

PAINTS



PAPER



CONSTRUCTION



TYRE



PLASTIC



RUBBER



**20 MICRONS™**  
L I M I T E D

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# CORPORATE 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. Naresh S. Makhija**  
Nominee Director IDBI



**Mr. Pravinchandra M. Shah**  
Director



**Mr. Ram A. Devidayal**  
Director



**Mr. Atul H. Patel**  
Director

### Company Secretary

Mr. Nikunj J. Savaliya [upto 23.03.2013]  
Ms. Anuja K. Muley [w.e.f. 29.04.2013]

### Audit Committee of Directors

Mr. Ram A. Devidayal - Chairman  
Mr. Pravinchandra M. Shah  
Mr. Atul H. Patel

### Share Transfer & Investor's / Depositors'

#### Grievances Committee of Directors

Mr. Pravinchandra M. Shah - Chairman  
Mr. Rajesh C. Parikh  
Mr. Sudhir R. Parikh  
Mr. Ram A. Devidayal

### Remuneration Committee of Directors

Mr. Pravinchandra M. Shah - Chairman  
Mr. Atul H. Patel  
Mr. Naresh S. Makhija

### Statutory Auditors

M/s. Manubhai & Co.,  
Chartered Accountants  
Ahmedabad

### Bankers / Financial Institutions

State Bank of India  
IDBI Bank Limited

### Nomination & Compensation Committee of Directors

Mr. Chandresh S. Parikh - Chairman  
Mr. Rajesh C. Parikh  
Mr. Pravinchandra M. Shah  
Mr. Ram A. Devidayal

### Registrar and Share Transfer Agents

CAMEO CORPORATE SERVICES LIMITED  
"Subramanian Building", No. 1,  
Club House Road, CHENNAI – 600 002.  
Tel : 044 – 28460390 – 95  
E-mail ID : narasimhan@cameoindia.com

### Registered Office

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Dist. Vadodara – 391760 Gujarat, India  
Tel : +91 2668 292297  
Fax : +91 2668 264003

### Corporate Office

134-135, Hindustan Kohinoor Ind. Estate,  
L. B. S. Marg, Vikhroli (W), Mumbai, India  
Tele : +91 22 25771325/50  
Fax : +91 22 25771333

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

E-Mail: [investors@20microns.com](mailto:investors@20microns.com)

# CHANGE IS ALWAYS WELCOME...

The world hates change, yet it is the only thing that has brought progress. You cannot change your destination overnight, but you can change your direction overnight. Willingness to change is strength, even if it means plunging part of the company into total confusion for a while. It is a change, continuing change, inevitable change, which is the dominant factor for the progress of our company today. No sensible decision can be made any longer without taking into account not only the world as it is, but the world as it will be, because today it is not the strongest species that survive but the ones who are most responsive to change. The truth that we, 20 Microns believe is, there's nothing we can't accomplish if: (1) We clearly decide what it is that we are absolutely committed of achieving (2) We are willing to take massive actions, (3) We notice what's working and what's not, and (4) We continue to change our approach until we achieve what we want, using whatever life gives us along the way. 20 Microns has taken change as a challenge and as an opportunity and not as a threat. 20 Microns' ability to learn, and translate that learning into an action rapidly, is the ultimate competitive advantage for the Company.



# Leveraging Sub-micron Technology.....

## Ensuing the progress.....

Few Minerals, A world of applications  
Where innovation is a tradition  
Engineered Minerals  
Natural Products for Sustainability  
Adding value through Minerals....

Minerals are valuable natural resources constituting the vital raw materials for many industries like Plastics, Paints, Paper, Printing Inks, Powder Coatings, Ceramics, Rubber, Adhesives & Sealants, Concrete, etc. and are a major resource for development. The mineral extraction exists in India way back from Harappan civilization. Indian Mining Sector plays an important role for the growth and development due to its availability in the form of abundant rich reserves.

The country is poured and flooded with huge resources of many minerals which resulted in an important segment of the Indian economy. Since independence, there has been a pronounced growth in the mineral production both in terms of quantity and value.

**20 MICRONS** from Mining to Micronising to Sub-micronising to Nano sizing, has set enviable standards since the past two Decades in Production, Processes, Optimization, Product Development & Technical Innovation, Marketing Practices & Distribution efficiencies and has helped us achieve an unprecedented position as India's largest producer in White Minerals. It caters Globally in the fields of Functional fillers, Extenders and Speciality Chemicals. The outstanding product quality is matched by its excellence in problem-solving capabilities and Technical Customer Service.



LEARNING → PROGRESS  
sub-micro TECHNOLOGY

# CHAIRMAN'S LETTER



Dear Shareholders,

I take this opportunity to present before you the results of your company for the year ended March 31, 2013.

The year under review is again challenging as the growth opportunities and macro economic environment in India declined which resulted into the lowest GDP Growth of the decade. It is very difficult for all the industries in our Country to expand their business in such a scenario. The Raw material prices have been influenced by the factors such as correction in oil based fuel prices and government policies on minerals and royalty. The demand has remained sluggish though there is a slight decrease in inflation.

The Global economy is still suffering from financial instability due to the Euro crisis and the unexpected slowdown in the Chinese Markets leading to a lower demand and correction in commodity prices. In such a challenging environment, the international business of your Company has increased steadily. The political uncertainty in the region, however, continued to be a cause of concern.

The general election in our Country is in the near future, due to which the political stability and policy action would be critical. However some reforms were announced by the Government which will take the Indian economy in the right direction. Furthermore, correction in prices of commodities and crude oil could lead to hopes for a better demand which can perk up the future growth prospects. Your company definitely believes for long term growth in the Indian economy, and hence the required investments have been made in setting up Jumbo Mills in Alwar, Rajasthan and Hosur, Tamil Nadu.

As we continue to meet our customers across the globe, we remain convinced of the huge potential of your Company in the international market with the potential for growth in every industry segment and market. The key underlying strategy will be our ability to remain relevant to our customers, understand their business needs and perform with rigor to meet those needs. Moreover, your Company is always trying to accomplish the demand of customers and the changing markets, for which the Company is doing continued research on newer products and development of existing ones.

Shri Rajesh Parikh, Managing Director and Shri Ram Devidayal, Independent Director of the Company are retiring at this ensuing Annual General Meeting and have shown their willingness for re-appointment.

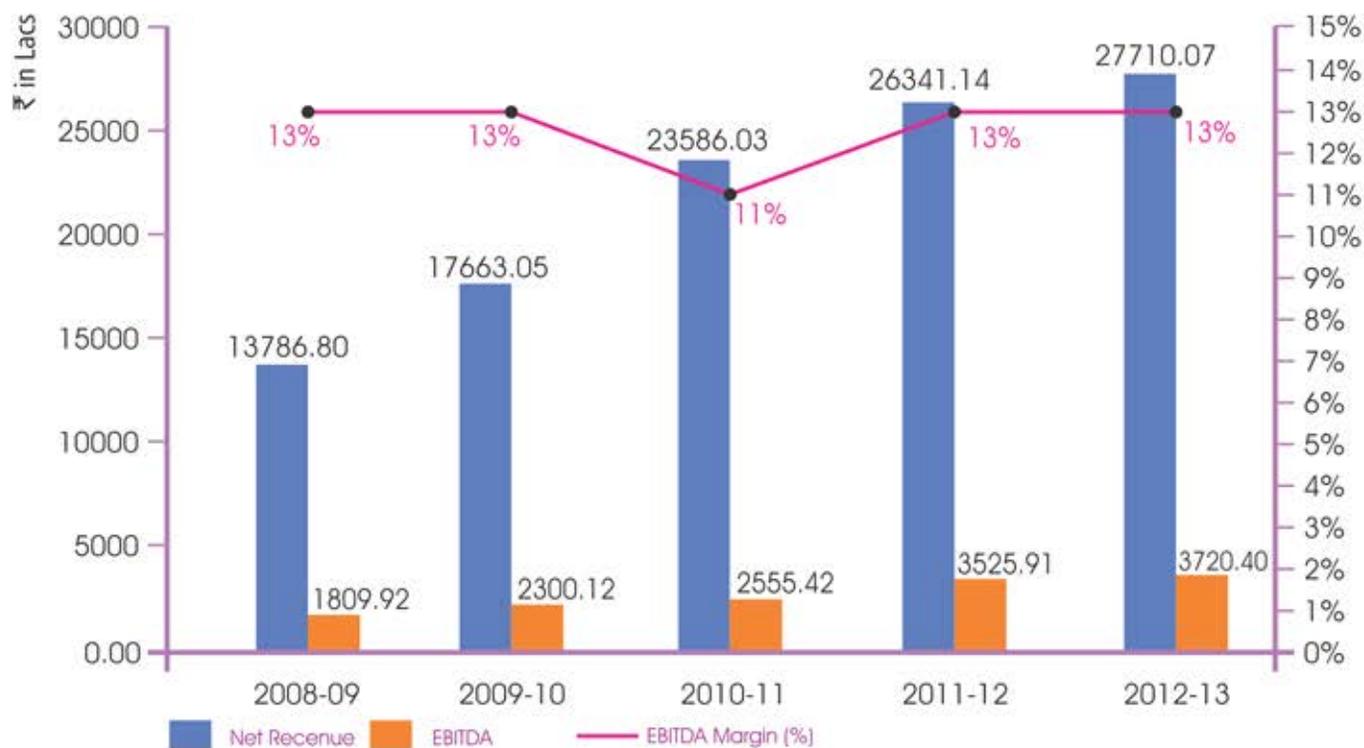
I would like to thank each and every one of our customers, employees, shareholders, partners and supporters for their continued faith in their contributing to 20 Microns to gear it up for an exciting future. As we enter in another crucial Financial Year, we look forward to receiving your continued Trust and Support.

Very Sincerely,

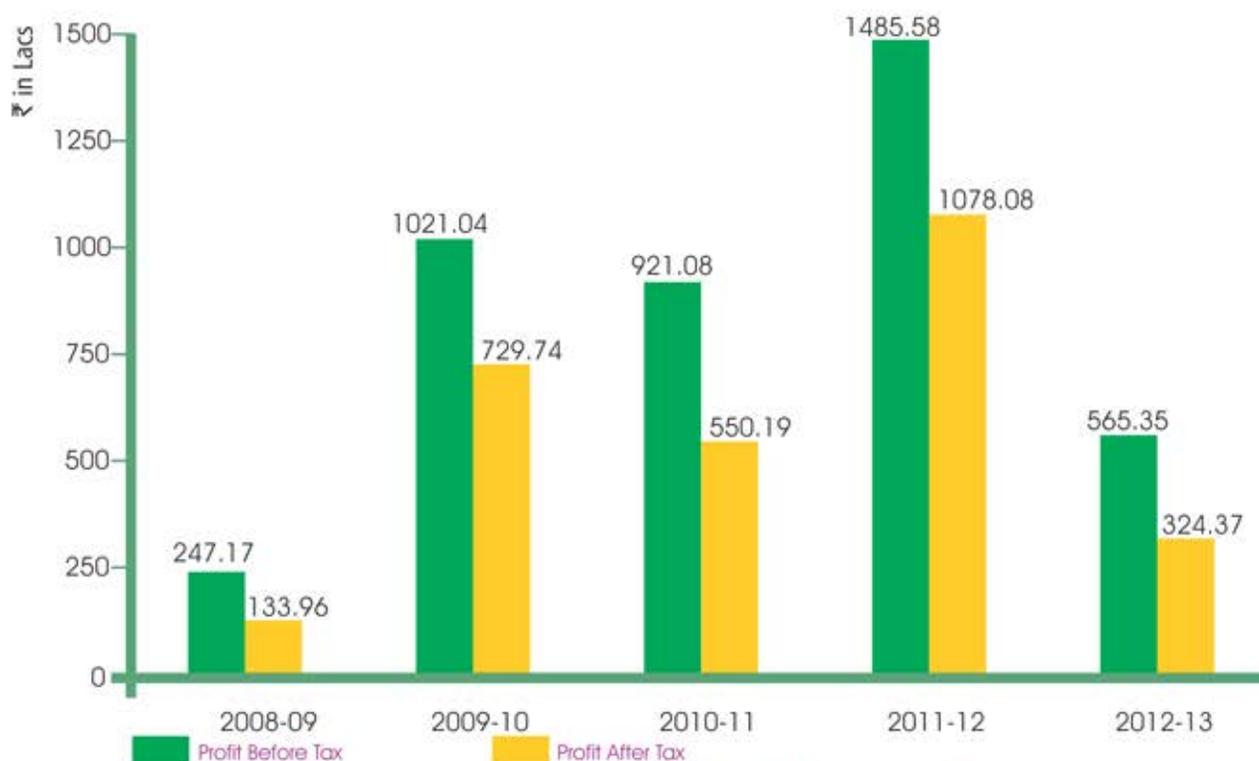
A handwritten signature in black ink, appearing to read 'Chandresh Parikh', written over a yellow pen nib graphic.

**Chandresh Parikh**  
Chairman

# PERFORMANCE INDICATORS (STANDALONE)

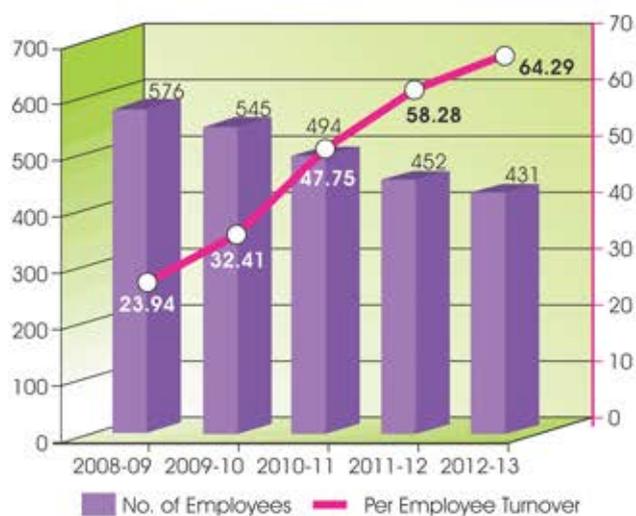


Net Revenue, EBITDA & EBITDA Margin (%)



Profit Before Tax & Profit After Tax

# PERFORMANCE INDICATORS (STANDALONE)

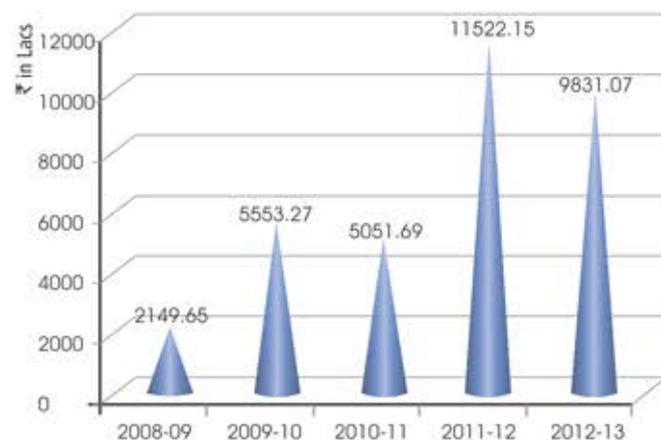


Employees at the year end and Turnover Per Employee



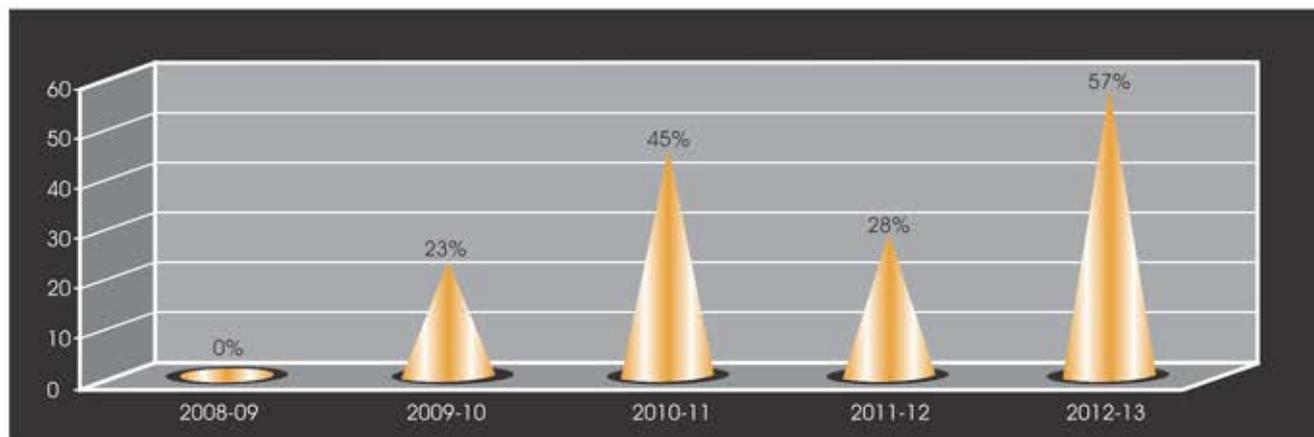
\*Dividend per share & Earnings per share

\* Split of face value of equity share from Rs. 10/- to Rs. 5/- w.e.f. 30.01.2013



\*Market Capitalisation

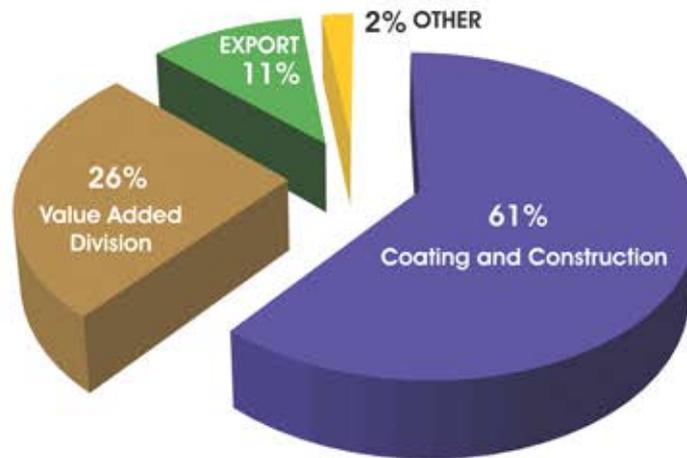
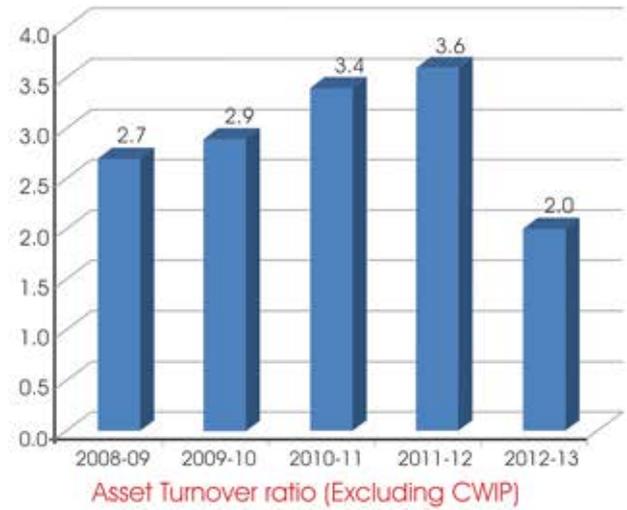
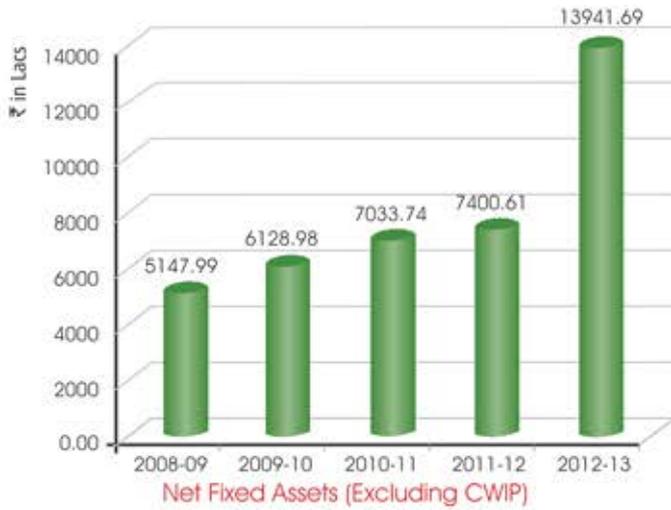
\* Split of face value of equity share from Rs. 10/- to Rs. 5/- w.e.f. 30.01.2013



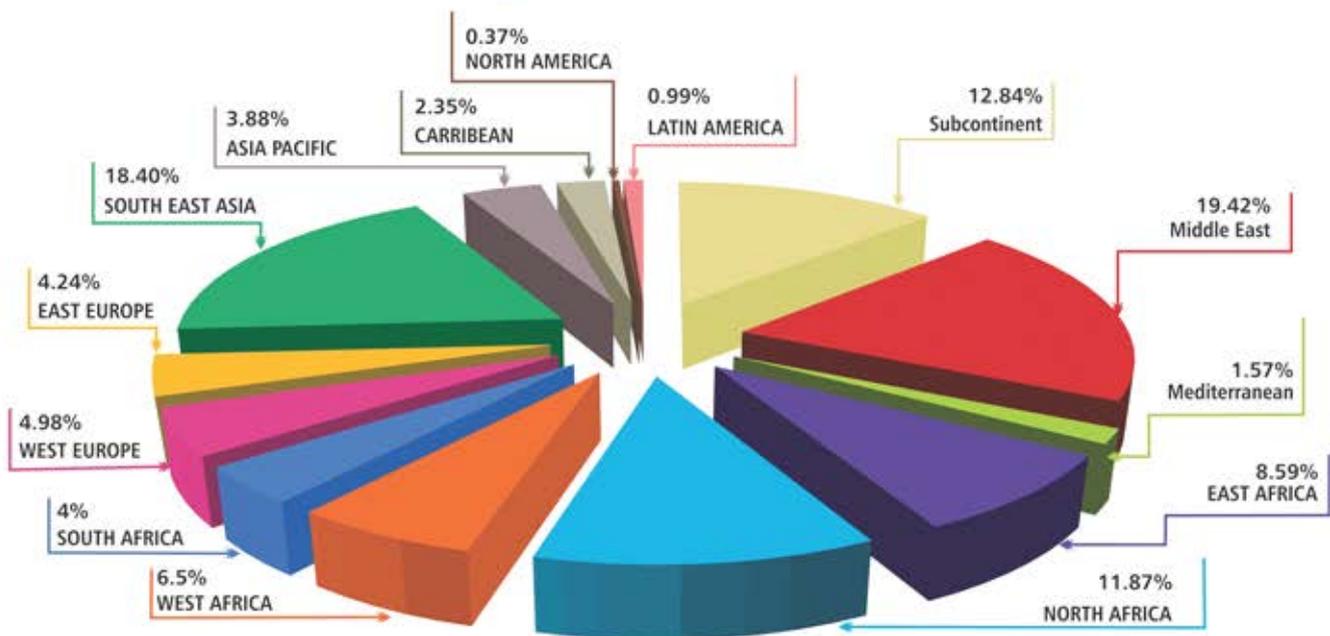
\*Dividend Payout Ratio

\* Split of face value of equity share from Rs. 10/- to Rs. 5/- w.e.f. 30.01.2013

# PERFORMANCE INDICATORS (STANDALONE)



Percentage of Domestic Sales for FY 2012-13



Region Wise Export Sales 2012-13

# Management Discussion & Analysis

2012-13 was marked as the year of slowdown across the Globe in the entire sectorial economy. The world economy is weighed by the financial crisis in major parts of the world including the developed countries like USA since 2011. India, although directly affected with this with the gradually decrease in the speed of its economic growth, internal dynamics impacted much more to it. With the increasing inflation going out of hands, Indian economy started feeling its direct impact sufferings from 2011. Although the monetary policy was made stricter to curb the inflation, the external reasons, political bottlenecks and lack of infrastructure investments stretched to pressurize the overall growth.

The above had a straight and direct impact on government finances. The deficits – Fiscal & Current Accounts, crossed budgeted targets. To control these, several steps have been introduced, whose impact would be seen in the years to come.

Unfortunately, the Rupee remained weak for most part of the year. Besides, in the later part of the year, the demand conditions have been downcast. The impact of the reduced commodity prices have been partly negated by the weak Indian rupee. On the other positive end, RBI started taking steps to ease the monetary flow in the economy gradually, as the inflation started slowly stepping down.

Despite of all odds as stated above and challenges required to overcome, India is still considered as one of the fastest growing economies in the world. Let the short-term small hurdles exist but the trends of the long term prospects shall be in tact with positive results in the directions of the comfortable economy.

Performance of your Company during the Financial Year under review detailed below-



## PRODUCT AND MARKETS

### Coating & Construction (CNC): -

The CNC division is one of sales & marketing arms within 20 Microns umbrella, the division is an ensemble of various interesting applications from Paints & Coatings leading the chart, to other minor yet significant diverse applications such as Printing Inks, Pigments, Adhesives & Sealants, Construction, Ceramics, Agrochemicals and Oil Well Drilling. These divisions exemplify the diversity that industrial minerals can offer to its end users in a more focused way.

### INDIAN PAINT INDUSTRY

Over the past few years, the Indian paint market has substantially grown and caught the attention of many international players. The country continues to enjoy a healthy growth rate compared to other economies, backed by the increasing level of disposable income, and demand from infrastructure, industrial and automotive sectors. On the back of such advocacy, it is anticipated that the sector will post a CAGR of around 15% during FY 2012 to FY 2015, acc. Currently in 2013, the Indian paint industry is valued at US\$ 5 Billion and is expected to double by 2018. India's strong economic growth has propelled the paint industry to double-digit growth over the past. Despite fast growth, India's per capita paint consumption is



still abysmally low at ~2kg/year compared to the developed world markets of ~15Kg/ year. Hence, the Indian paint industry is poised for further growth. Nearly ~65% of the paint market is organized. The organized market is highly concentrated and the 'top-5' players capture most of the market, while the unorganized market is highly fragmented with over 2,000 players. This has attracted investments from many Multinationals Companies (MNCs). While few MNCs are consolidating their presence in India, new players are planning to enter the market. Indian market is all set to witness an interesting competition between domestic companies and MNCs, as they try to increase their market share.

Decorative coatings dominate the industry and account for approximately 77% of the market. Automotive paints dominate the industrial segment, followed by high performance protective paints and powder coatings.

Presently, the growth of the Indian paint industry is being witnessed from new demand pockets, especially in Tier-II and Tier-III cities, thus, signaling decorative paint market classifies by product class which includes premium paints, mid-tier paints and economy paints. Some challenges also exist in this promising sector that can affect the growth trajectory of the paint industry, for instance, the industry is highly raw material-intensive and due to fluctuations in prices, the availability of raw material leads to slight uncertainty in paint production. The overall sentiment has been soft across the Indian Paint industry, with the volume slip for industry with the Consumer down trading as buyers shift from premium to mid-tier on the back of slowdown in the auto and the housing sector.

#### **20 MICRONS : CNC Division**

During the Year 2012-13, CNC division overall segment managed to achieve a growth of 9% & 6% in value & quantity terms respectively over its previous year and contributed Rs 188 Cr revenue to the company's total sales. Remarkable to note that, our growth pace has been maintained in Major paints customers by providing them value added / Import substitute products and even in the commodities segment, we have introduced various premium products which have given a substantial cost benefit to the Major paint companies formulations.

