

25. Previous years figures have been regrouped, rearranged and reclassified wherever necessary to make them comparable with those of current year.

Signatures to the Schedules "A" to "S"

As per our audit report of even date attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

K. C. Patel
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh Parikh
Managing Director

N J Savalia
Secretary

P.M. Shah
Director

Place: Ahmedabad
Date: 29th April 2009

Place: Vadodara
Date: 29th April 2009



CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2009

(Rs in Lacs)

Particulars	March 31, 2009		March 31, 2008	
A. Cash Flow from Operating Activities				
Net Profit before tax and extra ordinary items		247.16		624.09
Adjusted for				
Depreciation and Amortisation	403.59		372.55	
Gratuity Provision	36.89		3.47	
Bad debts written off	1.42		4.05	
(Profit)/Loss on Sale of Assets	(1.82)		(1.39)	
Provision for Doubtful Debts	6.26		3.29	
Sundry balance written-off (Net)	(6.80)		(9.51)	
Dividend Income	(10.14)		(0.28)	
Interest Received on loan	(36.47)		-	
Interest Received on bank deposits	(11.24)		(12.19)	
Interest Paid	738.91		564.92	
Exceptional Item (Restructuring fees)	371.05		-	
Exchange Rate Variation (Net)	30.99		(0.48)	
Forward Premium	18.23		0.00	
Stock Option	-		22.70	
Operating Profit before working capital changes		1788.01		1571.21
Adjusted for				
Increase / (Decrease) in Trade Payable	455.16		360.57	
(Increase) / Decrease in Trade and receivables	(347.88)		(596.59)	
(Increase) / Decrease in Loans / Advances	(764.94)		(153.53)	
(Increase) / Decrease in Other Current Assets	(9.64)		18.86	
(Increase) / Decrease in Inventories	(623.54)		(380.43)	
Cash Generated from Operation		497.17		820.09
Direct Taxes paid	92.56		107.25	
Cash Flow before Exceptional Item		404.60		712.84
Exceptional Item (Restructuring fees)	371.05		-	
Net Cash Inflow / (Outflow) in the course of Operating Activities		33.56		712.84
B. Cash Flow from Investing Activities				
Sale of Fixed Assets	41.69		27.75	
Purchase of Fixed Assets (Including Capital Work In Progress)	(940.84)		(482.18)	
Investment In Subsidiary	(21.44)		-	
Dividend Income	10.14		0.28	
Interest Received on Bank Deposits	11.24		12.19	
Net cash used for investing activities		(899.21)		(441.96)



CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2009 (Contd....)

Particulars	March 31, 2009		March 31, 2008	
C. Cash Flow from Financing Activities				
Borrowings (Net) Long Term	40.62		(316.20)	
Borrowings (Net) Short Term	1169.04		721.73	
Interest Paid	(738.91)		(564.92)	
Forward premium	(18.23)		0.48	
Proceeds from Issue of Share Capital	176.04		-	
Share Application Money Received	0.67		-	
Share premium received	757.42		-	
Share Issue Expenses	(331.26)		-	
Net Cash Inflow/(outflow) in the course of financing activities		1055.39		(158.91)
Net Increase / (Decrease) in Cash and Cash Equivalents		189.74		111.97
Cash and cash equivalents - Opening Balance		303.89		191.92
Cash and cash equivalents - Closing Balance		493.63		303.89

Notes:

- 1) Opening and Closing balance of Cash and Cash equivalents consists of following:

Particulars	March 31, 2009	March 31, 2008
Cash and Bank Balance	497.75	306.81
Less: Due to Bank in Current Account	4.11	2.92
Cash and Cash Equivalents	493.63	303.89

- 2) Cash & Cash equivalents - Closing Balance includes Rs 101.41/- Lacs (Previous Year Rs 111.69/- Lacs) held as margin money deposits with banks.
- 3) Capital Expenditure includes and Interest Paid Excludes Rs. 16.27 Lacs (Previous Year - nil) of Interest Capitalised.
- 4) Bank overdraft and other short term loans have been treated as part of financing activities.
- 5) Previous years figures have been re grouped wherever necessary.

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

K. C. Patel
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh Parikh
Managing Director

N J Savalia
Secretary

P.M. Shah
Director

Place: Ahmedabad
Date: 29th April 2009

Place: Vadodara
Date: 29th April 2009



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

 Registration No. **9768** State Code-04

Balance Sheet Date 31ST March 2009

2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs.THOUSANDS)

Public Issue	16,756	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMT.IN RS.THOUSANDS)

TOTAL LIABILITIES	1,014,306	TOTAL ASSETS	1,014,306
SOURCE OF FUNDS		APPLICATION OF FUNDS	
Paid up Capital	142,052	Net Fixed Assets	560,800
Share Application Money	67	Net Current Assets	444,452
Stock option outstanding	1,027		
Secured Loans	484,875	Investments	9,053
Reserves & Surplus	214,894	Misc. Expenditure	-
Unsecured Loans	101,281	Accumulated Losses	-
Deffered Tax Liability	70,109		

4. PERFORMANCE OF COMPANY (AMOUNT IN RS.THOUSANDS)

Turnover	1,409,519	Total Expenditure	180,992
Profit before Tax	24,716	Profit after Tax	13,396
Earning per Share (In Rs.Annualised)	1.01	Dividend rate %	0

5. GENERIC NAMES OF FOUR PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	252620	
Product Description	Micronised Talc Powder	
Item Code No. (ITC Code)	25309003	
Product Description	Micronised Calcite Powder	



CONSOLIDATED BALANCE SHEET AS AT MARCH 31st , 2009

(Rs in Lacs)

PARTICULARS	SCHEDULE	AS AT March 31st , 2009
SOURCES OF FUNDS :		
1. SHARE HOLDERS FUND		
a) Share Capital	A	1420.52
b) Share Application Money		.67
c) Stock option outstanding		10.27
d) Reserves and Surplus	B	2119.46
e) Capital Reserve on Consolidation		1.30
		3552.23
2. LOAN FUNDS		
a) Secured Loans	C	4848.75
b) Unsecured Loans	D	1012.81
		5861.56
3. DEFERRED TAX LIABILITY (NET)		697.86
TOTAL		10111.64
APPLICATION OF FUNDS :		
1. FIXED ASSETS	E	
a) Gross Block		8114.37
b) Less : Depreciation		2964.16
c) Net Block		5150.21
Capital Work - in -process		460.01
		5610.22
2. INVESTMENTS	F	69.09
3. CURRENT ASSETS, LOANS AND ADVANCES	G	
a) Inventories		1906.55
b) Sundry Debtors		2328.92
c) Cash & Bank Balance		507.66
d) Other Current assets		157.72
e) Loans & Advances		1465.92
		6366.77
LESS : CURRENT LIABILITIES AND PROVISIONS	H	
a) Current Liabilities		1681.20
b) Provisions		253.24
		1934.44
NET CURRENT ASSETS		4432.34
TOTAL		10111.64
Statement of Significant Accounting policies	R	
Notes on Account	S	

