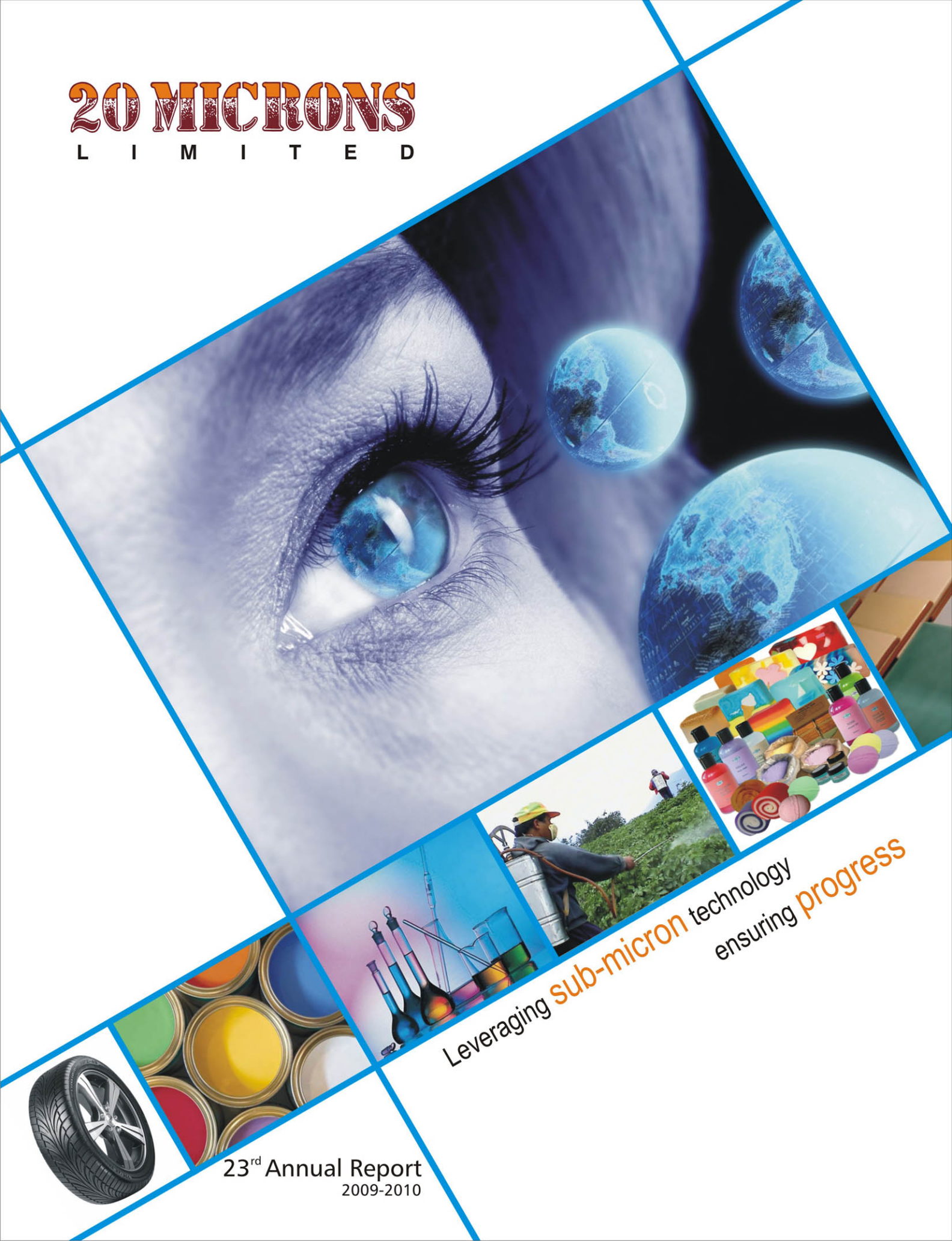


20 MICRONS

L I M I T E D



Leveraging **sub-micron** technology
ensuring **progress**

23rd Annual Report
2009-2010

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. Mihir A. Joshi	- Nominee Director GVFL
Mr. Munish Mohan	- Nominee Director IDBI
Mr. Ram A. Devidayal	
Mr. Pravinchandra M. Shah	
Mr. Vithaldas D. Talati	
Mr. Atul H. Patel	

Company Secretary

Mr. Nikunj J. Savaliya

Audit Committee

Mr. Ram A. Devidayal - Chairman
Mr. Pravinchandra M. Shah
Mr. Munish Mohan

Remuneration Committee

Mr. Pravinchandra M. Shah - Chairman
Mr. Vithaldas D. Talati
Mr. Munish Mohan

Nomination & Compensation Committee

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

Share Transfer & Investor's Grievances Committee

Mr. Pravinchandra M. Shah - Chairman
Mr. Rajesh C. Parikh
Mr. Sudhir R. Parikh
Mr. Vithaldas D. Talati
Mr. Munish Mohan

Committee for Redressal of Depositors

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

Statutory Auditors

M/s. Manubhai & Co., Ahmedabad

Bankers / Financial Institutions

State Bank of India
IDBI Bank Limited
EXIM Bank Limited

Registered Office

9/10, GIDC Industrial Estate,
Waghodia – Dist. Vadodara – 391760
Gujarat, India
Tel : +91 2668 264077
Fax : +91 2668 262447

Registrar and Share Transfer Agents

CAMEO CORPORATE SERVICES LIMITED
202, Pawan Flats, 7, Anand Nagar Society,
Productivity Road, Alkapuri,
Vadodara – 390007, Gujarat, India
Telefax : 0265 – 2341105
E-mail ID : jaydeep@cameoindia.com

Website

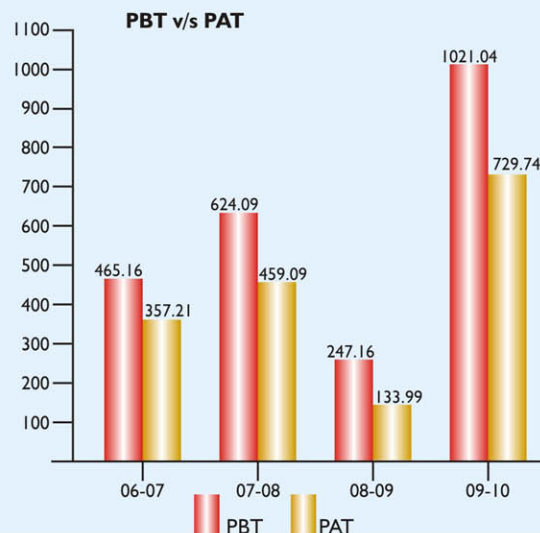
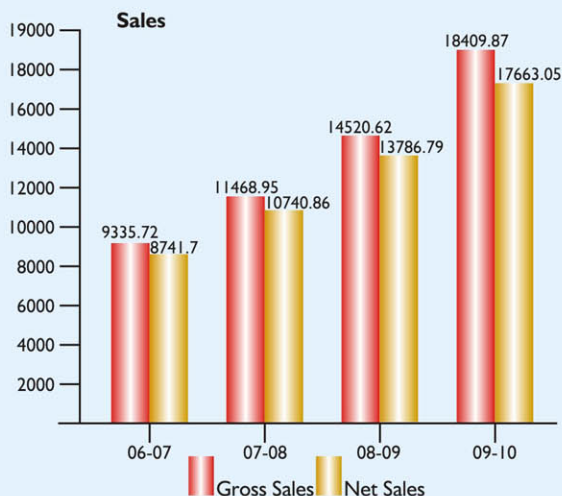
<http://www.20microns.com>

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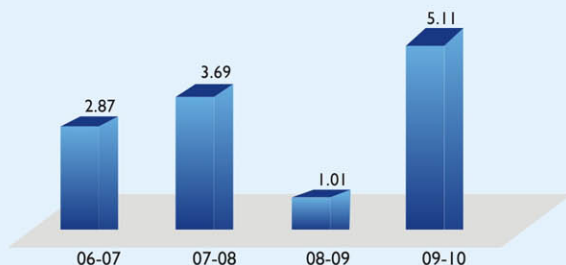
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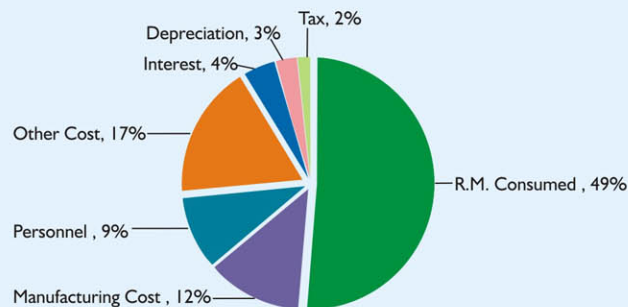
Performance



Earning Per Share



Allocation of Income



(Rupees in Lacs)

Awards

Mr. Chandresh S. Parikh (Centre), Chairman & Managing Director, receiving Best Vendor Award for the year 2009-10 from Mr. H. M. Bharuka (Right), Managing Director and Mr. Pravin Chaudhari (left), Executive Director, Kansai Nerolac Paints Limited.



Mr. Subhasis Chatterjee (Right), DGM - Business Development, receiving Gold Vendor Award for outstanding performance 2009-10 from Mr. S. P. Kulkarni (left), Director, Garware Bestretch Limited.

From the Desk of Managing Director...

Dear Shareholders,

Year 2009-10 was a year of stability as compared to the previous volatile financial year. Our Company managed to post good results for the year 2009-10 with a Sales growth of 27% and a remarkable EBIDTA growth of 27%.



In this year, the Company has started to focus more on the Paper Industry, by discussing and convincing their technical terms for producing more White Papers with competitive manufacturing costs using our material at Paper Mills.



The Paints & Coatings Industry growth was fast paced in 2009-10 and this growth is anticipated with a double digit CAGR in the years to come. As our 20 Microns products are well established in this application, our growth can also be synchronized with the growth of Paints & Coatings Industry.



The Plastics application had also grown at good rate and will continue to grow at double digit rates in coming years.



The convergence from Micronized to Sub- microns is taking its shape in the end market segments and that is also slowly reflecting in our operational statements. Our sub-microns product range is now well established in both the domestic and International markets. Hence it is a time to expand capacities in these product ranges to have a good growth and to maintain our stature as a leader in the sub-micron revolution in India.

Our Company also managed to successfully implement SAP in the last quarter of the year 2009-10. The benefits of SAP are now of great advantage and will reduce the decision making costs in the years to come.

With Warm Regards

Rajesh C. Parikh




 Mr. Vithaldas
D. Talati
Director

 Mr. Munish
Mohan
IDBI Nominee
Director

 Mr. Mihir
A. Joshi
GVFL Nominee
Director

 Mr. Sudhir
R. Parikh
Director

 Mr. Rajesh
C. Parikh
Managing
Director

 Mr. Chandresh
S. Parikh
Chairman &
Managing Director

 Mr. Atil
C. Parikh
Jt. Managing
Director

 Mr. Ram A.
Devidayal
Director

 Mr. Atul
H. Patel
Director

 Mr. Pravinchandra
M. Shah
Director


A Successful Concept of Micronization:

Achievements of First Two Decades: (From 1988 to 2007)

- Minerals Sold - From 255 MT to 1,45,531 MT
- Gross Revenue – From Rs. 7.00 Lacs to Rs. 93.35 Lacs
- ISO 9001:2000 Certification
- 4 different captive mines and 8 manufacturing locations across the Country
- 70 International customers based in 30 Countries
- 700 customers in India
- More than 450 grades
- Well equipped R&D facilities



Achievements thereafter:

- | | |
|----------------------|---|
| 2007-08 | • Gross Revenue of Rs. 114.68 Crores |
| 2008-09 | • Gross Revenue of Rs. 145.20 Crores
• Came out with IPO and got listed on BSE & NSE
• Started operations at Malaysia |
| 2009-10 | • Gross Revenue of Rs. 184.09 Crores
• Implementation of SAP
• New Manufacturing location at Dadra |
| 2010-11
& onwards | • Growth Trend continues |


 Nirakar H. Desai
President

 Suresh B. Jagetia
V.P. Fin.

 Ajay P. Joshi
Sr. GM

Senior Management Team


 Dipesh L. Goyal
GM

 Ramnath J. Rao
GM

 Krishna Kumar
Mishra - GM

 Milind A. Ranade
GM

 Prashant C. Bhavsar
GM

 Rakesh S. Parikh
GM

 Dinesh P. Shah
GM

 Lalit R. Parikh
GM

 Peshank K. Patel
GM

 Sanjay B. Mungra
GM

 Gaurang V. Gandhi
DGM

 Jagdish C. Patel
DGM

 Dr. Anil B. Bansal
DGM

 Mukesh R. Patel
DGM

 Narendrakumar
R. Patel - DGM

 Nikunj J. Savaliya
Company Secretary

 Vipul M. Chawda
AGM - HR

 Jagat N. Ojha
Mgt. Analyst

 Satish B. Nair
Manager - IT

From the Desk of Joint Managing Director...