The year was quite challenging in itself for the coating industry, as a lot of capacity increase and supply Chain

restructuring is still under process with its own set of challenges from rising inflation to regulatory uncertainties. Amidst this chaos sensed in various industries, an optimistic approach is still undercurrent and led to some sort of erratic stability in the country, leading the year with a leveraged growth and a tracked performance. The competition from smaller unorganized players and Supply chain Management has been a major issue and shall continue to pose a challenge in the coming years. Hence, the SME & SSI paints industries and allied segments are not outperformed well due to sluggishness in the market.

The entire year has been pretty stagnant for the construction Industry due to the lack of consumer buying and rising costs, low agriculture output of the country and low infrastructure project spending as country's growth was in recessionary trend, but by grabbing few new projects in this industry and introducing new products for the industry, it helped us to balance ourselves on our feet unlike others who were literally crawling.

The field of Oil well drilling also has conducted remarkable increase in the sales for the year that passed. A range of new products for this industry have already been lined up and the results would be visible in the next Financial Year. The Adhesives & Sealants Industry has also been a great contributor with limited players operating in this industry and our entire range designed for them helps us grab a better market share.

Overall the Division has started focusing on a new range of Ultrafine Calcium Carbonate (sub-microns) products and introduced the unique concept of Satellite Plants and Product Slurry concepts in the Indian Paint Industry in 2012-13, and we believe the idea to have already been seeded and we await the fruits to ripen anytime with the new generations



plants being designed at customer's end.

20 Microns drives the passion to create a difference for its customers with its new product innovations and continued drive to optimize our customer's product formulations. With our unique approach of concept marketing for our various specialty segment value added products, we look forward to have more inroads in this segment with good contribution in the years to come.

Overall CNC Division envisages higher profitable growth with all segments and looking for the good year ahead.

#### Value Added Division (VAD):-

##### Plastic :-

The VAD division is one of the Sales & Marketing arm within the 20 Microns umbrella. This division is responsible for the business development in Paper, Plastics and Cosmetic industries in more focused way.

During the Year 2012-13, VAD division overall segment managed to achieve growth at-par in value terms over previous year with growth in the PP/ MB and PVC Cable & Compound Industrial segments viz. Paper and PVC pipe are not outperformed.

Plastics industry which was down slightly during 2012 as the election, uncertain year-end tax changes, and other geopolitical events had an effect on the market. Automotive plastics transaction volume decreased 11% during 2012, although there has been renewed interest given the industry recovery and current point in the automotive volume cycle; there has been a higher percentage of corporate carve outs relative to other sectors as suppliers focus on core competencies.

Even though in 20 Microns, Plastic segment contributed maximum growth of division with 26 % and 42 % in PP/MB and PVC cable segment



respectively, where as PVC pipes segment are not performed well this year and shown down trend of 27 % over the previous year due to bad agriculture output of the country and sluggishness in infrastructure projects as country growth was in recessionary trend.

##### Paper :-

India Ratings expects that modest demand growth in the paper industry in 2013 will provide marginal uplift to the operating profitability and credit metrics of domestic paper companies. However, margins would continue to suffer from high input costs and manufacturers' limited ability to pass on such cost increases to customers due to overcapacity in the industry.

The stability of INR-USD exchange rate around the current levels would continue to impact paper manufacturers' operating profitability in 2013 due to their significant reliance on imported inputs – coal and pulp. Though many large domestic manufacturers have backward integrated to pulp manufacturing, certain variants are still being imported. Besides, the companies' significant energy requirements are met from coal imports due to erratic domestic supply.

Writing and Printing Paper (WPP) manufacturers have reported high capacity utilization levels over the past five years on the back of high domestic paper demand. This has prompted significant capacity additions by existing WPP manufacturers and switch over to the WPP segment by other paper manufacturers such as craft and newsprint in recent years. However, paper demand has not kept pace with capacity additions thus creating a mismatch which would likely continue in 2013.

Most domestic paper companies' undertook capex to enhance capacity, increase control over raw-material supplies or improve productivity. Though many companies have completed their capex plans; others are still implementing their capex leading to high borrowing levels. This coupled with weak profitability would likely keep credit metrics stretched for paper manufacturers in 2013.

Most paper companies posted weaker-than-expected financial metrics last year and are likely to sustain them in 2013 without significant improvements. As a result, their Rating Outlooks were revised to Negative in 2012.

In Paper segment also company was not performed



well and registered negative growth of about 28 % mainly due to sudden technological shift of the industries , as many company are shifted to use slurry of calcium Carbonate ( WGCC) and invited vendor put the in-site plant within their premises , so conventional business of using fillers of different minerals products like Talc , China-clay or Ground Calcium Carbonate are shifted to WGCC. Looking to this phenomenal change, your company had taken a very strong drive and started focusing to WGCC slurry business penetration with long term contractual business with the customers which has thrown open a new segment with excellent potential for the business.

This Division has started focusing in PVC segment this year with concept marketing of specialty value added products to penetrate in major customers of Cable & Pipe segments and looking forward to have more inroads in the segment with good contribution in the years to come. In the PP segment, during the year with the concept marketing of specialty value added products efforts has been made to penetrate in major customers and are looking forward to have more inroads in the segment with good contribution in the years to come.

Overall Plastic Division envisages higher profitable growth compared to previous year growth with all segments of the division Paper, Plastics & Cosmetics looking for the good year ahead.

The gesture of above development of your Company resulted in the directions of replacing imported material. Besides, Hydrous Clay being manufactured at BHUJ, Gujarat and Tirunelveli, Tamilnadu gives better margins.

Your Company's other product - Basofix, Vaporlite and Lithomer has good scope of business.

### Rubber application:-

At present your Company is marketing few such fillers and specialty chemicals in Rubber Application which we have developed over last few years.

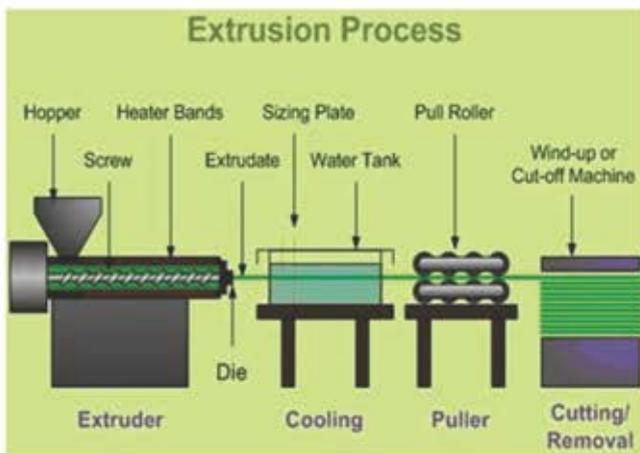
Most rubber compounds (99%) utilize either carbon black or inorganic fillers such as precipitated silica, clay, ground or precipitated calcium carbonate, titanium dioxide, zinc oxide and several others as reinforcing agents and/or extenders for rubber compounds. These include both natural and synthetic fillers. In general, carbon black & precipitated silica are the most widely used variety for providing reinforcement. Clay is also used as a semi-reinforcing agent for rubber, hard clay is widely used in tire carcasses, sidewalls, and bead insulation. Clay offers some reinforcement to the rubber compound but less than reinforcing grades of carbon black. Silane modified submicron clays provides some reinforcement due to their small particle size. In addition to the other fillers mentioned, Zinc oxide is added for cure activation, Titanium dioxide is added to white sidewalls for whiteness, Alumina trihydrate (ATH) is used as a flame retardant, Talc is added as a filler and extrusion aid, and several other mineral fillers are used for special purposes such as many of the above fillers are mixed into rubber compounds. In general more mineral fillers are used in non-tire compounds than in tire compounds. Non-black fillers are used in mats, wire and cable, footwear, rolls, hoses, belts, weather-stripping, and many other types of products. In the present scenario when the entire rubber industry is suffering the frequent price hike of Rubber and Carbon Black, reinforcing white fillers are becoming more and more important in the rubber formulation. All over the world a lot of research is in progress for cost effective reinforcing fillers to replace Carbon Black, at least partially. Although precipitated



silica is solving this problem by certain extent, it has a limitation to use beyond a certain level and also it is difficult to disperse in rubber compound without the addition of few other chemicals. In this perspective, we have conducted extensive study on some of the white natural fillers and found them to be very potential fillers providing reinforcement as well as excellent dispersion, compatibility and fuel / oil / air resistant property, scorch safety etc.

#### PVC APPLICATION:

PVC is a versatile polymer which is used in a variety of applications and processes. The majority of the PVC produced is used in the building and construction industry. Typical rigid PVC applications are pipe & fittings, cables, vinyl siding, window & door profiles, decking, fence & railing,. PVC is also used to produce extruded and calendared sheet, foamed products, extruded compounds, and injection molded parts. A PVC compound contains a number of ingredients. The selection of ingredients and their use levels determines the physical properties of a PVC compound and the products made from it. Compounds are designed to provide the proper balance of properties. Impact strength, stiffness, cost, process ability and appearance are among the properties that need to be considered.



#### FILLERS IN DIFFERENT PVC APPLICATION

##### PVC Window profiles:-

PVC Window profiles require good physical and visual properties. Fine particle size calcium carbonate such as Vaporlite 90 CTD offer the best physical properties when impact strength and tensile strength are considered. Also whiteness is improved as high quality limestone is used. Careful control of particle size is used to produce these materials as larger particles have been found to significantly reduce the important physical properties. Stearic coating assists in the compounding phase of production, as well as acting as a lubricant during extrusion, which helps maintain good output and surface finish, another important property for window profiles. Lithomer R is an excellent product for Window profile as a replacement of TiO<sub>2</sub>.

##### PVC Extrusions

For PVC Pipe application, the physical properties required are not as demanding as those for window profiles and often the color required is not white. Our Micron Carb 9766 and Micron Carb 1240 is a tailor made product for this purpose. For ISI Pipes, even finer grades like Vaporlite 90 CTD is quite effective but for commercial pipes (with loading above 50 phr) our Micron Carb 9766 – P is working very well in place of ACC and Micron Carb 1240 is working at par to the PCC. Also Lithomer- R has performed extremely well in PVC Pipe application as a partial replacement of TiO<sub>2</sub>.

##### Cable applications:-

PVC cables use calcium carbonate at loadings varying between 10 and 70 phr. The choice of Calcium Carbonate will depend on the specification of the cable. Higher quality cables benefit from the better mechanical properties (tensile strength and elongation) and electrical properties (volume resistivity) offered by finer coated grades such as Micron Carb 9766, Micron Carb OT. Cables with lower specification can use uncoated grades such as Micron carb 1240. Also our Metaplast 85 is an ideal Metakaolin used for excellent IR, VR properties of the cables.





## EXPORTS:-

Global economic slowdown affects all emerging markets. In value terms, Asian exports have held up the best. However export sales of 20 Microns product range has gone up in double digit in this financial year. Mineral exports from India are growing sharply over past few decades. Technology up-gradation has given a great advantage to Indian resources to compete with global manufacturers. Year on year it has been observed that export opportunity has also increased due to US dollar appreciation against Indian Rupee which becomes inducement to the exporter. In addition to that, in Europe and USA strict rules and regulations for environment has discouraged mining activity and as a result International buyers have shifted their focus to source from India and China. Since most of the International customers have their own manufacturing facilities in India, it becomes easier for them to source and to extend the approval for their global use.

Considering the current status, 20 Microns is able to sell its products in 55 countries across the Globe. In year 2012-13, Company has been able to capture bulk business of Calcined Kaolin in Egyptian market and Megasil-ZX in West African countries and given a very good value addition and a similar trend is expected to continue for the year 2013-14. The Company has been successful in attracting and creating a strong base for future strategic alliances with major distribution in Japan, Europe and Far East countries by exhibiting their product range in European Coating Show during March 2013 in Nuremberg, Germany.

Export Sales Comparison is here under

Element	₹ in Lacs	
	2012-13	2011-12
CIF Value	3021.75	2587.71
FOB Value	2619.62	2288.09

For Future development, your Company has started aggressive marketing activity by arranging technical meets and conferences in key countries which will help to generate more customer base across the globe.

## Mining at a Glance:-

The industrial minerals are one of the essential raw materials that are widely being used in our everyday life. Directly or indirectly we come across many of the things or objects that are being made from these materials.

The Indian industrial minerals sector had witnessed rapid growth with annual production of non-metallic minerals. India is second in world production of barites & third in chromites and talc/steatite /pyrophyllite.

As India develops and industrial sector grows, assured supply of mineral resources will play a critically important role in giving a competitive edge to Indian industry. Sustainability being the key parameters in exploration of natural resources to value additions to minerals, mining operation needs to be streamlined, keeping in mind environmental impact and mineral conservation.

20 Microns Ltd is pioneer in white industrial minerals and possesses mining leases having sizable mineral reserves of 93.95 lakhs Mt and the life of the mine is more than 25 years at current capacity. Bentonite and Diatomite mining leases are under exploration and the reserves shown in the table below are probable since located in the potential mineral block.

Sr. No.	Details of Mines	Approx. Reserves	Approx. Value of the Reserves#
		(in Lacs Tons)	(₹ In Lacs)
1.	China Clay Mines, Bhuj, Dist. Kutch, Gujarat, Area – 11.89 Hector*	27.56	3996.20
2.	Dolomite Mine, Taluka – Chhota Udepur, Dist. Vadodara, Gujarat, Area – 6.25 Hector.	13.89	4860.75
3.	Calcite Mine, Dist. Sirohi, Rajasthan, Area – 49.25 Hector.*	8.34	5002.52
4.	Limestone Mines, Dist. Tirunelveli, Tamilnadu, Area – 4.43 Hector.	10.48	4713.83
5.	Bentonite Mines, Bhuj, Gujarat, Area 6.5 Hector*	32.37	5664.20
6.	Diatomite Mines, Jaisalmer, Rajasthan, Area 10 Hector*	1.30	650.00
	<b>TOTAL</b>	<b>93.94</b>	<b>24887.50</b>

\* - under process of lease/renewal of lease with concerned State Governments.

# - the estimated net value addition available to the Company of the mineral reserves is not accounted for in the books as per the Accounting practice prevailing in India.



In addition, a number of new applications for china clay, diatomite, dolomite, Quartz have been made, being followed with the State Govt., Gujarat/Rajasthan/Andhra Pradesh for consideration, which will further enhance captive mineral reserves of the company.

The management has taken also every attempt to win the mineral in eco friendly manner and aims to minimize and mitigate the environmental effects due to land, air, water. The land degraded in the form of pits have been backfilled with a view to restoring the land to its original use as far as possible. Plantation in the form of green belt has been taken up along the safety barriers. Rain water is being harnessed in mined out pits which helps recharging ground water and also meet the agri/cattle's requirements of the locals. Air pollution due to fines, dust generated during mining operation are controlled and kept within permissible limit through water sprinkling. At the same time a special thrust has been given to the end use value addition of the mineral/mineral waste & viability of industry through innovation and research.

#### **International Business:-**

Your company has formed two subsidiaries viz. 20 Microns FZE at Sharjah and 20 Microns SDN.BHD. at Malaysia.

Demand of Mineral based fillers and extenders are increasing globally. 20 Micron FZE is working on the basis of global product sourcing for global market demand. 20 Micron FZE is sourcing the products from Asian and African Continents and selling across the globe which include Europe, USA, Middle East and other part of the World.

20 Microns SDN.BHD. has started toll manufacturing of Calcium Carbonate with controlled specifications to cater customers Globally and expanded sales activities to different countries. Global demand of Calcium Carbonate is increasing and considering that 20 Microns SDN.BHD. has expanded their capacity with different supplier to provide consistent quality and quantity to their customers. From the beginning of 2013, main focus was on the paint and plastic industry.

#### **Human Resources (HR):-**

Your Company always strives to do the right thing at all times with application of ethical actions that reflect professional standards.

#### **Accountability:-**

Your Company empowers employees by promoting personal responsibility and accountability along with creative thinking, innovation and informed risk-taking in all its activities.

#### **Open and Honest Communication:-**

Effective and clear communication is the foundation of building strong relationships to support our activities.

#### **Quality Customer Service:-**

Your Company is committed for providing professional and quality customer service. We also provide support and advice to our employees. 20 Microns always welcomes customer feedback and rely on it to help identify continuous improvements in our operations.

#### **Fairness:-**

Your Company treats people in a fair, equitable, ethical and consistent manner - without favouritism or prejudice. We will consider the perspective of others and demonstrate the courage to be consistently fair.

#### **Supportive Partnerships:-**

Your Company works collaboratively across functions to achieve the common goals.

#### **Confidentiality:-**

The primary rule being honoured always is that to respect the confidentiality entrusted.

#### **Enjoy our work:-**

An enthusiastic work environment performing day to day activities motivates an employee to do good work qualitatively and quantitatively. An enjoyable work environment also allows an employee to be more creative and will strive for excellence always.



### Employees Training & Motivational Series

Training and development is the field which is concerned with organizational activity aimed at better performance of individuals and groups in organizational settings.

Employee training and development is a continuous exercise to provide the highest value proposition to the clients. It has been observed that training and development is also key to attract and retain excellent employees.



Our Management organizes timely training programs for the employees after proper study of "Training Identification needs". HR has a marvellous theory of skill matrix and key related areas wherein it is very easy to find out training needs of the employees.

It has been a general belief and experience that all employees should, from time to time, be exposed to newer concepts and developments in their respective fields or areas of work. Your Company therefore not only arranges in-house training programs for its employees, but also sends them to programs organized by other reputed institutions and organizations.

Recently a Team Building workshop was organised with the help of the co-founder of Guiding light consultants, an international corporate Training organization from India, which inspired leadership & motivated employees.



### Safety Health & Environment:-

Safety, Health & Environment is a tool which can offer a newer perspective to the routine Plant activities. The safety performance within Plants can be improved by maintaining a strong will power and putting necessary efforts in maintaining the standards and upgrading them to the levels which meets the expectations of our customers and the regulatory authorities. Your Company's Progressive Management has always been conscious to meet the Plant standards with the compliance of law as well as all safety norms.

Your Company is committed to achieve excellence by minimizing risk to people, plant and the environment and upgrading its Plant management skills to international SHE standards.



Your Company is also committed to implementation of a world class environmental, safety and health program that provides a base for and seamless transition into its future operations and also believes that nothing comes before the HEALTH & SAFETY of its people. Statutory requirements represent an absolute minimum for our environmental, safety and health standards.

Safety in all nooks and corners of your Company has been maintained by not only self awareness but various training programs that have been conducted from time to time. Besides Safety promotional activities are also being carried out on a regular basis.



# INFORMATION TECHNOLOGY

“ Information technology has been permanently expanding and becoming very important issue in our lives. It is used in almost every sphere or profession, making the processes much more easier, developing competence and solving any kind of problems. ”

Your Company is a multi-locational corporate house with the continued support of SAP across all locations with relevant Information Technology trends which facilitates and enhances the business and its values.

Services offered in house : --

Procurement and implementation

Limited Hardware maintenance for the servers

Hardware maintenance for End Point

Network Connectivity support

Software support for maintenance of the OS, and Office suite.

The internal team consisting of key users manages the following areas : --

1. Configuration
2. Customization
3. User training.

No external support for SAP configuration and customization

IT Systems up-gradation has been an on-going process in your Company to make the system not only user friendly but providing quantitative data as per Management requirements.

# Internal Control System

Your Company continued its commitment to carry out its operations within a well-defined control and governance framework. The framework covers sound policies, processes, automation wherever possible, periodic reviews at various levels and supported by an independent internal audit function.

This framework is adequately supported by a vigilant accounts and finance function which verifies compliance not just to laid out policies but also control mechanism.

During the year, the Company took up initiatives to further strengthen the control of the environment. Some of the significant ones are listed below:

1. During the year our operational locations were testified for internal control mechanism by our internal audit department and Management has put forward procedures to further control the operational activity so that we can restrict the malpractices and identify financial frauds in organization at any level.
2. During the year, periodic Asset verification of Locations were conducted and necessary corrections in Asset register and alternative usage of the ideal/unused assets have taken place.
3. Frequent stock verification of the material was conducted at various locations and necessary steps and actions were laid down for reduction in Non-moving, slow moving items and dead stock.
4. During the year, necessary training of SAP was given to the employees of the operational location so that accuracy and integrity of the financial data will be available intact to the Management.
5. Frequent financial audits by our internal audit department have taken place at various operational locations for maintenance of proper financial records, compliance of Tax laws and appropriate accounting of the organization.
6. During the year, various roles and responsibility of Heads of Accounting Department have been allocated which has strengthened the financial disclosure in the company.



# RESEARCH & DEVELOPMENT

Your Company designs high-performance products from minerals that derives from mines and converts it using sophisticated technical processes. The Group's strengths ensure a level of operating profitability and a competitive advantage over the long term, with an aim to be an ideal marketplace for Research and Pioneering industrial developments – with the emphasis on technology transfer between science lab and factory floor.

The Research Team is investigating matters and undertaking research projects relevant to the development of this industry, with the aim of transforming ideas quickly and efficiently into commercially viable products and newer applications. The principal targets are product development and decision making to all sections of industry that are looking for genuinely innovative ideas and developments.

The New Lab structure has been facilitated with the new product development equipments in Paper Testing's and coating facilities.

The R&D centre offers innovation, experience and reliability from a single source. Profit from the knowledge and highly sophisticated level of technology enables them to tailor raw materials, fillers & Specialty products to fulfill specific requirements of customers. First-class support and an intensive exchange of information with our business partners are further bases for the optimal results of our research and development.

Our R&D Centre is recognized by "Department of Science & Industrial Research (DSIR), Ministry of Science and Technology, Government of India".

Innovative Products Developed During the Year 2012-13

Poly-ox	Hydroxylgel 90T
Hydroxylgel 70TB	Zincomer W
Bentonite Retention Aid	Vaporblock
Vaporfilt	Vaporgel
Pollub CS	Pollub MZ
Pol disperse 150	

# QUALITY CONTROL

20 Microns is a leader in quality and supplier reliability. Our focus is to constantly improve consistency across all regions and product lines to ensure that our customers are fully satisfied with our products and services. Indeed, continuous improvement in every aspect of our business is a fundamental aspect of the way we work.

Over the years, we have developed a sophisticated method of analyzing and benchmarking our minerals based upon standard and customized tests. Our quality systems are based on achieving and maintaining the highest possible process control capabilities. We have external validation of our Quality Management System (QMS) through ISO 9001:2008 certification at all our operations and will continue to make investments to remain the leader in quality in our industry.

20 Microns products are supplied to stringent specifications. All products are verified for key properties relevant to the industries they are to be used in, to ensure that they conform to the specification.

We are working with SAP system for all the QC division, for better assessment and rapid work structure.

We are equipped with various testing facilities with the advanced technology, some of the major equipments are:

- Particle Size Analyzer: Malvern MS-2000 & Sedigraph-5120
- Elrepho Data color Spectrophotometer
- X-rite Color Spectrophotometer
- Dispermat
- Brookfield & Fann Viscometer
- Einlehner Abrasion Tester

Process testing is carried out in laboratories at each production location. Process testing is cross checked in our central laboratories. Finally, the calibration of testing equipment through the whole organization is verified periodically against recognized independent laboratories.



# R&D

# Corporate Social Responsibility



As a part of the Corporate Social Responsibility, initiatives through the years, the Company established its arm - 20 Microns Foundation Trust in 2001 with an initial donation of Rs. 35 Lacs collected through various interested agencies and built up 135 houses at Mamuara Village, Bhuj for the earthquake affected people.

The Diabetes Centre was inaugurated by 20 Microns Foundation Trust on 14th November, 2008 being World Diabetes Day. Your Company operates as an NGO whose primary aim is to promote awareness about Diabetes among the society and primarily creating an awareness campaign of the diabetes patients by expanding their knowledge about this disease.

Diabetes Centre currently has more than 3000 registered members and regularly operates daily morning from 7:30 am till 12:30 pm, performing routine Blood Tests of our Members and Non-Members for diagnosis of Diabetes at the Centre located at Vadodara, Gujarat. We provide awareness about Diabetes by facilitating medical services through our appointed panel of Doctors.

The Diabetes Centre also provides free YOGA training

by competent YOGA instructors to all interested members every morning with an aim to increase the awareness among society regarding Diabetes Control through regular exercise and controlled appetite.

The Diabetes Centre offers a complete solution for the Diabetic patients and have also issued free I-CARDS to diabetic members mentioning their Blood Group, Emergency contact numbers, Address, etc. which enables them to seek help in any sort of emergency.

The Diabetes Centre is having the mobile Laboratory Van to provide services in different areas of Vadodara and its nearby villages where needy diabetic patients are deprived of timely and necessary treatments.

More than seven Diabetes centres are operating as of now which were started in early 2011 across Vadodara city. They are regularly organizing weekly & monthly camps where the services like sugar test & related medicines provided to diabetic patients at a reduced cost. In addition to the above, throughout the year the Diabetes Centre had organized various camps, to support the society in Vadodara District and nearby rural areas – which includes Free Sugar Check up, advising medication and counselling how to live with diabetes, etc.



# OUTLOOK



“Our goal is to make 20 MICRONS, the most innovative and leader Company in the field of white industrial minerals.”



## “Think Beyond Stay Ahead”

The outlook for 2013-14 looks to be a bit of a roller coaster ride as there are prospects that the Indian Economy would scale down to GDP figures of the year 2004. Other factors such as lower GDP growth of the country, Egypt uncertain political conditions and euro zone stressed countries may influence the import costs, exports realisation and demand for exports and other applications like Plastics, Rubber, Paper and Construction can be linked with the GDP growth of the Country which is not very encouraging. Government policy to deal with infrastructure segment in the Country during the Current Financial Year shall influence our growth in the coating segment i.e. ancillary business to the infrastructure.

Even where challenges to our business may be entirely external to us, it is possible to devise solutions to them. Facing Many challenges and uncertainties, your Company continues to grow modestly while adapting to unparalleled changes. This is putting pressure on the Company to focus on ways to increase the productivity and streamline the significant overheads.

Offering better and relevant products continues to be our focus to sustain growth and leadership in a market that is turning increasingly demanding for micronized products. Our growing investments in R&D infrastructure and people, our attention to enhancing the size and quality of our network, customer care and the focus on operational excellence are key strategies.

Your Company has significant presence outside India in the name of 20 Microns FZE in the Middle East, 20 Microns SDN BHD in South East Asia and China. Global slowdown has impacted the demand conditions in many of these countries and they continue to face challenging macroeconomic conditions. Despite of these conditions your Company will focus on serving the global customers with more niche products supported with quality service and competitive pricing.