As per our audit report attached

 For **Manubhai & Co.**
 Chartered Accountants

For and on behalf of Board of Directors

K. C. Patel
 Partner

Chandresh S Parikh
 Chairman and Managing Director

Rajesh Parikh
 Managing Director

N J Savalia
 Secretary

P.M. Shah
 Director

 Place: Ahmedabad
 Date: 29th April 2009

 Place: Vadodara
 Date: 29th April 2009



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31st, 2009

(Rs in Lacs)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED ON March 31 st , 2009
INCOME :		
Sales (Gross)	I	14533.36
Less:- Excise Duty and Sales Tax		733.82
Net Sales		13799.54
Other Income	J	149.71
Increase/(Decrease) in Stock of Finished Goods	K	152.04
TOTAL		14108.29
EXPENDITURE :		
Cost of Materials	L	6459.11
Manufacturing Expenses	M	1816.53
Payment to and Provision for Employees	N	1513.59
Administrative and Other Expenses	O	414.25
Selling and Distribution Expenses	P	2090.92
Research & Development Expenses		31.47
		12325.87
Profit before Depreciation, Interest, Tax and Exceptional Items		1782.42
Interest and finance expenses	Q	788.32
Depreciation and Amortisation		404.11
		1192.43
Profit before Tax and Exceptional Item		589.99
Less: Exceptional Item (Restructuring fees)	S(7)	371.05
Profit before Tax		218.94
Less: Current Tax		27.00
Less: MAT Credit Entitlement		27.00
		-
Wealth Tax		1.50
Fringe Benefit Tax		27.50
Income Tax adjustment of earlier year		.39
Adjustment for Deferred Tax Debit/ (Credit)	S(19)	81.35
Add: MAT Credit Entitlement of earlier year		
Net Profit for the year		108.98
Balance of (Loss) as per last Balance Sheet		256.55
BALANCE OF PROFIT CARRIED TO BALANCE SHEET		365.53
Basic Earning Per Share		0.82
Diluted Earning Per Share		0.81
Statement of Significant Accounting policies	R	
Notes on Accounts	S	

As per our audit report attached

 For **Manubhai & Co.**
 Chartered Accountants

For and on behalf of Board of Directors

K. C. Patel
 Partner

Chandresh S Parikh
 Chairman and Managing Director

Rajesh Parikh
 Managing Director

N J Savalia
 Secretary

P.M. Shah
 Director

 Place: Ahmedabad
 Date: 29th April 2009

 Place: Vadodara
 Date: 29th April 2009



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs in Lacs)

PARTICULARS	AS AT March 31st, 2009
SCHEDULE -A	
SHARE CAPITAL	2000.00
AUTHORISED	
2,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 2,00,00,000 Equity Shares)	
ISSUED SUBSCRIBED AND PAID UP	1420.52
14205248 Equity Shares of Rs. 10/- each fully paid up (Previous Year 1,24,44,800)	
*(Of the above	
(i) 32,65,350 Equity Shares of Rs. 10/- each fully paid up have been issued as Bonus Shares by 'Capitalisation of General Reserve and balance of Profit & Loss Account	
(ii) 24,62,635 Equity Shares of Rs 10/- ' each fully paid up have been issued to share holders of amalgamating companies on amalgamation.)*	
Total	1420.52
SCHEDULE-B	
RESERVES AND SURPLUS	
GENERAL RESERVE	
As per last Balance Sheet	
Add:- Transfer from Employees stock option	
Outstanding (on lapse of the Option)	8.19
Less:- Transfer to Profit and Loss account	
	8.19
Foreign Currency Translation Reserve	-4.49
SHARE PREMIUM	
As per last Balance Sheet	1319.83
Add:- Proceeds from public offer/ESOS	761.66
Less:- issue expenses adjusted	331.26
	1750.23
Balance in Profit and Loss account	365.53
Total	2119.46



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

PARTICULARS	(Rs in Lacs)
	AS AT March 31st, 2009
SCHEDULE-C	
SECURED LOANS(See Note No.2 in Schedule T)	
Term Loans from	
Financial Institutions	226.80
Banks	1584.34
	1811.14
Working Capital Finance From	
Financial Institutions	
Banks	2977.93
	2977.93
Deferred Payment Credits	
Deferred Payment Credits against assets	59.68
(Amount Payable within next one year 26.54 Lacs P.Yr. 34.28 Lacs)	
Total	4848.75
SCHEDULE-D	
UNSECURED LOANS	
Fixed Deposits	
From Directors	9.10
From Others	820.17
	829.27
Trade Deposit	4.49
Sales Tax Loan under Sales tax incentive scheme	179.05
Total	1012.81

CONSOLIDATED FIX ASSETS

(Rs in Lacs)

SCHEDULE : E

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As At	Additions	On Sale/	Total	Upto	Provided	On Sale	Upto	As At	As At
	01/04/2008	During Year	Adjustments	31/3/2009	01/04/2008	During Year	Adjustments	31/3/2009	31/3/2009	31/3/2008
(A) Tangible Assets										
FREEHOLD LAND	55.29	.52	-.44	55.37					55.37	55.29
LEASEHOLD LAND	75.07			75.07	32.05	3.56		35.61	39.46	43.02
FACTORY BUILDING	1036.47	114.35		1150.82	252.22	33.00		285.22	865.60	784.25
PLANT AND MACHINERY	6037.57	342.13	-47.29	6332.41	2113.89	321.45	-15.13	2420.20	3912.21	3923.69
VEHICLES	200.90	32.57	-15.99	217.47	62.57	19.16	-8.71	73.01	144.46	138.33
FURNITURE AND	201.27	26.95		228.22	123.18	15.94		139.12	89.10	78.09
OFFICE EQUIPMENTS										
(B) Intangible Assets										
PROCESS KNOW HOW		55.00		55.00		11.00		11.00	44.00	
TOTAL RS.	7606.57	571.52	-63.72	8114.37	2583.90	404.11	-23.85	2964.16	5150.21	5022.67
PREVIOUS YEAR	7128.65	527.61	-49.69	7606.57	2234.67	372.55	(23.33)	2583.90	5022.67	4893.98

Note:- Pursuant to Accounting Standard AS-28, "Impairment of Assets", there is no impairment of assets.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

(Rs in Lacs)

PARTICULARS	AS AT March 31st, 2009
SCHEDULE-F	
INVESTMENTS	
Long Term - Unquoted	
(i) In shares of:	
60000 shares 0.10 % fully paid Redeemable Cumulative Convertible preference shares of Rs. 100 each of Erez Finance and Investment Limited.	60.00
80000 Equity Shares of Erez Finance & Investment Limited of Rs. 10 each.	8.00
(ii) Other Securities:	
National Saving Certificate (Lodged with Sales tax Authorities)	1.09
Total	69.09
SCHEDULE-G	
CURRENT ASSETS, LOANS AND ADVANCES	
INVENTORIES	
Raw Materials (Including in transit Rs. 16.92 Lacs P.Yr. 1.08 Lacs)	1012.47
Finished Goods (Including in transit Rs 74.63 Lacs P.Yr. 7.77 Lacs)	815.94
Stores & Spares	78.14
Total	1906.55
SUNDRY DEBTORS	
Debt outstanding for a period exceeding six months	
(a) Considered Good	88.80
(b) Considered Doubtful	7.86
	96.66
Less:-Provision for doubtful debts	7.86
	88.80
Others (Considered Good)	2240.12
Total	2328.92
CASH AND BANK BALANCES	
Cash on Hand	22.95
Balances with Scheduled Banks	
Fixed Deposit Accounts (Liquid Assets)	70.00
Fixed Deposit Accounts (Margin money)	101.41
Current Accounts	313.16
Total	507.52