Dear Shareholders,

I take this opportunity to address you for the first time and sharing with you some insights from the Company's performance in this year.



Continuing with the aftermath of a historic tumultuous year for the Global Community, the year 2009-10 has experienced an exemplary improvement and kind of stabilized itself from the earlier downturn especially in India, parts of Asia and many other parts of the world. For the Company, it turned out to be a crucial year of capacity enhancements, good decision making, correct strategic direction and a strong financial makeover.

I am very proud of the way in which our dedicated employees have persevered in delivering the commitments we made during the financial year. In the beginning of the financial year, we envisaged a thorough review of our strategies leading to the reaffirmation of our longstanding core objectives. We always ensure that our structure and capabilities are tailored to meet the requirements of our customers and the marketplace. Our diverse portfolio, high quality assets, regular attention to detail in product development, our employees and expertise in technology and marketing provides us the capability to supply a wide spectrum of customers and markets. This also provides us with an exposure to the global markets at various stages of the developmental cycle. We will continue to improve our understanding of the market dynamics and the demand supply gap for our extenders and speciality chemicals and apply this to our planning, strategy and investment proposals in the future.

We are also proud to be working on SAP platform whereby we have integrated our business operations to align our objectives and enhance our productivity by successfully managing to run ourselves efficiently with this newer sustainable technology. 20 Microns also anticipates infusing more capital into its Company in the coming years for enhancing its operations in newer territories and focusing on newer applications as well as expanding capacities in the already established submicron product range which is currently accepted very well among the end user segments. The continued growth and urbanization in the developing world provides ample opportunities for the Company to be in sync with the growing demand and expects significant rise in its turnover and stronger financials in the years to follow.

Together with our Managing Director and on behalf of the Board, I wish to express appreciation to all those who work for 20 Microns for their contribution to a busy and successful 2009-10 and having strengthened the business for the next stage of growth looking forward to an exciting future for 20 Microns Limited.

Thank you all for your continued support and valuable trust.

Atil C. Parikh





NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Shareholders of **20 Microns Limited** will be held on Thursday, the 26th day of August, 2010 at 3.00 p.m. at Plot No. 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, 2010 and the Audited Profit and Loss Account of the Company for the year ended 31st March, 2010 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. Rajesh C. Parikh, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mr. Sudhir R. 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 resolutions as Ordinary Resolutions.

Item 6: As Ordinary Resolution

"RESOLVED THAT Mr. Atul H. Patel, who was appointed as an Additional Director, under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company on 27th August, 2009 and who shall hold office only upto the date of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director liable to retire by rotation, have been received, be and is hereby appointed as a Director of the Company."

Item 7: As Ordinary Resolution

"RESOLVED THAT Mr. Mihir A. Joshi, Gujarat Venture Finance Limited (GVFL) Nominee Director, who was appointed as an Additional Director, under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company on 27th August, 2009 and who shall hold office only upto the date of this Annual General Meeting and in respect of whom notices under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director liable to retire by rotation, have been received, be and is hereby appointed as a Director of the Company."

By Order of the Board of Directors

Place: Waghodia, Dist. : Vadodara
Date : 31.05.2010

Nikunj Savaliya
Company Secretary

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

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. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereto.
4. Members/Proxies should bring duly filled in and signed Attendance 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.
5. The Registers of Members and Share Transfer Books shall remain closed from Monday, the 16th day of August, 2010 to Thursday, the 26th day of August, 2010 [both days inclusive].
6. The dividend for the year ended 31st March, 2010 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.
7. 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.
8. Members may avail of the Nomination Facility as provided under Section 109A of the Companies Act, 1956.
9. 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.

EXPLANATORY STATEMENT

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

Item 6:

Mr. Atul H. Patel was appointed as an Additional Director on the Board of Directors of the Company on 27th August, 2009. In terms of the provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company, Mr. Atul H. Patel will hold office as a Director upto the date of ensuing Annual General Meeting of the Company.

Mr. Atul H. Patel, aged 59 years, is the Managing Director of Tarak Chemicals Limited, Vadodara engaged in the manufacturing of Oil Field Chemicals & other Specialty Chemicals. He is deeply involved in the activities of Industrial Association and is closely associated with Federation of Gujarat Industries [FGI], a body looking after interests of the Industries. He had been President of FGI for 1991 & 1992. He was the President of Vadodara Industrial Employees' Union for the period 1993-95 and also a Senate member of M.S. University of Baroda. He is also attached with Charitable Organizations and Educational Institutions, presently the President of United Way of Baroda and the past Chairman of Baroda Citizen Council, a body activist in the development of Baroda City. Besides, he is the Trustee of Gyana Yagna Vidhya Mandir, Atladra – Vadodara and Nar Seva Samaj, Dist. Kheda and also the Chairman of the Baroda Citizen Community Co-Operative Credit Society Ltd., Vadodara.

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

Your Directors commend the resolution for your approval and acceptance.

Except Mr. Atul H. Patel, none of the other Directors of the Company are concerned or interested in passing of this resolution.



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

Item 7:

Mr. Mihir A. Joshi, GVFL Nominee Director was appointed as an Additional Director on the Board of Directors of the Company on 27th August, 2009. In terms of the provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company, Mr. Mihir A. Joshi will hold office as a Director upto the date of ensuing Annual General Meeting of the Company.

Mr. Mihir A. Joshi, GVFL- Nominee Director, aged 32 years, has more than 10 years experience in Venture Capital. He has been involved in all stages of Venture Capital lifecycle including Fund raising, investing, divesting and distributing profits to the investors. He has significant exposure in various sectors and has been involved in more than 500 proposals, starting from deal sourcing, due diligence, valuation, deal structuring and closure. As a part of the Top Management Team in GVFL, Mr. Mihir A. Joshi has advised the Senior Management of various Investee companies on their Business models, Growth strategies, Pricing, customer segmentation, Organizational design, Technology and IPO. His background in Finance, and his legal expertise coupled with business acumen has been of tremendous benefit to investee Companies in formulating their strategies. He holds a degree from the Institute of Cost and Works Accountants of India and an Associate member of the Institute of Company Secretaries of India. He has undergone Venture Capital Training in Hongkong.

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

Your Directors commend the resolution for your approval and acceptance.

Except Mr. Mihir A. Joshi, none of the other Directors of the Company are concerned or interested in passing of this resolution.

By Order of the Board of Directors

Place: Waghodia, Dist. : Vadodara
Date : 31.05.2010

Nikunj Savaliya
Company Secretary

REPORT OF BOARD OF DIRECTORS

To The Members
of 20 Microns Limited

Your Directors are pleased to present 23rd Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

RESULTS OF OPERATIONS:

[Rs. in Lacs]

Particulars	2009-10	2008-09
Sales (Gross)	18409.87	14520.62
Profit before Depreciation, Interest and Tax (PBDITA)	2300.13	1809.92
Interest for the year	804.04	788.12
Depreciation for the year	475.05	403.59
Profit before tax and Exceptional item	1021.04	618.21
Exceptional item (Restructuring fees)	-	371.06
Profit/(loss) for the year	1021.04	247.15
Tax liability :-		
Current Year's Tax & FBT	173.75	56.00
Earlier Years Tax Adjustments/MAT Credit	(169.02)	(27.39)
Deferred Tax Liability/(Asset)	286.57	84.59
Net Profit/(loss) for the year	729.74	133.95

OVERVIEW OF ECONOMY

The global economy is showing signs of resurgence with Asian economies experiencing a reasonably stronger rebound. The global economic performance improved mainly during 3Q09 and 4Q09. Notwithstanding the debt crisis that is flustering European countries and unnerving the global financial markets, global economic growth has continued to surprise on the upside over few months. However, significant risk positions are still there such as steep increase in commodity prices, increased inflationary pressures and large budget deficits. There are schools of thought that considering the continued troubles of high unemployment, lower consumer spending in the economies of developed countries and very high government deficits and debt levels in several high income countries such as Greece, Ireland, Italy, Portugal and Spain, global economy would see many snags in its way to recovery.

Indian growth dynamics are slightly in contrast with global conditions since Indian economy was impacted much lesser as compared to other developed countries. The global financial turmoil was ruled out mainly due to fiscal and monetary policies and various other stimulus measures implemented by Government of India. The said positive outlook of Indian economy was turned positive with strong support of uptrend in industrial production and investment demands.

The Domestic White Minerals Industry in 2009-10 went through a significant transition as the demand is coping manifold than the supply for various specific minerals in diverse industries. The less impacted Indian economy has proven that the growth of these industries have sustained themselves through difficult times which have enhanced the growth opportunities for various industries across the Country, thus imparting a stronger demand for the Industrial Minerals which cater to the expanding sectors. Many of the large domestic players are enhancing their capacities and the smaller unorganized sectors



REPORT OF BOARD OF DIRECTORS (Contd...)

are also bridging their way by expanding themselves catering to the higher demand. The mining sector has also strengthened its norms to support the environment and the industry is also supportive of the actions and getting better organized. A few foreign entrants have also begun their operations in India due to the expanding market scenario in India and the Asian Continent as a whole. Some are still eyeing on the opportunities and waiting for the right time to enter the market. Lots of newer untapped minerals are being looked upon to be explored in the near future and there is a very promising future for this industry to multiply.

On the other hand, 2009-10 saw a lot of mergers, acquisitions and buy-outs in the White Minerals Industry by the larger dominant players. Rising energy and labour costs in the western world have forced many to shut down operations, but the Latin American and Asian Mineral Industries have been showing a fantastic growth including China possessing some of the World's largest White Minerals reserves and manufacturers. The weak economy in the West also dampened the prospects in this industry, where India and China got a major chunk of its share. Malaysia, Vietnam, Turkey, Egypt, Brazil, Russia and lot of other smaller countries have also managed to sustain themselves in the economic turmoil and shown significant growth in their expansions and manufacturing capabilities.

PERFORMANCE REVIEW:

During the year under report, your Company has achieved a turnover of Rs. 18409.87 Lacs (Up by 26.78% from Rs. 14520.62 Lacs of the previous year). The operations have resulted in a net Profit before Depreciation, Interest and Tax (PBDITA) of Rs. 2300.13 Lacs (Up by 27.09% from Rs. 1809.92 Lacs of the previous year) and Net Profit of Rs. 729.74 Lacs (Up by 444.78% from Rs. 133.95 Lacs of the previous year).

UTILISATION OF IPO PROCEEDS

The statement of proposed and actual utilization of IPO proceeds as on 31st March 2010 is as follows:

(Rs. in Lacs)

Sr. No.	Particulars	Utilisation of Funds		Remarks
		As per Prospectus	Actual	
1	Haldwani	65.00	Nil	The Company has scrapped the plan of expansion of the capacity of Talc at both the locations.
2	Udaipur	135.00		
3	Vadadla	401.00	515.40	The capacity was increased based on the requirement at that particular location and hence there were small deviations in the Project Cost.
4	Bhuj	690.00	472.86	
5	Tirunelveli	239.00	311.98	
6	Swaroopgunj	Nil	102.97	The Company has utilized a sum of Rs. 102.97 Lacs for enhancement of capacity at Swaroopgunj location and Rs. 200.46 Lacs for creating additional capacity at Dadra location. The locations were changed by the Management considering cost effectiveness especially Logistics.
7	Dadra	Nil	200.46	
	TOTAL	1530.00	1603.67	

The total Issue expenses incurred were Rs. 330.89 Lacs as against Rs. 341.25 Lacs as given in the Prospectus of the Company.

DIVIDEND:

Your Directors are glad to recommend payment of dividend @10% i.e. Re. 1.00 per Equity Share of the face value of Rs. 10/- each 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.

REPORT OF BOARD OF DIRECTORS (Contd...)

FUTURE OUTLOOK

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

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

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

Your Company expects robust growth in existing Products and contribution of 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.

FINANCE

It is gratifying to note that State Bank of India (SBI) has sanctioned Corporate Loan of Rs. 9 Crores to part finance the modernization of equipments and for the implementation of the SAP. SBI has enhanced the aggregate credit facilities from Rs. 3525 Lacs to Rs. 4430 Lacs. During the year, IDBI Bank Ltd. (IDBI) has also given the working capital finance of Rs. 400 Lacs.

Your Directors convey their grateful thanks to SBI and IDBI for their continued support and co-operation.