In this Direction, your Company also lays great stress on leveraging its inherent strengths of playing a complementary and non-conflicting role. With its strong relationship, your Company participates with its customers by supporting them in their business growth strategy in the niche sectors. Your Company's R&D continuously reviews its processes for aligning with the customers' requirements to be cost competitive and to ensure faster delivery

# Our Products & Applications

..... at a Glance

CALCITE



DOLOMITE



BARITITES

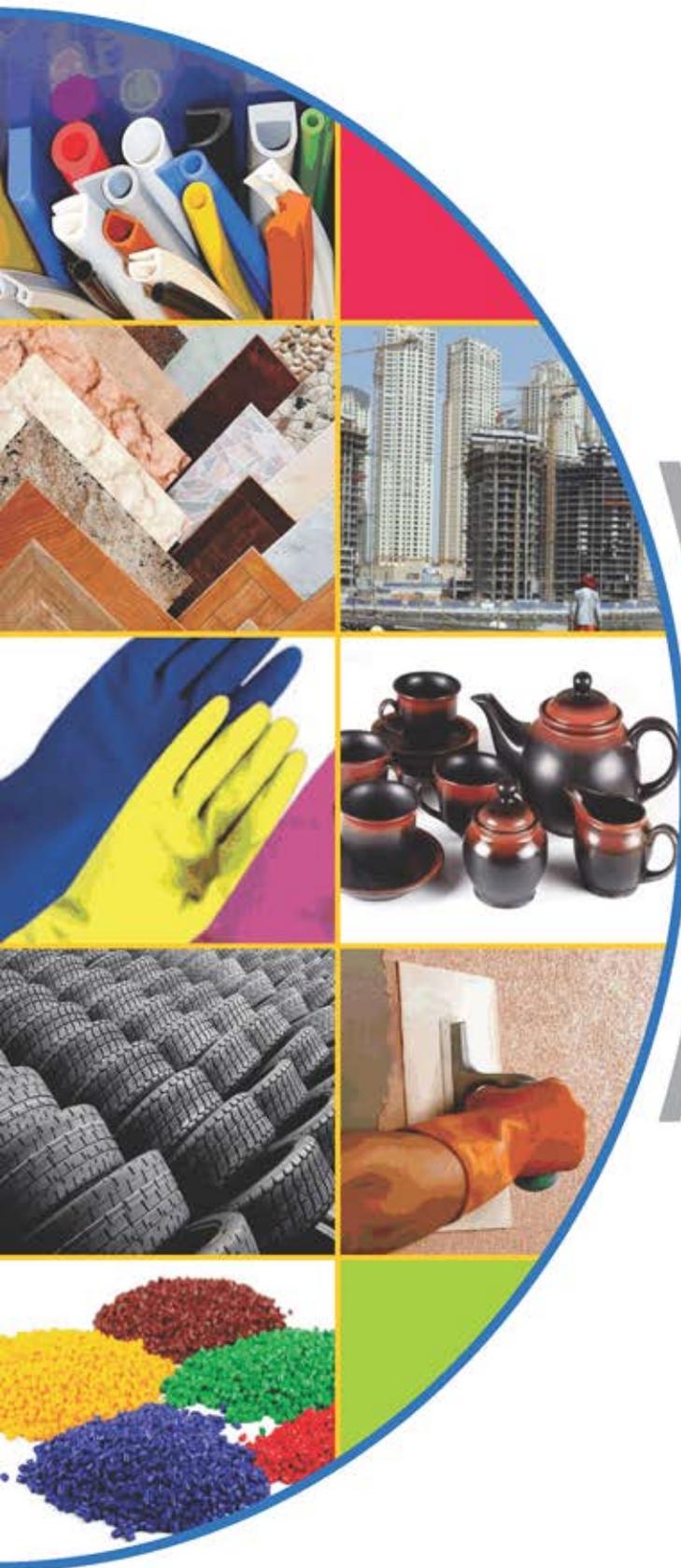


TALC



CALCINED





SILICA



MICA



FELDSPAR



LITHOMER

**20 MICRONS™**



## NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING of the Shareholders of 20 Microns Limited will be held on Saturday, the 28th day of September, 2013 at 03.00 p.m. at the Conference Room at 347, 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 31st March, 2013 and the Audited Profit and Loss Account of the Company for the year ended 31st March, 2013 together with Directors' Report and Auditors' Report thereon.
- 2 To declare a dividend on Equity Shares.
- 3 To appoint a Director in place of Mr. Ram Devidayal, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mr. Rajesh C. Parikh, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5 To appoint M/s. Manubhai & Co., Chartered Accountants, Ahmedabad bearing Firm Registration No. 106041W with the Institute of Chartered Accountants of India, 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 resolution as a Special Resolution.

6 **As Special Resolution**

"RESOLVED THAT pursuant to the provisions of Sections 17, 146 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the confirmation of the Central Government and other statutory authorities, if any, the Registered Office of the Company be shifted from the State of Gujarat to the State of Maharashtra.

RESOLVED FURTHER THAT the Clause No. II of the Memorandum of Association of the Company be and is hereby substituted by the following:

'II. The Registered Office of the Company shall be situated in the State of Maharashtra.'

RESOLVED FURTHER THAT the Board of Directors of

the Company and/or the Committee be and are hereby authorized to do all acts, deeds, matters and things including filing of petitions, statements, affidavits and other writings with any Government or Statutory bodies and to sign and execute all documents, deeds, instruments and writings on behalf of the Company to give effect to this resolution."

### By Order of the Board of Directors

Anuja K. Muley  
Company Secretary

Place: Waghodia, Dist. Vadodara  
Date : 04.07.2013

### 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. The proxies to be effective, must be lodged at the registered office of the Company not later than 48 hours before the commencement of the meeting. A Proxy Form is sent herewith.
3. Members/Proxies should bring duly filled in and signed Attendance Slip 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.
4. The Registers of Members and Share Transfer Books shall remain closed from Monday, the 23rd day of September, 2013 to Saturday, the 28th day of September, 2013 [both days inclusive].
5. The dividend for the year ended 31st March, 2013 as recommended by the Board, if approved at the Meeting, will be paid to those members whose names appear in the Company's Register of Members as on the book closure dates.
6. Brief particulars about the Directors seeking appointments 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.
7. Members may avail of the Nomination Facility as provided under Section 109A of the Companies Act, 1956.

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

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8. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.
9. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereto.

### **EXPLANATORY STATEMENT (AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956)**

**Item 6:**

Presently Registered Office of the Company is situated at 9/10, GIDC Industrial Estate, Waghodia, Dist. Vadodara. However keeping in view the growth, potential and the opportunities in the state of Maharashtra coupled with other physical infrastructure facilities as required for the business, the company desires to enlarge, widen, expand and extend the area of operation of the Company in the State of Maharashtra. Further the Company in future will like to focus its main operations/ projects in the state of Maharashtra & its surrounding areas which will enable the Company to conduct its operations more economically and efficiently.

Accordingly your Board of Directors has proposed shifting of Registered Office of the Company from State of Gujarat to State of Maharashtra.

In accordance with the provisions of Section 17 of the Companies Act, 1956 pursuant to the shifting of Registered Office from one state to another, alteration in Clause II of Memorandum of Association of the Company is required, which requires the approval of shareholders of the Company in the General Meeting by way of Special Resolution to give effect to such change.

In view of the above, your approval is sought for altering Clause II of Memorandum of Association of the Company.

The proposed change will in no way detrimental to the interest of any member of public, employees or other associates of the Company in any manner whatsoever.

None of the Director(s) are deemed to be interested or concerned in the proposed Resolution.

**By Order of the Board of Directors**

Anuja K. Muley  
Company Secretary

Place: Waghodia, Dist. Vadodara  
Date : 04.07.2013

## REPORT OF BOARD OF DIRECTORS

To The Members of  
20 MICRONS LIMITED

Your Directors are pleased to present 26th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2013.

### RESULTS OF OPERATIONS

Particulars	₹ in Lacs)	
	2012-13	2011-12
Total Revenue	28123.26	26770.17
Profit before Depreciation, Interest and Tax (PBDITA)	3720.38	3525.90
Interest for the year	1554.68	1408.52
Depreciation for the year	748.42	631.80
Profit before tax and Exceptional item	1417.28	1485.58
Exceptional items	851.93	-
Profit/(loss) for the year	565.35	1485.58
<b>Tax liability :-</b>		
Current Year's Tax	148.01	363.25
MAT Credit	147.00	-
Deferred Tax Liability/(Asset)	239.97	44.26
<b>Net Profit/(loss) for the year</b>	<b>324.37</b>	<b>1078.08</b>

### OVERVIEW OF ECONOMY

The world economy would grow 3.1 percent this year before accelerating to 4 percent in 2014. The estimates marked a slightly more pessimistic view after November in the Paris-based think tank forecast global growth of 3.4 percent this year and 4.2 percent next year. Notwithstanding policy action aimed at resolving it, the Euro Area crisis has deepened and new interventions have been necessary to prevent matters from deteriorating rapidly. At the end of the fiscal year, due to the high inflation rate, the growth rate of Indian Economy came to around 5.0 per cent is much lower than what was projected.

In this generally depressed scenario, the Company has achieved Gross Sales which stood at ₹ 28,516.81Lacs for the year. The management has taken measures as part of its continuous improvements to strengthen operations and viability. It has widened and improved the product range and price points in domestic as well as international markets to enlarge the customer base.

### PERFORMANCE REVIEW

The Indian economy in April 2012 started with a certain flair but after the second quarter, the economy started to slow down and sluggishly ended the financial year with all the sectors of the economy being affected. Your company managed to register a satisfactory growth in spite of the challenging environment. Your Company witnessed slowdown in demand conditions in the last quarter. Industrial coatings segment continues to be impacted due to economic slowdown. Automotive coatings growth was affected due to subdued demand in the auto sector. Your Company's International Business has recorded a good performance despite all the world's major economies facing a slowdown. Plastics sector has done well even though economic uncertainty in some sub-sectors continues. Paper also has been through a sinusoidal ride as more competition of imported readymade papers are eating the market share of the domestic paper mills. Rubber was sluggish right throughout the year. Foundry and steel sectors also witnessed a flat curve as a result of the restrictive policies of coal and iron ore mining and pricing by the government.

## REPORT OF BOARD OF DIRECTORS (Contd.)

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Your company registered a nominal growth in topline of 6.5%. The bottom lines could have been better. However, higher depreciation, interest cost and overheads resulting from the commissioning of the Company's fully mechanized jumbo milling manufacturing facility at Alwar, Rajasthan and Hosur, Tamil Nadu had an impact on the profit margins during the second half of this year.

The working of the Company during the year 2012-13 has been impacted due to adverse effect on the operations of the Bhuj Plant because of the shift of fuel source from imported coal base producer gas to Furnace oil. This was done to comply with the requirement of pollution control laws. The functioning has now been stabilized and it is expected that the loss of turnover would be regained in the Financial Year 2013-14.

During the year under report, your Company has achieved a Gross Turnover of ₹ 28516.81 Lacs (Up by 6.5% from ₹ 26768.68 Lacs of the previous year). The operations have resulted in a Net Profit before Depreciation, Interest and Tax (PBDITA) of ₹ 3,720.38 lacs as compared to ₹ 3,525.90 Lacs of the previous year.

With reference to the exceptional item in respect of loss on derivative contracts of ₹ 851.93 lakhs as included in the Statement of profit and loss of the Company, your Company has taken a pragmatic view, based on legal advice, not to litigate the issue further with the banks for which bank has provided liquidity comfort to the Company.

The company has invested in overseas subsidiary companies for expanding its business and during the year company at Sharjah FZE has remitted dividend of ₹ 191.43 lakhs (₹ 252.49 lakhs during the previous year).

### PROJECT

During the year the Company has invested total amount of ₹ 72.32 Cr. to expand its micronized minerals and specialty chemical products totaling 89400 M.T.P.A. installing Jumbo mills at Alwar and Hosur and imported Wet grinding mill at Vadadla and calcined clay capacity by 16800 M.T.P.A. installing calciners and refined clay processing plants with 6000 M.T.P.A. for captive use at Bhuj & Tirunelvely. The project cost has been financed by the Company from term loan borrowing and companies contribution by raising – quasi equity funds. It is expected to result into additional sale of manufactured products of approx. ₹ 99 Cr. subject to market conditions.

The growth rate is expected to continue alongwith higher profitability and inspire the Company and its dedicated staff to focus more attention on all its applications. The Current

year and all-coming years would walk on the foot prints with highest earnings and the continued support of effective sales force, improvement in production facilities and implementation of innovative ideas.

During the year, your Company vigorously followed steps to improve plant efficiency, customers' satisfaction, cost reduction 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.

The Company is always looking on enhancing the interest of all the stakeholders by better utilisation of all its resources.

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

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

### DIVIDEND

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Your Directors are pleased to recommend the payment of dividend @ 10% i.e. ₹ 0.50 per Equity Share of the face value of ₹ 5/- for the year under review. The dividend, subject to approval of shareholders, will be paid to the Shareholders whose name appears on the Register of Members as on the Book Closure dates.

### SUB-DIVISION OF SHARES

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The Shareholders of the Company, through Postal Ballot, considered and approved the sub-division of the Equity Shares of your Company whereby 01 (one) Equity Share having a nominal face value of ₹ 10/- (Rupees Ten Only) is sub-divided into 01 (one) Equity Share of nominal face value of ₹ 5/- (Rupees Five Only).

### FINANCE

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Your Directors convey their grateful thanks to State Bank of India and IDBI Bank Limited for their continued support and co-operation.

## REPORT OF BOARD OF DIRECTORS (Contd.)

### FIXED DEPOSITS

As on 31.03.2013, Fixed Deposits from Public and Shareholders stood at the total of ₹ 1760.15 Lacs. 44 deposits totaling to ₹ 22.30 Lacs due for repayment on or before 31.03.2013 were not claimed by the depositors on that day. Out of these, deposits of ₹ 7.90 Lacs have since been repaid or renewed at the option of 19 depositors. No instructions have been received so far for the balance of ₹ 14.40 Lacs from 15 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.

### SUBSIDIARIES

#### a) 20 Microns Nano Minerals Limited

Your Company owns 99.17 percent of 20 Microns Nano Minerals Limited. The said Company is having a state of the art In-house Research & Development facility which is registered with Department of Science & Industrial Research (DSIR), Ministry of Science and Technology, Government of India. During the year under review, the said Company reported revenue from operations of ₹ 2,854.82 Lacs and Net loss of ₹ 35.39 Lacs.

#### b) 20 Microns Sdn. Bhd.

Your Company owns 99.99 percent of 20 Microns Sdn. Bhd. During the year under review, the said Company reported Gross Revenue of RM 14.42 Lacs and Net loss of RM 0.10 Lacs.

#### c) 20 Microns FZE

Your Company owns 100 percent of 20 Microns FZE. During the year ending 31/03/2013, the said Company reported Gross Revenue of AED 116.35 Lacs and achieved Net profit of AED 28.96 Lacs.

As per Section 212(1) of the Companies Act, 1956, the Company is required to attach to its Accounts, the Directors' Report, Balance Sheet and Profit & Loss Account of each of its Subsidiaries. As the Consolidated Accounts present a complete picture of the financial results of the Company and its Subsidiaries and in view of General Circular No. 2/2011 dated 08.02.2011 and No. 3/2011 dated 21.02.2011 issued by Ministry of Corporate Affairs, the Annual Report of the Company does not contain the individual financial statements of its Subsidiaries. However, the statement of your Company's interest in the Subsidiaries as at 31st March, 2013, prepared in accordance with the

provisions of Section 212 of the Companies Act, 1956 is attached to the Balance Sheet.

The Annual Accounts of the Subsidiary Companies along with the related detailed information are available for inspection by the shareholders of the Company and of the Subsidiary Companies at the Company's Registered Office and at the registered office of the concerned Subsidiaries and copies of the same shall be provided to any shareholder on demand.

### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Audited Financial Statements, based on the same received from the Subsidiary Companies, 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.

### 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 alongwith Auditors' Certificate relating to compliance of conditions thereof. CEO Certificate regarding compliance with the Code of Conduct, are annexure forms part of this report.

### PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with The Companies [Particulars of Employees] Rules, 1975, as amended, we have to state that since there are no employees falling within the purview of the said requirements, the same has not been annexed herewith.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.

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 Outgo are given in the Annexure – A to this Report.

## REPORT OF BOARD OF DIRECTORS (Contd.)

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### INDUSTRIAL RELATIONS

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

### DIRECTORATE

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Mr. Ram Devidayal and Mr. Rajesh C. Parikh, retire by rotation and being eligible, offer themselves for reappointment.

### RESPONSIBILITY STATEMENT

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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

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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

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Your Directors would like to express their grateful appreciation for assistance & co-operation received from the Government Authorities; 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 and committed services of the Executives, Staff & Workers of the Company.

#### **For and on behalf of the Board of Directors**

Chandresh S. Parikh  
Chairman and Managing Director

Place: Waghodia, Dist. Vadodara  
Date : 28.05.2013

## ANNEXURE-A ANNEXURE TO THE DIRECTOR'S REPORT, 2012-13

### 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. Wherever 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 YEAR ENDED 31ST MARCH, 2013

#### Power and Fuel Consumption:

Sr.No.	Particulars	2012-13	2011-12
1	<b>Electricity</b>		
	Purchased from Electricity Board		
	Unit consumed	16327270	14919983
	Total Amount (₹ in Lacs)	1010.14	870.09
	Average Rate / Unit (₹)	6.19	5.83
2	<b>Diesel</b>		
	Diesel Liters	681606	214562
	Total Amount (₹ in Lacs)	332.25	94.76
	Average Rate / Liter (₹)	48.75	44.17
3	<b>Gas</b>		
	Gas used MT	140.63	90.92
	Total Amount (₹ in Lacs)	95.23	59.72
	Average Rate / MT (₹)	67715	65685
4	<b>Gas</b>		
	Gas used SCM	458739	459967
	Total Amount (₹ in Lacs)	183.31	158.43
	Average Rate / SCM (₹)	39.96	34.00
5	<b>Coal / Wood / Lignite</b>		
	Coal / Wood / Lignite used MT	12052	18179
	Total Amount (₹ in Lacs)	651.35	913.27
	Average Rate / MT (₹)	5404	5024
6	<b>Furnace Oil</b>		
	Furnace Oil used MT	427.40	324.06
	Total Amount (₹ in Lacs)	190.17	122.60
	Average Rate / MT (₹)	44496	37834
	<b>Grand Total</b>	<b>2462.45</b>	<b>2218.88</b>

## ANNEXURE-A ANNEXURE TO THE DIRECTOR'S REPORT, 2012-13 (Contd.)

### 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 : Please refer Management Discussions and Analysis Report.
  - b) Benefits derived as a result of the above R & D : Please refer Management Discussions and Analysis Report.
  - c) Future plan of action : Please refer Management Discussions and Analysis Report.
  - d) Expenditure on R & D
    - i) Capital : ₹ Nil
    - ii) Recurring : ₹ 43.28 Lacs
    - iii) Total : ₹ 43.28 Lacs
    - iv) Total R & D expenditure as a percentage of total turnover : 0.15%

2. Technology absorption, adaptation and innovation :
  - a) Efforts in brief made towards technology absorption, adaptation and innovation : Please refer Directors' Report.
  - b) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc. : Please refer Directors' Report.
  - c) The Company has not imported any technology during the year.

### 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 : Please refer Directors' Report.
- b) Total Foreign Exchange used and earned:
  - i) Foreign Exchange Earned : ₹ 2619.62 Lacs
  - ii) Foreign Exchange Used : ₹ 2864.57 Lacs

## REPORT ON CORPORATE GOVERNANCE

### GOVERNANCE PHILOSOPHY

Corporate Governance refers broadly to the rules, processes or laws by which businesses are operated, regulated and controlled. A well-defined and enforced corporate governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws. Governance practices may vary but the principles are generic and universal, viz- commitment of the Board in managing business ethically and in a transparent manner with the profit objective balanced by long term value equitably for all stakeholders. Stakeholders would include everyone ranging from the Board of Directors, Management, Shareholders to Customers, Employees and Society at large.

With the increasing complexities in business of organizations, sound governance practices are indispensable to build and sustain trust in all its stakeholders.

Your Company is committed to run its business in a legal, ethical and transparent manner with dedication that originates from the very top and permeate throughout the organization. Besides adhering to the prescribed corporate practices as per clause 49 of the Listing Agreement, it voluntarily governs itself as per highest ethical and responsible standard of business.

### CORPORATE GOVERNANCE PHILOSOPHY

20 Micron's philosophy is to constantly achieve business excellence and optimize long term value through ethical business conduct. Being a value driven organization the Company envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact.

The Corporate Governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfill its overall responsibility by way of providing strategic direction to the Senior Management, Employees, etc. which is needed to meet the aspirations of all stakeholders, including societal expectations. Its initiatives towards adhering to highest standards of governance include: professionalization of the Board; fair and transparent processes and reporting systems and going beyond the mandated Corporate Governance Code requirements of SEBI. At the highest level the Company continuously endeavours to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities into achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

## 1. BOARD OF DIRECTORS

### Composition of Board:

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 08. 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 are 4 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 Non Executive Directors for attending Board/Committee meetings, no other Remunerations/commissions were paid during the year. No significant material transactions have been made with Independent Directors vis-à-vis your Company.

### Category :

The names and categories of Director on the Board and the number of Directorships and Committee Chairmanships / Memberships held by them in other Companies as on 31st March, 2013 are given below:

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of Directors	Category of Directors	No. of other Directorships	Committee* Memberships / Chairmanships	
			Committee Memberships	Committee Chairmanships
<b>EXECUTIVE DIRECTORS</b>				
Mr. Chandresh S. Parikh	Chairman and Managing Director	4	6	1
Mr. Rajesh C. Parikh	Managing Director	4	4	-
Mr. Atil C. Parikh	Joint Managing Director	3	3	-
Mr. Sudhir R. Parikh	Director (Finance)	3	5	-
<b>NON-EXECUTIVE DIRECTORS</b>				
Mr. Pravinchandra M. Shah	Independent Director	-	2	2
Mr. Ram A. Devidayal	Independent Director	6	2	2
Mr. Atul H. Patel	Independent Director	11	4	-
Mr. Naresh Makhija	IDBI Nominee	Nil	1	Nil

(\*Excluding Functional Committee)

### 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 Executive Directors finalizes the agenda, which is circulated with detailed notes to the Board Members in advance of the Meetings.

A. During the financial year ended 31.03.2013, the Board met 07 [Seven] times the dates of which are as under:

Sr. No.	Dates of Board Meetings	Board Strength	No. of Directors Present
1	23.05.2012	08	7
2	12.07.2012	08	6
3	09.08.2012	08	7
4	29.10.2012	08	8
5	08.01.2013	08	8
6	14.02.2013	08	8
7	13.03.2013	08	7

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	7	YES
Mr. Rajesh C. Parikh	7	YES
Mr. Atil C. Parikh	4	YES
Mr. Sudhir R. Parikh	7	YES
Mr. Pravinchandra M Shah	7	YES
Mr. Ram A. Devidayal	7	YES
Mr. Atul H. Patel	6	NO
Mr. Naresh Makhija	7	NO

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Appointment / Re-appointment of Directors:

**Mr Ram Devidayal** holds Master Degrees in Commerce & Management. He has rich & extensive experience in the fields of Agrochemicals of about 35 years of which 20 years in the Senior – 1st Line Management of the Companies to which he has been associated as Director. He is the Vice Chairman of Baroda Citizen Council & involved in Social activities of many NGOs. He has also been actively attached with various Associations since last over a Decade like Chamber of Commerce in Vadodara; Federation of Gujarat Industries; Gujarat Pesticides Formulators; etc. He has travelled widely round the Globe and participated in various International Seminars and led delegations several times.

**Mr. Rajesh C. Parikh**, aged 42 years has graduated with First Class Degree in Bachelor of Mechanical Engineering. He has also completed the Masters in Business Administration. He is the Managing Director of the Company. He started his career with Jyoti Limited, a Vadodara based Engineering Company, in the year 1994 as a Trainee Engineer and thereafter he was associated with the Company and held, on

part time basis, few assignments for a new project to be established for China Clay. At the age of 27 he joined the Board and was in charge of Technical matters & Marketing of the products of the Company. His exposure to the consuming industries brought in him insight for business and industry. He holds 5.24% shares of the present paid-up capital 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](http://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'/Depositors' Grievances Committee	20th November, 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 – Finance & Operations and representatives of the Statutory and Internal Auditors of the

Company are permanent invitees to the Committee meetings. The Company Secretary acts as Secretary to the Committee.

The Committee, as on 31st March, 2013, comprised of the following members:

1. Mr. Ram A. Devidayal - Chairman
2. Mr. Pravinchandra M. Shah
3. Mr. Atul Patel

All of them are Independent Directors.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Attendance:

During the financial year ended 31st March, 2013, 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	23.05.2012	3	3
2	09.08.2012	3	2
3	29.10.2012	3	3
4	14.02.2013	3	3

Attendance at the Committee Meetings:

Names of Committee Members	Category	No. of meetings attended
Mr. Ram A. Devidayal	Independent Director	4
Mr. Pravinchandra M. Shah	Independent Director	4
Mr. Atul H. Patel	Independent Director	3

### 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 judgement by Management
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumptions
  - 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;

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- (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 discussions 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;
- (g) Discussions 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 criteria which include responsibility, performance and potential of the Executive Directors 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, as on 31st March, 2013, comprised of the following members:

1. Mr. Pravinchandra M. Shah - Chairman
2. Mr. Naresh Makhija
3. Mr. Atul Patel

All of them are Independent Directors.

#### Attendance:

During the financial year ended 31st March, 2013, the Remuneration Committee met once the date of which is as under:

Sr. No.	Date of Meeting	Committee Strength	No. of Members Present
1	14.02.2013	3	3

Attendance at the Committee Meetings:

Names of Committee Members	Category	No. of meetings attended
Mr. Pravinchandra M. Shah	Independent Director	1
Mr. Naresh Makhija	Independent Director	1
Mr. Atul Patel	Independent Director	1

### 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 Independent Directors.

#### Composition:

The Committee, as on 31st March, 2013, comprised of the following members:

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

#### Attendance:

During the financial year ended 31st March, 2013, no meetings were held since there was no necessity.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### SHARE TRANSFERS & INVESTORS'/DEPOSITORS' 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 shareholding and investor grievances and review all the matters relating to fixed deposits such as payment of interest on due dates, repayment of principle, maintenance of Liquid assets and other matters relating to Section 58A of the Companies Act, 1956 and Rules made there under.

#### Attendance:

During the financial year ended 31st March, 2013, the Committee met once the date of which is as under:

Sr. No.	Date of Meeting	Committee Strength	No. of Members Present
1	25.01.2013	4	4

Attendance at the Committee Meetings:

Names of Committee Members	Category	No. of meetings attended
Mr. Pravinchandra M. Shah	Independent Director	1
Mr. Rajesh C. Parikh	Executive Director	1
Mr. Sudhir R. Parikh	Executive Director	1
Mr. Ram A. Devidayal	Independent Director	1

### FUNCTIONAL COMMITTEES

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

### Composition:

The Committee, as on 31st March, 2013, comprised of the following members:

1. Mr. Pravinchandra M. Shah - Chairman
2. Mr. Rajesh C. Parikh
3. Mr. Sudhir R. Parikh
4. Mr. Ram A. Devidayal

Except Mr. Rajesh C. Parikh and Mr. Sudhir R. Parikh, others are Independent Directors.

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.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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, 2013, were not in conflict with the interest of the Company at large. The related party transactions have been disclosed in Notes to Financial Statements forming part of the Annual Report.

#### Disclosure of Accounting treatment

There is no deviation in 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. During the year, there were no penalties or strictures imposed on the Company by the stock exchanges or SEBI 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 as well as of the Company:

Particulars	Aggregate No. of Shareholders	Aggregate No. of Shares
Shares lying in Suspense account as on 01.04.2012	3	422
Shares transferred from Suspense account during the year	Nil	Nil
Shares lying in Suspense account as on 31.03.2013	3	422

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

#### Board Disclosures – Risk Management

The Company is exposed to risks from foreign exchange fluctuations, competition, liquidity, credit and logistics risks. 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.