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

PARTICULARS	AS AT March 31st, 2009
OTHER CURRENT ASSETS	
Interest receivable on fixed deposit	16.13
MAT Credit Receivable	141.59
	157.72
LOANS AND ADVANCES	
[Unsecured, Considered Good]	
Advances recoverable in cash or kind or for value to be received	519.55
Loan	170.00
Deposits	221.95
Advance Income Tax	247.13
Advance for Capital Goods	307.29
Total	1465.92
SCHEDULE-H	
CURRENT LIABILITIES AND PROVISIONS	
CURRENT LIABILITIES	
Sundry Creditors	
Dues to Micro and Small Enterprises	54.41
Dues to Others	1397.17
Advances from Customers	17.76
Capital Expenses	4.11
Due to bank in current account	86.33
Interest accrued but not due on deposits	56.84
Other Liabilities	64.53
	1681.17
PROVISIONS	
Excise and Royalty on finished goods	3.66
Taxation	202.10
Provision for Gratuity	47.49
	253.24
TOTAL	1934.41

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

PARTICULARS	AS AT March 31st, 2009
SCHEDULE-I	
SALES	
Domestic	13124.01
Export	1409.35
Total	14533.36
SCHEDULE-J	
OTHER INCOME	
Interest on Bank deposits	11.24
Interest on Loan	36.66
Interest to others	1.72
Dividend	10.14
Income tax refund (including interest)	10.63
Profit on sales of Assets	1.82
Export incentive	5.40
Royalty received	12.73
Bad Debts Recovered	7.61
Insurance claims	5.26
Miscellaneous Income	46.51
TOTAL	149.71
SCHEDULE-K	
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS	
Closing Stock	815.94
Less : Opening Stock	656.90
Increase/(Decrease) in Stock of Finished Goods	159.04
SCHEDULE-L	
COST OF MATERIALS	
Raw Material Consumed	
Opening Stock	532.31
Purchases	4168.82
	4701.12
Less : Goods in Transit	16.92
Less : Closing Stock	995.55
Raw Material Consumed	3688.66
Purchase of Goods	2770.45
Total	6459.11



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

PARTICULARS	AS AT March 31st, 2009
SCHEDULE-M	
MANUFACTURING EXPENSES	
Power and Fuel	1399.15
Factory Expenses and other Manufacturing Expenses	114.60
Stores & Spares Consumed	20.83
Repairs - Plant & Machinery	271.17
- Building	10.78
Total	1816.53
SCHEDULE-N	
PAYMENT TO AND PROVISION FOR EMPLOYEES	
Salaries, Wages, Bonus & Allowance	1302.75
Contribution to Provident Fund & Others Funds	65.37
Gratuity	37.60
Staff Welfare & Amenities	41.59
Managerial Remuneration	66.28
Total	1513.59
SCHEDULE-O	
ADMINISTRATIVE AND OTHER EXPENSES	
Vehicle Running & Maintenance	33.24
Rent	33.39
Rates and Taxes	2.58
Insurance	25.33
Post, Telephone & Courier	83.60
Travelling & Conveyance	88.29
Directors sitting fees	1.56
Professional Fees	35.69
Auditors Remuneration	4.10
Donation	.77
Sales Tax	1.77
Bad Debts written off	1.42
Provision for Bad debts	6.26
Administrative Expenses	96.27
Total	414.25



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

PARTICULARS	AS AT March 31st, 2009
SCHEDULE-P	
SELLING AND DISTRIBUTION EXPENSES	
SELLING EXPENSES	
Travelling Expenses	217.99
Rebate and Discount	63.53
Sales Commission	39.60
Other Selling Expenses	288.89
	610.02
DISTRIBUTION EXPENSES	
Freight outward- Local sales	1248.59
Freight outward- Export sales	170.97
Service Tax	61.35
	1480.91
Total	2090.92
SCHEDULE-Q	
INTEREST & FINANCE EXPENSES	
Interest on Term Loans	209.21
Other Interest	118.06
Interest on working Capital Loans	388.05
Bank Commission and Charges	73.00
Total	788.32

SCHEDULE: R

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. Principles of Consolidation:

The consolidated Financial Statements include the financial statements of 20 Microns Limited and its subsidiary. The Consolidated Financial Statements of the group have been prepared in accordance with Accounting Standard AS-21 'Consolidated Financial Statements' as applicable Company Accounting Standard Rules, 2006.

Consolidated Financial Statements normally include consolidated balance sheets, consolidated statement of profit and loss, consolidated statement of cash flows and notes to the consolidated financial statements and explanatory statements that form an integral part thereof. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent for its separate financial statements.

The consolidated financial statements have been combined on a line-by-line basis by adding the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balance/transactions and resulting unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserve of the entity to be consolidated.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

2. Historical Cost Basis:

The financial statements are prepared under the historical cost convention and in accordance with applicable mandatory accounting standards and relevant presentation requirements of the Companies Act, 1956.

3. Use of Estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

4. Revenue Recognition

- A) The Company follows accrual system of accounting for recognizing revenue and expenses.
- B) Export benefits available under the prevalent scheme are accrued in the year in which the goods are exported and are accounted to the extent considered recoverable.

5. Sales

- A) Sales figures are inclusive of Excise duty, Value Added Tax, Central Sales Tax and freight in case of landed rates, but are net of sales returns, and rate difference adjustments.
- B) Domestic sales are accounted on dispatch of products to customers
- C) Export sales are recognized on the dates of export invoice.

6. Fixed Assets and Depreciation

- A) Fixed assets include all expenditure of capital nature and stated at cost (net of Cenvate, wherever applicable) less accumulated depreciation.
- B) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- C) In respect of addition and sales of assets during the year, depreciation is provided on prorata basis.
- D) In case of lease hold land, 95 % cost of lease is being amortized over a period of 20 years or the life of the lease whichever is less.
- E) Expenditure on projects pending capitalization is shown under the head "Capital Work In Progress" which will be capitalized in respective heads of Fixed Assets after commencement of commercial production.
- F) Machinery spares either procured along with plant and machineries or subsequently and whose useful life is expected to be irregular are capitalized and depreciated over residual use life of related plant and machinery.
- G) Plant and equipment Plant and equipment and stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on straight-line basis over the expected useful lives of the plant and equipment concerned.

The principal annual rates used are:

Computers	10%
Motor Vehicle	20%
Office equipment	10%

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

7. Impairment of Fixed Assets

- A) Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists an assets recoverable amount is estimated, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.
- B) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

8. Inventories

Raw Materials, Stores & Spares and finished goods are valued at cost or net realizable value whichever is lower. For this purpose cost is arrived at on First in First out basis (FIFO).

9. Foreign Exchange Transactions

- A) Transactions of foreign currency are recorded at the exchange rate as applicable at the date of transaction. Monetary items outstanding as on balance sheet date are revalued at exchange rate prevailing on balance sheet date and the gain / loss is recognized in Profit and Loss Account.
- B) The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the Contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

10. Investments

- A) Current Investments are carried at the lower of cost and quoted / fair value, computed category wise.
- B) Long-term investments are stated at cost added by directly attributable cost. Provision for diminution in the value of long-term investments is made only if such a decline is of other than temporary in nature in the opinion of the management.

11. Employee Benefits

- A) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered service. The expense is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.
- B) Long term benefits in the form of provident fund and pension scheme whether in pursuance of any law or otherwise are accounted on accrual basis.
- C) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.

12. Borrowing Cost

Borrowing costs attributable to the acquisition and construction of assets are capitalized as part of the cost of such assets up to the date when such asset is ready for its intended use. Other borrowing costs are treated as revenue expenditure.