FIXED DEPOSITS

As on 31.03.2010, Fixed Deposits from Public and Shareholders stood at the total of Rs. 1139.80 Lacs. 101 deposits totaling to Rs.17.67 Lacs due for repayment on or before 31.03.2010 were not claimed by the depositors on that day. Out of these, deposits of Rs. 10.20 Lacs have since been repaid or renewed at the option of 49 depositors. No instructions have been received so far for the balance of Rs 7.47 Lacs from 52 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

During the year, the Company had invested in 35,00,000 & 25,00,000 Equity Shares of Rs. 10/- each being 98.17% of the paid-up capital of 20 Microns Nano Minerals Limited on 3rd February, 2010 & 30th March, 2010, respectively. As a consequence, on and from 03.02.2010, the said Company has become a Subsidiary of the Company.

The statements of your Company's interest in the Subsidiaries as at 31st March, 2010, prepared in accordance with the provisions of Section 212 of the Companies Act, 1956 are attached to the Balance Sheet.

IMPLEMENTATION ERP SOFTWARE - SAP

In its constant endeavor of becoming always aggressive in adopting and implementing latest IT trends, the Company has implemented SAP, during the year under review, to make and record the transactions of the Company immediately, safe, secure and transparent. The Company ensures that the data base and reports generated through SAP are accessible to all the offices, godowns and sites of the Company so that fastest decisions are taken resulting in competitiveness and efficient working.



REPORT OF BOARD OF DIRECTORS (Contd...)

CONSOLIDATED FINANCIAL STATEMENTS

The 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.
3. CEO Certificate regarding compliance with the Code of Conduct.

These annexure forms part of this report.

PARTICULARS OF EMPLOYEES

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

Name	Age	Designation	Gross Remuneration (Rs.in Lacs)	Qualification	Total Experience (Years)	Date of Joining/ Employment	Last Employment
Mr. Chandresh S. Parikh	64	Chairman and Managing Director	29.95	M.Sc. (Chemistry)	37	29/03/1988	Managing Director, Aerofoam (Nigeria) Ltd.

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

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

In terms of the provisions of Section 217(1)(e) of the Companies Act, 1956 read with The Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988, as amended, the particulars of Energy Conservation, Technology Absorption & Foreign Exchange Earnings and Out go are given in the Annexure – A to this Report.

INDUSTRIAL RELATIONS

During the year, the workers of the Vadadla (Dist. Vadodara, Gujarat) manufacturing plant of the Company have gone on strike and activities of the said plant have been temporarily stopped. Negotiations with workers are in progress with positive feeling.

Except the above, Industrial relations remained cordial and peaceful at all levels of the Company throughout the year.

EMPLOYEES STOCK OPTION SCHEME [ESOS]

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

Under the said Scheme, during the year under review, 1,25,780 Equity Shares have been allotted to the Permanent Employees/Directors who exercised their options.

REPORT OF BOARD OF DIRECTORS (Contd...)

DIRECTORATE

Your Directors regretfully inform the sad demise of Mr. Vishnu R. Varshney on 29.07.2009, whose contribution in the growth and development of the Company was really great and his suggestions were always valuable and worth implementing. The Directors have placed on records their deep sense of sorrow at the passing away of late Mr. Vishnu Varshney and conveyed their condolences to bereaved family.

Mr. Harish K. Sheth had resigned and ceased to be a Director on the Board of the Company w.e.f. 30.07.2009. Moreover, Mr. Atul H. Patel who was appointed as Additional Director of the Company on 30.07.2009 and his office, as such, expired on the date of the Annual General Meeting held on 20.08.2009. He was again re-appointed as an Additional Director of the Company w.e.f. 27.08.2009 and his appointment is valid up to the date of ensuing Annual General Meeting.

The Board appreciated and took on records the assistance, guidance etc. received by the Company during the tenure of the Directorship of Mr. Harish K. Sheth.

Mr. Mihir A. Joshi was nominated as the Director on the Board of the Company by GVFL Limited and was accordingly appointed as an Additional Director w.e.f. 27.08.2009.

Mr. Rajesh C. Parikh & Mr. Sudhir R. Parikh retire by rotation and being eligible, offer themselves for reappointment.

RESPONSIBILITY STATEMENT:

Your Directors make following statements in terms of Section 217(2AA) of the Companies Act, 1956:

1. The applicable accounting standards have been followed in the preparation of the Annual Accounts along with proper explanations relating to material departures;
2. Accounting policies are selected and applied consistently and judgments and estimates are made which are reasonable and prudent so as to give a true and fair view of the state of the affairs as at the end of financial year and of the profit of the Company for the year under review;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the accounts on a "going concern" basis.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance & co-operation received from the Government Authorities; GVFL; 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

Place: Waghodia, Dist. : Vadodara
Date: 31.05.2010

Chandresh S. Parikh
Chairman and Managing Director



ANNEXURE - A ANNEXURE TO THE DIRECTORS' REPORT, 2010

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, 2010

Power and Fuel Consumption

A)	Fuel Consumption	2009-10	2008-09
1	Electricity		
	Purchased from Electricity Board		
	Unit consumed	15990801	15040481
	Total Amount (Rs. in Lacs)	857.14	789.79
	Average Rate / unit (Rs.)	5.36	5.25
2.	Diesel / SKO		
	Diesel / SKO Liters	71472	152999
	Total Amount (Rs. in Lacs)	25.99	61.18
	Average Rate / Liter (Rs.)	36.36	39.99
3	Gas		
	Gas used MT	58.52	52.00
	Total Amount (Rs. In Lacs)	30.43	24.81
	Average Rate/ MT (Rs)	52008	47956
4	Coal / Wood / Lignite		
	Coal / wood / Lignite used MT	15678.37	14831
	Total Amount (Rs. in Lacs)	631.59	523.37
	Average Rate/ MT (Rs)	4028	3529
5	Furnace Oil		
	Furnace Oil used MT	240.83	—
	Total Amount (Rs. in Lacs)	64.59	—
	Average rate/MT (Rs.)	26819	—
	Grand Total	1609.74	1399.15

ANNEXURE TO THE DIRECTORS' REPORT, 2010 (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:

- As per Management Discussions and Analysis Report.

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

- As per Management Discussions and Analysis Report.

c) Future plan of action:

- As per Management Discussions and Analysis Report.

d) Expenditure on R & D

a) Capital : Rs. Nil

b) Recurring : Rs. 23.97 Lacs

c) Total : Rs. 23.97 Lacs

d) Total R & D expenditure as a percentage of total turnover : 0.13%

2. Technology absorption, adaptation and innovation:

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

- As per Directors' Report.

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

- As per Directors' Report.

3. 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:

- As per Directors' Report.

b) Total Foreign Exchange used and earned:

i. Foreign Exchange Earned: Rs. 1720.12 Lacs

ii. Foreign Exchange Used : Rs. 585.92 Lacs



ANNEXURE - B ANNEXURE TO THE DIRECTORS' REPORT, 2010

EMPLOYEES' STOCK OPTION SCHEME - 2007

AUDITORS' CERTIFICATE ON EMPLOYEES' STOCK OPTION SCHEME - 2007

To,
Managing Director
20 Microns Limited
307/308, Arundee Complex, Race Course, Vadodara - 390 007.

On the basis of our examination of the relevant books of accounts and other records maintained by 20 MICRONS LIMITED ("the Company"), and as per the information and explanation given to us in this regard, we certify to the best of our knowledge and belief, that during the financial year 2009-10 the Company has implemented the Employees Stock Option Scheme - 2007 as approved by the members in the Extra-Ordinary General Meeting held on March 28, 2007, in accordance to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to the extent applicable and also the resolutions passed by the Company.

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

Place: Ahmedabad
Date : 31.05.2010

G. R. Parmar
Partner
Membership No. 121462

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

Sr. No.	Particulars	Employees Stock Options Scheme - 2007
a.	Options granted	553,431
b.	Exercise Price	Rs. 14/- per share
c.	Options Vested	433,341
d.	Options Exercised	210,609
e.	Total no. of shares arising as result of exercise of Options	210,609
f.	Options lapsed (Includes options forfeited and cancelled/ lapsed)	342,822
g.	Variation in terms of Options	None
h.	Money realized by exercise of Options	Rs. 29,48,526/-
i.	Total number of options in force	-

ANNEXURE TO THE DIRECTORS' REPORT, 2010 (Contd...)

j.	Employee wise details of options granted to:	Name of Key Managerial Personnel	No of Options granted under ESOS 2007
Senior Managerial Personnel		Mr. Nirakar H. Desai	10,000
		Mr. Rajiv C. Parikh	10,000
		Mrs. Darshana J. Mankad	6,000
		Mr. Suresh B. Jagetia	6,000
		Mr. Ajay P. Joshi	5,625
		Mr. Dipesh L. Goyal	5,250
		Mr. Arun B. Ajmeri	5,250
		Mr. Rakesh S. Parikh	5,000
		Mr. Lalit R. Parikh	4,688
		Mr. Peshank K. Patel	4,688
		Mr. Ramnath J. Rao	4,500
		Mr. Gaurang V. Gandhi	4,400
		Mr. Jagdish C. Patel	3,600
		Mr. Sanjay B. Mungra	3,438
		Mr. Dinesh P. Shah	2,500
		Mr. Narendrakumar R. Patel	3,438
		Mr. Jagat N. Ojha	3,300
		Mr. Dushyant B. Mehta	3,150
		Mr. Vipul M. Chawda	3,125
	- Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	None	
	- Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant	None	



MANAGEMENT DISCUSSIONS AND ANALYSIS

Your Directors submit hereunder an analysis of the sector wise performance of the Company for the year 2009-10 and its outlook for the future. This outlook is based on assessment of the current business environment and Government Policies. Any change in the future economic and other developments are likely to cause variation in this outlook.

Export:

After experiencing effects of global recession in the year 2008-09, the Company had made adequate system reorientation for withstanding the possible negative impact on the revenues of the Company. While the year 2009-10 experienced market recovery, there were twin impediments into experiencing substantial growth viz:

- Depreciation of global currencies and
- Hike in ocean freights due to programmed lay off of ship capacity due to cost control measures implemented by majority of the shipping lines, this had jacked up the freight rates over 200% in different sectors.

In spite of above negative barriers towards exports, as a result of Company's prudent measures with optimal thrust on products and markets, the Company has been able to achieve above 35% growth as compared to the earlier financial year. Apart from regular exports of Speciality Minerals, the Company has also managed to develop markets for its premium Speciality Chemical products of Lithomer, Basofix, Megasil etc.

The comparative figures of Export Sales are shown below:

(Rs. in Lacs)

Element	2009-10	2008-09
CIF Value	1909	1396
FOB Value	1712	1233

During the year 2009-10, the Company has participated in the following International exhibitions to ensure proximity with Global market requirements:

Sr. No.	Exhibition	City	Country	Month
1	American Coatings Show	North Carolina	USA	April, 2009
2	Latin American Coating Show	Mexico City	Mexico	July, 2009
3	Abrafati	Sao Paolo	Brazil	Sept., 2009
4	Interlakokraska	Moscow	Russia	March, 2010
5	Middle East Coating Show	Dubai	UAE	March, 2010



MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

Further the Company had also made its presence felt in the global market by advertising / publishing in various Journals, Magazines to further strengthen its brand image.

All these efforts have resulted in further market penetration of regions in the Continents of America, Africa, Europe, Asia and strengthening market base for enhanced growth.

Value Added Division (VAD)

In year 2009-10, VAD has grown 25% as compared to the last year and new product development has facilitated in penetrating value added sectors in Plastics. Products from Malaysian operation have helped garner good growth in PP and PVC segments.

New Product launch in the last quarter would help in getting value added products market share for Calcium Carbonate and Talc and would reflect in the growth in terms of quantity and value in the year 2010-11.

In Paper segment, increasing consumption of high quality of Calcium Carbonate for the filler instead of Talc by the Paper Companies has put the Company in advantageous position in the market.

Paper Industry has also shown good growth of 25% in year 2009-10 as compared to previous year. This division expects exponential growth in the Paper market in view of more slurry plants in place at various locations such as Dadra/ Tirunelveli and proposed plant at 5 different locations across India.

Overall Value Added Division envisages higher growth compared to previous year growth on year to year basis.

Consumer and Commodity Division

The global recessionary trend continued its consequential effects into the 2009-10 financial year as well, but the situation underwent improvement in the domestic markets in the later half of the year. The division which mainly caters to the Paints & Coatings Industry showed an accomplished growth of 30% in which the small scale customers have showed a significant growth in demand ensuring future market stability. Over the years, the gap between the Small Scale and Major customers has been narrowing down thus balancing the overall portfolio of its customer base. A few new international entrants in the middle scale level also showed generous growth in their first year contributing to a fair growth in our overall division, anticipating to accelerate during middle of year to capitalize seasonal demand of Indian market which will definitely keep abreast double digit growth of 20 Microns.

The later half of the year particularly has shown a significant amount of growth in the construction sector after the economy limped back to its usual senses. Immense ontogeny in the field of Oil well drilling also has conducted remarkable increase in the sales for the year passed. With the stability in the crude prices compared to 2008-09, many oil drilling Companies revived their operations in full potential thereby giving ample opportunities for us to show an accelerated growth of 20% in these two applications itself.