#### Remuneration of Directors for the financial year 2012-13

Remuneration to Executive Directors have been paid to them in terms of the approval given by Shareholders of the Company under Section 269, 309 and other applicable provisions of the Companies Act, 1956 and the resolution passed in that behalf and as recommended 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 fixed salary, allowances and other perquisites as per the Rules of the Company and commission on Net profit as calculated as per Sections 349 & 350 of the Companies Act, 1956. The Provident Fund is contributed as per Provident Fund Act and 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 and Sitting Fees paid to the Non-Executive Directors are as under:

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

(₹ in Lacs)					
Name of Directors	Basic	HRA	Medical	Commission	TOTAL
<b>EXECUTIVE DIRECTORS</b>					
Mr. Chandresh S. Parikh	36.30	-	1.45	-	37.75
Mr. Rajesh C. Parikh	27.60	4.14	1.27	-	33.01
Mr. Atil C. Parikh	22.56	3.38	1.04	-	26.98
Mr. Sudhir R. Parikh	27.60	4.14	1.27	-	33.01

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

Name of Directors	Sitting Fees
<b>NON-EXECUTIVE DIRECTORS</b>	
	₹
Mr. Pravinchandra M. Shah	75,000
Mr. Ram A. Devidayal	71,000
Mr. Atul H. Patel	41,000
Mr. Naresh Makhija*	39,000

\* Sitting Fees were paid to the Institution nominating him.

### Director's Shareholding

Shareholding of the Directors in the Company as on 31st March, 2013:

Names of Directors	No. of shares held in the Company	Percentage of holding
Mr. Chandresh S. Parikh	36,30,400	11.46
Mr. Rajesh C. Parikh	16,59,956	5.24
Mr. Atil C. Parikh	16,59,956	5.24
Mr. Sudhir R. Parikh	3,96,690	1.25
Mr. Naresh Makhija	Nil	Nil
Mr. Pravinchandra M. Shah	21,000	0.06
Mr. Ram Devidayal	1,20,000	0.37
Mr. Atul Patel	Nil	Nil

In terms of Article 129 of the Articles of Association of the Company, the Directors are not required to hold any qualification shares.

## 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 in "Economic Times" - English & Vernacular - Gujarati versions.

The Company's results and Official News Releases are also displayed on the Company's Website [www.20microns.com](http://www.20microns.com)

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 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
2011-12	09.08.2012	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist. Vadodara	3.00 pm	No Special Resolutions were passed.
2010-11	18.08.2011	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist. Vadodara	3.00 pm	No Special Resolutions were passed.
2009-10	26.08.2010	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist. Vadodara	3.00 pm	No Special Resolutions were passed.

During the year 2012-13, 1 [one] Extra – ordinary General Meetings was held on 23rd April, 2012 where Special Resolutions for the following items were passed:

1. Re-appointment of Mr. Atil C. Parikh as the Whole-time Director, designated as the Joint Managing Director for the period from 29.01.2012 to 31.03.2013 and payment of Remuneration to him.
2. Create, Issue, Offer and Allot 11,00,000 Convertible Warrants to the Promoters of the Company
3. Create, Issue, Offer and Allot 4,00,000 Convertible Warrants to the Persons other than the Promoters of the Company.

#### Postal Ballot:

During the year, the Company sought approval of the Members, through Postal Ballot twice as per Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2011 for following Special Resolutions –

Special Resolutions for the following items were passed:

1. Split/Sub-division of equity share of the Company form the face value of ₹ 10/- each to the same of ₹ 5/- each and consequential amendment in the Memorandum of Association of the Company. [Passed by Postal Ballot dated 16.01.2013]
2. To sell, transfer and/or otherwise dispose off the Undertakings of the Company. [Passed by Postal Ballot dated 18.03.2013]
3. To issue, offer and allot Equity Shares or any other financial instruments/Securities either convertible

and/or non-convertible into Equity shares upto an amount of ₹ 30 Crore. [Passed by Postal Ballot dated 18.03.2013]

Mr. Devesh Desai, Practicing Company Secretary was appointed as the Scrutinizer for conducting the Postal Ballot process. Based on the Scrutinizer's Report dated 16.01.2013 & 18.03.2013, respectively, the Results of Postal Ballot were declared on 16.01.2013 & 18.03.2013, at the Registered Office.

### 7. CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO and CFO certification is appended as an Annexure to this report.

### 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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### 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.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### 10. GENERAL SHAREHOLDERS' INFORMATION

#### Registered Office

9/10, GIDC Industrial Estate, Waghodia – 391760, Dist. Vadodara, Gujarat, India. Tel: +91-2668-292297, Fax: +91-2668-264003

#### Annual General Meeting

**Day and Date** : Saturday, the 28th day of September, 2013

**Time** : 03.00 pm

**Venue** : Plot No. 347, GIDC Industrial Estate, Waghodia – 391760, Dist. Vadodara, Gujarat, India.

#### 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, 2013	On or before 15th August, 2013
Quarter / Half Year ending on 30th September, 2013	On or before 15th November, 2013
Quarter ending on 31st December, 2013	On or before 15th February, 2014
Annual Audited Results of the Year 2013-14	On or before 30th May, 2014

#### Book Closure

The Register of Members and Share Transfer Books of the Company will be closed from Monday, the 23rd day of September to Saturday, the 28th day of September, 2013 [both days inclusive] for the purpose of 26th Annual General Meeting and dividend, if approved.

#### Listing Details

The Company's Equity shares are listed on the following Stock Exchanges:

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Fort, MUMBAI – 400 001.  
Stock Code: 533022

National Stock Exchange of India Limited  
Exchange Plaza, Bandra – Kurla Complex,  
Bandra [East], MUMBAI – 400 051.  
Stock Code: 20MICRONS

The Company's payment of Listing Fees is up-to-date.

#### Dematerialisation of Shares and Liquidity

The ISIN code of the Shares of the Company is INE144J01027. As on 31st March, 2013, 97.31% of the paid-up capital has been dematerialized as detailed below:

Mode	No. of Shares	% of the total share capital
PHYSICAL	8,51,712	2.69
NSDL	2,41,37,564	76.24
CDSL	66,72,780	21.07
<b>TOTAL</b>	<b>3,16,62,056</b>	<b>100.00</b>

#### Registrars and Share Transfer Agents

The following is the details and contacts of the Registrars & Transfer Agents of the Company:

CAMEO CORPORATE SERVICES LIMITED

Subramanian Building, No. 1, Club House Road,  
CHENNAI – 600 002.

TeleFax: +91 044 28460395

Email: narasimhan@cameoindia.com

#### Share Transfer System

The Company's shares are traded on Stock Exchanges in Demat mode only. Those Transfers are effected through Depositories i.e. NSDL & CDSL.

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.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Market Price Data

The monthly high and low prices of the Shares of the Company as quoted on Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the FY 2012-13 are given hereunder:

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (in ₹)	Low (in ₹)	Close (in ₹)	High (in ₹)	Low (in ₹)	Close (in ₹)
Apr - 2012	94.30	77.00	90.15	94.45	77.25	89.85
May - 2012	96.25	83.00	90.15	96.30	83.00	90.30
Jun - 2012	92.50	84.50	85.95	92.00	84.50	85.80
Jul - 2012	100.35	83.50	96.95	100.40	83.35	97.05
Aug - 2012	124.75	95.90	119.85	124.75	95.55	118.45
Sep - 2012	147.50	100.35	111.40	148.00	100.00	111.40
Oct - 2012	132.00	105.65	114.80	132.00	105.80	114.45
Nov - 2012	172.40	115.90	137.10	172.40	115.00	137.35
Dec - 2012	158.75	131.10	156.80	158.45	130.35	156.95
*Jan - 2013	165.75	67.70	68.80	165.35	67.60	68.80
Feb - 2013	71.35	30.25	32.20	71.35	30.10	32.10
Mar - 2013	33.80	29.70	31.05	33.60	29.80	31.30

\* Face Value of Equity Shares of the Company was split from ₹ 10/- per share to ₹ 5/- per share w.e.f. 30.01.2013

### Shareholding Pattern

The Shareholding Pattern of the Company as on 31st March, 2013 is as follows:

Category	No. of Shares	% Shareholding
Promoter & Promoter Group	2,01,88,621	63.76
Bodies Corporate	33,48,127	10.57
Clearing Members	59,825	0.19
Non Resident Indians	18,06,703	5.71
Trusts	78,168	0.25
Other Individuals	61,80,612	19.52
<b>TOTAL</b>	<b>3,16,62,056</b>	<b>100.00</b>

### Distribution of Shareholding

The distribution of shareholding of the Company as on 31st March, 2013 is as follows:

Range of Shares	No. of Shareholders	% of total Shareholders	Shares Capital ( ₹ )	% to total Shareholding
Between 1 to 1000	3902	60.69	20,53,210	1.30
Between 1001 and 5000	1888	29.37	42,66,995	2.70
Between 5001 and 10000	261	4.06	20,66,140	1.30
Between 10001 and 20000	134	2.08	20,85,825	1.32
Between 20001 and 30000	62	0.96	15,91,635	1.01
Between 30001 and 40000	26	0.4	9,04,065	0.57
Between 40001 and 50000	15	0.23	6,98,840	0.44
Between 50001 and 100000	53	0.82	38,29,300	2.42
100001 and above	88	1.37	14,08,14,270	88.94
<b>TOTAL</b>	<b>6429</b>	<b>100.00</b>	<b>15,83,10,280</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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### Investors 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:

Ms. Anuja Muley  
Company Secretary & Compliance Officer  
20 Microns Limited  
9/10, GIDC Industrial Estate,  
Waghodia - 391760  
Dist. Vadodara, Gujarat, India  
Tel : +91 02668 292297  
Fax: +91 02668 264003  
Email: investors@20microns.com

### DECLARATION FOR CODE OF CONDUCT

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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, 2013.

Place: Vadodara  
Date : 28.05.2013

**Chandresh S. Parikh**  
Chairman & Managing Director

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### CEO / CFO CERTIFICATION

To  
The Board of Directors  
20 Microns Limited

1. We have reviewed Audited Financial statements and the cash flow statement of 20 Microns Limited for the year ended 31st March, 2013 and that to the best of our knowledge & information :
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. To the best of our knowledge and information, no transactions are entered into by the Company during the year ended 31st March, 2013, which are fraudulent, illegal and violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting. In order to evaluate the effectiveness of internal control systems, pertaining to financial reporting and for risk management we have established internal framework to carry out independent study at regular intervals on risk management and internal controls, which helps in forming the opinion for CEO/CFO certification as required.
4. We have informed to the Auditors and the Audit Committee:
  - i) Significant changes in the internal control over financial reporting during the year, if any;
  - ii) Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Chandresh S. Parikh**  
Chairman & Managing Director

**Sudhir R. Parikh**  
Director (Finance)

Place: Waghodia  
Date : 28.05.2013

### 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, 2013 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  
Firm Registration No. 106041W

**G R Parmar**  
Partner  
Membership No. 121462

Place: Ahmedabad  
Date : 28.05.2013

## AUDITOR'S REPORT

To The Members of  
20 MICRONS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of 20 Microns Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Manubhai & Co.**  
Chartered Accountants  
Firm Registration No. 106041W

**G R Parmar**  
Partner  
Membership No. 121462

Place: Waghodia  
Date : 23.05.2013

## ANNEXURE TO AUDITORS' REPORT

The Annexure referred to in our report to the members of 20 Microns Limited ('the Company') for the year ended on March 31, 2013. We report that:

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except tagging details of fixed assets is in the process of updation in the fixed assets register.
  - b) As explained to us, the fixed assets have been physically verified by the management as per phased programme of verification designed to cover all the fixed assets on rotation basis, 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.
  - c) The fixed assets disposed of during the year, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2.
  - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b) 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 generally reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The company has maintained proper records of inventories. As explained to us, the discrepancies noticed on verification between physical stocks and book records were material and the same have been properly dealt with in the books of account.
3.
  - a) The Company has granted unsecured loan to 3 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was ₹ 31.37 Lacs and the year-end balance was ₹ 31.37 Lacs.
  - b) In our opinion and according to information and explanation given to us, the loans are interest free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- c) The loans given by the Company are interest free and repayable at the end of one year in single installment and on demand therefore the question of regular receipt of principal amount and interest does not arise.
- d) The Company has taken unsecured loans from two subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was ₹ 145.97 Lacs and the year-end balance was ₹ 47.99 Lacs.
- e) In our opinion and according to information and explanation given to us, the loans are interest free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- f) The loans taken by the Company are interest free and repayable at the end of one year in single installment. The outstanding loan of ₹ 47.99 Lacs is not paid at the end of one year in single installment as per the terms of repayment. As the loans are interest free the question of regularity of its payment does not arise.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, 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.
  - a) According to the information and explanations 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.
  - b) Having regard to the nature of transaction and non availability of comparable quotations, the reasonability of price in respect of the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year cannot be ascertained.

## ANNEXURE TO AUDITORS' REPORT (Contd.)

6. 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. The Company has appointed firms of chartered accountants as internal auditors. On the basis of reports submitted by internal auditors, in our opinion the internal audit system is commensurate with the size and nature of company's business.
8. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, carried out a detailed examination of the same.
- 9.
- a) In our opinion and according to the information and explanation given to us, the company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Investor Education and Protection Fund, 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, Service Tax and Employees' State Insurance dues where there was some delay on few occasions at some of the offices of the company.
- 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, 2013 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.	Name of Statute	Nature of Dues	Amount (in Lacs ₹)	Period to which the amount relates	Forum where dispute is pending
1	Central Excise Act, 1944	Excise Duty	749.67	07.02.2000 to 31.07.2003	Supreme Court
2	Central Excise Act, 1944	Excise Duty	2.00	1999-2000	Customs, Excise and Service Tax Appellate Tribunal
3	Central Excise Act, 1944	Custom Duty	2.77	2006-2007	Customs, Excise and Service Tax Appellate Tribunal
4	Income Tax Act, 1961	Income tax	20.14	2003-2004	Commissioner of Income Tax
5	Income Tax Act, 1961	Income tax	1.31	2009-2010	Commissioner of Income Tax
6	Tamil Nadu General Sales Tax Act, 1959	Local Sales Tax	0.60	2004-2005	Appellate Dy. Commissioner, Commercial Taxes, Tamil Nadu
7	Central Sales Tax Act, 1956	Central Sales Tax	11.93	2008-2009	Commissioner of Commercial Taxes, Appeals

## ANNEXURE TO AUDITORS' REPORT (Contd.)

10. 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 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.
12. 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 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. The Company is not dealing or trading in Shares, Securities, Debentures and Other Investments. However the Company has maintained proper records of transactions and contracts in respect of investment in shares and other securities and timely entries have been made therein. The investment in the shares and other securities are held by the Company in its own name.
15. According to the information and explanation given to us, the Company has given guarantee of ₹ 1,225 Lacs for loans taken by subsidiary from bank. The terms of such guarantee are not prejudicial to the interest of the Company.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have, prima facie, not been used for long-term investment.
18. During the year, the Company has made preferential allotment of warrants to the promoters and promoters group on July 12, 2012. The promoters are covered in the Register maintained under Section 301 of the Companies Act, 1956. The terms and conditions of the issue are in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and hence the price at which shares have been issued is not prejudicial to the interest of the Company.
19. The Company has not issued any debentures during the year therefore paragraph 4(xix) of the Order is not applicable.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

**For Manubhai & Co.**  
Chartered Accountants  
Firm Registration No. 106041W

**G R Parmar**  
Partner  
Membership No. 121462

Place: Waghodia  
Date : 28.05.2013

## BALANCE SHEET

as at March 31st, 2013

		(₹ in Lacs)	
Particulars	Note	2012-13	2011-12
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
a. Share Capital	2	1583.10	1433.10
b. Reserves and Surplus	3	5144.64	3805.49
c. Money received against share warrants		-	515.00
		<b>6727.74</b>	<b>5753.59</b>
<b>2. Non-Current Liabilities</b>			
a. Long-term borrowings	4	6471.86	5142.21
b. Deferred tax liabilities (Net)	5	1332.17	1092.20
c. Other Long-term liabilities	6	59.76	35.99
		<b>7863.79</b>	<b>6270.40</b>
<b>3. Current Liabilities</b>			
a. Short-term borrowings	7	6531.73	7520.32
b. Trade payables	8	2694.34	2160.17
c. Other current liabilities	9	2691.64	2488.28
d. Short-term provisions	10	205.73	315.23
		<b>12123.44</b>	<b>12484.00</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26714.97</b>	<b>24508.00</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a. Tangible assets	11	13776.81	7216.64
b. Intangible assets	11	164.88	183.97
c. Capital work-in-progress	11	343.80	3567.22
d. Non-current investments	12	737.92	737.92
e. Long term loans and advances	13	1391.38	1467.23
f. Other non-current assets	14	233.42	195.08
		<b>16648.21</b>	<b>13368.06</b>
<b>2. Current assets</b>			
a. Inventories	15	4431.90	4806.16
b. Trade receivables	16	4495.48	4433.35
c. Cash and bank balances	17	396.65	779.49
d. Short-term loans and advances	18	637.01	797.90
e. Other current assets	19	105.72	323.04
		<b>10066.76</b>	<b>11139.94</b>
<b>TOTAL ASSETS</b>		<b>26714.97</b>	<b>24508.00</b>

### Significant Accounting Policies

1

The notes referred to above form an integral part of the financial statement.

As per our audit report of even date attached

For and on behalf of Board of Directors

**For Manubhai & Co.**

Chartered Accountants

Firm Registration No. 106041W

G R Parmar

Partner

Membership No. 121462

Date : 28.05.2013

Place: Waghodia, Dist. Vadodara

Chandresh S Parikh

Chairman and  
Managing Director

Date : 28.05.2013

Place: Waghodia, Dist. Vadodara

Rajesh Parikh

Managing Director

Anuja Muley

Secretary

P M Shah

Director

## STATEMENT OF PROFIT AND LOSS

for the year ended March 31st, 2013

		[₹ in Lacs]	
Particulars	Note	2012-13	2011-12
<b>I</b> Revenue from Operations	20	27710.07	26341.14
<b>II</b> Other Income	21	413.19	429.06
<b>III TOTAL REVENUE ( I + II )</b>		<b>28123.26</b>	<b>26770.20</b>
<b>IV Expenses</b>			
a. Cost of material consumed	22	14040.09	14169.19
b. Changes in Inventories of Finish Goods	23	(353.11)	(297.76)
c. Employee Benefit Expense	24	2263.34	1998.79
d. Finance Costs	25	1554.68	1408.52
e. Depreciation and Amortization Expense		748.42	631.80
f. Other Expenses	26	8452.54	7374.07
<b>TOTAL EXPENSES</b>		<b>26705.98</b>	<b>25284.62</b>
<b>V Profit before exceptional Items and Tax ( III - IV )</b>		<b>1417.28</b>	<b>1485.58</b>
<b>VI</b> Less : Exceptional Items	27	851.93	-
<b>VII Profit before Tax ( V - VI )</b>		<b>565.35</b>	<b>1485.58</b>
<b>VIII Tax Expenses</b>			
a. Current Tax		147.00	362.00
b. Wealth Tax		1.01	1.25
c. Deferred Tax		239.97	44.26
e. Mat Credit		(147.00)	-
f. Prior year tax adjustment		-	-
<b>TOTAL TAX EXPENSES</b>		<b>240.98</b>	<b>407.51</b>
<b>IX Profit for the year ( VI - VIII )</b>		<b>324.37</b>	<b>1078.08</b>
<b>Earning per Equity Share</b>			
Basic		1.02	3.76
Diluted		1.02	3.76

### Significant Accounting Policies

1

The notes referred to above form an integral part of the financial statement.

As per our audit report of even date attached

**For Manubhai & Co.**

Chartered Accountants

Firm Registration No. 106041W

For and on behalf of Board of Directors

G R Parmar  
Partner  
Membership No. 121462

Chandresh S Parikh  
Chairman and  
Managing Director

Rajesh Parikh  
Managing Director

Anuja Muley  
Secretary

P M Shah  
Director

Date : 28.05.2013  
Place: Waghodia, Dist. Vadodara

Date : 28.05.2013  
Place: Waghodia, Dist. Vadodara

**CASH FLOW STATEMENT**

as at March 31st, 2013

Particulars	(₹ in Lacs)				
	2012-13		2011-12		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>565.35</b>		<b>1485.58</b>	
Adjusted for :					
Depreciation and Amortisation expenses		748.42		631.80	
Gratuity provision		34.12		30.76	
Bad debts written off (net of write back)		-		(16.56)	
Provision for Doubtful Debts		49.29		-	
Provision for Leave Encashment		8.79		6.06	
Credit balances written back		(76.68)		(12.48)	
Debit balances written-off		27.68		12.09	
Profit on disposal of Tangible assets		(1.23)		(21.16)	
Loss on disposal of Tangible assets		11.87		16.09	
Dividend from long term investments		(191.43)		(283.09)	
Interest Received on bank deposits		(43.84)		(38.14)	
Interest Paid		1428.70		962.59	
Effect of Foreign Exchange Rate fluctuations (net)		-		146.87	
Forward Premium		125.98	2121.66	445.93	1880.78
<b>Operating Profit before working capital changes</b>		<b>2687.01</b>		<b>3366.36</b>	
Adjusted for :					
Increase / (Decrease) in Trade Payables and liabilities		797.14		(258.99)	
(Increase) / Decrease in Trade Receivables		(139.11)		(452.30)	
(Increase) / Decrease in Loans and Advances		341.42		(289.05)	
(Increase) / Decrease in Inventories		374.26		(896.21)	
(Increase) / Decrease in Other Assets		(49.80)	1323.92	(7.85)	(1904.40)
<b>Cash Generated from Operation</b>		<b>4010.93</b>		<b>1461.96</b>	
Direct Taxes paid (net of refund)		(104.67)		(283.52)	
<b>Net Cash provided by Operating Activities</b>		<b>3906.26</b>		<b>1178.44</b>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Tangible assets and Capital WIP		(4057.86)		(4112.42)	
Purchase of Intangible assets		(37.35)		(34.87)	
Proceeds from disposal of Tangible assets		18.49		156.42	
Investment In Subsidiary		-		(18.64)	
Interest Received on Bank Deposits		43.84		38.14	
<b>Net cash used in investing activities</b>		<b>(4032.89)</b>		<b>(3971.37)</b>	

## CASH FLOW STATEMENT

as at March 31st, 2013 (Contd.)

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings (net)	1329.65	2558.63
Proceeds from short-term borrowings (net)	(988.59)	1447.91
Dividend paid	(257.96)	(214.18)
Corporate Dividend Tax on dividend paid	(41.85)	(34.87)
Advance for equity share warrants (Adjusted against Share Premium & Share Capital Issued)	(515.00)	515.00
Share Premium Received	1200.00	-
Proceed from Issue of Share Capital	150.00	-
Dividend from Long Term Investments	420.22	-
Interest paid	(1428.70)	(962.59)
Forward premium	(125.98)	(445.93)
<b>Net Cash from financing activities</b>	<b>(258.21)</b>	<b>2863.95</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(384.84)</b>	<b>71.02</b>
<b>Cash and cash equivalents - opening balance</b>	<b>770.21</b>	<b>699.19</b>
<b>Cash and cash equivalents - closing balance</b>	<b>385.37</b>	<b>770.21</b>

### Notes:

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 'Cash Flow Statements' notified under the Companies (Accounting Standard) Rules, 2006.
- Components of Cash and cash equivalents.

(₹ in Lacs)		
Particulars	2012-13	2011-12
Cash in hand	10.99	3.96
Balances with banks:		
in current accounts	109.23	346.74
in deposit accounts	273.62	427.55
in unclaimed dividend accounts*	2.81	1.23
<b>Cash and bank balances (as per note 17)</b>	<b>396.65</b>	<b>779.49</b>
Less : amount due to bank in current account	(11.29)	(9.28)
<b>Cash and cash equivalents - Closing Balance as per Cash Flow</b>	<b>385.37</b>	<b>770.21</b>

\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

- Bank Overdraft and other short term loans have been treated as part of financing activities.
- Previous year's figures have been regrouped / reclassified, wherever necessary to conform to the current year's classification.

As per our audit report attached  
**For Manubhai & Co.**  
 Chartered Accountants  
 Firm Registration No. 106041W

For and on behalf of Board of Directors

G R Parmar  
 Partner  
 Membership No. 121462  
 Date : 28.05.2013  
 Place: Waghodia, Dist. Vadodara

Chandresh S Parikh  
 Chairman and  
 Managing Director

Date : 28.05.2013  
 Place: Waghodia, Dist. Vadodara

Rajesh Parikh  
 Managing Director

N J Savaliya  
 Secretary

P M Shah  
 Director

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2013

### 1. Basis of preparation of Financial Statements:

The company maintains its accounts on accrual basis following the historical cost convention in compliance with applicable mandatory Accounting Standards and relevant presentation requirements of the Companies Act, 1956. The reporting currency is INR and amounts are rounded off to nearest lacs.

### 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. Although these estimates are based upon best knowledge of current events and actions, actual results could differ from these estimates. These differences 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 schemes are accrued in the year in which the goods are exported and are accounted to the extent considered recoverable.
- C) Dividend is recognized as income when right to receive arises.
- D) Interest income is recognized on accrual basis, and other incomes are recognized as and when received.

### 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 of 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 date of export invoice.

### 5. Fixed Assets and Depreciation

- A) Fixed assets include all expenditure of capital nature and stated at cost (net of CENVAT, 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 pro-rata basis.
- D) In case of assets acquired on lease, cost / premium paid is being amortized over a period of 20 years or the life the lease whichever is less.

E) Expenditure on projects pending capitalization are shown under the head "Capital Work In Progress" which will be capitalized to 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. Intangible Assets

- A) Acquired Intangible Assets in the form of "Process Know How" is recognized at the cost of acquisition and amortized over a period of five years, depending on their estimated useful life.
- B) Capitalized software includes cost on Enterprise Resource Planning (ERP) project and other Software cost including license fees, which provides significant future benefits. ERP Project fees will be amortized over a period of seven years. Cost of all other software will be amortized over a period of five years.

### 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 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.

### 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 weighted average basis.

### 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

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

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) 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.

### 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 are ready for their intended use. Other borrowing cost are treated as revenue expenditure.

### 13. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 14. Taxes on Income

- A) Tax expense comprise of current and deferred taxes.
- B) Current income tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act, 1961.
- 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 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.