13. Taxes on Income

- A) Tax expense comprise of current, deferred and fringe benefit taxes.
- B) Current income tax and fringe benefit tax are measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

- C) Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

14. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

15. Employees stock option

The accounting value of stock options is determined on the basis of "Intrinsic value" representing the excess of fair price on the date of grant over the exercise price of the shares granted under the "Employee Stock Options Scheme" of the Company, and is recognized as compensation in the year in which option is granted in accordance with Guidance Note on "Accounting for Employees Share-Based Payments" issued by the Institute of Chartered Accountants of India.

16. Intangible Assets

Acquired Intangible Assets in the form of "Process Know How" is recognized at the cost of acquisition and amortized over a period of 5 years, depending on their estimated useful life.

SCHEDULE: S

NOTES TO THE FINANCIAL STATEMENT:

- The audited financial statement of 20 Microns SDN BHD has been prepared in accordance with Financial Reporting Standard of Malaysia. Differences in accounting policies of the Company and Subsidiary are not material.
- The Financial Statements of subsidiary are for the period from 25th February 2008 to 31st March 2009.
- Share Capital:**
 - During the year the Holding Company made Initial Public Offer (IPO) and offer for sale at a price of Rs 55/- per share. Consequently the Company has allotted 16,75,619 equity shares of Rs 10 each on 25-9-2008. The fully paid up equity shares of the Company were listed for trading on the Bombay Stock Exchange and National Stock Exchange on 6-10-2008.
 - The funds of Rs 2393.13 Lacs raised through the IPO have been utilized as under up to March 31, 2009:

SR. NO.	NATURE OF EXPENDITURE	AMOUNT
1	Amount paid to selling shareholders through Offer for Sale	1471.60
2	Issue Expenses	331.26
3	Amount utilized for the expansion of the capacity at various locations	590.33
	TOTAL	2393.19

- Share issue expenses incurred amounting to Rs 331.26 Lacs are adjusted against Share premium received from the public offer during the year.
- Secured Loans:**
 - Term loan from financial institutions are secured by equitable mortgage of certain land / plant and machineries of the Group.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

- B) Facilities with bank comprise term loan and overdraft facilities which are secured by equitable mortgage of certain land / plant and machineries of the Group and against stock and receivable of the Group.
- C) Deferred payment credits for purchase of vehicles are secured by hypothecation of the respective assets.
- D) Term Loan due within one year Rs 433.86 Lacs (PYr Rs 403.48 Lacs)
- E) Particulars of Securities charged to Lenders are as under :-

Sr. No.	DETAILS OF ASSETS	FIRST CHARGE	FIRST CHARGE ON PARI PASSU BASIS	SECOND CHARGE
I	Present and future movable and immovable assets located at Plot no 172, 174 and 175 Vadadala, Dist. Baroda.	---	I DBI & SBI For Term Loan	SBI For Working Capital
II	Present and future movable and immovable assets located at Plot No 157 Village Mamuara, Dist. Bhuj.	---	I DBI, EXIM & SBI, For Term Loan	SBI For Working Capital
III	Office premises situated at 307/308, Arundee Complex, Race Course, Baroda and at 134 & 135, 1st Floor, Hindustan Kohinoor Ind. Complex, LBS Marg, Vikhroli (W), Mumbai.	---	IDBI, EXIM & SBI For Working Capital	SBI For Working Capital
IV	Present and future movable and immovable assets located at Plot No 104/3 Village, Puthur, Dist Tirunelveli, Tamilnadu.	---	IDBI For Term Loan	---
V	Present and future movable and immovable assets located at Plot No F-75/76/82/85 and H-83/84, RIICO Industrial area, Swaroopgunj, Rajasthan.	---	IDBI, EXIM & SBI For Term Loan	SBI For Working Capital
VI	Movable and immovable Assets located at Plot No. 253/254, Waghodia Dist. Baroda (Excluding those as per sr. no. ix)	SBI For Working Capital	---	---
VII	Movable and immovable Assets located at Plot No. 9, 10, 11, 728 and 729, at G.I.D.C. Waghodia Dist. Baroda.	SBI For Working Capital	---	---
VIII	Movable and immovable Assets located at Plot No. plot No. 23/24 at Hasur, Tamilnadu.	SBI For Working Capital	---	---
IX	Hypothecation of all the current assets of the company	SBI For Working Capital	---	---

All the term loans and working capital borrowings are further collaterally secured by personal guarantee of Chairman and Managing Director and Whole Time Director of the Company.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

5. Contingent Liabilities :

(Rs in Lacs)

SR. NO.	PARTICULARS	MARCH 31, 2009
1	Demand of Sales tax disputed in appeal.	14.02
2	Claims from Excise authorities not acknowledged as debt.	2.29
3	Demand of Income Tax disputed in appeal.	--

- Estimated amount of contracts (net of advances) remaining to be executed on capital account, not provided for amounting to Rs. 37.57 lacs.
- In the opinion of the management, the current assets, loans and advances are stated at a value, which is realizable in the ordinary course of business and provision is made for all known material liabilities.
- Provision for Current Tax is made as per Section 115 JB of the Income Tax Act, 1961. However, Company is entitled to Minimum Alternate Tax Credit as per Section 115 JAA of the Income Tax Act, 1961.
- Exceptional item appearing in profit and loss account of Rs 371.05 Lacs represent payments made to the Banks for restructuring of Loans taken in the past.

10. Gratuity

The following table sets out the status of the gratuity plan as required under Accounting Standard AS 15 Employee Benefit (Revised 2005) and the reconciliation of opening balances of the present value of the defined benefit obligation.

A) Changes in Present Value of Obligations.

(Rs in Lacs)

Particulars	March 31, 2009
Present Value of Obligation as at the beginning of the year	86.98
Interest Cost	6.96
Current Service Cost	11.84
Actuarial (gain) / Loss on obligations	18.32
Benefits paid	(5.64)
Present value of Obligation as at the end of the year	118.46

B) Changes in the Fair Value of Plan Assets.

(Rs in Lacs)

Particulars	March 31, 2009
Fair Value of Plan Assets at the beginning of the year	61.75
Expected Return on Plan Assets	5.30
Contributions	11.02
Actuarial Gain / (loss) on Plan Assets	(5.06)
Benefit paid	(2.03)
Fair Value of Plan Assets at the end of the year	70.98



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

- C) The amount recognized in balance sheet.

(Rs in Lacs)

Particulars	March 31, 2009
Present Value of Obligations as at the end of the year	118.46
Fair value of plan Assets as at the end of the year	70.98
Net Asset / (Liability) recognized in Balance sheet	(47.49)

- D) Amount recognized in the Profit and loss account.

(Rs in Lacs)

Particulars	March 31, 2009
Current Service Cost	11.84
Interest Cost	6.96
Expected Return on Plan Assets	(5.30)
Net actuarial (gain) / loss recognized in the year	23.38
Expenses Recognized in the statement of Profit & Loss	36.88

This amount is disclosed in Schedule 'O' payment to and provision for employees.

- E) Assumptions.

(Rs in Lacs)

Particulars	March 31, 2009
Discount Rate #	8.00 %
Rate of increase in Compensation Levels	5.50 %
Rate of Return on Plan Assets	8.00 %

Discount Rate used for valuing liabilities is based on yields (as on valuation date) of Government Bonds with tenure similar to the expected working lifetime of the employee

Estimates of future salary increase are based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the company.

This assumption is based on interest rates declared by L.I.C. on gratuity funds.