The Speciality Chemicals that go into the Paints & Coatings also showed a remarkable increase with the growth in sales of Lithomer which partially replaces TiO₂, due to the TiO₂ pricing showing a gradual increase in 2009-10. Our customers found this product unique and identified with the savings that it contributes in the formulations that demanded a good volume. Increasing the focus and offering more dynamic products such as Hydrogel, Rio Bent and Hyper Matt would definitely drive the business growth in this segment.

The Industry anticipates an aggressive 2010-11 and we anticipate to outgrow the demand with the best possibilities of a great mix of commodity and speciality products.



MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

MINING AT GLANCE

20 Microns is possessing mining lease(s) of the following natural resources:

Sr. No.	Details of Mines	Approx. Reserves (in Lacs Tons)	Approx. Value of the Reserves# (Rs. In Lacs)
1.	China Clay Mines, Bhuj, Dist. Kutch, Gujarat, Area – 11.89 Hector*	27.89	4043.95
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
	TOTAL	94.26	24935.25

* - 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.

Mining- 2009-10



Mines survey and the regulation of their usage are carried out by the Indian Ministry of Mines, which controls the Geographical Survey of India and Indian Bureau of Mines during 2009-10. The present thrust of deregulation is considerably driven from the fact that most of the mineral deposits, which are found on surface and easily extractable, have already been explored from various mines of China Clay, Limestone, Dolomite etc.. Therefore, the Company will have to look for increasingly difficult terrain and search mineral at greater depths with more sophisticated technology which requires additional investments and larger scale operations.

Vision

20 Microns is looking for acquiring more mining leases of various non metallic minerals mainly of Clay and Carbonate family through State Government across the Country in the year 2010-11 and onwards.

Organizational approaches for International Sourcing

The Company draws roots as a Group Company that has over two decades of experience in manufacturing Industrial Minerals & Chemicals and as a major player in the Indian Mineral Industry. We are the leading manufacturer with a portfolio comprising of over 400 mineral products. The Company adopts sound Corporate Governance practices thereby maximizing the shareholders' value. During 2009-10, looking to the scenario of mineral supply chain gap and limited resource of Indian Minerals Reserve, we focus more on International sourcing of raw & semi finished minerals.

MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

Key Strengths:

- Knowledge & Understanding of the Indian and Global markets;
- Association with more than 25 reputed International Companies across Middle East, Asia and Europe for sourcing & sale of their mineral based products in the Indian sub-continent;
- Over 50 new Suppliers developed... and still growing;
- With an ISO 9001:2000 certification, 20 Microns operates on a SAP RE-4(ECC-6) resource planning platform;
- Demonstrated expertise in product sourcing;
- Offices and warehousing facilities in major Indian cities and International offices globally for greater market coverage;
- Experienced and technically qualified personnel for better sourcing;
- Ethical business practices and transparency of operations.

We act as an effective interface between Principals and Customers by developing markets for new products and applications and providing continuous market intelligence.

Research and Development INNOVATION – The Mine of our Future

Our Research & Development– the technological centre is the hub of innovation. Root knowledge and Creativity channelized according to demand of the market to compete in the highly globalized economy as well as to make people's life easier, better and resourceful. Progress in terms of the quality of products and processes increases efficiency and helps improve the value creation process, thereby assuring our future viability and capacity to adjust proactively in the constantly demanding world. The future raw material supply is a great challenge for the society at large. Strategic research agenda together with Industry, academia and geological surveys contribute to sustainable mineral supply and meeting future challenges by excellent R&D. A sustainable supply of minerals needs to be eco-efficient.

INNOVATIVE PRODUCTS DEVELOPED DURING THE YEAR 2009-10

- | | |
|--------------------------------|-------------------------------|
| 1. VAPORLITE SL-40T, 60T & 90T | 2. VAPORLITE -60 CTD & 90 CTD |
| 3. RIOBENT-3452 | 4. ALSIL- 2050 & 1030 |
| 5. MAXWHITE-60T & 90T | 6. VAPORMAT |
| 7. HYPERMAT | 8. VAPOR OXOL – 3F |
| 9. VAPORBLOCK | 10. VAPORSIL |
| 11. VAPORSIL ACTIVE | 12. POLSTAT – CT310 |

INNOVATIVE PRODUCTS IN PIPELINE

- | | |
|------------------------|--------------------------|
| 1. SYNTHETIC RED OXIDE | 2. POLLUB – ZX |
| 3. MICROFINE CEMENT | 4. CALGEL-WC |
| 5. VAPORFILT | 6. STEARATES |
| 7. CALCIUM SILICATE | 8. ALUMINIUM TRI-HYDRATE |



MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

Our Hi- tech lab infrastructure is maintained and developed keeping in view the customers' demanded parameter, precision and accuracy of our standards. Escalation to more systematized staff and consumer friendly pattern of functioning helps us to achieve our set goals. The Company regularly conducts training to new generation of investigators who will be prepared to carry on this critically important work.

Carbon Footprints

20 Microns Limited is an essential partner to its customers to provide them with innovative solutions which helps reduce their formulation costs and enhance their finished product properties. This capability is typically possible only with the efficient industrial process know-how at the part of 20 Microns. 2009-10 saw the significant growth in volume of our entire unique portfolio of Industrial Minerals, and that's when the management felt the need to identify the contributing factors of our products and processes that directly or indirectly benefits the environment from a greener, healthier and safer perspective. The objective was clear among the Management, Board of Directors and across all the employees of the Company which helped us achieving success in what we desired to meet the strict sustainable development requirements imposed by its customers.

- Using CO₂ to produce newer products:

The Calciner in Bhuj produces approx 20,000 sq cubic metres of flue gases, which contain about 12% of CO₂. 20 Microns has already performed trials to produce CaCO₃ and Na₂CO₃ by utilizing the CO₂ emitted from the Calciner, contributing to the eligibility of receiving Carbon Credits.

- Limiting Dust Emissions:

In our business, energy is used for the transformation of raw materials into finished products. At every operational level, we seek to minimize the generation of dust and carbon emissions through standard suppression techniques. We have installed 35 new High End Bag filters and modified our Classifiers in order to reduce the dust generated from the Dry processes. We will further work to analyze the emissions and try to reuse certain possible gases through coordinated energy management by our operational units. We have also limited dust emissions through implementation of some good initiatives at our operational facilities by installing bagging machines and making access roads and platforms for direct loading and unloading to avoid spillages in areas of and around the operations.

- End Product Contributions:

Also, 20 Microns produces Lithomer which directly replaces 15% TiO₂ in the formulations, indirectly restricting the hazardous process of TiO₂ manufacturing. Similarly, we also produce High Aspect Ratio Talc and Calcined Attapulgite along with Lithomer, which indirectly replaces 5% of the polymer, indirectly restricting the release of harmful flue gases during the production of polymers.

- Waste & Discharges:

In our wet ground operations, water is recycled wherever possible and otherwise all the discharge is transported into the nearby centralized discharge ponds where the effluent is treated. Most of our dry operations produce relatively small quantity of industrial waste, since most of minerals are converted through mechanical and physical processes. Most of the dry waste material is consumed internally for mechanical treatment and sold to certain customers who require lower quality commodities.

- Land Restoration:

Our mining activities make use of land and natural resources. To lessen the negative impacts of landscape changes, we continuously restore our mines whenever possible. Whenever a particular area of mine is already used, we land fill those mines with the overburden material that was present while digging that mine and then plant trees on the restored land to contribute to a greener environment.

The Company also plans to invest in Wind mills in near future for some of its operations with higher access to winds. This would enable us to bring down the energy costs significantly by producing cleaner energy and increasing our outputs. The Company has already identified the areas where it can contribute to the environment through reducing carbon emissions, energy conservation, and sustainable development. The next challenge is to analyze these areas and converting them into values by identifying indicators and defining a strict methodology in the years to come.

MANAGEMENT DISCUSSIONS AND ANALYSIS (Contd....)

Corporate Social Responsibility

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

An Association, Which Cares...

As reported last year, 20 Microns Foundation has established “**VADODARA DIABETES ASSOCIATION**” way back in 2008. Vadodara Diabetes Association is a primary awareness campaign for diabetes patients. Its main aim is to educate the community and increase awareness about the risks of diabetes and its ways of prevention to avoid dangers of diabetes. In addition to the above, the said Association is also conducting daily YOGA teaching by competent YOGA teacher to keep the lives of the people healthy.

Vadodara Diabetes Association has more than 1000 registered members and is providing free medical check up, in association with reputed medical practitioners, to its members and non-members on every Saturday from 7.30 a.m. to 12.30 p.m. at A-1, Ashok Nagar, Opp. Meridian Hospital, Diwalipura, Vadodara. Association welcomes all the needy people for free blood test and regular check up thereafter by becoming its registered member.

Recently on 06th & 07th March, 2010, Vadodara Diabetes Association has actively participated in the Camp conducted by VIROC Hospital at Akota Stadium, Vadodara to help the society to create awareness for Diabetes.



REPORT ON CORPORATE GOVERNANCE

Governance Philosophy

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

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

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

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

Key aspects of the Company's Governance processes are:

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

1. BOARD OF DIRECTORS

Composition

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

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

Non Executive Directors' Compensation and Disclosure

Apart from sitting fees that are paid to the Non Executive Directors for attending Board/Committee meetings, no other fees/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 /

REPORT ON CORPORATE GOVERNANCE (Contd....)

Memberships held by them in other Companies as on 31st March, 2010 are given below:

Names of Directors	Category of Directors	No. of other Directorship	Committee Membership/ Chairmanship	
			Committee Membership	Committee Chairmanship
EXECUTIVE DIRECTORS				
Mr. Chandresh S. Parikh	Chairman & Managing Director	5	—	4
Mr. Rajesh C. Parikh	Managing Director	5	5	1
Mr. Atil C. Parikh	Joint Managing Director	2	2	—
Mr. Sudhir R. Parikh	Director (Finance)	6	4	—
NON EXECUTIVE DIRECTORS				
Mr. Vishnu R. Varshney [upto 29.07.2009]	GVFL Nominee	—	—	—
Mr. Mihir A. Joshi [w.e.f. 27.08.2009]	GVFL Nominee	11	—	—
Mr. Munish Mohan	IDBI Nominee	—	—	—
Mr. Pravinchandra M. Shah	Independent Director	NIL	3	2
Mr. Ram A. Devidayal	Independent Director	4	5	3
Mr. Vithaldas D. Talati	Independent Director	NIL	4	—
Mr. Harish K. Sheth [upto 30.07.2009]	Independent Director	—	—	—
Mr. Atul H. Patel [w.e.f. 27.08.2009]	Independent Director	9	2	—

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 finalises the agenda, which is distributed to the Board Members in advance of the Meetings.

A. During the financial year ended 31.03.2010, the Board met 04 [Four] times the dates of which are as under:

Sr. No.	Dates of Meetings	Board Strength	No. of Directors present
1	29.04.2009	10	8
2	30.07.2009	9	6
3	29.10.2009	10	8
4	28.01.2010	10	8

The maximum gap between any two meetings was not more than 3 (three) calendar months. During the year, Circular resolutions have been passed on 17.07.2009 and 27.08.2009.



REPORT ON CORPORATE GOVERNANCE (Contd....)

- 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	4	YES
Mr. Rajesh C. Parikh	4	YES
Mr. Atil C. Parikh	3	YES
Mr. Sudhir R. Parikh	3	YES
Mr. Vishnu R. Varshney [up to 29.07.2009]	NIL	N.A.
Mr. Vithaldas D. Talati	3	YES
Mr. Pravinchandra M. Shah	4	NO
Mr. Mihir A. Joshi [w.e.f. 27.08.2009]	2	NO
Mr. Ram A. Devidayal	3	YES
Mr. Munish Mohan	2	NO
Mr. Harish K. Sheth [up to 30.07.2009]	—	N.A.
Mr. Atul H. Patel [w.e.f. 27.08.2009]	NIL	N.A.

Appointments/Re-appointment of Directors

Mr. Rajesh C. Parikh

Mr. Rajesh C. Parikh, aged 38 years, has graduated with First Class Degree in Bachelor of Mechanical Engineering. He has also completed the Masters in Business Administration in Finance. He started his career with Jyoti Limited, a Vadodara based Engineering Company, in the year 1994 as a Trainee Engineer and there after 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 product of the Company. His exposure to the consuming industries brought in him insight for business and industry. He is also on the Board of 20 Microns Nano Minerals Limited, Eriez Finance & Investment Limited, Dispersive Minerals and Chemicals India Limited, Bruno Industrial Products Limited and Ultra Minchem Equipments P. Ltd. He is a Chairman of the Committee for redressal of depositors and a member of Share Transfers and Investor Grievance Committee, Finance Committee, Nomination and Compensation Committee and Management Committee of the Company. He holds 2,79,978 Equity Shares representing 1.95% of the present paid-up capital of the Company.