### 15. 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.

### 16. General

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

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013

(₹ in Lacs)

Particulars	2012-13		2011-12	
<b>2. SHARE CAPITAL</b>				
<b>a. Authorised Capital</b>				
6,00,00,000 Equity Shares of ₹ 5/- each	3000.00		3000.00	
(Previous Year 3,00,00,000 Equity Shares of ₹ 10/- each)				
<b>b. Issued, subscribed and fully paid-up equity Shares</b>				
3,16,62,056 Equity Shares of ₹ 5/- each*	1583.10		1433.10	
(Previous Year: 1,43,31,028 shares of ₹ 10/- each)				
*During the Year Face Value of Equity Shares of ₹ 10/- each was split from ₹ 10/- to ₹ 5/- Per Share.				
<b>c. Reconciliation of the share outstanding at the beginning and at the end of the reporting period</b>				
	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
<b>Name of Shareholder</b>				
At the beginning of the year	14,331,028	143,310,280	14,331,028	143,310,280
Issued during the period - Warrant conversion	1,500,000	15,000,000	-	-
Issued during the period - Share Split	15,831,028	-	-	-
<b>Outstanding at the end of the year</b>	<b>31,662,056<sup>##</sup></b>	<b>158,310,280</b>	<b>14,331,028<sup>#</sup></b>	<b>143,310,280</b>
	<sup>#</sup> ₹ 5/- each		<sup>#</sup> ₹ 10/- each	
<b>d. Rights, preferences and restrictions attached to shares</b>				
i The Company has only one class of shares referred to as equity shares having a par value of ₹ 5/-.				
ii Each holder of equity shares is entitled to one vote per share which can be exercised either personally or by an attorney or by proxy.				
iii The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing general meeting except in the case of interim dividend.				
iv In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.				
<b>e. Details of shareholders holding more than 5% shares in the Company:</b>				
	<b>No. of Shares held</b>	<b>% of holding</b>	<b>No. of Shares held</b>	<b>% of holding</b>
<b>Name of Shareholder</b>				
Eriez Finance and Investment Limited	8,250,235	26.06	3,644,412	25.43
Mr.Chandresh S. Parikh	3,630,400	11.47	1,800,200	12.56
Mr. Rameshbhai B. Patel	1,953,100	6.17	720,900	5.03
Mr. Rajesh C. Parikh	1,659,956	5.24	279,978	1.95
Mr. Atil C. Parikh	1,659,956	5.24	279,978	1.95
<b>Total</b>	<b>17,153,647</b>	<b>54.18</b>	<b>6,725,468</b>	<b>46.92</b>

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars	(₹ in Lacs)	
	2012-13	2011-12
<b>3. RESERVES AND SURPLUS</b>		
<b>a. General Reserve</b>		
Balance as per last year Financial Statement	120.54	39.68
Add: Transfer from Surplus	-	80.86
<b>Closing Balance</b>	<b>120.54</b>	<b>120.54</b>
<b>b. Securities Premium Account</b>		
Balance as per last year Financial Statement	1761.55	1761.55
Add : Addition during the year	1200.00	-
<b>Closing Balance</b>	<b>2961.55</b>	<b>1761.55</b>
<b>c. Surplus as per Statement of Profit and loss A/c</b>		
Balance as per last year Financial Statement	1923.40	1225.99
Add : Net Profit for the year	324.37	1078.08
Less : Appropriations		
Transfer to General Reserves	-	80.86
Proposed Dividends	158.31	257.96
Corporate Dividend Tax on Proposed Dividend	26.90	41.84
<b>Closing Balance</b>	<b>2062.55</b>	<b>1923.40</b>
<b>Total Reserves and Surplus</b>	<b>5144.64</b>	<b>3805.49</b>

Particulars	2012-13		2011-12	
	Current maturities	Non-current maturities	Current maturities	Non-current maturities
<b>4. LONG TERM BORROWINGS</b>				
<b>a. Secured borrowings</b>				
i Term loans				
from Banks	1336.71	5335.43	1297.86	4240.85
from Financial Institutions	20.19	16.38		
<b>Total Secured borrowings</b>	<b>1356.90</b>	<b>5351.81</b>	<b>1297.86</b>	<b>4240.85</b>
<b>b. Unsecured borrowings</b>				
i from Banks	13.72	-	49.79	13.72
ii from Financial Institutes	98.55	26.81	91.53	126.11
iii Public Deposits				
Deposit from Public	341.57	767.10	301.54	665.08
Deposit from related parties (Refer Note no. 39)	7.00	95.05	36.15	38.05
iv Deferred payment liabilities				
Sales Tax Deferment Loans	27.30	31.09	27.50	58.40
(Deferred loan repaid in monthly instalment)				
v Inter Corporate Deposit	-	200.00	-	-
<b>Total Unsecured borrowings</b>	<b>488.14</b>	<b>1120.05</b>	<b>506.51</b>	<b>901.36</b>
<b>Total Borrowings</b>	<b>1845.05</b>	<b>6471.86</b>	<b>1804.37</b>	<b>5142.21</b>
	<b>8316.91</b>		<b>6946.58</b>	

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### Particulars

#### c. Maturity profile of borrowings (as at March 31, 2013)

##### Secured Borrowings

The principal amount of the loans to each of the lenders shall be repayable in equated monthly installments ranging over a period from 48 months to 72 months. The repayment scheduled as per the sanction terms for sanction amounts of loans is as under:

Year	From Bank*	From Financial Institutions
Effective Interest Rate	13.25% - 14.00%	9.80% - 10.50%
2013-14	1336.71	20.19
2014-15	1936.08	16.38
2015-16	1737.75	-
2016-17	1099.92	-
2017-18	1024.92	-
2018-19	799.92	-
2019-20	400.44	-
<b>Total</b>	<b>8335.74</b>	<b>36.57</b>

\* Against the sanctioned loan amount, ₹ 1663.61 Lacs is yet to be disbursed by bank.

##### Unsecured Borrowings (₹ in Lacs)

Year	Financial Institutions	Bank	Deferred payment liabilities	Public Deposits
Effective Int. Rate	15.6% - 16%	15.50%	Nil	9.75% - 13.62%
2013-14	98.55	13.72	27.30	348.57
2014-15	26.81	-	31.09	491.06
2015-16 & onwards	-	-	-	371.09
<b>Total</b>	<b>125.36</b>	<b>13.72</b>	<b>58.40</b>	<b>1210.72</b>

\* Inter Corporate Deposit is to be adjusted against issue of Fully Convertible Debentures. [See Note 43]

#### d. Details of securities

The term loans obtained as consortium loans are secured by way of

##### 1 first pari-passu charge by way of mortgage / hypothecation over :

- Plot No. 157, Mamura, Bhuj [admeasuring 3.20 acres]
- Plot No. 172, 174 & 175, Vadadala, Baroda [admeasuring 03.00.01 hectares]
- Plot No. F-75/76/82/85 & H-83/84, RIICO I.A., Swaroopganj, Rajasthan [admeasuring 9,457.50 sq.mtrs.]
- 307/308, Arundeeep Complex, Race Course, Baroda [admeasuring 1,405 super built up area]
- 134, 135 1st Flr, Hindustan Kohinoor Ind. Complex, LBS Marg, Vikhroli (W), Mumbai [admeasuring 870 sq.ft.]
- Corporate office at plot no.347, GIDC, Waghodia
- Plot no. 253-254 (area 3000 sq.mtrs.) and plot no.728 & 729 (area 4061 sq mtrs), GIDC, Waghodia
- Plot no. F-140 [admeasuring 2304 sq.mtrs.], F-141 [admeasuring 2275 sq.mtrs.], F-142 [admeasuring 1950 sq.mtrs.], RIICO Industrial Area, Alwar, Rajasthan.
- Plot no.23 & 24 [area 3.29 acre], SIPCOT Industrial Estate, Phase-II, Hosur, Krishnagiri, Tamilnadu
- Plot no.104/3, village Puthur, Tirunvelli, Tamil Nadu [admeasuring 20,261 sq.mtrs.]
- Plant and machinery, both present and future, wherever situated at all factories and premises pertaining to above locations.

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars
<b>2 second pari-passu charge by way of mortgage / hypothecation over:</b>
current assets, both present and future, wherever situated, but pertaining to the division / factory / premises at Vadadala, Waghodia and Bhuj (all in Gujarat), Alwar and Swaroopganj (both in Rajasthan), Hosur and Tirunvelli (both in Tamil Nadu) and Vikhroli (W), Mumbai.
<b>3</b> All the term loans are further collaterally secured by personal guarantee of Chairman and Managing Director, Managing Director and Joint Managing Director of the Company.
<b>4</b> Term loans of ₹ 153.52 Lacs (Previous Year: ₹ 176.30 Lacs) obtained for acquisition of assets (vehicles) are secured only by the hypothecation of the respective assets financed.

Particulars	2011-12	Changes during the year	2012-13
(₹ in Lacs)			
<b>5. DEFERRED TAX LIABILITY (NET)</b>			
<b>Deferred Tax Liability</b>			
Product Development Expenses	22.20	0.10	22.30
Provision for Gratuity liability	14.02	(361)	10.41
Difference between WDV of fixed assets as per the Income Tax Act,1961 and the Companies Act,1956.	1091.64	420.78	1512.42
<b>Gross Deferred Tax Liabilities</b>	<b>1127.86</b>	<b>417.27</b>	<b>1545.13</b>
<b>Deferred Tax Assets</b>			
Unabsorbed Depreciation & Carry Fwd. Losses	0.00	166.00	166.00
Disallowances under the Income Tax Act,1961 u/s 43 B	11.86	(2.14)	9.72
VRS Expenses u/s 35DDA	7.67	(2.55)	5.12
Provision for Bad and Doubtful Debts	16.13	15.99	32.12
<b>Gross Deferred Tax Assets</b>	<b>35.66</b>	<b>177.30</b>	<b>212.96</b>
<b>Net Deferred Tax Liabilities</b>	<b>1092.20</b>	<b>239.97</b>	<b>1332.17</b>

Particulars	2012-13	2011-12
(₹ in Lacs)		
<b>6. OTHER LONG TERM LIABILITIES</b>		
Trade deposits	3.17	4.20
Interest accrued but not due	56.59	31.79
<b>Total</b>	<b>59.76</b>	<b>35.99</b>

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>7. SHORT TERM BORROWINGS</b>		
<b>a. Secured</b>		
Working Capital finance from banks (Effective Rate of Interest being 13.25% - 13.75%)	5914.30	6933.19
<b>b. Unsecured</b>		
Public deposits (Effective Rate of Interest being 9.75% - 13.62%)	549.43	434.23
Inter Corporate Deposits (Effective Rate of Interest being 16%)	20.00	-
Loans and advances from subsidiaries (Repayable in single installment within one year and interest free)	48.00	152.90
<b>Total</b>	<b>6531.73</b>	<b>7520.32</b>

**c. Details of securities**

The working capital finance facilities are secured by way of:

- 1 First pari-passu charge over by way of hypothecation of:  
current assets, both present and future, wherever situated, but pertaining to the division/factory/premises at Vadadala, Waghodia and Bhuj (all in Gujarat), Alwar and Swaroopganj (both in Rajasthan), Hosur and Tirunvelli (both in Tamil Nadu) and Vikhroli (W), Mumbai.
- 2 Second pari-passu charge on factories and premises and plant and machineries, both present and future, wherever situated, but pertaining to the locations stated in note 3(d)(1).
- 3 The working capital finance facilities are further collaterally secured by personal guarantee of Chairman and Managing Director, Managing Director and Joint Managing Director of the Company.

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>8. TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	34.46	108.15
Other suppliers	2659.87	2052.02
<b>Total</b>	<b>2694.34</b>	<b>2160.17</b>
<b>8.1</b> The details of amount outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:		
i Principal Amount due and remaining unpaid	34.46	108.15
ii Interest due on (1) above and unpaid interest	-	-
iii Interest paid on all delayed payments under MSMED Act, 2006	0.14	0.24
iv Payment made beyond the appointed day during the year	-	-
v Interest due and payable for the period of delay other than (3) above	-	-
vi Interest accrued and remaining unpaid	-	-
vii Amount of further interest remaining due and payable in succeeding years	-	-

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>9. OTHER CURRENT LIABILITIES</b>		
Salary and wages accrued	115.59	115.73
Current Maturities of Long term borrowings		
Secured Term Loans from Banks	1336.71	1297.86
Unsecured Term Loans From Banks	13.72	49.79
Secured Borrowings From Financial Institutes	20.19	-
Unsecured Borrowings From Financial Institutes	98.55	91.53
Deposit from Public	341.57	301.54
Deposit from related parties	7.00	36.15
Sales Tax Deferment Loan	27.30	27.50
Amounts due to banks in current account	11.29	9.28
Interest accrued but not due	114.29	114.74
Unclaimed dividends	2.81	1.23
Unclaimed matured deposits	2.62	10.81
Advance from Customers	85.44	62.69
Advance from related parties (Refer Note No. 39)	195.46	-
Statutory dues	50.88	67.93
Other payables	268.23	301.51
<b>Total</b>	<b>2691.64</b>	<b>2488.27</b>
<b>10. SHORT TERM PROVISIONS</b>		
<b>a Provision for employee benefits</b>		
Leave Encashment	8.79	6.06
<b>b Others</b>		
Proposed Dividend	158.31	257.96
Corporate Dividend Tax on Proposed Dividend	26.90	41.85
Excise and Royalty on finished goods	11.72	9.36
Income Tax	-	-
<b>Total</b>	<b>205.73</b>	<b>315.23</b>

## NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)

Particulars	Gross Block		Depreciation / Amortisation			Net Block			
	As on 01/04/2012	Additions During Year	On Sale/ Adjustments	As on 31/03/2013	Upto 01/04/2012	Provided During Year	On Sale Adjustments	As at 31/03/2013	As at 31/03/2012
<b>(A) Tangible Assets</b>									
Freehold Land	64.18	1.24	-	65.42	-	-	-	65.42	64.18
Leasehold Land	300.11	300.67	(5.14)	595.65	48.64	29.81	1.42	515.78	251.47
Office Building	130.49	-	-	130.49	25.89	2.13	-	102.47	104.60
Leasehold Office Building	75.20	-	-	75.20	9.40	7.52	-	58.28	65.80
Factory Building	1280.42	1889.85	5.14	3175.41	334.29	59.76	(1.35)	2782.71	946.13
Plant And Machinery	8495.27	5011.18	(32.38)	13474.07	3278.98	522.72	(23.02)	9695.39	5216.29
Vehicles	381.12	59.12	(30.32)	409.92	89.03	38.01	(13.71)	296.58	292.09
Furniture	224.52	3.23	(.77)	226.98	61.93	11.98	(.15)	153.22	162.59
Office Equipments	164.40	11.88	(9.56)	166.71	102.80	16.90	(7.94)	54.95	61.59
Computer & Software	89.13	4.12	(2.03)	91.22	37.23	3.16	(1.19)	52.02	51.89
<b>Total</b>	<b>11204.84</b>	<b>7281.28</b>	<b>(75.05)</b>	<b>18411.07</b>	<b>3988.20</b>	<b>691.98</b>	<b>(45.92)</b>	<b>13776.81</b>	<b>7216.64</b>
<b>Previous year</b>	<b>10476.38</b>	<b>1115.15</b>	<b>(386.69)</b>	<b>11204.84</b>	<b>3642.83</b>	<b>580.70</b>	<b>(235.34)</b>	<b>3988.20</b>	<b>-</b>
<b>(B) Intangible Assets</b>									
Product Development	147.13	29.97	-	177.11	78.72	29.67	-	68.72	68.41
SAP expenses & licence fees	172.97	7.38	-	180.36	57.42	26.77	-	96.17	115.55
<b>Total</b>	<b>320.10</b>	<b>37.35</b>	<b>-</b>	<b>357.47</b>	<b>136.14</b>	<b>56.44</b>	<b>-</b>	<b>164.89</b>	<b>183.97</b>
<b>Previous year</b>	<b>285.24</b>	<b>34.87</b>	<b>-</b>	<b>320.10</b>	<b>85.04</b>	<b>51.10</b>	<b>-</b>	<b>183.96</b>	<b>-</b>
<b>(C) Capital Work-in-Progress</b>									
								<b>343.80</b>	<b>3567.22</b>
<b>Total Fixed Assets</b>									
<b>Total</b>	<b>11524.94</b>	<b>7318.64</b>	<b>(75.05)</b>	<b>18768.54</b>	<b>4124.34</b>	<b>748.42</b>	<b>(45.92)</b>	<b>14285.49</b>	<b>10967.83</b>
Previous Year	10761.62	1150.02	(386.69)	11524.94	3727.87	631.80	(235.34)	10967.81	-

**Notes:**

- Pursuant to Accounting Standard AS-28, "Impairment of Assets", there is no impairment of assets.
- The company has taken an office building on finance lease, having aggregate cost of ₹ 75 lacs during the financial year 2010-11. The period of lease is for 10 Years with rights of ownership of the assets to be transferred to the company at the end of lease period. The Company had paid in advance, at the inception of the lease, the lease rental payment agreed for the lease period. In view of the same there is no outstanding liability of rental payments to be made by the company over the lease period and consequently there is not interest cost attached to it.
- Borrowing Cost amounting to ₹ 838.97 lacs (Prev. Yr: ₹ 103.78 lacs) has been capitalised during the year as per Accounting Standard AS-16 'Borrowing Cost'
- Amount of CWIP includes interest and finance charges amounting to ₹ 49.22 lacs (Prev. Yr: ₹ 352.15 lacs) capitalised as per Accounting Standard-16 'Borrowing Cost'.
- Gross Block of ₹ 5.14 Lacs is reclassified from Block of Factory Building to Lease Hold Land to rectify the classification error. Consequently depreciation of ₹ 1.42 Lacs is also reclassified during the year within the assets block.

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars	2012-13	2011-12
		(₹ in Lacs)
<b>12. NON CURRENT INVESTMENTS</b>		
<b>a. Trade Investments</b>		
in unquoted fully paid up equity shares of subsidiary companies:		
i. 20 Microns Nano Minerals Limited 6,00,000 shares (Previous Year : 6,00,000 shares) of ₹ 10 each.	600.00	600.00
ii. 20 Microns SDN BHD 3,60,000 shares (Previous Year : 3,60,000 shares) of RM 1 each.	50.39	50.39
iii. 20 Microns FZE 1 share (Previous Year: Nil) of AED 1,50,000.	18.64	18.64
<b>Total Trade Investments</b>	<b>669.03</b>	<b>669.03</b>
<b>b. Non-trade Investments</b>		
in unquoted fully paid up shares of related party		
i. 6,80,000 equity shares (Previous Year : 6,80,000) of Ereiz Finance and Investment Limited, ₹ 10 each fully paid up.	68.00	68.00
Other Investment		
National Savings Certificate (Lodged with Sales tax Authorities)	0.89	0.89
<b>Total Non-Trade Investments</b>	<b>68.89</b>	<b>68.89</b>
<b>Total Investments</b>	<b>737.92</b>	<b>737.92</b>
<b>13. LONG TERM LOAN AND ADVANCES</b>		
<b>Unsecured and considered good</b>		
a. Advance to suppliers of capital goods	1088.00	1308.19
b. Loans and advances to related parties (Refer Note No.39)	18.60	10.15
c. Balance with Gratuity fund (Net of Provisions for Employee Benefits of ₹ 222.97 Lacs. Previous Year ₹ 222.97 Lacs)	11.81	22.92
d. Mat Credit Entitlement	272.97	125.97
<b>Total</b>	<b>1391.38</b>	<b>1467.23</b>

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>14. OTHER NON CURRENT ASSETS</b>		
Security Deposits	233.42	195.08
<b>15. INVENTORIES</b>		
Raw Materials	2854.52	3437.64
Finished Goods	1330.72	977.61
Stores and Spares	233.30	289.02
Goods in transit (Raw materials)	13.36	101.89
<b>Total</b>	<b>4431.90</b>	<b>4806.16</b>
The inventory is valued at lower of cost and net realisable value.		
<b>16. TRADE RECEIVABLES (UNSECURED)</b>		
a. Debts outstanding for a period exceeding six months from due date of repayment:		
Considered good	27.51	49.23
Considered doubtful	99.00	49.71
	<b>126.51</b>	<b>98.93</b>
Less : Provision for doubtful debts	(99.00)	(49.71)
	<b>27.51</b>	<b>49.23</b>
b. Other debts - Considered good	4461.97	4272.00
c. Amounts due from related parties	6.00	112.13
<b>Total</b>	<b>4495.48</b>	<b>4433.35</b>
<b>17. CASH AND BANK BALANCES</b>		
Cash on hand	10.99	3.96
Balances with Banks		
in current account	109.23	346.74
in deposit account (liquid asset)	130.00	111.85
in deposit account (margin money)	143.62	315.70
in unpaid dividend account #	2.81	1.23
<b>Total</b>	<b>396.65</b>	<b>779.49</b>
The above includes deposits of ₹ 30 lacs (Previous Year : ₹ 100 lacs) due for maturity after 1 year.		
# balance held in unpaid dividend account are restricted amounts and not available for use.		

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars	2012-13	2011-12
(₹ in Lacs)		
<b>18. SHORT TERM LOAN AND ADVANCES</b>		
<b>(Unsecured, Considered Good)</b>		
Loans & advances to related parties	26.42	184.52
Others :		
Balances with Tax authorities	260.35	299.66
Advance payment of Income Tax	0.97	7.47
(Net of provision ₹ 808.50 Lacs, Previous Year : ₹ 661.50 Lacs)		
Loan & advance to employees	53.14	57.62
Advances to suppliers	135.26	90.01
Deposits	78.20	83.55
Prepaid expenses	63.32	53.83
Others	19.35	21.24
<b>Total</b>	<b>637.01</b>	<b>797.90</b>
<b>19. OTHER CURRENT ASSETS</b>		
Export Incentive receivable	9.66	-
Insurance Claim receivable	1.49	1.14
Income accrued but not due on deposits	40.27	38.83
Accrued dividend from subsidiaries	54.30	283.07
<b>Total</b>	<b>105.72</b>	<b>323.04</b>
<b>20. REVENUE FROM OPERATION</b>		
Sale of Products		
Domestic	25495.05	24180.69
Export	3021.76	2587.72
Other Operating Revenues	87.91	20.64
	<b>28604.72</b>	<b>26789.04</b>
Less : Excise Duty	894.64	447.90
<b>Total</b>	<b>27710.07</b>	<b>26341.14</b>
<b>Details of products sold (Net Sales)</b>		
Dry mineral product	21233.98	19,875.48
Wet mineral product	6221.40	6,062.53
Others	166.78	382.47
<b>Total</b>	<b>27,622.16</b>	<b>26,320.48</b>

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>20.1 Details of Other Operating Revenues of the Company are as under :</b>		
Insurance Claim	47.47	6.56
Scrap Sales	5.92	9.65
Miscellaneous Income	18.53	2.62
Export Incentives	15.99	1.80
<b>Total</b>	<b>87.91</b>	<b>20.64</b>
<b>Total</b>	<b>27710.07</b>	<b>26341.11</b>
<b>21. OTHER INCOME</b>		
Interest	52.73	45.20
Gain on disposal of Tangible Assets (Net)	-	5.07
Income Tax Refund	30.37	26.11
Provision Written Back	34.49	-
Liabilities no longer required written back	76.68	12.48
Dividend from Subsidiaries	191.43	283.08
Rent	7.80	21.55
Provision for doubtful debts written back	-	30.04
Other Non-operating Income	19.68	5.53
<b>Total</b>	<b>413.19</b>	<b>429.06</b>
<b>22. COST OF MATERIALS CONSUMED</b>		
<b>Raw Materials</b>		
Opening Stock of Raw Materials	3437.64	3036.09
Add : Purchases	13470.32	14672.63
	<b>16907.97</b>	<b>17708.72</b>
Less : Goods in Transit	13.36	101.89
Less : Closing Stock of Raw Materials	2854.51	3437.64
<b>Raw Material Consumed</b>	<b>14040.09</b>	<b>14169.19</b>
<b>23. CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
Opening stock of Finished Goods	977.61	679.85
Less : Closing stock of Finished Goods	1330.72	977.61
<b>Change in Inventories of Finished Goods</b>	<b>(353.11)</b>	<b>(297.76)</b>

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
Salary wages & Bonus	2000.89	1761.82
Managerial Remuneration	146.19	128.78
Company's contribution to provident & other funds	79.59	75.83
Staff welfare expenses	36.68	32.36
<b>Total</b>	<b>2263.34</b>	<b>1998.79</b>
<b>24.1 Disclosure pursuant to Accounting Standard 15 "Employee Benefits":</b>		
<b>A Defined Contribution Plans</b>		
Employer's contribution to Provident Fund	70.65	66.84
<b>B Defined Benefit Plan</b>		
<b>B.1 Reconciliation of opening and closing balances of present value of obligations</b>		
Present Value of Obligation as at the beginning of the year	222.97	196.99
Interest Cost	16.84	16.25
Current & Past Service Cost	20.46	28.98
Actuarial (gain) / Loss on obligations	17.33	1.59
Benefits paid	(49.63)	(20.84)
Present value of Obligation as at the end of the year	222.97	222.97
<b>B.2 Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair Value of Plan Assets at the beginning of the year	245.90	197.56
Expected Return on Plan Assets	20.93	19.23
Contributions	23.00	53.11
Actuarial Gain / (loss) on Plan Assets	(0.41)	(3.17)
Benefit paid	(49.63)	(20.84)
Fair Value of Plan Assets at the end of the year	239.79	245.90
<b>B.3 Amount recognized in balance sheet</b>		
Present Value of Obligations as at the end of the year	227.97	222.97
Fair value of plan Assets as at the end of the year	239.79	245.90
Net Asset / (Liability) recognized in Balance sheet	11.82	22.93
<b>B.4 Expenses recognized in the Profit and loss account</b>		
Current & Past Service Cost	20.46	28.98
Interest Cost	16.84	16.25
Expected Return on Plan Assets	(20.93)	(19.23)
Net actuarial (gain) / loss recognized in the year	17.74	4.76
Expenses Recognized in the statement of Profit & Loss	34.11	30.76

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars	(₹ in Lacs)				
	2012-13	2011-12	2010-11	2009-10	2008-09
<b>B.5 Amount pertaining to plan is as follows:</b>					
Present value of defined value obligations	227.98	222.97	196.99	166.76	118.46
Fair value of plan assets	239.78	245.90	197.55	156.14	70.98
Surplus / (deficit) in plan	11.80	22.93	0.56	(10.62)	(47.49)
<b>Experience adjustments</b>					
on plan assets (Loss) / Gain	(0.41)	(3.17)	(1.92)	3.13	(5.06)
on plan liabilities (Gain) / Loss	10.61	7.20	33.97	21.82	4.90

Particulars	2012-13	2011-12
<b>B.6 Investment Details:</b>		
Insurance Policies	100%	100%

Particulars	2012-13	2011-12
<b>B.7 Principal actuarial assumptions</b>		
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate	8.20%	8.50%
Rate of increase in Compensation Levels	5.50%	5.50%
Rate of Return on Plan Assets	9.00%	9.00%

Particulars
<b>B.8</b> 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.
<b>B.9</b> 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.