11. Related party disclosures as required under the Accounting Standard AS – 18 on "Related Party Disclosures" as notified by The Companies (Accounting Standards) Rules, 2006 are given below:

(A) List of related parties:

- (i) Enterprises where control exists:
- a. 20 Microns SDN BHD – Subsidiary Company.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

- (ii) Enterprises where significant influence exists:
 - a. 20 Microns Nano Minerals Ltd.
 - b. Dispersive Minerals and Chemicals India Ltd.
 - c. Bruno Industrial Products Ltd.
 - d. Eriez Finance & investment Ltd
 - e. Aric Industrial Products P. Ltd
 - f. Trio Techno Minerals P. Ltd
 - g. Nanotech Minerals India P. Ltd
 - h. Ultra Minchem Equipments P. Ltd
 - i. 20 Microns Foundation Trust.
- (iii) Key Management Personnel
 - a. Shri C S Parikh - Chairman and Managing Director
 - b. Shri S R Parikh - Whole Time Director
 - c. Shri R C Parikh - Managing Director
 - d. Shri A C Parikh - Jt. Managing Director
- (iv) Relatives of Key Management Personnel:
 - a. Mrs. I C Parikh - Wife of Shri C S Parikh
 - b. Shri L R Parikh - Brother of Shri Sudhir Parikh
 - c. Mrs. D S Parikh - Wife of Shri Sudhir Parikh
 - d. Mrs. S R Parikh - Wife of Shri Rajesh C Parikh
- (v) Enterprises that exercises significant influence over the Company:
 - a. Gujarat Venture Capital Fund – 1995.



SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

(B) Disclosures required for related parties transaction:

- Transactions during the year:

	Enterprises where control exists	Enterprises where significant influence	Key Management Personnel	Relatives of Key Management Personnel	Enterprises that exercises significant influence over the Company
Sales	-	131.12	-	-	-
Sales Of Fixed Assets	-	20.80	-	-	-
Rendering Services	-	23.21	-	-	-
Rent Received	-	1.01	-	-	-
Royalty Received	-	12.44	-	-	-
Loan Given	-	139.03	-	-	-
Interest on loan	-	21.92	-	-	-
Advance Given	-	94.35	-	-	-
Interest on Advances	-	1.05	-	-	-
Purchase	-	543.00	-	-	-
Purchase Of Fixed Assets	-	8.22	-	-	-
Acquisition of process know how	-	60.67	-	-	-
Share Application Money	28.47	-	-	-	-
Purchase of Equity Shares	21.44	-	-	-	-
Reimbursement of IPO Expenses	-	-	-	-	50.00
Donation Paid	-	0.30	-	-	-
Deposit Received	-	-	-	22.70	-
Interest Paid on Deposit	-	-	0.37	4.04	-
Remuneration Paid *	-	-	65.36	12.76	-
Debtors	-	175.54	-	-	-
Loan & Advances Given	-	264.35	-	-	-
Interest Receivable	-	21.92	-	-	-
Royalty	-	-	-	-	-
Rendering Services	-	0.10	-	-	-
Share Application Money	28.47	-	-	-	-
Deposits	-	-	6.50	30.85	-

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

12. The deferred tax liability comprise of the following:

(Rs. In Lacs)

Particulars	As at March 31, 2008	Change during the period	As at March 31, 2009
Deferred Tax Liability			
Bad and Doubtful Debts	--	1.11	1.11
Product Development Expenses	--	14.95	14.95
Difference between WDV of fixed assets as per the Income Tax Act, 1961 and the Companies Act, 1956.	902.17	6.44	908.61
Deferred Tax Assets			
Unutilized Capitalized Allowance	--	0.22	0.22
Unabsorbed losses and Depreciation	277.10	(69.50)	207.60
Disallowances u/s 40 (a)(ia)	--	1.53	1.53
Disallowances u/s 43 B	--	8.23	8.23
Provision for Gratuity liability	8.57	0.67	9.24
Net Deferred Tax Liabilities	616.50	81.35	697.85

13. Calculation of earning per share:

A) Basic

Particulars	March 31, 2009
Profit attributable to Shareholders (Rs.)	Rs 108.98
Weighted average no. of Equity shares outstanding during the year	1,33,16,922
Nominal Value of Equity Shares (Rs.)	Rs 10/-
Basic earnings per shares (Rs.)	0.82

B) Diluted

Particulars	March 31, 2009
Profit attributable to Shareholders (Rs.)	Rs 108.98
Weighted average no. of Equity shares outstanding during the year	1,33,70,956
Nominal Value of Equity Shares (Rs.)	Rs 10/-
Diluted earnings per shares (Rs.)	0.81

14. Employees Stock Option Scheme – 2007:

- A) The Shareholders of the Company at the Extra Ordinary General Meeting held on March 28, 2007, approved the introduction of the Employees Stock Option Scheme - 2007 (ESOS-2007) for all the eligible employees of the Company. Under the scheme, 6,22,240 (Now revised to 4,33,341 shares in terms of approval of Stock Exchange) Equity Shares of the Company have been earmarked to be granted. Pursuant to this approval, the company instituted ESOS-2007 and the compensation committee of the Company administered this plan.
- B) Pursuant to the above scheme, the employee will have the option to exercise the right within one year from the date of vesting of shares at Rs. 14 per share, being its exercise price.

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd....)

- C) In accordance with the Guidance Note on "Accounting for Employees Share-Based Payments" the following information relates to the stock options granted by the Company:

Particulars	Stock Options (Numbers)	Range of Exercise Prices	Weighted Average Exercise Prices (Rs.)	Weighted Average Remaining Contractual Life
Granted during the year	5,53,431	14	14	-
Forfeited during the year	-	-	-	-
Exercised during the year	89,630	14	14	-
Lapsed during the year	2,63,274	14	14	-
Outstanding at the end of the year	2,00,527	14	14	4 Months
Exercisable at the end of the year	2,00,527	14	14	-

2. A) The Company uses forward contracts to hedge its risks associated with fluctuations in foreign currency and interest rates. The use of forward contracts is covered by Company's overall strategy. The Company does not use forward covers for speculative purposes.
- B) Part of the foreign currency loans are covered by comprehensive hedge which effectively fixes liability of such loans and further there is no additional risk involved post hedging of such loans.
- C) The outstanding forward contracts as at March 31, 2009 Rs 648.68 Lacs in respect of hedging forward cover.
15. Following current investments were purchased and sold during the year:-

Sr. No.	Scheme Name	Total quantity purchased (Units)	Total Value of Purchases	Total quantity redeemed	Total of redemption
1	Reliance liquid Plus Fund	79909.191	800.00	79909.191	801.44
2	SBI-SHF-Liquid Plus	4533461.479	500.00	4533461.479	506.44
3	SBI Debt fund series-90	918611.060	100.00	918611.060	102.31

16. The Group operates only in one business segment i.e. Industrial Minerals. In view of this, no separate Disclosure is required under AS-17.
17. Previous years are not given as this is the first year of the consolidation.

Signatures to the Schedules "A" to "S"

As per our audit report of even date attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

K. C. Patel
Partner
Place: Ahmedabad
Date: 29th April 2009

Chandresh S Parikh
Chairman and Managing Director
Place: Vadodra
Date: 29th April 2009

Rajesh Parikh
Managing Director

N J Savalia
Secretary

P.M. Shah
Director



CONSOLIDATE CASH FLOW STATEMENT

FOR THE YEAR ENDED ON MARCH 31ST, 2009

Notes:

- 1) Opening and Closing balance of Cash and Cash equivalents consists of following: (Rs. In lacs)

Particulars	March 31, 2009
Cash and Bank Balance	507.66
Less: Due to Bank in Current Account	4.11
Cash and Cash Equivalents	503.54

- 2) Cash & Cash equivalents - Closing Balance includes Rs. 101.41/- Lacs held as margin money deposits with banks.
 3) Capital Expenditure includes and Interest Paid Excludes Rs. 16.27 Lacs (Previous Year - nil) of Interest Capitalised.
 4) Bank overdraft and other short term loans have been treated as part of financing activities.
 5) Previous years figures have been re grouped wherever necessary.