Mr. Sudhir R. Parikh

Mr. Sudhir R. Parikh, aged 56 years, is a fellow member of the Institute of Chartered Accountants of India. Early in his career, he joined M/s. Lovelock & Lewes, an audit firm for a period of 1½ years. Subsequently, he held a senior executive position as Manager Accounts in Asian Dehydrates Limited in the year 1977, Nasik. He then joined as a

REPORT ON CORPORATE GOVERNANCE (Contd....)

Chief Accountant in M. H. Spinning & Mfg Co. Ltd., Ahmedabad in the year 1978. He was also an Executive Director in Banco Products (T) Ltd., Dar- E- Salaam, Tanzania and a Director in United Foam Private Limited, Waghodia. He has gathered rich experience in Accounting, Finance, Taxation and Management. He looks after the Accounts, Finance, Banking and Administration of the Company. He is also on the Board of 20 Microns Nano Minerals Limited, Eriez Finance & Investment Limited, Dispersive Minerals and Chemicals India Limited, Bruno Industrial Products Limited, Nanotech Minerals India P. Ltd. and Ultra Minchem Equipments P. Ltd. He is a member of Share Transfers and Investor Grievance Committee, Finance Committee and Management Committee of the Company. He holds 1,98,345 Equity Shares representing 1.38% of the present paid-up capital of the Company.

Mr. Atul H. Patel

Mr. Atul H. Patel, aged 59 years, is the Managing Director of Tarak Chemicals Limited, Vadodara engaged in the manufacturing of Oil Field Chemicals & other Specialty Chemicals. He is deeply involved in the activities of Industrial Association and is closely associated with Federation of Gujarat Industries [FGI], a body looking after interests of the Industries. He had been President of FGI for 1991 & 1992. He was the President of Vadodara Industrial Employees' Union for the period 1993-95 and also a Senate member of M.S. University of Baroda. He is also attached with Charitable Organizations and Educational Institutions, presently the President of United Way of Baroda and the past Chairman of Baroda Citizen Council, a body activist in the development of Baroda City. Besides, he is the Trustee of Gyana Yagna Vidhya Mandir, Atladra – Vadodara and Nar Seva Samaj, Dist. Kheda and also the Chairman of the Baroda Citizen Community Co – Operative Credit Society Ltd., Vadodara. He is presently on the Board of Tarak Chemicals Limited, Transpek Industry Limited, Enviro Infrastructure Co. Limited, Baroda Citizens Community Co. Op. Credit Soc. Ltd, Infinity Consultants Limited, Indo Nippon Chemicals Co. Ltd., Protel Chemicals P. Ltd., Sheffield Investment P. Ltd. and Gujarat Automotive Gears Limited. He is a member of Audit Committee and Share Transfer Committee of Transpek Industry Limited.

Mr. Mihir A. Joshi

Mr. Mihir A. Joshi, GVFL- Nominee Director, aged 32 years, has more than 10 years experience in Venture Capital. He has been involved in all stages of Venture Capital lifecycle including Fund raising, investing, divesting and distributing profits to the investors. He has significant exposure in various sectors and has been involved in more than 500 proposals, starting from deal sourcing, due diligence, valuation, deal structuring and closure. As a part of the Top Management Team in GVFL, Mr. Mihir A. Joshi has advised the Senior Management of various Investee companies on their Business models, Growth strategies, Pricing, customer segmentation, Organizational design, Technology and IPO. His background in Finance, and his legal expertise coupled with business acumen has been of tremendous benefit to investee Companies in formulating their strategies. He holds a degree from the Institute of Cost and Works Accountants of India and an Associate member of the Institute of Company Secretaries of India. He has undergone Venture Capital Training in Hongkong. He is on the Board of e-infochips Limited, E Cube India Solutions Limited, Net4Nuts Limited, Sahajanand Laser Technology Limited, Century Pharmaceuticals Limited, Aura Herbal Textiles Limited, Amrita Therapeutics Limited, Pegasus Semiconductor Limited, Rapidradio Solutions P. Ltd., iNurture Education Solutions P. Ltd. and FairTech Engineering Services P. Ltd.

Code of Conduct

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



REPORT ON CORPORATE GOVERNANCE (Contd....)

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	27 th February, 2001
Remuneration Committee	6 th January, 2003
Nomination and Compensation Committee	5 th August, 2006
Share Transfers & Investors' Grievances Committee	20 th 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/s - Finance and representatives of the Statutory Auditors and Internal Auditors of the Company are permanent invitees to the Committee meetings. The Company Secretary acts as Secretary to the Committee.

In view of the sad demise of Mr. Vishnu R. Varshney, the Chairman of the Audit Committee, the Board of Directors of the Company in its Meeting held on 30.07.2009 appointed Mr. Ram Devidayal as the Chairman of the Committee.

The Committee, as on 31st March, 2010, comprised of the following members:

1. Mr. Ram A. Devidayal - Chairman
2. Mr. Pravinchandra M. Shah
3. Mr. Munish Mohan

All of them are Independent Directors.

Attendance

During the financial year ended 31st March, 2010, 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	29.04.2009	3	2
2	30.07.2009	3	2
3	29.10.2009	3	2
4	28.01.2010	3	2

Attendance at the Committee Meetings:

Names of Directors	Category	No of Meetings attended
Mr. Ram A. Devidayal	Independent Director	3
Mr. Vishnu R. Varshney [upto 29.07.2009]	Non – Executive Director	0
Mr. Pravinchandra M. Shah	Independent Director	4
Mr. Munish Mohan [w.e.f. 29.04.2009]	Independent Director	1

REPORT ON CORPORATE GOVERNANCE (Contd....)

Terms of Reference

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

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

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

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

The role of the Committee shall be as under:

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



REPORT ON CORPORATE GOVERNANCE (Contd....)

REMUNERATION COMMITTEE

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

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

Composition

The Remuneration Committee, as on 31st March, 2010, comprised of the following members:

1. Mr. Pravinchandra M. Shah - Chairman
2. Mr. Vithaldas D. Talati
3. Mr. Munish Mohan

All of them are Independent Directors.

Attendance

During the financial year ended 31st March, 2010, the Committee met 2 [Two] times the dates of which are as under:

Sr. No.	Dates of Meetings	Committee strength	No. of members present
1	29.10.2009	3	2
2	22.01.2010	3	2

Attendance at the Committee Meetings:

Names of Directors	Category	No of Meetings attended
Mr. Pravinchandra M. Shah	Independent Director	2
Mr. Vithaldas D. Talati	Independent Director	2
Mr. Munish Mohan [w.e.f. 29.04.2009]	Independent Director	0
Mr. Vishnu R. Varshney [upto 29.07.2009]	Non – Executive Director	0

NOMINATION AND COMPENSATION COMMITTEE

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

Composition

The Committee, as on 31st March, 2010, comprised of the following members:

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

REPORT ON CORPORATE GOVERNANCE (Contd....)

Attendance

During the financial year ended 31st March, 2010, the Committee met once on 05.09.2009 for the purpose of allotment of Shares under ESOS.

Attendance at the Committee Meeting :

Names of Directors	Category	No of Meetings attended
Mr. Chandresh S. Parikh	Executive Director	1
Mr. Rajesh C. Parikh	Executive Director	0
Mr. Vithaldas D. Talati	Independent Director	0
Mr. Pravinchandra M. Shah	Independent Director	1
Mr. Ram A. Devidayal	Independent Director	1

SHARE TRANSFERS & INVESTORS' GRIEVANCES COMMITTEE

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

The Committee was further re-constituted at the Board Meeting held on 29.04.2009 by inducting Mr. Munish Mohan, IDBI Nominee Director in place of Mr. Diptimoy D. Bhattacharjee in view of withdrawal of nomination by IDBI.

Composition

The Committee, as on 31st March, 2010, comprised of the following members:

- 1) Mr. Pravinchandra M. Shah - Chairman
- 2) Mr. Rajesh C. Parikh
- 3) Mr. Sudhir R. Parikh
- 4) Mr. Vithaldas D. Talati
- 5) Mr. Munish Mohan

Except Mr. Rajesh C. Parikh and Mr. Sudhir R. Parikh, all of them are Independent Directors.

Attendance

During the financial year ended 31st March, 2010, the Committee met 5 (Five) times the dates of which are as under:

Sr. No.	Dates of Meetings	Committee strength	No. of members present
1	10.06.2009	5	3
2	17.06.2009	5	3
3	15.07.2009	5	3
4	26.08.2009	5	3
5	09.11.2009	5	3



REPORT ON CORPORATE GOVERNANCE (Contd....)

Attendance at the Committee Meetings:

Names of Directors	Category	No of Meetings attended
Mr. Pravinchandra M. Shah	Independent Director	5
Mr. Vithaldas D. Talati	Independent Director	5
Mr. Rajesh C. Parikh	Executive Director	3
Mr. Sudhir R. Parikh	Executive Director	2
Mr. Munish Mohan [w.e.f. 29.04.2009]	Independent Director	0

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.

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

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

COMMITTEE FOR REDRESSAL OF DEPOSITORS.

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

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

Composition

The Committee, as on 31st March, 2010, comprised of the following members:

- 1) Mr. Rajesh. C Parikh - Chairman
- 2) Mr. Vithaldas D. Talati

Attendance

The Committee met once on 31st March, 2010 and both the members have attended the Meeting.

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, 2010, were not in conflict with the interest of the Company at large. The related party transactions have been disclosed under Note 18 of Schedule T of the Balance Sheet forming part of the Annual Report.

Disclosure of Accounting treatment

There is no deviation in following the treatment prescribed in any Accounting Standards 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, or any other statutory authorities on any manner related to capital markets.

Disclosure of Unclaimed Shares

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

Particulars	Aggregate No. of Shareholders	Aggregate No. of Shares
Shares lying in Suspense account as on 01.04.2009	15	5300
Shares transferred from Suspense account during the year	7	4350
Shares lying in Suspense account as on 31.03.2010	8	950

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.

Proceeds from Public Issue

The status of utilization of IPO proceeds up to 31st March, 2010 has been disclosed in the Report of the Board of Directors forming part of the Annual Report.

Remuneration of Directors for the financial year 2009-10

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

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



REPORT ON CORPORATE GOVERNANCE (Contd....)

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:

Names of Directors	Basic	HRA	Medical	Bonus	TOTAL
EXECUTIVE DIRECTORS :					
Mr. Chandresh S. Parikh	23.28	0	0.97	1.94	26.19
Mr. Rajesh C. Parikh	14.25	2.14	0.68	1.18	18.25
Mr. Atil C. Parikh	13.53	2.02	0.65	1.12	17.33
Mr. Sudhir R. Parikh	14.25	2.14	0.68	1.18	18.25

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

Non Executive Directors	Sitting fees [Rs.]
Mr. Vithaldas D. Talati	21,500
Mr. Pravinchandra M. Shah	34,000
Mr. Ram A. Devidayal	15,500
Mr. Munish Mohan *	7,000
Mr. Vishnu R. Varshney [upto 29.07.2009]	NIL
Mr. Mihir A. Joshi [w.e.f. 27.08.2009] *	5,000
Mr. Harish K. Sheth [upto 30.07.2009]	NIL
Mr. Atul H. Patel [w.e.f. 27.08.2009]	5,000

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

Director's Shareholding

Shareholding of the Directors in the Company as on 31st March, 2010:

Names of Directors	No. of shares held in the Company singly and / or jointly.	Percentage of holding
Mr. Chandresh S. Parikh	15,48,067	10.80
Mr. Rajesh C. Parikh	2,79,978	1.95
Mr. Atil C. Parikh	2,79,978	1.95
Mr. Sudhir R. Parikh	1,98,345	1.38
Mr. Vithaldas D. Talati	1,300	0.01
Mr. Pravinchandra M. Shah	13,700	0.10

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

REPORT ON CORPORATE GOVERNANCE (Contd....)

The remaining Directors namely Mr. Ram A. Devidayal, Mr. Munish Mohan, Mr. Mihir A. Joshi and Mr. Atul H. Patel do not hold any shares in the Company.

4. MANAGEMENT

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

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

5. MEANS OF COMMUNICATION

The Quarterly, Half yearly and Annual Results are generally published in widely circulating national and local dailies such as "Economic Times" – English & Gujarati and/or "The Business Standard" – English and "Loksatta" – Gujarati.