Particulars	2012-13	2011-12
<b>25. FINANCE COSTS</b>		
Interest Expenses		
Interest on Term Loans	786.28	447.20
Interest on working Capital Loans	853.93	561.97
Other Interest	227.86	182.64
<b>Total</b>	<b>1868.07</b>	<b>1191.80</b>
Other Borrowing Costs	226.79	639.25
	<b>2094.86</b>	<b>1831.05</b>
Less: Finance costs capitalized	(540.18)	(422.53)
<b>Total</b>	<b>1554.68</b>	<b>1408.52</b>

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>26 OTHER EXPENSES</b>		
<b>26.1 Manufacturing Expenses</b>		
Consumption of Stores and spare parts	272.00	178.68
Power & fuel	2462.45	2218.88
Rent	98.68	57.85
<b>Repairs :</b>		
Buildings	10.42	7.29
Plant and Machinery	175.94	189.19
Other manufacturing & Factory Expenses	193.66	157.97
<b>Total</b>	<b>3213.15</b>	<b>2809.86</b>
<b>26.2 Administrative &amp; Other Expenses</b>		
Rent	25.36	26.26
Rates and Taxes	41.85	7.39
Insurance	42.68	33.48
Post, Telephone & Courier	104.57	106.85
Printing & Stationery Expenses	21.93	22.81
Legal, Licenses and Renewal Expenses	13.85	11.59
Software and Computer Maintenance	30.35	26.46
Travelling & Conveyance	122.58	102.89
Vehicle Running & Maintenance	46.19	41.50
Professional Fees	143.74	92.86
Auditors Remuneration	8.88	7.56
Directors sitting fees	2.58	2.44
Loss on sale/ discarded of Assets (Net)	10.64	-
Donation	3.21	6.45
Misc. Expenses	117.11	119.20
<b>Total</b>	<b>735.52</b>	<b>607.76</b>
<b>26.3 Loss on foreign currency transactions &amp; translation (Net)</b>	<b>116.67</b>	<b>146.87</b>
<b>26.4 Research &amp; Development Expenses</b>	<b>43.28</b>	<b>38.64</b>

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>26.5 Marketing, Selling &amp; Distribution Expenses :</b>		
<b>SELLING EXPENSES</b>		
Travelling Expenses	303.27	289.67
Rebate and Discount	92.90	119.86
Sales Commission	74.28	64.45
Bad Debts written off	15.83	13.48
Provision for Bad debts	49.29	-
Rent	150.83	150.87
Other Selling Expenses	302.71	391.30
<b>Total</b>	<b>989.10</b>	<b>1029.63</b>
<b>DISTRIBUTION EXPENSES</b>		
Freight outward- Local sales	2807.80	2329.95
Freight outward- Export sales	461.29	344.41
Service Tax	85.75	66.96
<b>Total</b>	<b>3354.84</b>	<b>2741.32</b>
<b>Total</b>	<b>8452.56</b>	<b>7374.07</b>
<b>27. EXCEPTIONAL ITEM</b>		
Loss on Derivative Contracts	836.70	-
Legal suit Expenses in respect of above	15.23	-
<b>Total</b>	<b>851.93</b>	<b>-</b>

#### 28. CONTINGENT LIABILITIES AND COMMITMENTS

(To the extent not provided for)

##### A. Contingent Liabilities

(i) Claims against the company not acknowledged as debt:

The Company does not have any claims note acknowledged as debt as on the balance sheet date

(Previous Year: ₹ Nil)

(ii) Other money for which the company is contingently liable - Matter under dispute:

(₹ in Lacs)			
Sr.No.	Particulars	2012-13	2011-12
1	Demand of Sales Tax, Value Added Tax & Central Sales Tax	12.53	5.85
2	Claims from Excise and Customs authorities not acknowledged as debt.	754.44	897.35
3	Demand of Income Tax	21.46	209.31

(iii) Guarantees and Letter of Credits:

- Company has given guarantee of ₹ 1,225.00 Lacs (Previous Year: ₹ 1,225.00 Lacs) on behalf of subsidiary company.

- Guarantee given by Company's Bankers in normal course of business ₹ 57.01 lacs (Previous Year: ₹ 31.19 Lacs).

- Inland / Foreign Letter of Credit issued by Bank ₹ Nil (Previous Year: ₹ 372.59 Lacs).

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### Particulars

##### B. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) amounting to ₹ 474.18 lacs [Net of Advances of ₹1088.08] [Prev. Year: ₹ 812.80 lacs] [Net of Advances of ₹ 1308.19]

##### C. Other Commitments:

Company has decided to transfer its undertaking, associated with the Mineral Products viz. Calcined Clay, China Clay and Talc, by way of slump sale to a wholly owned subsidiary, subject to necessary approvals including the licenses, permits, consents and approval whatsoever on a going concern basis. The shareholders of the Company have approved the decision of the board and the resolution in these regards was announced as passed on 18.03.2013.

29. In the opinion of the management, the current assets and loans and advances considered as non-current and other non-current assets are stated at value, which is realizable in the ordinary course of business and provision is made for all known material liabilities. Balances of Trade Receivable and Trade Payables are subject to confirmation, reconciliation and consequential adjustments, if any.

#### 30. PARTICULARS OF RAW MATERIAL CONSUMED

[₹ in Lacs]

Particulars	2012-13	2011-12
Dry minerals	11,466.31	11,428.57
Wet Minerals	2,486.76	2,307.08
Others	87.02	433.54
<b>Total</b>	<b>14,040.09</b>	<b>14,169.19</b>

#### 31. VALUE OF IMPORTED AND INDIGENOUS MATERIAL CONSUMED

[₹ in Lacs]

Particulars	2012-13		2011-12	
	Value	%	Value	%
<b>Raw Material</b>				
Imported	3,898.92	27.77	4,788.08	33.79
Indigenous	10,141.17	72.23	9,381.11	66.21
<b>Total</b>	<b>14,040.09</b>	<b>100.00</b>	<b>14,169.19</b>	<b>100.00</b>
<b>Machinery Spares*</b>				
Imported	-	-	8.97	2.49
Indigenous	447.95	100.00	358.90	97.51
<b>Total</b>	<b>447.95</b>	<b>100.00</b>	<b>367.87</b>	<b>100.00</b>

\* Also includes spares consumed for repairs.

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### 32. PRIOR PERIOD ADJUSTMENTS

##### 32.1 Prior Period Expenses under various heads is as under:

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Salary and Wages	-	2.28
Tax Credit Reversal (Net)	-	0.18
Freight Charges	-	1.47
Import and Export Expenses	1.27	7.54
Repairs and Maintenance Charges	-	2.89
Power and Fuel	-	1.40
Others	-	4.68
<b>Total</b>	<b>1.27</b>	<b>20.44</b>

##### 32.2 Prior Period Income under various is as under:

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Interest Received	6.01	-
Others	0.06	5.00
<b>Total</b>	<b>6.07</b>	<b>5.00</b>

#### 33. PAYMENT TO AUDITORS

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Audit Fees	6.74	6.18
In other capacity	1.69	1.35
Out of Pocket Expenses	2.43	1.08

#### 34. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF :

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Raw Material	2,649.76	3344.85
Machinery Spares	-	8.97
Capital goods	86.63	44.86

#### 35. EXPENDITURE IN FOREIGN CURRENCY

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Travelling	74.46	53.30
Sales Commission	46.96	27.61
Other Matters	6.76	20.21

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### 36. EARNINGS IN FOREIGN CURRENCY

Particulars	(₹ in Lacs)	
	2012-13	2011-12
FOB Value of Exports	2,619.62	2288.09

#### Particulars

#### 37. SEGMENT ANALYSIS

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

#### 38. RELATED PARTY TRANSACTIONS

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:

##### a. Enterprises where control exists (subsidiaries):

- a. 20 Microns SDN BHD
- b. 20 Microns Nano Minerals Limited
- c. 20 Microns FZE

##### b. Enterprises where significant influence exists:

- a. DMC Limited
- b. Bruno Industrial Products Limited
- c. Microns Logistic Private Limited
- d. Eriez Finance & investment Limited
- e. Aric 20 Microns Infracon Private Limited
- f. Platy Minerals Private Limited
- g. Nanotech Minerals India Private Limited
- h. Ultra Minechem Equipments Private Limited
- i. 20 Microns Foundation Trust.
- j. 20 Microns ESOS Trust.

##### c. Key Management Personnel:

- |                   |   |                                |
|-------------------|---|--------------------------------|
| a. Shri CS Parikh | - | Chairman and Managing Director |
| b. Shri SR Parikh | - | Whole Time Director            |
| c. Shri RC Parikh | - | Managing Director              |
| d. Shri AC Parikh | - | Jt. Managing Director          |

##### d. Relatives of Key Management Personnel:

- |                         |   |                                  |
|-------------------------|---|----------------------------------|
| a. Mrs. IC Parikh       | - | Wife of Shri CS Parikh           |
| b. Shri LR Parikh       | - | Brother of Shri Sudhir Parikh    |
| c. Mrs. DS Parikh       | - | Wife of Shri Sudhir Parikh       |
| d. Mrs. SR Parikh       | - | Wife of Shri Rajesh C Parikh     |
| e. Ms. VR Parikh        | - | Daughter of Shri Rajesh C Parikh |
| f. Mrs. PA Parikh       | - | Wife of Shri AC Parikh           |
| g. Shri SR Parikh (HUF) | - | Shri SR Parikh is Karta of HUF   |

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### (B) Disclosures required for related parties transaction:

- Transactions during the year:

(₹ in Lacs)

Particulars	Enterprise where control exists		Enterprise where significant influence exists		Key Managerial Personnel		Relatives of Key Managerial Personnel	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Sales	307.74	231.37	6.28	6.73	-	-	-	-
Purchase	616.90	268.73	90.20	157.55	-	-	-	-
Sales of fixed assets	4.47	103.00	3.22	7.09	-	-	-	-
Purchase of fixed assets	75.86	28.70	-	-	-	-	-	-
Acquisition of process know-how	49.44	-	-	16.55	-	-	-	-
Loans received	-	152.90	-	-	-	-	-	-
Advances received	-	-	195.46	-	-	-	-	-
Loans and Advances given*	0.45	8.25	9.95	7.00	-	-	-	-
Rendering of Services	4.62	17.41	3.19	13.72	-	-	-	-
Services received	1.71	14.58	2.25	9.43	-	-	-	-
Rent paid	35.16	0.66	-	-	-	-	-	-
Rent received	-	15.89	-	-	-	-	-	-
OPE and professional fees paid	10.11	-	67.41	26.47	-	-	-	-
Dividend Income	191.43	283.06	-	-	-	-	-	-
Advance Money received for Share Warrants	-	-	-	-	565.00	425.00	-	-
Equity Share issued in lieu of Share Warrants (Incl. Security Premium)	-	-	-	-	990.00	-	-	-
Deposit received	-	9.90	-	-	4.00	11.25	46.00	19.80
Deposit repayment	-	-	-	-	1.00	5.25	0.15	4.00
Interest paid on deposits	-	-	-	-	2.66	2.26	9.12	8.04
Donation	-	-	2.25	4.50	-	-	-	-
Remuneration paid	-	-	-	-	144.44	128.78	26.83	11.10

\* Loans and advances of enterprise where significant influence exists includes ₹ 8.45 lacs (Previous Year ₹ 3.00 lacs) advanced to 20 Microns ESOS Trust for acquiring the equity shares of the company, for the benefit of the employees.

- Balances outstanding at the end of the year:

(₹ in Lacs)

Particulars	Enterprise where control exists		Enterprise where significant influence exists		Key Managerial Personnel		Relatives of Key Managerial Personnel	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Trade Receivable	-	112.13	1.47	2.03	-	-	-	-
Loans & Advances given*	10.28	156.02	34.74	28.50	-	-	-	-
Loans Received	48.00	152.90	-	-	-	-	-	-
Advance Received	-	-	195.46	-	-	-	-	-
Receivable on account of assets sold	-	103.00	4.54	7.09	-	-	-	-
Trade Payable	101.77	-	33.69	31.48	-	-	-	-

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)

Particulars	Enterprise where control exists		Enterprise where significant influence exists		Key Managerial Personnel		Relatives of Key Managerial Personnel	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Money received against share warrant	-	-	-	-	-	425.00	-	-
Dividend Receivable	54.30	283.06	-	-	-	-	-	-
Deposits	-	-	-	-	26.25	17.25	75.80	56.95

\* Loans and advances of enterprise where significant influence exists includes ₹ 18.60 lacs (previous year ₹ 10.15 lacs) advanced to 20 Microns ESOS Trust for acquiring the equity shares of the company, for the benefit of the employees.

- **Disclosure in Respect of Material Related Party Transactions during the year:**

(₹ in Lacs)

Particulars	2012-13	2011-12
<b>Sales</b>		
20 Microns Nano Minerals Limited	307.74	231.37
<b>Purchases</b>		
20 Microns Nano Minerals Limited	616.90	268.73
DMC Limited	42.49	110.75
Aric 20 Microns Infracon Limited	42.80	45.58
<b>Sales of Fixed assets</b>		
20 Microns Nano Minerals Limited	4.47	103.00
DMC Limited	3.22	-
<b>Purchase of fixed assets</b>		
20 Microns Nano Minerals Limited	75.87	28.70
<b>Acquisition of process know how</b>		
20 Microns Nano Minerals Limited	49.44	-
DMC Limited	-	16.55
<b>Rendering of services</b>		
20 Microns Nano Minerals Limited	4.62	11.12
DMC Limited	3.19	13.46
<b>Services received</b>		
20 Microns Nano Minerals Limited	1.71	14.47
DMC Limited	2.25	9.43
<b>Rent paid</b>		
20 Microns Nano Minerals Limited	35.16	0.66
<b>Rent received</b>		
20 Microns Nano Minerals Limited	-	15.89
<b>Advances given</b>		
Bruno Industrial Products Limited	-	4.00
20 Microns ESOS Trust	8.45	3.00
20 Microns FZE	-	8.25
Platy Minerals Private Limited	1.50	-

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>Loans and Advances received</b>		
20 Microns SDN BHD	-	78.84
20 Microns FZE	-	74.06
DMC Limited	195.46	-
<b>Dividend Income</b>		
20 Microns FZE	191.43	30.58
20 Microns SDN BHD	-	252.48
<b>Professional fees paid</b>		
20 Microns Nano Minerals Limited	10.11	-
Eriez Finance & Investment Limited	67.42	26.47
<b>Donation given</b>		
20 Microns Foundation Trust	2.25	4.50
<b>Deposit Acquired</b>		
20 Microns Nano Minerals Limited	-	9.90
<b>Advance received for share warrants</b>		
Shri R. C. Parikh	282.50	212.50
Shri A. C. Parikh	282.50	212.50

#### 39. LEASES

- (A) The Company has obtained several premises for its business operations under lease and license agreements. These are generally not non-cancelable lease and are renewable on mutual consent on mutually agreeable terms. Lease payments are recognized in the profit and loss account as rent expenses amounting to ₹ 231.10 (previous year ₹ 229.09 lacs)
- (B) The Company has given land and building on operating lease for period ranging from 11 months to 60 months. During the year, the company has also given plant and machinery on operating lease and has recognized the lease rent on both assets in the profit and loss account amounting to ₹ 7.8 lacs (Previous Year ₹ 21.55 lacs)

#### 40. BASIC AND DILUTED EARNINGS PER SHARE

(₹ in Lacs)		
Particulars	2012-13	2011-12
Profit attributable to Shareholders (₹ in Lacs)	323.62	1078.08
Weighted average no. of Equity shares outstanding during the year*	3,16,62,056	2,86,62,056
Nominal Value of Equity Shares (₹)	5/-	5/-
Basic and diluted earnings per share (₹)	1.02	3.76

\* The Basic and Diluted Earnings Per Share for the year 2011-12 is calculated considering the split of face value of Equity Shares from ₹ 10 each to ₹ 5 each.

## NOTES TO FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### Particulars

#### 41. FORWARD CONTRACTS

- (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, 2013 is ₹ 789.08 Lacs (Previous Year ₹ 4859.04 Lacs) in respect of hedging currency related risk.

#### 42. EQUITY DIVIDENDS

##### 42.1 Dividends declared

The board of directors in its meeting held on May 23, 2012, recommended a final dividend of ₹ 1.80 per equity share of ₹ 10 each (18% of face value) for financial year 2011-12, which was duly approved by the shareholders of the Company in the Annual General Meeting of the company held on August 9, 2012.

##### 42.2 Dividends proposed

The board of directors in their meeting held on 28.05.2013 have proposed a dividend of ₹ 0.50 per equity share of ₹ 5 each (10% of face value) for the financial year 2012-13. The same is subject to shareholder's approval in the Annual General Meeting.

#### 43. EVENTS AFTER THE BALANCE SHEET DATE

The shareholders in the Extra-ordinary general meeting held on May 25, 2013 approved the allotment of 4,00,000 Fully Convertible Debenture (FCD) of ₹ 100 each on a preferential basis to M/s Pratik Minerals Private Limited as specified in the notice of the Extra-Ordinary General Meeting issued by the Company on April 26, 2013. The terms and conditions of the allotment are:

- The FCD shall be compulsorily convertible into Equity Shares at the end of 6 months from the date of allotment of FCD.
- Each FCD is convertible into Equity Share of the Company of the face value of ₹ 5/- each at a prevailing average market value as calculated at an average closing price of last 26 weeks OR average of last 2 weeks average closing prices, whichever is higher from the relevant date.
- The applicant to the said FCD shall make 100% payment for the subscription to the 4,00,000 FCDs of the face value of ₹ 100/- each, at the time of applying.
- The FCD shall carry interest of 0% coupon rate.
- The Equity shares to be issued on compulsory conversion of the FCD, shall be under lock in for a period of one year and the lock in date shall commence from the date of conversion.
- The issue shall remain open for subscription for a period of 1 month from the shareholders resolution.
- Any terms other than above shall be governed by the relevant provision of the SEBI Regulations and Companies Act, 1956 in this regards.

The fresh Equity Shares allotted on conversion of FCDs shall rank pari passu in all respects with the existing Equity Shares of the company. As at the Balance Sheet date the Company has received ₹ 200.00 Lacs as Inter Corporate Deposit from the proposed allottee which is shown under the head long term borrowing (Note No. 4). Subsequent to the balance sheet date Company has received the balance consideration of ₹ 200.00 Lacs from the proposed allottee.

## NOTES TO FINANCIAL STATEMENT for the year ended March 31st, 2013 (Contd.)

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### Particulars

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44. The figures of the previous year have been regrouped / reclassified, where necessary, to conform with the current year's classification.

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As per our audit report of even date attached  
**For Manubhai & Co.**  
Chartered Accountants  
Firm Registration No. 106041W

For and on behalf of Board of Directors

G R Parmar  
Partner  
Membership No. 121462

Chandresh S Parikh  
Chairman and  
Managing Director

Rajesh Parikh  
Managing Director

Anuja Muley  
Secretary

P M Shah  
Director

Date : 28.05.2013  
Place: Waghodia, Dist. Vadodara

Date : 28.05.2013  
Place: Waghodia, Dist. Vadodara

## CONSOLIDATED AUDITOR'S REPORT

To  
The Board of Directors,  
20 MICRONS LIMITED

### Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 20 Microns Limited (the "Company") and its subsidiaries (Collectively referred as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2013, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements, that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements

in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March 2013;
- (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

### Other Matters

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect [before giving effect to the consolidation adjustments] total assets of ₹ 3690.90 lacs as at March 31, 2013, total revenues of ₹ 4817.77 lacs and net cash flows amounting to ₹ 106.56 lacs for the year ended on March 31, 2013. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the reports of the other auditors.

**For Manubhai & Co.**  
Chartered Accountants  
Firm Registration No. 106041W

**G R Parmar**  
Partner  
Membership No. 121462

Place: Waghodia  
Date : 28.05.2013

**CONSOLIDATED BALANCE SHEET**

as at March 31st, 2013

		(₹ in Lacs)	
Particulars	Note	2012-13	2011-12
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
a. Share Capital	2	1583.10	1433.10
b. Reserves and Surplus	3	5332.29	3830.43
c. Advance Money received against share warrants		-	515.00
		<b>6915.39</b>	<b>5778.53</b>
<b>2. Minority Interest</b>			
		<b>8.10</b>	<b>8.40</b>
<b>3. Non-Current Liabilities</b>			
a. Long-term borrowings	4	7271.59	5878.43
b. Deferred tax liabilities (Net)	5	1447.98	1168.01
c. Other Long-term liabilities	6	65.15	39.05
		<b>8784.73</b>	<b>7085.49</b>
<b>4. Current Liabilities</b>			
a. Short-term borrowings	7	7102.80	7964.43
b. Trade payables	8	3282.53	2893.20
c. Other current liabilities	9	3081.32	2780.03
d. Short-term provisions	10	206.36	315.91
		<b>13673.01</b>	<b>13953.58</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29381.23</b>	<b>26826.00</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a. Tangible assets	11	14978.85	8175.40
b. Intangible assets	11	207.46	253.19
c. Capital work-in-progress	11	354.12	3669.90
d. Intangible assets under development	11	26.47	41.01
e. Non-current investments	12	69.12	69.12
f. Long term loans and advances	13	1588.26	1698.00
g. Other non-current assets	14	236.86	218.48
		<b>17461.13</b>	<b>14125.10</b>
<b>2. Current assets</b>			
a. Inventories	15	4752.23	5263.08
b. Trade receivables	16	5254.96	5277.39
c. Cash and bank balances	17	638.95	914.60
d. Short-term loans and advances	18	1217.96	1204.26
e. Other current assets	19	56.00	41.57
		<b>11920.10</b>	<b>12700.90</b>
<b>TOTAL ASSETS</b>		<b>29381.23</b>	<b>26826.00</b>

**Significant Accounting Policies**

1

The notes referred to above form an integral part of the financial statement.

As per our audit report of even date attached

For and on behalf of Board of Directors

**For Manubhai & Co.**

Chartered Accountants

Firm Registration No. 106041W

G R Parmar

Partner

Membership No. 121462

Date : 28.05.2013

Place: Waghodia, Dist. Vadodara

Chandresh S Parikh

Chairman and

Managing Director

Date : 28.05.2013

Place: Waghodia, Dist. Vadodara

Rajesh Parikh

Managing Director

Anuja Muley

Secretary

P M Shah

Director

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31st, 2013

		(₹ in Lacs)	
Particulars	Note	2012-13	2011-12
<b>I</b> Revenue from Operations	20	31365.61	30229.37
<b>II</b> Other Income	21	369.90	212.75
<b>III TOTAL REVENUE ( I + II )</b>		<b>31735.51</b>	<b>30442.12</b>
<b>IV Expenses</b>			
a. Cost of material consumed	22	16035.14	15967.68
b. Changes in Inventories of Finish Goods and Stock in Trade	23	(346.42)	(267.98)
c. Employee Benefit Expense	24	2522.38	2250.64
d. Finance Costs	25	1780.66	1578.22
e. Depreciation and Amortization Expense		842.42	692.70
f. Other Expenses	26	9287.43	8667.43
<b>TOTAL EXPENSES</b>		<b>30121.62</b>	<b>28888.70</b>
<b>V Profit before exceptional Items and Tax ( III - IV )</b>		<b>1613.89</b>	<b>1553.42</b>
<b>VI</b> Less : Exceptional Items	27	851.93	-
<b>VII Profit before Tax ( V - VI )</b>		<b>761.97</b>	<b>1553.42</b>
<b>VIII Tax Expenses</b>			
a. Current Tax		150.08	386.13
b. Wealth Tax		1.01	1.25
c. Deferred Tax		279.96	70.55
d. Mat Credit Entitlement		(148.81)	(10.70)
e. Prior year tax adjustment		2.18	2.28
<b>Total Tax Expenses</b>		<b>284.42</b>	<b>449.51</b>
<b>IX Profit for the year ( VI - VIII )</b>		<b>477.55</b>	<b>1103.90</b>
(Before adjustment of Minority Interest)			
<b>X</b> Less : Share of Profit/Loss transferred to Minority Interest		<b>(0.29)</b>	<b>0.25</b>
<b>XI Profit for the year ( IX - X )</b>		<b>477.84</b>	<b>1103.65</b>
(After adjustment of Minority Interest)			
<b>Earning per Equity Share of ₹ 5 each ( in ₹ )</b>			
Basic		1.51	3.85
Diluted		1.51	3.85

### Significant Accounting Policies

1

The notes referred to above form an integral part of the financial statement.

As per our audit report of even date attached

For and on behalf of Board of Directors

**For Manubhai & Co.**

Chartered Accountants

Firm Registration No. 106041W

G R Parmar

Partner

Membership No. 121462

Chandresh S Parikh

Chairman and

Managing Director

Rajesh Parikh

Managing Director

Anuja Muley

Secretary

P M Shah

Director

Date : 28.05.2013

Place: Waghodia, Dist. Vadodara

Date : 28.05.2013

Place: Waghodia, Dist. Vadodara

**CONSOLIDATED CASH FLOW STATEMENT**

as at March 31st, 2013

					(₹ in Lacs)
Particulars	2012-13		2011-12		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit before tax	761.97		1553.42		
Adjusted for :					
Depreciation and Amortisation expenses	842.42		692.70		
Gratuity provision	34.82		30.76		
Bad debts written off (net of write back)	-		(17.63)		
Provision for Doubtful Debts	63.54		(31.29)		
Provision for Leave Encashment	9.42		6.06		
Provision Written Back	(34.49)		-		
Liability No Longer Required Written Back	(77.54)		(12.48)		
Debit balances written-off	27.68		12.09		
Profit on disposal of Tangible assets	(1.23)		(3.96)		
Loss on disposal of Tangible assets	16.62		1.87		
Share issue expenses	1.60		1.60		
Interest Received on Deposits & Advance	(145.05)		(119.92)		
Interest Paid	1654.68		1132.29		
Forward Premium	125.98	2518.47	445.93	2138.02	
<b>Operating Profit before working capital changes</b>	<b>3280.43</b>		<b>3691.43</b>		
Adjusted for :					
Increase / (Decrease) in Trade Payables and liabilities	791.71		(162.62)		
(Increase) / Decrease in Trade Receivables	(68.80)		(628.08)		
(Increase) / Decrease in Loans and Advances	221.63		(369.98)		
(Increase) / Decrease in Inventories	510.86		(954.20)		
(Increase) / Decrease in Other Assets	(34.41)	1420.98	18.13	(2096.76)	
<b>Cash Generated from Operation</b>	<b>4701.42</b>		<b>1594.67</b>		
Direct Taxes paid (net of refund)	(125.58)		(320.56)		
<b>Net Cash provided by Operating Activities</b>	<b>4575.84</b>		<b>1274.12</b>		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Tangible assets and Capital WIP	(4294.41)		(4596.59)		
Purchase of Intangible assets	(24.34)		(95.94)		
Proceeds from disposal of Tangible assets	33.55		157.54		
Interest Received on Bank Deposits	145.05		119.92		
<b>Net cash used in investing activities</b>	<b>(4140.16)</b>		<b>(4415.07)</b>		

## CONSOLIDATED CASH FLOW STATEMENT

as at March 31st, 2013 (Contd.)

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings (net)	1393.16	2938.16
Proceeds from short-term borrowings (net)	(861.63)	1329.20
Dividend paid	(257.96)	(214.18)
Corporate Dividend Tax on dividend paid	(41.85)	(34.87)
Advance for equity share warrants (Adjusted against Share Premium & Share Capital Issued)	(515.00)	515.00
Share Premium Received	1200.00	-
Proceed from Issue of Share Capital	150.00	-
Interest paid	(1654.68)	(1132.29)
Forward premium	(125.98)	(445.93)
<b>Net Cash from financing activities</b>	<b>(713.94)</b>	<b>2955.08</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(278.26)</b>	<b>(185.87)</b>
<b>Cash and cash equivalents - opening balance</b>	<b>905.33</b>	<b>1091.20</b>
<b>Cash and cash equivalents - closing balance</b>	<b>627.05</b>	<b>905.33</b>

**Notes :**

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 'Cash Flow Statements' notified under the Companies (Accounting Standard) Rules, 2006.
- Components of Cash and cash equivalents.

(₹ in Lacs)		
Particulars	2012-13	2011-12
Cash on hand	11.14	4.12
Balances with banks:		
in current accounts	323.06	467.89
in deposit accounts	154.15	237.27
in unclaimed dividend accounts*	150.58	205.33
<b>Cash and cash equivalents</b>	<b>638.95</b>	<b>914.61</b>
Less : Amount due in current account	(11.90)	9.28
<b>Cash and bank balances (as per note 17)</b>	<b>627.05</b>	<b>905.33</b>

\* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

- Bank Overdraft and other short term loans have been treated as part of financing activities.
- Previous year's figures have been regrouped / reclassified, wherever necessary to conform to the current year's classification.