As per our audit report of even date attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

K. C. Patel
Partner

Chondresh S Parikh
Chairman and Managing Director

Rajesh Parikh
Managing Director

N J Savalia
Secretary

P.M. Shah
Director

Place: Ahmedabad
Date: 29th April 2009

Place: Vadodara
Date: 29th April 2009

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

RELATING TO SUBSIDIARY COMPANY FOR THE YEAR ENDED 31ST MARCH, 2009

- | | |
|---|---|
| 1. Name of the Subsidiary Company | : 20 Microns SDN BHD. |
| 2. The Financial Year of the Subsidiary Company ended on | : 31st March, 2009 |
| 3. Number of Equity Shares held by 20 Microns Ltd. in the Subsidiary as at the end of the financial year of the subsidiary. | : 1,54,924 Ordinary shares of RM 1.00 Fully paid. |
| Extent of Interest of 20 Microns Ltd. in the capital of the Subsidiary at the of the financial year of the Subsidiary. | : 99.99% |
| 4. Net aggregate amount of the Subsidiary's : Profit / (Loss) not dealt with in the Company's Accounts. | |
| A. For the Subsidiary Company's financial year ended on 31st March, 2009. | : NIL |
| B. For the Subsidiary Company's previous financial years since it became the Holding Company's Subsidiary | : NIL |
| 5. Net aggregate of the Subsidiary Company's Profit / (Loss) dealt with in the Company's Accounts. | |
| C. For the Subsidiary Company's financial year ended on 31st March, 2006. | : Loss Rs. 28.22 Lacs |
| a) For the Subsidiary Company's previous financial years since it became the Holding Company's Subsidiary. | : N. A. |

For and on behalf of Board of Directors

Chandresh S Parikh
Chairman and Managing Director

Rajesh Parikh
Managing Director

N J Savalia
Secretary

P.M. Shah
Director

Place: Vadodara
Date: 29th April 2009



20 MICRONS
SDN. BHD.

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 2009 OF

20 MICRONS
SDN. BHD.

(807569-H)
(Incorporated in Malaysia)



DIRECTORS' REPORT

The directors hereby submitted their Report together with the audited financial statements of the Company for the financial period from 25 February 2008 (the date of incorporation) to 31 March 2009.

PRINCIPAL ACTIVITY

The Company commenced business operations during the financial period and is principally involved in the trading of calcium carbonate.

There has been no significant change in the nature of this activity during the financial period.

HOLDING COMPANY

The immediate and ultimate holding company is 20 Microns Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange, which holds 99.99% of the Company's issued equities.

FINANCIAL RESULTS

	RM
Net loss after taxation	(182,633)

DIVIDENDS

No dividends have been paid, declared or proposed by the Company since the date of incorporation.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period except as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and are satisfied that there were no bad and doubtful debts.

At the date of this Report, the directors are not aware of any circumstances that would render it necessary to write off bad debts or to provide for doubtful debts.

ISSUE OF SHARES AND DEBENTURES

In accordance with the Company's Memorandum of Association, the Company had issued two subscribers shares of RM1 each at par for cash upon its incorporation on 25 February 2008.

During the financial period, the Company had increased:

- Its authorised ordinary share capital from RM100,000 to RM5,000,000 by the creation of 4,900,000 ordinary shares of RM1 each; and
- its issued and paid up ordinary share capital from RM2 to RM154,926 by an allotment of 154,924 new ordinary shares of RM1 each at par for cash to provide additional working capital.

The Company did not issue any debentures during the financial period.

DIRECTORS' REPORT (Contd....)

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company, were written down to an amount that they might be expected to realise.

At the date of this Report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

At the date of this Report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this Report, there does not exist:

- (i) any charge on the assets of the Company that has arisen since the end of the financial period which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Company that has arisen since the end of the financial period.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this Report, the directors are not aware of any circumstances, not otherwise dealt with in this Report or the financial statements of the Company which would render any amount stated in the financial statements of the Company misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

- (i) the result of the operations of the Company for the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.
- (ii) there has not arisen in the interval between the end of the financial period and the date of this Report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Company for the financial period in which this Report is made.

DIRECTORS

The directors in office since the date of incorporation are:

Krishnaji Rao Vengoba Rao	(Appointed on 2.7.08)
Rajesh Chandreshbhai Parikh	(Appointed on 21.12.08)
Atil Chandresh Parikh	(Appointed on 23.12.08)
Shah Mehulkumar Dilipbhai	(First Director; Resigned on 21.12.08)
Kashif Iqbal	(First Director; Resigned on 2.7.08)



DIRECTORS' REPORT (Contd....)

In accordance with the Company's Articles of Association, all the directors retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

The directors holding office at the end of the financial period and their interests in the share capitals of the Company and its immediate and ultimate holding company, 20 Microns Limited during the financial period as recorded in the register of directors' shareholdings were as follows:

	Ordinary shares of RM1 each			
	Balance			Balance
<u>The Company</u>	25.02.08	Bought	Sold	31.03.09
Krishnaji Rao Vengoba Rao	-	1	-	1
Rajesh Chandreshbhai Parikh	-	-	-	-
Atil Chandresh Parikh	-	-	-	-
	Ordinary shares of IR1 each			
	Balance			Balance
<u>20 Microns Limited</u>	1.4.08	Bought	Sold	31.03.09
Direct interest				
Krishnaji Rao Vengoba Rao	-	-	-	-
Rajesh Chandreshbhai Parikh	279,978	-	-	279,978
Atil Chandresh Parikh	279,978	-	-	279,978

DIRECTORS' BENEFITS

Since the date of incorporation, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related company with a director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial period, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. CH Yap & Co., have indicated their willingness to accept reappointment.

Signed on behalf of the Board in accordance with a resolution of the directors,

KRISHNAJI RAO VENGOBA RAO

RAJESH CHANDRESHBHAI PARIKH

Ipoh

Dated: 21 APR 2009



DIRECTORS' REPORT (Contd....)

STATEMENT BY DIRECTORS

We, **KRISHNAJI RAO VENGOBA RAO** and **RAJESH CHANDRESHBHAI PARIKH**, being two of the directors of **20 MICRONS SDN. BHD.**, do hereby state that in the opinion of the directors, the financial statements on pages 98 to 107 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 March 2009 and of the results of its operations and cash flows for the period from 25 February 2008 (the date of incorporation) to 31 March 2009.

Signed on behalf of the Board in accordance with a resolution of the directors,

KRISHNAJI RAO VENGOBA RAO

RAJESH CHANDRESHBHAI PARIKH

Ipoh

Dated: 21 APR 2009

STATUTORY DECLARATION

I, **KRISHNAJI RAO VENGOBA RAO**, the director primarily responsible for the financial management of **20 MICRONS SDN. BHD.**, do solemnly and sincerely declare that the financial statements on pages 98 to 107 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

KRISHNAJI RAO VENGOBA RAO

at Ipoh in the state of Perak Darul Ridzuan

on this day of 21 APR 2009

KRISHNAJI RAO VENGOBA RAO

Before me,

Commissioner Oaths

Seal :

PESURUHJAYA SUMPAN

No. : A 182

Nama : WILSON ARUMAI DHAS

No. 50 Kledang Permai 2

Taman Kledang Permai

31450 Ipoh, Perak

MALAYSIA

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 20 MICRONS SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **20 MICRONS SDN. BHD.**, which comprise the balance sheet as at 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the period from 25 February 2008 (the date of incorporation) to 31 March 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 98 to 107.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2009 and of its financial performance and cash flows for the period from 25 February 2008 (the date of incorporation) to 31 March 2009.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



AUDITORS' REPORT (Contd....)