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

6. GENERAL BODY MEETINGS

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

FinancialYear	Date	Location	Time	No. of Special Resolutions passed
2008-09	20.08.2009	Regd. Office at 9/10, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	3.00 p.m.	1 [One] Special resolution was passed in respect of appointment of Mr. Atil C. Parikh as whole time Director designated as the Joint Managing Director for a period of 3 years w.e.f. 29.01.2009.
2007-08	29.05.2008	Regd. Office at 9/10, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	12.30 p.m.	1 [One] Special Resolution was passed in respect of appointment of Relative of a Director of the Company
2006-07	31.07.2007	Regd. Office at 9/10, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	12.30 p.m.	3 [Three] Special Resolutions were passed in respect of revision in the terms of appointment & payment of remuneration to Mr. Chandresh S. Parikh, Managing Director, Mr. Rajesh C. Parikh, Joint Managing Director & Mr. Sudhir R. Parikh, Director [Finance] for the period of 3 years from 01.04.2007.

During the year 2009-10, No Extra – ordinary General Meetings were held.



REPORT ON CORPORATE GOVERNANCE (Contd....)

7. CEO/CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO and CFO have furnished a Certificate to the Board for the year ended 31st March, 2010.

8. REPORT ON CORPORATE GOVERNANCE

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

9. COMPLIANCE

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

10. GENERAL SHAREHOLDERS' INFORMATION

Registered Office

9/10, GIDC Industrial Estate,

Waghodia – 391760

Dist. Vadodara, Gujarat, India

Tel: +91-2668-264077

Fax: +91-2668-262447

Annual General Meeting

Day and Date : Thursday, the 26th day of August, 2010

Time : 03.00 p.m.

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 30 th June, 2010	On or before 15 th August, 2010
Quarter / Half Year ending on 30 th September, 2010	On or before 15 th November, 2010
Quarter ending on 31 st December, 2010	On or before 15 th February, 2011
Annual Audited Results of the Year 2010-11	On or before 31 st May, 2011

REPORT ON CORPORATE GOVERNANCE (Contd....)

Book Closure

The Registers of Members and Share Transfer Books of the Company will be closed from Monday, the 16th day of August, 2010 to Thursday, the 26th day of August, 2010 [both days inclusive] for the purpose of 23rd Annual General Meeting and final dividend.

Listing Details

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

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

Annual Listing Fees for the year 2010-11 have been paid by the Company to BSE and NSE.

Registrar and Share Transfer Agents

The Company has changed its Registrars & Share Transfer Agents from M/s. Link Intime India Private Limited to CAMEO CORPORATE SERVICES LIMITED.

CAMEO CORPORATE SERVICES LIMITED

202, Pawan Flats,

7, Anand Nagar Society,

Productivity Road, Alkapuri,

Vadodara – 390 007, Gujarat, India

TeleFax: +91 0265 2341105

Email: jaydeep@cameoindia.com; binod@cameoindia.com

Share Transfer System

The Company's shares are traded on Stock Exchanges in Demat mode only. Those Transfers are effected through 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.

Dematerialisation of Shares and Liquidity

The ISIN code of the Shares of the Company is INE144J01019. As on 31st March, 2010, 60.23% of the paid-up capital has been dematerialized as detailed below:

Mode	No. of Shares	% of the total share capital
PHYSICAL	5699754	39.77
NSDL	4670478	32.59
CDSL	3960796	27.64
TOTAL	14331028	100.00



REPORT ON CORPORATE GOVERNANCE (Contd....)

Stock Performance

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

MONTH	BSE		NSE	
	HIGH	LOW	HIGH	LOW
April, 2009	26.40	14.55	26.10	14.55
May, 2009	27.70	18.65	27.30	18.50
June, 2009	31.25	22.45	31.75	22.45
July, 2009	27.70	21.55	28.90	21.10
August, 2009	35.35	24.00	34.55	24.05
September, 2009	46.80	34.55	46.40	34.75
October, 2009	42.70	36.75	42.85	37.05
November, 2009	44.75	37.20	44.90	37.25
December, 2009	50.40	43.05	49.80	43.15
January, 2010	53.45	41.75	53.60	42.05
February, 2010	57.30	38.00	56.90	37.55
March, 2010	47.00	37.95	46.50	38.00



[Source: BSE & NSE websites]

Shareholding Pattern

The Shareholding Pattern of the Company as on 31st March, 2010 is as follows:

Category	No. of Shares	% of Shareholding
Promoter & Promoter Group	7415900	51.75
Venture Capital Funds	2675632	18.67
Foreign Institutional Investors	41000	0.29
Bodies Corporate	751785	5.25
Clearing Members	16152	0.11
Non Resident Indians	771094	5.38
Foreign Companies	51700	0.36
Trusts	19253	0.13
Other Individuals	2588512	18.06
TOTAL	14331028	100.00

REPORT ON CORPORATE GOVERNANCE (Contd....)

Distribution of Shareholding

The distribution of shareholding of the Company as on 31st March, 2010 is as follows:

Range of Shares	Number of Shareholders	% to total Shareholders	No. of Shares held	% to total Shareholding
Upto 5000	7765	91.45	1061665	7.41
5001 – 10000	281	3.31	231874	1.62
10001 – 20000	172	2.03	267496	1.87
20001 – 30000	72	0.85	185877	1.30
30001 – 40000	31	0.37	112637	0.79
40001 – 50000	31	0.37	144944	1.01
50001 – 100000	65	0.77	481224	3.36
100001 & above	74	0.87	11845311	82.64
TOTAL	8491	100.00	14331028	100.00

Investor Correspondence

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

Mr. Nikunj Savaliya

Company Secretary & Compliance Officer

20 Microns Limited

9/10, GIDC Industrial Estate, Waghodia - 391760

Dist. Vadodara, Gujarat, India

Tel : +91 02668 264077

Fax: +91 02668 262447

Email: investors@20microns.com



DECLARATION FOR CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreements with the Stock Exchanges, it is hereby declared that the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the Code of Conduct for the year ended 31st March, 2010.

Place : Vadodara
Date : 31.05.2010

Chandresh S. Parikh
Chairman & Managing Director

AUDITORS' CERTIFICATE FOR COMPLIANCE OF CORPORATE GOVERNANCE

To,
The Members of
20 MICRONS LIMITED

We have examined the relevant records of 20 Microns Limited (the Company) for the year ended March 31, 2010 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 : 31.05. 2010

AUDITOR'S REPORT

To,
The Members of
20 MICRONS LIMITED

1. We have audited the attached Balance Sheet of **20 MICRONS LIMITED** ('the Company') as at 31st March, 2010, and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and related amendments issued by the Central Government of India in terms of sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. in so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii. in so far as it relates to the Cash Flow Statement, of the Cash Flow of the Company for the year ended on that date.

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

Place: Vadodara
Date: May 31, 2010

(G. R. Parmar)
Partner
Membership No.: 121462



ANNEXURE TO AUDITOR'S REPORT

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

1. In respect of its fixed assets:

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

2. In respect of its inventories:

- 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 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, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.

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

- a. The Company had granted loan in earlier year to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 170 lacs and the year-end balance of loan granted to such party was Rs. Nil.
- b. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loan have been granted to party listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- c. The loan granted by the Company is repaid during the year and hence the question of overdue amount does not arise.

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

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

4. In respect of internal control

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

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

- 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.

ANNEXURE TO AUDITOR'S REPORT (Contd....)

- 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 lakhs in respect of any party during the year can not be ascertained.

6. In respect of deposits from public

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

7. In respect of internal audit system

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

8. In respect of maintenance of cost records

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

9. In respect of statutory dues:

- a. In our opinion and according to the information and explanation given to us, the company has been regular in undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Investor Education and Protection Fund, 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.

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

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31st March, 2010 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 Rs.)	Period to which the amount relates	Forum where dispute is pending
1	Central Sales Tax Act, 1956	Central sales tax	2.90	2002-03	Appellate Tribunal
2	Central Sales Tax Act, 1956	Central sales tax	1.63	2007-08	Assistant Commissioner of Sales Tax
3	Tamil Nadu Government Sales Tax Act, 1959	Sales Tax	1.81	2002-03	Appellate Tribunal
4	Central Excise Act, 1944	Central Excise	147.68	September 2003 to June 2008	Customs, Excise and Service Tax Appellate Tribunal
5	Income Tax Act, 1961	Income tax	4.68	1995-96	Income Tax Appellate Tribunal
6	Income Tax Act, 1961	Income tax	46.80	2004-05	Commissioner of Income Tax



ANNEXURE TO AUDITOR'S REPORT (Contd....)

10. In respect of accumulated losses and cash losses

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

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

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

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

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

13. In respect of provisions applicable to Chit fund

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

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

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

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

According to the information and explanation given to us, the Company has given guarantee of Rs. 1250 Lacs for loans taken by subsidiary from bank. The terms of such guarantee are not prejudicial to the interest of the Company.

16. In respect of application of term loans

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

17. In respect of fund used

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

18. In respect of preferential allotment of shares

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

19. In respect of securities created for debentures

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

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

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

21. In respect of fraud

To the best of our knowledge and belief and according to the information and explanation given to us, fraud in the nature of defalcation of cash amounting to Rs. 10.38 Lacs by one of the employees of the company has been reported, for which the Company has lodged an FIR with relevant authorities and also claim has been filed with insurance company.

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

(G. R. Parmar)
Partner
Membership No.: 121462

Place: Vadodara
Date: May 31, 2010

BALANCE SHEET AS AT MARCH 31ST, 2010

(RUPEES IN LACS)

PARTICULARS	SCHEDULE	AS AT March 31st , 2010	AS AT March 31st , 2009
SOURCES OF FUNDS :			
1. SHARE HOLDERS FUND			
a) Share Capital	A	1433.10	1420.52
b) Share Application Money		-	.67
c) Stock option outstanding		-	10.27
d) Reserves and Surplus	B	2726.86	2148.94
		4159.95	3580.40
2. LOAN FUNDS			
a) Secured Loans	C	7145.13	4848.75
b) Unsecured Loans	D	1290.06	1012.57
		8435.19	5861.32
3. DEFERRED TAX LIABILITY (NET)		987.66	701.09
TOTAL		13582.81	10142.81
APPLICATION OF FUNDS :			
1. FIXED ASSETS			
a) Gross Block	E	9392.35	8111.63
b) Less : Depreciation		3263.36	2963.64
c) Net Block		6128.99	5147.99
Capital Work - in -process		482.18	460.01
		6611.17	5608.00
2. INVESTMENTS	F	719.28	90.53
3. CURRENT ASSETS, LOANS AND ADVANCES	G		
a) Inventories		3276.10	1906.55
b) Sundry Debtors		2867.73	2328.92
c) Cash & Bank Balance		643.31	497.75
d) Other Current assets		413.62	157.73
e) Loans & Advances		1011.19	1283.91
		8211.95	6174.86
LESS: CURRENT LIABILITIES AND PROVISIONS			
a) Current Liabilities	H	1778.25	1679.43
b) Provisions	I	181.34	51.15
		1959.59	1730.58
NET CURRENT ASSETS		6252.36	4444.28
TOTAL		13582.81	10142.81
Statement of Significant Accounting Policies	S		
Notes on Accounts	T		

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

G. R. Parmar
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place: Vadodara
Date: May 31, 2010

Place: Vadodara
Date: May 31, 2010



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31ST, 2010

(RUPEES IN LACS)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED ON March 31st , 2010	FOR THE YEAR ENDED ON March 31st , 2009
INCOME :			
Sales (Gross)	J	18409.87	14520.62
Less:Excise Duty and Sales Tax		746.82	733.82
Net Sales		17663.05	13786.80
Other Income	K	320.98	149.35
Increase/(Decrease) in Stock of Finished Goods	L	153.99	159.04
TOTAL		18138.02	14095.19
EXPENDITURE :			
Cost of Materials	M	8963.93	6452.45
Manufacturing Expenses	N	2112.43	1816.53
Payment to and Provision for Employees	O	1633.62	1511.53
Administrative and Other Expenses	P	467.05	378.90
Selling and Distribution Expenses	Q	2636.89	2094.39
Research & Development Expenses		23.97	31.47
TOTAL		15837.89	12285.27
Profit before Depereciation, Interest, Tax and Exceptional Items		2300.13	1809.92
Interest and finance expenses	R	804.04	788.12
Depreciation and Amortisation		475.05	403.59
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		1279.09	1191.71
Less:Exceptional Item (Restructuring fees)		1021.04	618.21
PROFIT BEFORE TAX		1021.04	371.05
Less : Current Tax		173.00	27.00
Less : MAT Credit Entitlement		173.00	27.00
Wealth Tax		-	-
Fringe Benefit Tax		0.75	1.50
Income Tax adjustment of earlier years		-	27.50
Adjustment for Deferred Tax Debit/ (Credit)		3.98	.39
Net Profit for the Year	T(19)	729.74	133.96
BALANCE OF PROFIT AS PER LAST BALANCE SHEET		390.52	256.56
BALANCE AVAILABLE FOR APPROPRIATIONS		1120.25	390.52
APPROPRIATIONS			
Proposed Dividend on Equity Shares		143.31	-
Tax on Proposed Dividend		23.80	-
BALANCE OF PROFIT CARRIED TO BALANCE SHEET		953.14	390.52
Basic Earning Per Share		5.11	1.01
Diluted Earning Per Share		5.11	1.00
Statement of Significant Accounting Policies	S		
Notes on Accounts	T		