As per our audit report attached  
**For Manubhai & Co.**  
 Chartered Accountants  
 Firm Registration No. 106041W

For and on behalf of Board of Directors

G R Parmar  
 Partner  
 Membership No. 121462

Chandresh S Parikh  
 Chairman and  
 Managing Director

Rajesh Parikh  
 Managing Director

Anuja Muley  
 Secretary

P M Shah  
 Director

Date : 28.05.2013  
 Place: Waghodia, Dist. Vadodara

Date : 28.05.2013  
 Place: Waghodia, Dist. Vadodara

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

### A. Principles of Consolidation:

The consolidated Financial Statements include the financial statements of 20 Microns Limited and its subsidiaries (The Group). The Consolidated Financial Statements of the group have been prepared in accordance with Accounting Standard AS-21 'Consolidated Financial Statements' as notified under the Companies 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 reserves of the entity to be consolidated. In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

### B. Particulars of Consolidation:

The lists of Subsidiary Companies are as under:

Company	Year End	Country of Incorporation	Proportion of Ownership	
			As at March 31st, 2013	As at March 31st, 2012
20 Microns SDN BHD (Foreign Subsidiary)	March, 31	Malaysia	100%	100%
20 Microns Nano Minerals Limited (Indian Subsidiary)	March, 31	India	99.17%	99.17%
20 Microns FZE (Foreign Subsidiary)	March, 31	Sharjah	100%	100%

### C. Basis of preparation of Financial Statements:

The company maintains its accounts on accrual basis following the historical cost convention in compliance with applicable mandatory Accounting Standards and relevant presentation requirements of the Companies Act, 1956. The reporting currency is INR and amounts are rounded off to nearest lacs.

### D. 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.

### E. Revenue Recognition:

- All revenue and expenses are recognized on accrual basis.
- 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.
- Dividend is recognized as income when right to receive arises.
- Interest income is recognized on accrual basis, and other incomes are recognized on accrual basis except when realization of such income is uncertain.

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

### F. Sales:

- a) Sales figures are inclusive of Excise duty, and freight in case of landed rates, but are net of sales returns, and rate difference adjustments. Revenue from sale of goods is recognized when the significant risks and rewards in respect of ownership of products are transferred by the Company.
- b) Domestic sales are accounted on dispatch of products to customers.
- c) Export sales are recognized on the dates of export invoice.

### G. Fixed Assets and Depreciation:

#### G.1 IN RESPECT OF THE COMPANY AND INDIAN SUBSIDIARY:

- a) Fixed assets include all expenditure of capital nature and stated at cost (net of CENVAT, 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 assets acquired on lease, cost / premium paid is being amortized over a period of 20 years or the life 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) Assets costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

#### G.2 IN RESPECT OF THE 20 MICRONS SDN BHD (FOREIGN SUBSIDIARY):

Plant and equipment are 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 :

Motor Vehicle	20%
Office equipment	10%

### H. 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.

### I. Intangible Assets:

#### I.1 IN THE CASE OF THE COMPANY:

- a) 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.
- b) Capitalized software includes cost on Enterprise Resource Planning (ERP) project and other Software cost including license fees, which provides significant future benefits. ERP Project fees will be amortized over a period of seven years. Cost of all other software will be amortized over a period of five years.

#### I.2 IN THE CASE OF INDIAN SUBSIDIARY:

- a) Intangible Assets are recognized only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, if any.
- b) Intangible assets are amortized on straight line method from the date they are available for use, over the useful lives of the assets not exceeding more than five years, as estimated by the management.
- c) Research and Development:

The Research and Development cost is accounted in accordance with Accounting Standard - 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

benefits, is recognized as Research Expenses and charged off to the Statement of Profit and Loss, as incurred. All subsequent expenditure incurred for Product Development on the application of Research findings or the other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as Development Expenditure under Intangible Assets under Development, to be capitalized as an intangible asset on completion of the project. In case a project does not proceed as per expectations/plans, the same is abandoned and the amount classified as Development Expenditure under Intangible Assets under Development is charged off to the Statement of Profit and Loss.

### J. Inventories:

- a) Raw Materials, Stores & Spares and finished goods are valued at cost or net realizable value whichever is lower.
- b) In the case of the Company cost is arrived at on weighted average basis.
- c) In the case of the Indian Subsidiary the goods traded are valued at cost.

### K. 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 Statement of Profit and Loss.
- 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.

### L. 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.

- c) Investments other than in subsidiaries have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments"

### M. Employee Benefits:

#### M.1 IN CASE OF THE COMPANY & INDIAN SUBSIDIARY:

- a) Post employment and other long term employee benefits are recognized as an expense in the Statement of 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 Statement of Profit and Loss.
- 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 Statement of Profit and Loss of the year in which the related services is rendered.

#### M.2 IN RESPECT OF THE 20 MICRONS SDN BHD (FOREIGN SUBSIDIARY):

- a) Short term benefits: Wages, salaries, bonuses and social security contributions are recognized 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 recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognized when the absences occur.
- b) Defined contribution plans: As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognized as an expense in the income statement as incurred.

### N. 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.

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013 (Contd.)

### O. Leases:

#### 0.1 IN THE CASE OF THE COMPANY:

- a) Assets subject to operating leases are included under Fixed Assets or current assets as appropriate. Rent (lease) income is recognized in the Statement of Profit and Loss on a straight line basis over the life over the lease term. Costs, including depreciation, are recognized as an expense in Statement of Profit and Loss.
- b) Leases are classified as operating leases where the lessor or effectively retains substantially all the risks and benefits of the ownership of the leased assets. Operating lease payments are recognised as expenses in the Statement of Profit and Loss as and when paid.

#### 0.2 IN THE CASE OF INDIAN SUBSIDIARY:

- a) Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.
- b) Assets leased out under operating leases are capitalised. Rental Income is recognized on accrual basis over the lease term.

### P. Earnings Per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### Q. Taxes on Income:

- a) Tax expense comprise of current and deferred tax.
- b) Current income tax is 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. 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.

### R. 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013

(₹ in Lacs)

Particulars	2012-13		2011-12	
<b>2. SHARE CAPITAL</b>				
<b>a. Authorised Capital</b>				
6,00,00,000 Equity Shares of ₹ 5/- each		3,000.00		3,000.00
(Previous Year 3,00,00,000 Equity Shares of ₹ 10/- each)				
<b>b. Issued, subscribed and fully paid-up equity Shares</b>				
3,16,62,056 Equity Shares of ₹ 5/- each		1583.10		1433.10
(Previous Year: 1,43,31,028 shares of ₹ 10/- each)				
<b>c. Reconciliation of the share outstanding at the beginning and at the end of the reporting period</b>				
<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>Amount</b>	<b>No. of Shares</b>	<b>Amount</b>
At the beginning of the year	14,331,028	143,310,280	14,331,028	143,310,280
Issued during the period - Warrant conversion	1,500,000	15,000,000	-	-
Issued during the period - Share Split	15,831,028	-	-	-
<b>Outstanding at the end of the year</b>	<b>31,662,056<sup>#</sup></b>	<b>158,310,280</b>	<b>14,331,028<sup>#</sup></b>	<b>143,310,280</b>
	<sup>#</sup> ₹ 5/- each		<sup>#</sup> ₹ 10/- each	
<b>d. Rights, preferences and restrictions attached to shares</b>				
i The Company has only one class of shares referred to as equity shares having a par value of ₹ 5/-.				
ii Each holder of equity shares is entitled to one vote per share which can be exercised either personally or by an attorney or by proxy.				
iii The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing general meeting except in the case of interim dividend.				
iv In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.				
<b>e. Details of shareholders holding more than 5% shares in the Company:</b>				
<b>Name of Shareholder</b>	<b>No. of Shares held</b>	<b>% of holding</b>	<b>No. of Shares held</b>	<b>% of holding</b>
Eriez Finance and Investment Limited	8,250,235	26.06	3,644,412	25.43
Mr.Chandresh S. Parikh	3,630,400	11.47	1,800,200	12.56
Mr. Rameshbhai B. Patel	1,953,100	6.17	720,900	5.03
Mr. Rajesh C. Parikh	1,659,956	5.24	279,978	1.95
Mr. Atil C. Parikh	1,659,956	5.24	279,978	1.95
<b>Total</b>	<b>17,153,647</b>	<b>54.18</b>	<b>6,725,468</b>	<b>46.92</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

		(₹ in Lacs)			
Particulars	2012-13		2011-12		
<b>3. RESERVES AND SURPLUS</b>					
<b>a. General Reserve</b>					
Balance as per last year Financial Statement	120.54		39.68		
Add: Transfer from Surplus	-		80.86		
<b>Closing Balance</b>	<b>120.54</b>		<b>120.54</b>		
<b>b. Capital Reserve on Consolidation</b>	<b>48.88</b>		<b>48.88</b>		
<b>c. Securities Premium Account</b>					
Balance as per last year Financial Statement	1761.55		1761.55		
Add: Addition During Year	1200.00		-		
<b>Closing Balance</b>	<b>2961.55</b>		<b>1761.55</b>		
<b>d. Foreign Currency Translation Reserve</b>					
Balance as per last year Financial Statement	7.59		0.04		
Add: Change During the year	9.24		7.55		
<b>Closing Balance</b>	<b>16.83</b>		<b>7.59</b>		
<b>e. Surplus as per Statement of Profit and loss</b>					
Balance as per last year Financial Statement	1891.86		1168.88		
Add : Net Profit for the year	477.84		1103.65		
Less : Appropriations					
Transfer to General Reserves	-		80.86		
Proposed Dividends	158.31		257.96		
Corporate Dividend Tax on Proposed Dividend	26.90		41.85		
<b>Closing Balance</b>	<b>2184.49</b>		<b>1891.86</b>		
<b>Total Reserves and Surplus</b>	<b>5332.29</b>		<b>3830.43</b>		
<b>Particulars</b>	<b>Current maturities</b>	<b>Non-current maturities</b>	<b>Current maturities</b>	<b>Non-current maturities</b>	
<b>4. LONG TERM BORROWINGS</b>					
<b>a. Secured borrowings</b>					
<b>i Term loans</b>					
From Banks	1534.69	5780.97	1499.46	4881.99	
From Financial Institutions	20.19	16.38	0.0	0.0	
<b>Total Secured borrowings</b>	<b>1554.89</b>	<b>5797.35</b>	<b>1499.46</b>	<b>4881.99</b>	
<b>b. Unsecured borrowings</b>					
<b>i From Banks</b>	13.72	-	49.79	13.72	
<b>ii From Financial Institutes</b>	98.55	26.81	91.53	126.11	
<b>iii Public Deposits</b>					
Deposit from Public	397.02	818.89	312.29	760.16	
Deposit from related parties (Refer Note no. 33)	7.00	95.05	36.15	38.05	
<b>iv Deferred payment liabilities</b>					
Sales Tax Deferment Loans	27.30	31.09	27.50	58.40	
<b>v Inter Corporate Deposit</b>	-	200.00	-	-	
<b>vi 11% Optionally Convertible Debentures (OCD)</b>	-	269.40	-	-	
<b>vii 11% Fully Convertible Debentures (FCD)</b>	-	33.00	-	-	
<b>Total Unsecured borrowings</b>	<b>543.60</b>	<b>1474.24</b>	<b>517.26</b>	<b>996.44</b>	
<b>Total Borrowings</b>	<b>2098.48</b>	<b>7271.59</b>	<b>2016.72</b>	<b>5878.43</b>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### c. Details of Securities, Repayment and Interest Rate

i	The term loan are secured by way of first charge by way of mortgage or hypothecation over certain properties and second charge by way of hypothecation of present and future current assets. The loans are repayable over a period of 2 to 7 years. The effective rate of interest is in the range of 8.30 % to 14.00 %.
ii	The unsecured loan obtained from Bank and Financial Institution is repayable over a period of 2 years. The effective rate of interest is in the range of 15.50 % to 16.00 %.
iii	The Public Deposits are repayable over a period of 3 years. The effective rate of interest is in the range of 9.75 % to 13.62 %.
iv	Sales Tax Deferment Loan is repayable in monthly installments over a period of 2 years and it is interest free.
v	Inter Corporate Deposit is to be adjusted against issue of Fully Convertible Debentures. [ See Note 39 ]
vi	11% OCD of ₹15 each are to be redeemed at the end of 3 years from the date of allotment. On the date of redemption, at the option of debenture holders, OCD shall either be redeemed or be converted into Equity Shares in part or in full. Debenture holders opting for redemption shall intimate such option 60 days before the due date or debentures shall be presumed to have been converted in to Equity Shares. Each Debenture of ₹ 15 shall be converted into 1 Equity Share of ₹10 at a premium of ₹ 5.
vii	11% FCD of ₹15 each are to be redeemed at the end of 3 years from the date of allotment. On the date of redemption, each Debenture of ₹ 15 shall be converted into 1 Equity Share of ₹10 at a premium of ₹ 5.

(₹ in Lacs)

Particulars	2012-13	2011-12
<b>5. DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liability on Account of:</b>		
Product Development Expenses	22.30	22.20
Provision for Gratuity liability	11.58	14.02
Difference between WDV of fixed assets as per the Income Tax Act,1961 and the Companies Act,1956.	1632.75	1168.30
<b>Gross Deferred Tax Liabilities</b>	<b>1666.63</b>	<b>1204.52</b>
<b>Deferred Tax Assets on Account of:</b>		
Unabsorbed Depreciation and Carry Forward Losses	168.86	-
Disallowances under the Income Tax Act,1961 u/s 43 B	14.99	12.71
VRS Expenses u/s 35DDA	5.12	7.67
Provision for Bad and Doubtful Debts	29.68	16.13
<b>Gross Deferred Tax Assets</b>	<b>218.65</b>	<b>36.51</b>
<b>Net Deferred Tax Liabilities</b>	<b>1447.98</b>	<b>1168.01</b>

(₹ in Lacs)

Particulars	2012-13	2011-12
<b>6. OTHER LONG TERM LIABILITIES</b>		
Trade deposits	3.17	4.20
Interest accrued but not due	61.98	34.85
<b>Total</b>	<b>65.15</b>	<b>39.05</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars	2012-13	2011-12
(₹ in Lacs)		
<b>7. SHORT TERM BORROWINGS</b>		
<b>a. Secured (Repayable on Demand)</b>		
Working Capital finance from banks (Effective Rate of Interest being 13.25% - 13.75%)	6379.35	7387.22
<b>b. Unsecured</b>		
Public deposits (Effective Rate of Interest being 9.75% - 13.62%)	703.45	577.21
Inter Corporate Deposits (Effective Rate of Interest being 16%)	20.00	-
<b>Total</b>	<b>7102.80</b>	<b>7964.43</b>
<b>c. Details of Securities</b>		
The working capital finance facilities are secured by way of first charge of present and future current assets by way of second charge over certain properties.		
<b>8. TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	87.51	159.42
Other suppliers	3195.02	2733.78
<b>Total</b>	<b>3282.53</b>	<b>2893.20</b>
<b>9. OTHER CURRENT LIABILITIES</b>		
Salary and wages accrued	115.59	115.73
<b>Current Maturities of Long term borrowings</b>		
Secured Term Loans from Banks	1534.69	1499.46
Unsecured Term Loans From Banks	13.72	49.79
Secured Borrowings From Financial Institutes	20.19	-
Unsecured Borrowings From Financial Institutes	98.55	91.53
Deposit from Public	397.02	312.29
Deposit from related parties (Refer Note No. 33)	7.00	36.15
Sales Tax Deferment Loan	27.30	27.50
Amounts due to banks in current account	11.90	9.28
Interest accrued but not due	136.30	120.33
Unclaimed dividends	2.81	1.23
Unclaimed matured deposits	2.62	10.81
Advance from Customers	121.91	62.92
Advance from Related Parties (Refer Note No. 33)	195.46	-
Statutory dues	82.28	85.33
Other payables	313.95	357.68
<b>Total</b>	<b>3081.32</b>	<b>2780.02</b>
<b>10. SHORT TERM PROVISIONS</b>		
<b>a Provision for employee benefits</b>		
Leave Encashment	9.42	6.75
<b>b Others</b>		
Proposed Dividend	158.31	257.96
Corporate Dividend Tax on Proposed Dividend	26.90	41.85
Excise and Royalty on finished goods	11.72	9.36
<b>Total</b>	<b>206.36</b>	<b>315.91</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)

Particulars	Gross Block		Depreciation / Amortisation			Net Block				
	As on 01/04/2012	Additions During Year	On Sale/ Adjustments	As on 31/03/2013	Upto 01/04/2012	Provided During Year	On Sale Adjustments	Upto 31/03/2013	As at 31/03/2013	As at 31/03/2012
<b>(A) Tangible Assets</b>										
Freehold Land	207.30	1.24	-	208.53	4.04	0.0	-	4.04	204.49	203.26
Leasehold Land	192.14	300.67	(5.14)	487.68	71.60	36.27	1.42	109.29	378.39	120.55
Office Building	204.34	-	-	204.34	27.79	3.42	-	31.21	173.13	176.55
Leasehold Office Building	80.56	-	-	80.56	9.40	7.52	-	16.92	63.64	71.16
Factory Building	1533.78	1923.55	5.14	3462.47	382.76	65.93	(1.35)	447.34	3015.13	1151.02
Plant And Machinery	9053.30	5281.64	(50.00)	14284.94	3309.51	560.75	(32.93)	3837.33	10447.61	5743.79
Vehicles	434.04	65.41	(45.51)	453.94	99.73	43.32	(17.37)	125.68	328.26	334.32
Computer & Software	175.50	12.84	(10.04)	178.30	105.54	18.74	(8.13)	116.16	62.14	69.96
Furniture & Office Equipment	406.79	24.85	(3.27)	428.37	101.98	21.85	(1.53)	122.30	306.06	304.80
<b>Total</b>	<b>12287.75</b>	<b>7610.20</b>	<b>(108.83)</b>	<b>19789.12</b>	<b>4112.35</b>	<b>757.80</b>	<b>(59.88)</b>	<b>4810.27</b>	<b>14978.85</b>	<b>8175.40</b>
<b>Previous year</b>	<b>11294.36</b>	<b>1383.84</b>	<b>(390.44)</b>	<b>12287.75</b>	<b>3729.45</b>	<b>617.89</b>	<b>(234.99)</b>	<b>4112.35</b>	<b>8175.40</b>	<b>-</b>
<b>(B) Intangible Assets</b>										
Product Development	147.13	-	-	147.13	78.72	29.67	-	108.38	38.75	68.41
Product Know How	147.32	31.50	-	178.82	78.60	28.01	-	106.62	72.21	68.71
Computer Software	172.97	7.38	-	180.36	57.42	26.77	-	84.19	96.17	115.55
(SAP expenses)										
Website Development	0.85	-	-	0.85	0.34	0.17	-	0.51	0.34	0.51
<b>Total</b>	<b>468.28</b>	<b>38.89</b>	<b>-</b>	<b>507.16</b>	<b>215.08</b>	<b>84.62</b>	<b>-</b>	<b>299.70</b>	<b>207.46</b>	<b>253.19</b>
<b>Previous year</b>	<b>391.71</b>	<b>76.57</b>	<b>-</b>	<b>468.28</b>	<b>140.27</b>	<b>74.81</b>	<b>-</b>	<b>215.08</b>	<b>253.19</b>	<b>-</b>
<b>(C) Capital Work-in-Progress</b>										
<b>(D) Intangible Assets Under Development</b>										
									<b>354.12</b>	<b>3669.90</b>
									<b>26.47</b>	<b>41.01</b>

**Notes:**

- Pursuant to Accounting Standard AS-28, 'Impairment of Assets', there is no impairment of Assets.
- The Company has taken an office building on finance lease, having aggregate cost of ₹ 75 Lacs during the financial year 2010-11. The period of lease is for 10 years with rights of ownership of assets to be transferred to company at the end of lease period. The Company has paid in advance at the inception of the lease, the lease rental payment agreed for the lease period. In view of the same there is no outstanding liability of rental payments to be made by the company over the lease period and consequently there is no interest cost attached to it.
- Borrowing Cost amounting to ₹ 847.90 lacs (Previous Year: ₹ 149.09 lacs) has been capitalised during the year as per Accounting Standard AS-16 'Borrowing Cost'. Borrowing Cost ₹ 17.80 Lacs was decapitalised which was capitalised in earlier years and the same is shown as interest cost in Note No. 25.
- Amount of CWIP includes interest and finance charges amounting to ₹ 49.22 lacs (Prev. Yr : ₹ 352.15 lacs) capitalised as required by AS-16 'Borrowing Cost'.
- Gross Block of ₹ 5.14 Lacs is reclassified from Block of Factory Building to Lease Hold Land to rectify the classification error. Consequently depreciation of ₹ 1.42 Lacs is also reclassified during the year within the assets block.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars	2012-13	2011-12
(₹ in Lacs)		
<b>12. NON CURRENT INVESTMENTS</b>		
<b>Non-trade Investments</b>		
in unquoted fully paid up shares		
i. 6,80,000 equity shares (Previous Year : 6,80,000) of Ereiz Finance and Investment Limited	68.00	68.00
Other Investment		
National Savings Certificate (Lodged with Sales tax Authorities)	1.12	1.12
<b>Total Non-Trade Investments</b>	<b>69.12</b>	<b>69.12</b>
<b>Total Investments</b>	<b>69.12</b>	<b>69.12</b>
<b>13. LONG TERM LOAN AND ADVANCES</b>		
<b>Unsecured and considered good</b>		
a. Advance to suppliers of capital goods	1271.11	1527.05
b. Loans and advances to related parties (Refer Note No.33)	18.60	10.15
c. Balance with Gratuity fund (Net of Provisions for Employee Benefits of ₹ 231.80 Lacs. Previous Year ₹ 225.73 Lacs)	13.04	24.11
d. Mat Credit Entitlement	285.51	136.70
<b>Total</b>	<b>1588.26</b>	<b>1698.00</b>
<b>14. OTHER NON CURRENT ASSETS</b>		
Security Deposits	233.42	214.38
Interest Accrued but no due	1.84	0.90
Unamortized expenses	1.60	3.20
<b>Total</b>	<b>236.86</b>	<b>218.48</b>
<b>15. INVENTORIES</b>		
Raw Materials	2996.70	3710.08
Finished Goods	1499.45	1105.95
Stores and Spares	238.81	294.18
Stock-in-trade	3.91	50.99
Goods in transit (Raw materials)	13.36	101.89
<b>Total</b>	<b>4752.23</b>	<b>5263.08</b>
The inventory is valued at lower of cost and net realisable value.		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>16. TRADE RECEIVABLES (UNSECURED)</b>		
a. Debts outstanding for a period exceeding six months from due date of repayment:		
Considered good	455.49	65.53
Considered doubtful	113.26	49.71
	<b>568.75</b>	<b>115.23</b>
Less : Provision for doubtful debts	(113.26)	(49.71)
	<b>455.49</b>	<b>65.53</b>
b. Other debts - Considered good	4793.47	4915.90
c. Amounts due from related parties (Refer Note No. 33)	6.01	295.96
<b>Total</b>	<b>5254.96</b>	<b>5277.39</b>
<b>17. CASH AND BANK BALANCES</b>		
Cash on hand	11.14	4.12
Balances with Banks		
in current account	323.06	467.89
in deposit account (liquid asset)	154.15	237.27
in deposit account (margin money)	147.77	204.10
in unpaid dividend account #	2.81	1.23
<b>Total</b>	<b>638.95</b>	<b>914.60</b>
The above includes deposits of ₹ 30 lacs (Prev. Yr. : ₹ 100 lacs) due for maturity after 1 year.		
# balance held in unpaid dividend account are restricted amounts and not available for use.		
<b>18. SHORT TERM LOAN AND ADVANCES</b>		
<b>(Unsecured, Considered Good)</b>		
Loans & advances to related parties (Refer Note No. 33)	95.16	100.73
Others :		
Balances with Tax authorities	280.28	310.88
Advance payment of Income Tax	33.62	15.37
(Net of provision ₹ 862.18 Lacs, Previous Year : ₹ 709.89 Lacs)		
Loan & advance to employees	53.81	60.07
Advances to suppliers	149.12	174.69
Deposits	157.60	83.92
Prepaid expenses	72.09	57.45
Inter Corporate Deposits	356.92	379.89
Others	19.36	21.24
<b>Total</b>	<b>1217.96</b>	<b>1204.26</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>19. OTHER CURRENT ASSETS</b>		
Export Incentive receivable	9.66	-
Insurance Claim receivable	1.49	1.14
Provident Fund Recoverable	2.98	-
Income accrued but not due on deposits	40.27	38.83
Unamortised Expense	1.60	1.60
<b>Total</b>	<b>56.00</b>	<b>41.57</b>
<b>20. REVENUE FROM OPERATION</b>		
Sale of Products		
Domestic	27598.26	27256.93
Export	4733.43	3437.87
Other Operating Revenues	87.91	46.74
	<b>32419.60</b>	<b>30741.54</b>
Less : Excise Duty	1053.99	512.17
<b>Total</b>	<b>31365.61</b>	<b>30229.37</b>
<b>20.1 Details of Other Operating Revenues of the Company are as under :</b>		
Income Tax Refund	-	26.11
Insurance Claim	47.47	6.56
Scrap Sales	5.92	9.65
Miscellaneous Income	18.53	2.62
Export Incentives	15.99	1.80
<b>Total</b>	<b>87.91</b>	<b>46.74</b>
<b>21. OTHER INCOME</b>		
Interest	145.05	119.92
Income Tax Refund	30.37	3.96
Dividend from Long Term Investments	0.0	0.01
Gain / Loss on foreign currency transaction (Net)	0.40	0.0
Provision Written Back	34.49	0.0
Liability no longer required written back	77.54	15.95
Rent	27.80	22.14
Provision for bad debts written back	0.0	31.29
Other Non-operating Income	54.25	19.48
<b>Total</b>	<b>369.90</b>	<b>212.75</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars	2012-13	2011-12
(₹ in Lacs)		
<b>22. COST OF MATERIALS CONSUMED</b>		
<b>Raw Materials</b>		
Opening Stock of Raw Materials	3710.08	3225.90
Add : Purchases	15335.11	16553.74
	<b>19045.19</b>	<b>19779.65</b>
Less : Goods in Transit	13.36	101.89
Less : Closing Stock of Raw Materials	2996.69	3710.08
<b>Raw Material Consumed</b>	<b>16035.14</b>	<b>15967.68</b>
<b>23. CHANGES IN INVENTORIES OF FINISHED GOODS &amp; STOCK IN TRADE</b>		
Opening stock of Finished Goods & Stock in Trade	1156.94	888.96
Less : Closing stock of Finished Goods & Stock in Trade	1503.36	1156.94
<b>Changes in Inventories of Finish Goods &amp; Stock in Trade</b>	<b>(346.42)</b>	<b>(267.98)</b>
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
Salary wages & Bonus	2227.56	1984.80
Managerial Remuneration	165.78	145.78
Company's contribution to provident & other funds	89.47	84.81
Staff welfare expenses	39.57	35.25
<b>Total</b>	<b>2522.38</b>	<b>2250.64</b>
(Managerial personnel have waived commission & hence no provision is made in respect thereof)		
<b>25. FINANCE COSTS</b>		
Interest Expenses		
Interest on Term Loans	1010.34	608.17
Interest on working Capital Loans	853.93	561.97
Other Interest	229.38	182.64
<b>Total</b>	<b>2093.65</b>	<b>1352.77</b>
Other Borrowing Costs	236.13	647.98
	<b>2329.78</b>	<b>2000.75</b>
Less: Finance costs capitalized	(549.11)	(422.53)
<b>Total</b>	<b>1780.66</b>	<b>1578.22</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>26 OTHER EXPENSES</b>		
<b>26.1 Manufacturing Expenses</b>		
Consumption of Stores and spare parts	283.77	180.28
Power & fuel	2597.37	2317.53
Rent	111.37	92.48
<b>Repairs :</b>		
Buildings	10.71	7.94
Plant and Machinery	197.50	213.24
Other manufacturing & Factory Expenses	218.79	178.02
<b>Total</b>	<b>3419.51</b>	<b>2989.49</b>
<b>26.2 Administrative &amp; Other Expenses</b>		
Rent	25.86	28.79
Rates and Taxes	41.91	13.10
Insurance	51.00	39.98
Post, Telephone & Courier	104.57	115.01
Printing & Stationery Expenses	24.36	24.78
Legal, Licenses and Renewal Expenses	16.57	12.52
Software and Computer Maintenance	30.35	26.99
Travelling & Conveyance	155.81	140.91
Vehicle Running & Maintenance	51.55	47.30
Professional Fees	181.35	103.51
Auditors Remuneration	10.88	9.43
Directors sitting fees	3.56	3.66
Loss on sale/ discarded of Assets (Net)	15.39	1.87
Donation	3.21	6.54
Bad Debts	0.89	0.18
Share Issue Expenses Write off	1.60	1.60
Misc. Expenses	145.85	147.45
<b>Total</b>	<b>864.69</b>	<b>723.63</b>
<b>26.3 Loss on foreign currency transactions &amp; translation (Net)</b>	<b>89.72</b>	<b>155.67</b>
<b>26.4 Research &amp; Development Expenses</b>	<b>89.77</b>	<b>43.18</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

(₹ in Lacs)		
Particulars	2012-13	2011-12
<b>26.5 Marketing, Selling &amp; Distribution Expenses :</b>		
<b>SELLING EXPENSES</b>		
Travelling Expenses	303.27	289.67
Rebate and Discount	97.68	125.63
Sales Commission	74.28	64.45
Bad Debts written off	15.83	13.48
Provision for Bad debts	63.54	0.0
Rent	152.41	164.32
Other Selling Expenses	329.73	412.35
<b>Total</b>	<b>1036.74</b>	<b>1069.91</b>
<b>DISTRIBUTION EXPENSES</b>		
Freight outward- Local sales	3232.55	3274.20
Freight outward- Export sales	468.69	344.41
Service Tax	85.75	66.96
<b>Total</b>	<b>3787.00</b>	<b>3685.57</b>
<b>Total</b>	<b>9287.43</b>	<b>8667.43</b>
<b>27. EXCEPTIONAL ITEM</b>		
Loss on Derivative Contracts	836.69	-
Legal Suit Expenses in respect of above	15.23	-
<b>Total</b>	<b>851.93</b>	<b>-</b>

28. The audited financial statement of 20 Microns SDN BHD has been prepared in accordance with Financial Reporting Standard of Malaysia and the audited financial statement of 20 Microns FZE has been prepared in accordance with the international financial reporting standards (IFRS). Differences in accounting policies of the Company and Subsidiary are not material.