Other Matters

This Report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this Report.

CH YAP & CO;

No. AF 1005

Chartered Accountants

YAP CHEE CHING

No. 1627/03/10 (J)

Partner

Kuala Lumpur

Dated: 21 April 2009



BALANCE SHEET AS AT 31 MARCH 2009

	Note	RM
PLANT AND EQUIPMENT	4	15,943
DEFERRED TAX ASSETS	5	23,300
CURRENT ASSETS		
Other receivable and deposits	6	60,384
Cash and bank balances		71,343
		131,727
CURRENT LIABILITIES		
Other payables and accrued liabilities	7	14,515
NET CURRENT ASSETS		117,212
		156,455
FINANCED BY:		
SHARE CAPITAL	9	154,926
SHARE APPLICATION MONIES		184,162
ACCUMULATED LOSSES		(182,633)
SHAREHOLDERS' EQUITY		156,455

The Notes on Pages 101 - 107 form an integral part of these financial statements.
Auditors' Report on Pages 96 - 97.

INCOME STATEMENT FOR THE PERIOD FROM 25 FEBRUARY 2008 (THE DATE OF INCORPORATION) TO 31 MARCH 2009

	Note	RM
REVENUE	10	92,963
COST. OF SALES	11	(79,189)
GROSS PROFIT		13,774
OTHER OPERATING INCOME		2,672
		16,446
OPERATING EXPENSES		(222,379)
LOSS BEFORE TAXATION	12	(205,933)
TAXATION	14	23,300
LOSS AFTER TAXATION		(182,633)

The Notes on Pages 101 - 107 form an integral part of these financial statements.
Auditors' Report on Pages 96 - 97.



**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM
25 FEBRUARY 2008 (THE DATE OF INCORPORATION) TO 31 MARCH 2009**

	Share Capital	Accumulated Losses	Share Application Monies	Total
	RM	RM	RM	RM
At 25 February 2008 (the date of incorporation)	2	-	-	2
Loss after taxation	-	(182,633)	-	(182,633)
Issue of shares	154,924	-	-	154,924
Share application monies	-	-	184,162	184,162
At 31 March 2009	154,926	(182,633)	184,162	156,455

The Notes on Pages 101 - 107 form an integral part of these financial statements.

Auditors' Report on Pages 96 - 97.



CASH FLOW STATEMENT FOR THE PERIOD FROM 25 FEBRUARY 2008 (THE DATE OF INCORPORATION) TO 31 MARCH 2009

	RM
Cash Flows From Operating Activities	
Loss before taxation	(205,933)
Adjustment for:	
Depreciation of plant and equipment	3,739
Operating loss before working capital changes	(202,194)
Increase in trade and other receivables	(60,384)
Increase in trade and other payables	14,515
Net cash used in operating activities	(248,063)
Cash Flows From Investing Activities	
Purchase of plant and equipment	(19,682)
Net cash used in investing activities	(19,682)
Cash Flows From Financing Activities	
Issues of shares	154,926
Share application monies	184,162
Net cash generated from financing activities	339,088
Net increase in cash and cash equivalents	71,343
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	71,343
Represented by:	
Cash and bank balances	71,343

The Notes on Pages 101 - 107 form an integral part of these financial statements.
Auditors' Report on Pages 96 - 97.



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009

1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in compliance with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia unless otherwise indicated in the significant accounting policies.

2. GENERAL

The registered office is located at No. 6, Jalan Chew Sin On, 31650 Ipoh, Perak Darul Ridzuan, Malaysia.

The principal place of business is located at 116167, Mukim Sungai Raja, Batu 1 1/2 MS Jalan Lahat, Simpang Pulai, 31300 Kg. Kepayang, Perak Darul Ridzuan, Malaysia.

The Company commenced business operations during the financial period and is principally involved in the trading of calcium carbonate.

The financial statements were authorised for issue by the Board of Directors on 21 April 2009.

The financial statements are expressed in Ringgit Malaysia.

The Company has no employee as at 31 March 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Plant and Equipment and Depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the expected useful lives of the plant and equipment concerned.

The principal annual rates used are:

Computers	10%
Motor vehicles	20%
Office equipment	10%

(b) Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The recoverable amount is the higher of the asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating units to which the assets belong.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd....)

exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(c) Trade and Other Receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

Known bad debts are written off and specific allowance is made against debts which are doubtful of recovery.

(d) Trade and Other Payables

Trade and other payables are stated at cost.

(e) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of an asset or liabilities that is not a business combination and that at the time of the transaction, affects neither accounting profit nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(f) Equity

Dividends on ordinary shares are accounted for as an appropriation of retained profits in the year in which they are declared. Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

(g) Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective notes to financial statements.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interests, dividends, gains and losses relating to financial instruments classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd....)

(h) Foreign Currency Conversion

Foreign currency assets and liabilities at the balance sheet date have been converted into Ringgit Malaysia at the rate of exchange ruling at the balance sheet date.

Foreign currency transactions during the year have been converted into Ringgit Malaysia at the rates of exchange ruling at the dates of the transactions.

Gains or losses on exchange are included in the income statement.

(i) Revenue Recognition

Revenue is recognised upon delivery of goods.

(ii) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term nonaccumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(k) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of the cash flow statement represent cash and bank balances, deposit at call, short term highly liquid investments which have an insignificant risk of changes in value, reduced by outstanding bank overdraft, if any. The statement of cash flows is prepared using the indirect method.

4. PLANT AND EQUIPMENT

2009	Balance 25.2.08 RM	Additions RM	Disposal RM	Balance 31.3.09 RM
Cost:				
Computers	-	1,050	-	1,050
Motor vehicles	-	17,706	-	17,706
Office equipment	-	926	-	926
		19,682	-	19,682



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd....)

	Balance 25.2.08 RM	Charge for the period RM	Reversed on disposal RM	Balance 31.3.09 RM
Accumulated				
Depreciation:				
Computers	-	105	-	105
Motor vehicles	-	3,541	-	3,541
Office equipment	-	93	-	93
	-	3,739	-	3,739
				RM
Net book value:				
Computers				945
Motor vehicles				14,165
Office equipment				833
				15,943

5. DEFERRED TAX ASSETS

Recognised in Income Statement (Note 1.4)

RM
23,300

The components and movements of deferred tax assets and liabilities during the financial period prior to offsetting are as follows:

	At 25.02.08 RM	Recognised in Income Statement RM	At 31.03.09 RM
Deferred tax assets:			
Unutilised capital allowance	-	1,600	1,600
Unabsorbed tax loss	-	22,500	22,500
	-	24,100	24,100
Deferred tax liabilities:			
Plant and equipment-capital allowance	-	(800)	(800)
	-	23,300	23,300

6. OTHER RECEIVABLE AND DEPOSITS

	RM
Other receivable	8,634
Deposits	51,750
	60,384

7. OTHER PAYABLES AND ACCRUED LIABILITIES

	RM
Other payables	8,574
Accrued liabilities	5,941
	14,515

8. HOLDING COMPANY

The immediate and ultimate holding company is 20 Microns Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange, which holds 99.99% of the Company's issued equities.



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd....)