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

G. R. Parmar
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place: Vadodara
Date: May 31, 2010

Place: Vadodara
Date: May 31, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE A – SHARE CAPITAL		
AUTHORISED	2000.00	2000.00
2,00,00,000 Equity Shares of Rs.10/- each (Previous Year 2,00,00,000 Equity Shares)		
ISSUED SUBSCRIBED AND PAID UP		
1,43,31,028 Equity Shares of Rs.10/- each fully paid up (Previous Year 1,42,05,248 shares)	1433.10	1420.52
(Of the above		
(i) 32,65,350 Equity Shares of Rs.10/- each fully paid up have been issued as Bonus Shares by Capitalisation of General Reserve and balance of Profit & Loss Account		
(ii) 24,62,635 Equity Shares of Rs 10/- each fully paid up have been issued to share holders of amalgamating companies on amalgamation.)		
TOTAL	1433.10	1420.52
SCHEDULE B – RESERVES AND SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	8.19	-
Add:- Transfer from Employees stock option	3.98	-
Outstanding (on lapse of the Option)	-	8.19
	12.17	8.19
Share Premium		
As per last Balance Sheet	1750.23	1319.83
Add:- Proceeds from public offer/Employee Stock Option Scheme	11.32	761.66
Less:- Issue Expenses Adjusted	-	331.26
	1761.55	1750.23
Balance in Profit and Loss account	953.14	390.52
TOTAL	2726.86	2148.94
SCHEDULE C – SECURED LOANS (See Note no 1 in Schedule T)		
Term Loans from		
a financial institution	170.10	226.80
banks	2706.54	1584.34
	2876.64	1811.14
Working Capital Finance From bank	4173.65	2977.93
	4173.65	2977.93
Deferred Payment Credits		
against assets	94.84	59.68
(Amount payable within next one year Rs 37.39 Lacs, P. Yr. Rs. 26.54 Lacs)		
TOTAL	7145.13	4848.75



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

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE D – UNSECURED LOANS		
Fixed Deposits		
From Directors	12.71	9.10
From Others	1127.09	819.92
	1139.80	829.02
Trade Deposit	3.30	4.49
Sales Tax Loan under Sales tax incentive scheme	146.96	179.06
TOTAL	1290.06	1012.57

SCHEDULE : E – FIXED ASSETS

(RUPEES IN LACS)

GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BLOCK	
PARTICULARS	As At 01.04.2009	Additions During Year	On Sale/ Adjustments	As At 31.03.2010	Upto 01.04.2009	Provided during year	On Sale/ Adjustments	Upto 31.03.2010	As At 31.03.2010	As At 31.03.2009
(A) Tangible Assets										
Freehold Land	55.37	-		55.37	-	-	-	-	55.37	55.37
Leasehold Land	75.07	-	24.11	50.96	35.61	11.30	(16.49)	30.42	20.54	39.46
Factory Buidling	1150.82	194.29	155.39	1189.72	285.22	39.00	(42.87)	281.34	908.38	865.60
Plant and Machinery	6332.41	1148.15	152.08	7328.49	2420.20	357.87	(107.31)	2670.76	4657.73	3,912.21
Vehicles	215.01	97.23	10.86	301.38	72.52	20.97	(8.65)	84.83	216.55	142.49
Furniture and Office Equipments	227.95	41.83		269.78	139.09	12.08		151.17	118.60	88.86
(B) Intangible Assets										
Product Development	55.00	50.00	-	105.00	11.00	21.00	-	32.00	73.00	44.00
Computer Software	-	91.65	-	91.65	0	12.83	-	12.83	78.82	-
TOTAL	8111.63	1623.16	342.44	9392.35	2963.64	475.05	(175.32)	3263.36	6128.99	5147.99
PREVIOUS YEAR'S AS AT 31-03-09	7,606.57	568.78	(63.72)	8,111.63	2,583.90	403.59	(23.85)	2,963.64	5,147.99	

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

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE F – INVESTMENTS		
Long Term - Unquoted		
(i) In shares of		
a) Subsidiary		
3,60,000 Equity shares (Previous Year 1,54,924) of 20 Microns SDN BHD of RM 1.00 each	50.39	21.44
60,00,000 Equity shares of 20 Microns Nano Minerals Ltd of Rs 10 each	600.00	-
b) Other companies		
60,000 Preference Shares (Previous Year 60,000) - 0.10% fully paid Redeemable Cumulative Convertible Preference Shares of Rs 100/- each of Eriez Finance and Investment Limited	60.00	60.00
80,000 Equity Shares (Previous Year 80,000) of Eriez Finance & Investment Ltd of Rs 10 each	8.00	8.00
(ii) Other securities		
National Saving Certificate (Lodged with Sales tax Authorities)	0.89	1.09
TOTAL	719.28	90.53

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

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE G – CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
Raw Materials (Including In Transit Rs. Nil, Previous Year Rs. 16.92 Lacs)	2198.70	1012.47
Finished Goods (Including In Transit Rs. Nil, Previous Year Rs. 74.63 Lacs)	969.93	815.94
Stores & Spares	107.47	78.14
TOTAL	3276.10	1906.55
SUNDRY DEBTORS		
Debt outstanding for a period exceeding six months		
(a) Considered Good	-	88.80
(b) Considered Doubtful	45.30	7.86
	45.30	96.66
Less:Provision for doubtful debts	45.30	7.86
	-	88.80
Others (Considered Good)	2867.73	2240.12
TOTAL	2867.73	2328.92
CASH AND BANK BALANCES		
Cash on Hand	10.12	22.46
Balances with Scheduled Banks		
Fixed Deposit Accounts (Liquid Assets).	70.00	70.00
Fixed Deposit Accounts (Margin money)	109.25	101.41
Current Accounts.	453.94	303.87
(Including cheques on hand Rs 19.82 Lacs Previous Year Nil)		
TOTAL	643.31	497.74
OTHER CURRENT ASSETS		
Interest receivable on fixed deposit	24.33	16.14
Insurance Claim receivable	74.69	-
MAT Credit Receivable	314.60	141.60
TOTAL	413.62	157.74
LOANS AND ADVANCES		
[Unsecured,Considered Good]		
Advances recoverable in cash or kind or for value to be received	562.74	518.35
Loan -	-	170.00
Advance to Subsidiary (Share Application Money)	14.50	28.47
Deposits	228.67	214.76
Advance Income Tax (Net of provisions)	35.71	45.04
Advance for Capital Goods	169.57	307.29
TOTAL	1011.19	1283.91



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

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE H – CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro and other Small Enterprises	87.89	54.42
Others	1495.71	1396.01
Advances from Customers	40.52	17.76
Capital Expenses	-	86.33
Due to bank in current account	.49	4.11
Interest accrued but not due on deposits	85.59	56.84
Unclaimed Fixed Deposits	.40	.25
Other Liabilities	67.65	63.71
TOTAL	1778.25	1679.43
SCHEDULE I – PROVISIONS		
Proposed Dividend	143.31	-
Tax on Proposed Dividend	23.80	-
Excise and Royalty on finished goods	3.61	3.66
Gratuity	10.62	47.49
TOTAL	181.34	51.15
PARTICULARS	FOR THE YEAR ENDED ON March 31st , 2010	FOR THE YEAR ENDED ON March 31st , 2009
SCHEDULE J – SALES		
Domestic	16511.57	13124.01
Export	1898.30	1396.61
TOTAL	18409.87	14520.62
SCHEDULE K – OTHER INCOME		
Interest income	45.99	49.63
Dividend	1.59	10.14
Income tax refund (including interest)	-	10.63
Profit on sale of Assets	142.83	1.82
Export incentive /Foreign Exchange income	72.95	5.40
Royalty received	-	12.73
Bad Debts Recovered/ Write back	3.05	7.61
Insurance claims	.15	5.25
Rent Received	14.10	8.70
Misc. Income	40.32	37.44
TOTAL	320.98	149.35

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

(RUPEES IN LACS)

PARTICULARS	FOR THE YEAR ENDED ON March 31st , 2010	FOR THE YEAR ENDED ON March 31st , 2009
SCHEDULE L INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Closing Stock	969.93	815.94
Less : Opening Stock	815.94	656.90
Increase/(Decrease) in Stock of Finished Goods	153.99	159.04
SCHEDULE M – COST OF MATERIALS		
RAW MATERIAL CONSUMED		
Opening Stock	995.55	532.31
Purchases	10167.08	6932.61
	11162.64	7464.92
Less : Goods in Transit	-	16.92
Less : Closing Stock	2198.70	995.55
Raw Material Consumed	8963.93	6452.45
SCHEDULE N – MANUFACTURING EXPENSES		
Power and Fuel	1609.74	1399.15
Factory Expenses and other Manufacturing Expenses	125.61	110.06
Rent & Hire Charges	29.07	4.54
Stores & Spares Consumed	20.32	20.83
Repairs - Plant & Machinery	311.94	271.17
- Building	15.75	10.78
TOTAL	2112.43	1816.53
SCHEDULE O – PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages, Bonus & Allowance	1422.05	1301.67
Contribution to Provident Fund & Others Funds	61.12	65.37
Gratuity	37.98	37.60
Staff Welfare & Amenities	24.59	41.53
Managerial Remuneration	87.88	65.36
TOTAL	1633.62	1511.53



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

(RUPEES IN LACS)

PARTICULARS	FOR THE YEAR ENDED ON March 31st , 2010	FOR THE YEAR ENDED ON March 31st , 2009
SCHEDULE P – ADMINISTATIVE AND OTHER EXPENSES		
Rent	29.85	25.07
Rates and Taxes	16.78	4.45
Insurance	29.87	25.29
Post, Telephone & Courier	84.35	82.40
Travelling & Conveyance	89.29	85.75
Vehicle Running & Maintenance	28.95	32.82
Professional Fees	25.76	28.91
Auditors Remuneration	5.26	4.26
Directors sitting fees	1.37	1.56
Loss on sale/ discarded of Assets	29.43	-
Donation	9.34	.77
Misc. Expenses	116.80	87.62
TOTAL	467.05	378.90
SCHEDULE Q – SELLING AND DISTRIBUTION EXPENSES		
SELLING EXPENSES		
Travelling Expenses	231.15	217.99
Rebate and Discount	94.17	63.53
Sales Commission	37.22	39.60
Bad Debts written off	45.56	1.42
Provision for Bad debts	45.30	6.26
Other Selling Expenses	349.51	288.87
(Includes godown rent Rs.59.69 Lacs Pr.Yr.Rs.39.49 Lacs)		
	802.91	617.67
DISTRIBUTION EXPENSES		
Freight outward- Local sales	1548.65	1244.40
Freight outward- Export sales	234.52	170.97
Service Tax	50.81	61.35
	1833.98	1476.72
TOTAL	2636.89	2094.39
SCHEDULE R – INTEREST & FINANCE EXPENSES		
Interest on Term Loans	211.89	209.21
Interest on working Capital Loans	394.74	388.05
Other Interest	128.25	118.06
Bank Commission and Charges	69.16	72.80
TOTAL	804.04	788.12

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

SCHEDULE S – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. Historical Cost Basis:

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

2. Use of Estimates

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

3. Revenue Recognition

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

4. Sales

- A) Sales figures are inclusive of Excise duty, Value Added Tax, Central Sales Tax and freight in case of landed rates, but are net of sales returns, and rate difference adjustments.
- B) Domestic sales are accounted on dispatch of products to customers
- C) Export sales are recognized on the 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 prorata basis.
- D) In case of lease hold land, 95 % cost of lease is being amortized over a period of 20 years or the life of the lease whichever is less.
- E) Expenditure on projects pending capitalization are shown under the head "Capital Work In Progress" which will be capitalized 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 5 years, depending on their estimated useful life.
- B) The cost of software purchased including license fee is recognized as intangible assets and will be amortized over a period of 7 years on the basis of estimate of its useful life.

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.



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

9. Foreign Exchange Transactions

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

10. Investments

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

11. Employee Benefits

- A) 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. Employees stock option

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

13. 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

14. 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. 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.

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

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.