#### 29. CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)

##### 29.1 IN THE CASE OF COMPANY :

###### A. Contingent Liabilities

(i) Claims against the company not acknowledged as debt:

The Company does not have any claims note acknowledged as debt as on the balance sheet date

(Previous Year: ₹ Nil)

(ii) Other money for which the company is contingently liable - Matter under dispute:

(₹ in Lacs)			
Sr.No.	Particulars	2012-13	2011-12
1	Demand of Sales Tax, Value Added Tax & Central Sales Tax	12.53	5.85
2	Claims from Excise and Customs authorities not acknowledged as debt	754.44	897.35
3	Demand of Income Tax	21.46	209.31

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT for the year ended March 31st, 2013 (Contd.)

### (iii) Guarantees and Letter of Credits:

- Company has given guarantee of ₹ 1,225.00 Lacs (Previous Year: ₹ 1,225.00 Lacs) on behalf of Indian subsidiary company.
- Guarantee given by Company's Bankers in normal course of business ₹ 57.01 lacs (Previous Year: ₹ 31.19 Lacs).
- Inland / Foreign Letter of Credit issued by Bank ₹ Nil (Previous Year: ₹ 372.59 Lacs).

### Particulars

#### B. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) amounting to ₹ 474.18 lacs (Previous Year ₹ 812.80 Lacs).

#### C. Other Commitments

Company has decided to transfer its undertaking, associated with the Mineral Products viz. Calcined Clay, China Clay and Talc, by way of slump sale to a wholly owned subsidiary, subject to necessary approvals including the licenses, permits, consents and approval whatsoever on a going concern basis. The shareholders of the Company have approved the decision of the board and the resolution in these regards was announced as passed on 18.03.2013.

### 29.2 IN THE CASE OF INDIAN SUBSIDIARY:

- (i) Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) ₹ 190.59 Lacs (Previous Year ₹ 330.98 Lacs).
- (ii) Contingent Liabilities not provided for on account of bank guarantee of ₹ 7.11 Lacs (Previous Year ₹ 1.00 Lacs) and on account of Provident Fund Liability of ₹ 2.98 Lacs (Previous Year ₹ Nil).

**30.** In the opinion of the management, the current assets and loans and advances considered as non-current and other non-current assets are stated at value, which is realizable in the ordinary course of business and provision is made for all known material liabilities. Balances of Trade Receivable and Trade Payables are subject to confirmation, reconciliation and consequential adjustments, if any.

### 31. PRIOR PERIOD ADJUSTMENTS IN THE CASE OF COMPANY :

#### 31.1 Prior Period Expenses under various heads is as under:

Particulars	(₹ in Lacs)	
	2012-13	2011-12
Salary and Wages	-	2.28
Tax Credit Reversal (Net)	-	0.18
Freight Charges	-	1.51
Import and Export Expenses	1.27	7.54
Repairs and Maintenance Charges	-	2.89
Power and Fuel	-	1.40
Others	-	4.85
Printing & Stationery	-	0.14
<b>Total</b>	<b>1.27</b>	<b>20.79</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### 31.2 Prior Period Income under various is as under:

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Interest Received	6.01	0.07
Others	0.06	5.00
<b>Total</b>	<b>6.07</b>	<b>5.07</b>

#### 32. EMPLOYEE BENEFITS

##### 32.1 IN THE CASE OF COMPANY:

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) Defined Contribution Plans

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Employer's contribution to Provident Fund	70.65	66.84

##### B) Defined Benefit Plan

##### B1) Reconciliation of opening and closing balances of present value of obligations.

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Present Value of Obligation as at the beginning of the year	222.97	196.99
Interest Cost	16.84	16.25
Current Service Cost	20.46	28.98
Actuarial (gain) / Loss on obligations	17.33	1.59
Benefits paid	(49.63)	(20.84)
Present value of Obligation as at the end of the year	227.98	222.97

##### B2) Changes in the Fair Value of Plan Assets.

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Fair Value of Plan Assets at the beginning of the year	245.90	197.56
Expected Return on Plan Assets	20.93	19.23
Contributions	23.00	53.11
Actuarial Gain / (loss) on Plan Assets	(.41)	(3.17)
Benefit paid	(49.63)	(20.84)
Fair Value of Plan Assets at the end of the year	239.78	245.90

##### B3) The amount recognized in balance sheet.

	(₹ in Lacs)	
Particulars	2012-13	2011-12
Present Value of Obligations as at the end of the year	227.98	222.97
Fair value of plan Assets as at the end of the year	239.78	245.90
Net Asset / ( Liability) recognized in Balance sheet	11.81	22.93

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### B4) Amount recognized in the Statement of Profit and Loss.

(₹ in Lacs)

Particulars	2012-13	2011-12
Current Service Cost	20.46	28.98
Interest Cost	16.84	16.25
Expected Return on Plan Assets	(20.93)	(19.23)
Net actuarial (gain) / loss recognized in the year	17.74	4.76
Expenses Recognized in the Statement of Profit & Loss	34.12	30.76

#### B5) Assumptions.

(₹ in Lacs)

Particulars	2012-13	2011-12
Mortality Table (LIC)	1994-96	1994-96
	(Ultimate)	(Ultimate)
Discount Rate	8.20%	8.50%
Rate of increase in Compensation Levels	5.50%	5.50%
Rate of Return on Plan Assets	9.00%	9.00%

#### B6) Amount pertaining to plan is as follows.

(₹ in Lacs)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Present value of defined value obligations	227.98	222.97	196.99	166.76	118.46
Fair value of plan assets	239.78	245.9	197.55	156.14	70.98
<b>Surplus / (deficit) in plan</b>	<b>11.81</b>	<b>22.93</b>	<b>0.56</b>	<b>(10.62)</b>	<b>(47.49)</b>
<b>Experience adjustments</b>					
on plan assets (Loss) / Gain	(0.41)	(3.17)	(1.92)	3.13	(5.06)
on plan liabilities (Gain) / Loss	10.61	7.20	33.97	21.82	4.90

#### B7) Investment Details

Particulars	2012-13	2011-12
Insurance Policies	100%	100%

- 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.

#### 32.2 IN THE CASE OF INDIAN SUBSIDIARY:

- A) Defined contribution plans: The Company has recognized ₹ 9.88 Lacs (Previous Year ₹ 8.98 Lacs) for Provident Fund Contribution as expenses under the defined contribution plan in the Statement of Profit & Loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

B) Defined benefit plan: The Company recognizes the liability towards the gratuity at each balance sheet date. The most recent actuarial valuation of the defined benefit obligation for gratuity was carried out at March 31, 2013 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

C) The following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2013.

Particulars	Gratuity Unfunded	
	2012-13	2011-12
(₹ in Lacs)		
<b>I) Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>		
Current Service Cost	1.96	2.49
Interest Cost	0.24	0.06
Actuarial (gain) / losses	(1.14)	(0.56)
PVO at the beginning of the year	2.77	0.78
<b>PVO at end of the year</b>	<b>3.83</b>	<b>2.77</b>
<b>II) Reconciliation of the fair value of plan assets :</b>		
Expected return on plan assets	0.39	0.17
Adjustment of Opening Fund	(0.01)	-
Actuarial gain/(losses)	(0.02)	(0.06)
Contributions by the employer	0.75	3.84
Fair value of plan assets at beginning of the year	3.95	-
<b>Fair value of plan assets at end of the year</b>	<b>5.06</b>	<b>3.95</b>
<b>III) Reconciliation of PVO and fair value of plan assets:</b>		
PVO at end of period	3.83	2.77
Fair Value of planned assets at end of year	5.06	3.96
<b>Net asset/ (liability) recognized in the balance sheet</b>	<b>(1.23)</b>	<b>(1.19)</b>
<b>IV) Net cost for the year ended:</b>		
Current Service cost	1.96	2.49
Adjustment of the Opening Fund	(0.01)	-
Interest cost	0.23	0.06
Expected return on plan assets	(0.39)	(0.17)
Actuarial (gain) / losses	(1.12)	(0.50)
<b>Net cost</b>	<b>0.70</b>	<b>1.88</b>
<b>V) Assumption used in accounting for the gratuity plan:</b>		
Discount rate (%)	8.20%	8.50%
Salary escalation rate (%)	6.00%	6.00%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

D) Experience adjustments:

Particulars	(₹ in Lacs)				
	2012-13	2011-12	2010-11	2009-10	2008-09
Experience adjustments on account of plan liabilities	1.27	0.48	3.47	*	*
Experience adjustments on account of plan assets	0.02	0.06	*	*	*

\* In absence of availability, relevant information on the experience adjustment on plan liabilities has not been furnished above.

E) The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

#### Particulars

### 33. RELATED PARTY TRANSACTIONS

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:

##### a. Enterprises where significant influence exists:

- a. DMC Limited
- b. Bruno Industrial Products Limited
- c. Microns Logistic Private Limited
- d. Eriez Finance & Investment Limited
- e. Aric 20 Microns Infracon Private Limited
- f. Platy Minerals Private Limited
- g. Nanotech Minerals India Private Limited
- h. Ultra Minechem Equipments Private Limited
- i. 20 Microns Foundation Trust
- j. 20 Microns ESOS Trust

##### b. 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

##### c. Relatives of Key Management Personnel:

- a. Mrs. I C Parikh - Wife of Shri C S Parikh
- b. Shri L R Parikh - Brother of Shri S R Parikh
- c. Mrs. D S Parikh - Wife of Shri S R Parikh
- d. Mrs. S R Parikh - Wife of Shri R C Parikh
- e. Ms. V R Parikh - Daughter of Shri R C Parikh
- f. Mrs. P A Parikh - Wife of Shri A C Parikh
- g. Shri S R Parikh (HUF) - Shri S R Parikh is Karta of HUF

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

#### (B) Disclosures required for related parties transaction:

##### • Transactions during the year:

(₹ in Lacs)

Particulars	Enterprise where significant influence exists		Key Managerial Personnel		Relatives of Key Managerial Personnel	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Sales	38.15	28.26	-	-	-	-
Purchase	235.35	233.46	-	-	-	-
Sales of fixed assets	3.22	7.09	-	-	-	-
Purchase of fixed assets	23.94	-	-	-	-	-
Acquisition of process know-how	-	16.55	-	-	-	-
Loan Received	66.75	-	-	-	-	-
Loan Repaid	66.75	-	-	-	-	-
Loans & Advance Given	139.95	137.00	-	-	-	-
Loans & Advance Received Back	195.46	-	-	-	-	-
Advance Received	195.46	-	-	-	-	-
Rendering of Services	3.76	16.84	-	-	-	-
Services received	44.43	77.34	-	-	-	-
Deposit received	-	-	4.00	11.25	46.00	19.80
Deposit repayment	-	-	1.00	5.25	0.15	4.00
Interest Paid	0.66	-	4.31	2.26	9.12	8.04
Interest Received	9.63	21.04	-	-	-	-
Advance Money Received Against Share Warrants	-	-	565.00	424.00	-	-
Equity Share Issued in lieu of Share Warrants (Inclusive Security Premium)	-	-	990.00	-	-	-
Reimbursement of Expenses Paid	36.42	-	-	-	-	-
Reimbursement of Expenses Received	14.52	-	-	-	-	-
Remuneration paid	-	-	144.44	128.78	26.83	16.03
Debenture Issued	-	-	30.00	-	-	-
OPE and professional fees paid	67.41	26.47	-	-	-	-
Rent paid	16.12	-	-	-	-	-
Donation	2.25	4.50	-	-	-	-
Director's Sitting Fees and Reimbursement of Expenses	-	-	0.97	0.94	-	-
Professional Fees Received for Technical Consultancy & Services for Specialized Plants & Equipments	1.01	-	-	-	-	-
<b>• Balances outstanding at the end of the year:</b>						
Trade Receivable	4.16	2.03	-	-	-	-
Loans & Advances given	111.07	106.82	-	-	-	-
Advances received	195.46	-	-	-	-	-
Receivable on account of assets sold	4.54	7.09	-	-	-	-
Trade Payable	45.75	32.41	-	-	-	-
Money received against share warrant	-	-	-	425.00	-	-
Other Payables	-	-	1.48	-	-	-
Deposits	-	-	26.25	17.25	75.80	56.95

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>34. DEFERRED TAXATION</b>		
<b>34.1 IN THE CASE OF COMPANY:</b>		
<b>A. Deferred Tax Liability on account of:</b>		
Product Development Expenses	22.30	22.20
Provision of Gratuity Liability	11.58	14.02
Difference between WDV of fixed assets as per the Income Tax Act, 1961 and the Companies Act, 1956.	1512.42	1091.64
<b>Total (A)</b>	<b>1546.30</b>	<b>1127.86</b>
<b>B. Deferred Tax Assets on account of:</b>		
Unabsorbed losses and Depreciation	168.86	-
Disallowances u/s 43 B	9.72	11.86
VRS Expenses u/s 35DDA	5.12	7.67
Provision for Bad and Doubtful Debts	29.68	16.13
<b>Total (B)</b>	<b>213.38</b>	<b>35.66</b>
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>1332.92</b>	<b>1092.20</b>

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>34.2 IN THE CASE OF INDIAN SUBSIDIARY:</b>		
<b>Deferred Tax Liability on account of:</b>		
Difference between book depreciation and tax depreciation	120.28	76.52
Unabsorbed losses and depreciation	-	-
Expenses allowed under tax on payment basis	(5.27)	(0.84)
<b>Total Deferred tax Liabilities</b>	<b>115.01</b>	<b>75.68</b>

	(₹ in Lacs)	
Particulars	2012-13	2011-12
<b>34.3 IN THE CASE OF 20 MICRONS SDN BHD (FOREIGN SUBSIDIARY):</b>		
<b>Deferred tax liabilities on account of:</b>		
Plant & Equipment-Capital allowance	0.05	0.13
<b>Total</b>	<b>0.05</b>	<b>0.13</b>

### 35. LEASES

(A) Group has obtained several premises and plant machinery for its business operations under lease and license agreements. These are generally not non-cancelable lease and are renewable on mutual consent on mutually agreeable terms. Lease payments are recognized as rent expenses in the statement of profit and loss.

(B) Group has given several premises and plant and machinery on operating lease for period ranging from 11 months to 60 months. The lease rent is recognized as rent income in the statement of profit and loss.

### 36. BASIC AND DILUTED EARNING PER SHARE

Particulars	2012-13	2011-12
Profit attributable to Shareholders (₹ in Lacs)	477.84	1103.65
Weighted average no. of Equity shares outstanding during the year*	3,16,62,056	1,43,31,028
Nominal Value of Equity Shares (₹)	5/-	5/-
Basic and diluted earnings per share (₹)	1.51/-	3.85/-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

### for the year ended March 31st, 2013 (Contd.)

Particulars
<b>37. FORWARD CONTRACTS: IN THE CASE OF COMPANY</b>
(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, 2013 is ₹ 789.08 Lacs (Previous Year ₹ 4,859.04 Lacs ) in respect of hedging currency related risk.
<b>38.</b> The Group operates only in one business segment namely Micronized Minerals. In view of this, no separate Disclosure is required under AS -17.
<b>39. EVENTS AFTER THE BALANCE SHEET DATE: IN THE CASE OF COMPANY</b>
The shareholders in the Extra-ordinary general meeting held on May 25, 2013 approved the allotment of 4,00,000 Fully Convertible Debenture (FCD) of ₹ 100 each on a preferential basis to M/s Pratik Minerals Private Limited as specified in the notice of the Extra-Ordinary General Meeting issued by the Company on April 26, 2013. The terms and conditions of the allotment are:
a) The FCD shall be compulsorily convertible into Equity Shares at the end of 6 months from the date of allotment of FCD.
b) Each FCD is convertible into Equity Share of the Company of the face value of ₹ 5/- each at a prevailing average market value as calculated at an average closing price of last 26 weeks OR average of last 2 weeks average closing prices, whichever is higher from higher from the relevant date.
c) The applicant to the said FCD shall make 100% payment for the subscription to the 4,00,000 FCDs of the face value of ₹ 100/- each, at the time of applying.
d) The FCD shall carry interest of 0% coupon rate.
e) The Equity shares to be issued on compulsory conversion of the FCD, shall be under lock in for a period of one year and the lock in date shall commence from the date of conversion.
f) The issue shall remain open for subscription for a period of 1 month from the shareholders resolution.
g) Any terms other than above shall be governed by the relevant provision of the SEBI Regulations and Companies Act, 1956 in this regards.
The fresh Equity Shares allotted on conversion of FCDs shall rank pari passu in all respects with the existing Equity Shares of the company. As at the Balance Sheet date the Company has received ₹ 200.00 Lacs as Inter Corporate Deposit from the proposed allottee which is shown under the head long term borrowing (Note No. 4). Subsequent to the balance sheet date Company has received the balance consideration of ₹ 200.00 Lacs from the proposed allottee.
<b>40.</b> The figures of the previous year have been regrouped / reclassified, where necessary, to conform with the current year's classification.

As per our audit report of even date attached  
**For Manubhai & Co.**  
 Chartered Accountants  
 Firm Registration No. 106041W

G R Parmar  
 Partner  
 Membership No. 121462  
 Date : 28.05.2013  
 Place: Waghodia, Dist. Vadodara

For and on behalf of Board of Directors

Chandresh S Parikh  
 Chairman and  
 Managing Director  
 Date : 28.05.2013  
 Place: Waghodia, Dist. Vadodara

Rajesh Parikh  
 Managing Director

Anuja Muley  
 Secretary

P M Shah  
 Director

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY FOR THE YEAR ENDED 31ST MARCH, 2013

1. Name of the Subsidiary Company : 20 Microns SDN. BHD.  
20 Microns Nano Minerals ltd.  
20 Microns FZE
2. The Financial Year of the Subsidiaries Company ended on : 31st March, 2013
3. Number of Equity Shares held by 20 Microns Ltd. in the Subsidiaries as at the end of the financial year of the subsidiaries.
  - 20 Microns SDN. BHD. : 360000 Ordinary shares of RM 1.00 Fully Paid
  - 20 Microns Nano Minerals ltd. : 6000000 Ordinary shares of 10/- Fully Paid
  - 20 Microns FZE : 1 share of 1,50,000/ AED

Extent of Interest of 20 Microns Ltd. in the capital of the Subsidiaries at the of the financial year of the Subsidiaries.

  - 20 Microns SDN. BHD. : 99.99%
  - 20 Microns Nano Minerals ltd. : 99.17%
  - 20 Microns FZE : 100.00%
4. Net aggregate of the Subsidiaries Company 's Profit / (Loss) not dealt with in the Company 's Accounts.
  - a) For the Subsidiary Company 's financial year ended on 31st March, 2013.
    - 20 Microns SDN. BHD. : Loss ₹ 1.80 Lacs
    - 20 Microns Nano Minerals Ltd. : Loss ₹ 35.39 Lacs
    - 20 Microns FZE : Profit ₹ 438.57 Lacs
  - b) For the Subsidiary Company 's previous financial years since it became the Holding Company 's Subsidiaries.
    - 20 Microns SDN. BHD. : Profit ₹ 31.26 Lacs
    - 20 Microns Nano Minerals Ltd. : Profit ₹ 30.16 Lacs
    - 20 Microns FZE : Profit ₹ 251.91 Lacs
5. Net aggregate amount of the Subsidiaries Profit / (Loss) dealt with in the Company 's Accounts.
  - A. For the Subsidiaries Company 's financial year ended on 31st March, 2013. : NIL
  - . : NIL
  - B. For the Subsidiaries Company 's previous financial years since it became the Holding Company 's Subsidiaries.

G R Parmar  
Partner  
Membership No. 121462  
Date : 28.05.2013  
Place: Waghodia, Dist. Vadodara

Chandresh S Parikh  
Chairman and  
Managing Director  
Date : 28.05.2013  
Place: Waghodia, Dist. Vadodara

Rajesh Parikh  
Managing Director

Anuja Muley  
Secretary

P M Shah  
Director

## BUSINESS INFORMATION

### Part A: General Information Relating to Company

1. Corporate Identity Number (CIN)	:	L99999GJ1987PLC009768
2. Name of the Company	:	20 Microns Limited
3. Registered Office Address	:	9/10, GIDC Industrial Estate, Waghodia, Vadodara-391 760
4. Website	:	www.20microns.com
5. E-mail id	:	investors@20microns.com
6. Financial Year reported	:	April 1, 2012 to March 31, 2013

7. Your Company is engaged in (Industrial activity code-wise)*	Description	Industrial Group
	Calcite	25309003
*As per certificate issued by Ministry of Commerce & Industry.	Dolomite	251810
	Talc	252620
	China Clay (Processed)	25070002
	China Clay (Processed Ceramic)	25070003
	China Clay (Others)	25070004

8. The key products that your Company manufactures (as per Balance Sheet) are	:	(1) Calcite (2) Dolomite, (3) Talc (4) China Clay
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9. Total number of locations where business activity is undertaken by the Company:	
i. Number of International Locations	: 02
ii. International subsidiaries having business operations in	: 02 Countries
iii. Company is having representative office at	: Shanghai, China
iv. Number of National Locations	
- Manufacturing Unit	: 08
- Offices/Warehouses	: 11
- HO/Corporate Office	: 02

### Part B: Financial Details of the Company

1. Paid-up Capital	:	₹ 1583.10 Lacs
2. Total Turnover	:	₹ 28516.81 Lacs (Standalone)
3. Total Profit After Tax	:	₹ 324.37 Lacs (Standalone)
4. Total Spending on Corporate Social Responsibility(CSR)	:	Your Company's total spending of CSR for the financial year 2012-13 is ₹ 11.38 Lacs

## BUSINESS INFORMATION (Contd.)

### Part B: Financial Details of the Company (Contd.)

5. Some of the areas for which the expenditure in 4 above : a. 20 Microns Diabetes Centre  
has been incurred are b. Education and literacy  
c. Health care, hygiene and sanitation  
d. Donation to NGOs and Charitable Organization

### Part C: Other details

: Your Company as on 31st March, 2013 has total three Subsidiary Companies. Your Company encourages its subsidiary companies to adopt its policies and practices. Certain policies and practices which form part of the Business Responsibility (BR) initiative of your Company are applicable to the subsidiary companies also.

### Part D: Business Responsibility Information

Details of Director/Directors responsible for BR : DIN:00041584  
Name : Mr. Chandresh Parikh  
Designation : Chairman & Managing Director  
DIN:00041610  
Name : Mr. Rajesh Parikh  
Designation : Managing Director

### Part E: Compliance with Various Rules, Regulation & Laws

: The Company always endeavors to comply with the applicable laws within the stipulated time. The Board Members and Senior Management Personnel follow the Code of Conduct and Code of Ethics which will help to develop Good Corporate Culture in the Company.





Registered Office : 9/10, GIDC Industrial Estate, Waghodia, Dist. Vadodara - 391760, 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 26th Annual General Meeting of the Company held on **Saturday, 28th day of September, 2013 at 3.00 pm** at the Conference Room at 347, GIDC Industrial Estate, Waghodia - 391760, Dist. Vadodara, Gujarat.

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

Signature of the Registered Holder/Proxy

NOTE : Pl. 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 at the Meeting.



Registered Office : 9/10, GIDC Industrial Estate, Waghodia, Dist. Vadodara - 391760, 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 26th Annual General Meeting of the Company to be held on **Saturday, 28th day of September, 2013 at 3.00 pm** and at any adjournment(s) thereof.

Affix ₹1  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2013

Signature

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

# OUR NETWORK



If undelivered, please return to;

# 20 MICRONS™

L I M I T E D

347, GIDC Industrial Estate,  
WAGHODIA - 391 760.  
Dist.: Vadodara.  
Gujarat, India  
Ph: +91-2668-292297  
Fax: +91-2668-264003  
enquiry@20microns.com

**Corporate Office**  
134-135, Hindustan  
Kohinoor Industrial Complex,  
L.B.S. Marg, Vikhroli (W),  
Mumbai - 400 083, India

Ph: +91-22-25771325 / 50  
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