9. SHARE CAPITAL

	No. of shares	RM
Ordinary shares of RM1 each		
Authorised:		
As specified in the Memorandum of Association upon incorporation of the Company	100,000	100,000
Created during the period	4,900,000	4,900,000
Balance at 31 March	5,000,000	5,000,000
Issued and fully paid:		
2 ordinary shares of RM1 each issued to subscribers upon incorporation of the Company on 25 February 2008	2	2
Issued at par for cash during the period	154,924	154,924
Balance at 31 March	154,926	154,926

10. REVENUE

Revenue represents the net invoiced value of goods sold less discounts and returns.

11. COST OF SALES

	RM
Purchases	48,591
Freight charges	30,598
	79,189

12. LOSS BEFORE TAXATION

	RM
This is stated after charging:	
Auditors' remuneration	3,500
Depreciation	3,739
Preliminary expenses	2,525
Rental expenses:	
-guest house	5,250
-office premises	1,450
-factory premises	54,000
Staff costs (Note 13)	15,044
And crediting:	
Gain on foreign exchange	2,672



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd....)

13. STAFF COSTS

	RM
Salaries and wages	14,594
Other staff costs	450
	15,044
Included in staff costs are:	
Director's remuneration:	
- fees	4,000
- allowances	2,743
	6,743

14. TAXATION

	RM
Deferred tax assets: [Note 5]	
Originating and reversal of temporary differences	23,300

The income tax rate for the Company is 20% on chargeable income up to RM500,000 and 25% on the remaining income of the financial period.

At the balance sheet date, the Company has unabsorbed tax loss and capital allowance amounting to approximately RM112,000 and RM8,000 respectively, which can, subject to approval by the tax authorities, be carried forward and utilised to offset against future taxable profits.

A reconciliation of tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective tax rate is as follows:

	RM
Loss before taxation	(205,933)
Taxation at tax rate of 20%	(41,187)
Tax effect in respect of:-	
Expenses not deductible for tax purposes	18,707
Others	(820)
Tax credit for the period	(23,300)

15. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Company's financial risk management policy seeks to ensure that adequate financial resources are available for the Company's business activity whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

(b) Foreign Currency Risk

The Company primary foreign currency risk exposure is its payments made to overseas payables which are converted from Malaysia Ringgit at the rates prevailing on that date.



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2009 (Contd....)

(c) Interest Rate Risk

The Company does not have any significant exposure to interest rate risk.

(d) Credit risk

Credit risks, or the risk of counterparties defaulting is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to customers with high creditworthiness. Trade receivables are monitored on an ongoing basis. The Company, through its management, reviews all significant exposure to individual customer and counterparties and reviews any major concentration of credit risk related to any financial instruments.

(e) Liquidity Risk

The Company actively manages its operating cash flows and the availability of funding so that all funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash to meet its working capital requirements and any immediate operating cash flow requirements.

(f) Fair Values

The carrying amounts of the financial assets and liabilities of the Company as at 31

March 2009 approximate their fair values.

The methods and assumptions used in estimating the fair values of financial instruments are:

(i) Cash and Cash Equivalents

The carrying amounts approximate their fair values due to the relatively shortterm maturity of these financial instruments.

(ii) Trade and Other Receivables and Payables

The historical cost carrying amounts of receivables and payables subject to normal trade credit terms approximate their fair values. The carrying amounts of other receivables and payables are reasonable estimates of their fair value because of their short maturity.

16. COMPARATIVE FIGURES

There are no comparative figures as this is the first set of financial statements prepared by the Company since its date of incorporation.



**DETAILED INCOME STATEMENT FOR THE PERIOD FROM 25 FEBRUARY 2008
(THE DATE OF INCORPORATION) TO 31 MARCH 2009**

	RM
REVENUE	92,963
Less:	
COST OF SALES	
Purchases	48,591
Freight charges	30,598
	79,189
GROSS PROFIT	13,774
ADD: OTHER OPERATING INCOME	
Gain on foreign exchange	2,672
	16,446
Less:	
OPERATING EXPENSES	(222,379)
LOSS BEFORE TAXATION	(205,933)

**DETAILED OPERATING EXPENSES FOR THE PERIOD FROM 25 FEBRUARY 2008
(THE DATE OF INCORPORATION) TO 31 MARCH 2009**

	RM
STAFF COSTS	
Director's fees	4,000
Director's allowances	2,743
Salaries and wages	7,851
Staff amenities	450
	15,044
DEPRECIATION	3,739
OTHER OPERATING EXPENSES	203,596
TOTAL OPERATING EXPENSES	222,379



**DETAILED OPERATING EXPENSES FOR THE PERIOD FROM 25 FEBRUARY 2008
(THE DATE OF INCORPORATION) TO 31 MARCH 2009 (Contd....)**

	RM
Advertisement	147
Auditors' remuneration	3,500
Bank charges	1,449
Cleaning charges	660
Consultancy fees	44,374
Electricity and water charges	7,011
Filing and attestation fees	7,593
Insurance and road tax	268
Laboratory expenses	616
Legal fees	2,353
License fees	620
Petrol and diesel	3,692
Postage, printing and stationery	8,713
Preliminary expenses	2,525
Rental of guest house	5,250
Rental of office	1,450
Rental of factory	54,000
Secretary fees	723
Security charges	18,360
Sundry expenses	1,778
Telephone and internet charges	11,115
Tot and parking fees	940
Transport charges	260
Travelling and accommodation	18,527
Upkeep of factory	651
Upkeep of motor vehicles	2,561
Upkeep of office equipment	482
Upkeep of guest house	3,978
	203,596

**20 MICRONS**
L I M I T E D

Regd. Office : 9/10, GIDC Industrial Estate, Waghodia, Dist. Vadodara. Gujarat. India

: ATTENDANCE SLIP :

Folio No. :
DP ID / Client ID :
No. of Share Held :

I/We hereby certify that I/We am/are a registered Member/Proxy for the registered Member of the Company and hereby record my/our presence at the 22nd Annual General Meeting of the Company held on Thursday, the 20th August, 2009 at 3.00 p.m. at the Registered Office of the Company at 9/10, GIDC Industrial Estate, WAGHODIA – 391 760. Dist. : Vadodara..

Name of the Registered Holder/Proxy (IN BLOCK LETTERS)	Signature of the Registered Holder/Proxy

NOTE : Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copy of Annual Report.

20 MICRONS
L I M I T E D

Regd. Office : 9/10, GIDC Industrial Estate, Waghodia, Dist. Vadodara. Gujarat. India

: PROXY :

Folio No. :
DP ID / Client ID :
No. of Share Held :

I/We _____ of _____ in the District of _____ being a Member(s) of 20 Microns Limited, hereby appoint :
_____ of _____ in the District of _____ failing him/her,
_____ of _____ in the District of _____ failing him/her,

as my/our Proxy to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Thursday, the 20th August, 2009 and at any adjournment(s) thereof.

Signed this _____ day of _____, 2009.

NOTE: This Proxy form, in order to be effective, should be duly stamped, completely signed and deposited at the Registered Office of the Company, not less than 48 hours before the time of the Meeting.

**Affix Re. 1
Revenue
Stamp**

Signature

OUR NETWORK



20 MICRONS

L I M I T E D

Head Office

307/308, Arundee Complex, Race Course
Vadodara - 390 007, Gujarat, India

Ph.: +91-265-3057000, 2330714

Fax: +91-265-2333755

enquiry@20microns.com

Corporate Office

134-135, Hindustan Kohinoor Industrial Complex
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