SCHEDULE T – NOTES TO THE FINANCIAL STATEMENT:

1. Secured Loans:

- Term loan from financial institutions are secured by equitable mortgage of certain land / plant and machineries of the Company.
- Facilities with bank comprise of term loan and overdraft facilities which are secured by equitable mortgage of certain land / plant and machineries of the Company and against stock and receivable of the Company.
- Deferred payment credits for purchase of vehicles are secured by hypothecation of the respective assets.
- Term Loan due within one year Rs 825.52 Lacs (Previous Year Rs 433.86 Lacs)
- Particulars of Securities charged to Lenders are as under :

SR. NO.	DETAILS OF ASSETS	FIRST CHARGE ON PARI PASSU BASIS	SECOND CHARGE
I	Present and future movable and immovable assets located at Plot no 172,174 and 175 Vadadala, Dist. Baroda.	IDBI & SBI For Term Loan	SBI For Working Capital
II	Present and future movable and immovable assets located at Plot No 157 Village Mamuara, Dist. Bhuj.	IDBI, EXIM & SBI, For Term Loan	SBI For Working Capital
III	Office premises situated at 307/308, Arundee Complex, Race Course, Baroda and at 134 & 135, 1 st Floor, Hindustan Kohinoor Ind. Complex, LBS Marg, Vikhroli (W), Mumbai.	IDBI, EXIM & SBI For Term Loan	SBI For Working Capital
IV	Present and future movable and immovable assets located at Plot No 104/3 Village, Puthur, Dist Tirunelveli, Tamilnadu.	IDBI For Term Loan	
V	No F-75/76/82/85 and H-83/84, RIICO Industrial area, Swaroopgunj, Rajasthan.	IDBI, EXIM & SBI For Term Loan	SBI For Working Capital
VI	Present and future movable and immovable assets located at Plot 253/254,718/729 GIDC,Industrial area,Waghodia Dist. Baroda.	SBI and IDBI For Working Capital	
VII	Present and future movable and immovable assets located at Plot F-140,F-141 and F-142, RIICO Industrial area, Alwar, Rajasthan.	SBI and IDBI For Working Capital	
VIII	Present and future movable and immovable assets located at Plot No. 23/24 at Hosur, Tamilnadu.	SBI and IDBI For Working Capital	
IX	Hypothecation of all the current assets of the company	SBI and IDBI For Working Capital	

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



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

2. Contingent Liabilities :

(Rupees in Lacs)

SR. NO.	PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
1	Demand of Sales Tax disputed in appeal.	6.34	14.02
2	Claims from Excise authorities not acknowledged as debt.	147.68	2.29
3	Demand of Income Tax disputed in appeal.	51.48	—

3. a) Estimated amount of contracts (net of advances) remaining to be executed on capital account, not provided for amounting to Rs.604.11 lacs (Previous year Rs.37.57 lacs).
- b) Company has given guarantee of Rs. 1250.00 Lacs on behalf of subsidiary company.
4. During the year there is change in basis of arriving cost of inventories from First in First out basis to Weighted Average Basis. However this change has no material impact on value of Inventories as on 31st March, 2010
5. Balance of Sundry Debtors – Others, includes amount of Rs 37.78 Lacs (Previous Year Rs. Nil) recoverable from a Subsidiary.
6. In the opinion of the management, the current assets, loans and advances are stated at a value, which is realizable in the ordinary course of business and provision is made for all known material liabilities.
7. Provision for Current Tax is made as per Section 115 JB of the Income Tax Act, 1961. However, Company is entitled to Minimum Alternate Tax Credit as per Section 115 J AA of the Income Tax Act, 1961.
8. The Company has indentified enterprises covered under, the Micro, Small, and Medium Enterprises Development Act, 2006 on the basis of the confirmation received from such enterprises. The amount payable to such enterprises is Rs 87.89 Lacs and interest payable to them is Rs 4.32 Lacs (Previous Year 8.30 Lacs).

9. Auditors remuneration:

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
Audit Fees	4.41	3.36
In other capacity	0.70	1.62
Out of Pocket Expenses	0.15	0.19

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

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
Salaries and Allowances	80.05	59.48
Contribution to P. F.	7.83	5.88
Total	87.88	65.36

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

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

11. Licensed and Installed Capacity.

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

B) Installed:

Particulars	Unit	MARCH 31, 2010	MARCH 31, 2009
1. Dry Ground Minerals	MT	80,500*	69,400*
2. Wet Ground Minerals China Clay Hydrous/ Refined and Calcined	MT	33,600**	26,400**
3. Speciality Chemicals	MT	7,500	3,150

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

* Capacity is variable depending upon the Micron size.

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

C) Particulars in respect of goods manufactured / traded.

(Rupees in Lacs)

Particulars	Dry Ground Minerals		Wet Ground Minerals		Others	
	Qty MT	Value	Qty MT	Value	Qty MT	Value
Opening Stock	9,814 (10,590)	485.30 (400.79)	5,152 (3,950)	234.55 (238.62)	2838 (2837)	21.46 (17.49)
Production/Purchase for re sale *	2,08,434 (1,78,002)	3,473.43 (2,668.72)	28,941 (15,625)	— (—)	4964 (13492)	— (—)
Purchase for resale (inter divisional)	4,790 (6,440)	— (—)	— (—)	— (—)	— (—)	— (—)
Sales*	2,01,569 (1,73,238)	13,111.53 (10,662.71)	22,999 (13,054)	3,898.82 (2,592.23)	3615 (2130)	1399.52 (1265.68)
Inter Divisional Sales	15,128 (12,156)	— (—)	1,572 (1,370)	— (—)	3920 (11361)	— (—)
Closing Stock	6,341 (9,814)	363.67 (485.30)	9,522 (5,152)	578.30 (234.55)	266 (2838)	27.96 (21.46)

Note: Figures in bracket relate to previous period.

* Production and Sales quantity includes sales of out sourced materials.

12. Particulars of Raw Materials Consumed.

(Rs in Lacs)

Particulars	Unit	MARCH 31, 2010		MARCH 31, 2009	
		Qty.*	Value	Qty*	Value
Dry Minerals	MT	2,34,453	6519.92	192941	4693.00
Wet Minerals	MT	75,778	1280.52	55631	305.28
Others		—	1163.49	—	1454.17
Total		—	8963.93	—	6452.45

*Consumption includes inter divisional transfers of 20451 MT in dry and 3944 MT in wet process (Previous year 12878 in dry and 10685 MT in wet process)



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

13. Value of imported and indigenous material consumed

(Rupees in Lacs)

Particulars	MARCH 31, 2010		MARCH 31, 2009	
	Value (In Rs.)	%	Value (In Rs.)	%
Raw Material				
Imported	1421.21	16%	510.79	8%
Indigenous	7542.72	84%	5941.66	92%
Total	8963.93	100	6452.45	100
Machinery Spares #				
Imported	14.81	4.52	3.39	1.17
Indigenous	317.45	95.48	288.61	98.83
Total	332.26	100	292.00	100

Also includes spares consumed for repairs.

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

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
Raw Material & Its Freight	514.28	142.64
Machinery Spares	14.81	3.39
Capital goods	-	14.64

15. Expenditure in foreign currency

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
Travelling	3.13	13.93
Sales Commission	12.27	18.58
Other Matters	41.43	19.27

16. Earnings in foreign currency

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
FOB Value of Exports	1720.12	1233.30

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

17. Gratuity

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

A) Changes in Present Value of Obligations.

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
Present Value of Obligation as at the beginning of the year	118.46	86.98
Interest Cost	9.48	6.96
Current Service Cost	16.32	11.84
Actuarial (gain) / Loss on obligations	24.96	18.32
Benefits paid	(2.46)	(5.64)
Present value of Obligation as at the end of the year	166.76	118.46

B) Changes in the Fair Value of Plan Assets.

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
Fair Value of Plan Assets at the beginning of the year	70.98	61.75
Expected Return on Plan Assets	9.64	5.30
Contributions	74.69	11.02
Actuarial Gain / (loss) on Plan Assets	3.13	(5.06)
Benefit paid	(2.30)	(2.03)
Fair Value of Plan Assets at the end of the year	156.14	70.98

C) The amount recognized in balance sheet.

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
Present Value of Obligations as at the end of the year	166.76	118.46
Fair value of plan Assets as at the end of the year	156.14	70.98
Net Asset / (Liability) recognized in Balance sheet	(10.62)	(47.49)

D) Amount recognized in the Profit and loss account.

(Rupees in Lacs)

Particulars	MARCH 31, 2010	MARCH 31, 2009
Current Service Cost	16.32	11.84
Interest Cost	9.48	6.96
Expected Return on Plan Assets	(9.64)	(5.30)
Net actuarial (gain) / loss recognized in the year	21.82	23.38
Expenses Recognized in the statement of Profit & Loss	37.98	36.88

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



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

E) Assumptions.

Particulars	MARCH 31, 2010	MARCH 31, 2009
Discount Rate	8.00 %	8.00 %
Rate of increase in Compensation Levels	5.50 %	5.50 %
Rate of Return on Plan Assets	9.00 %	8.00 %

- Discount Rate used for valuing liabilities is based on yields (as on valuation date) of Government Bonds with tenure similar to the expected working lifetime of the employee.
- Estimates of future salary increase are based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the company.
- This assumption is based on interest rates declared by L.I.C. on gratuity funds.

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

(A) List of related parties:

- (i) Enterprises where control exists:
 - a. 20 Microns SDN BHD
 - b. 20 Microns Nano Minerals Limited (w.e.f. February 03, 2010)
- (ii) Enterprises where significant influence exists:
 - a. Dispersive Minerals and Chemicals India Limited
 - b. Bruno Industrial Products Limited
 - c. Eriez Finance & investment Limited
 - d. Aric Industrial Products Private Limited
 - e. Trio Techno Minerals Private Limited
 - f. Nanotech Minerals India Private Limited
 - g. Ultra Minchem Equipments Private Limited
 - h. 20 Microns Foundation Trust.
 - i. 20 Microns Nano Minerals Limited (upto February 02, 2010)
- (iii) Key Management Personnel
 - a. Shri C S Parikh - Chairman and Managing Director
 - b. Shri S R Parikh - Whole Time Director
 - c. Shri R C Parikh - Managing Director
 - d. Shri A C Parikh - Jt. Managing Director
- (iv) Relatives of Key Management Personnel:
 - a. Mrs. I C Parikh - Wife of Shri C S Parikh
 - b. Shri L R Parikh - Brother of Shri Sudhir Parikh
 - c. Mrs D S Parikh - Wife of Shri Sudhir Parikh
 - d. Mrs S R Parikh - Wife of Shri Rajesh C Parikh

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

(B) Disclosures required for related parties transaction:

- Transactions during the year:

(Rupees in Lacs)

Description	Enterprises where control exists		Enterprises where significant influence exists		Key Management Personnel		Relatives of Key Management Personnel	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales	36.54	-	414.12	131.12	-	-	-	-
Sales Of Fixed Assets	257.25	-	15.23	20.80	-	-	-	-
Rendering of Services	2.87	-	51.40	23.21	-	-	-	-
Rent Paid	0.04	-	0.10	-	-	-	-	-
Rent Received	3.42	-	10.68	1.01	-	-	-	-
Royalty Received	-	-	-	12.44	-	-	-	-
Loan Given	-	-	-	139.03	-	-	-	-
Interest received on loan given	-	-	13.76	21.92	-	-	-	-
Advance Given	-	-	88.24	94.35	-	-	-	-
Interest on Advances	-	-	-	1.05	-	-	-	-
Purchase	113.00	-	399.79	543.00	-	-	-	-
Purchase Of Fixed Assets	-	-	-	8.22	-	-	-	-
Acquisition of process know how	-	-	27.57	60.67	-	-	-	-
Loan Repaid	-	-	170.00	-	-	-	-	-
Share Application Money	14.50	28.47	-	-	-	-	-	-
Advance received	-	-	12.50	-	-	-	-	-
Brokerage and OPE paid	-	-	8.29	-	-	-	-	-
Investment in shares	628.94	21.44	-	-	-	-	-	-
Donation Paid	-	-	5.50	0.30	-	-	-	-
Deposit Repayment	-	-	-	-	2.50	-	-	-
Deposit Received	-	-	-	-	-	-	23.80	22.70
Interest Paid on Deposit	-	-	-	-	0.74	0.37	5.84	4.04
Remuneration Paid *	-	-	-	-	*	*	8.41	12.76

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

- Balances at the end of the year:

(Rupees in Lacs)

Description	Enterprises where control exists		Enterprises where significant influence exists		Key Management Personnel		Relatives of Key Management Personnel	
	2010	2009	2010	2009	2010	2009	2010	2009
Debtors	37.78	-	64.53	175.54	-	-	-	-
Loan & Advances Given	-	-	88.24	264.35	-	-	-	-
Interest Receivable	-	-	-	21.92	-	-	-	-
Acquisition of process know how	-	-	27.57	-	-	-	-	-
Rendering Services	-	-	-	0.10	-	-	-	-
Share Application Money	14.50	28.47	-	-	-	-	-	-
Brokerage	-	-	1.13	-	-	-	-	-
Deposits	-	-	-	-	4.65	6.50	50.85	30.85



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

19. The deferred tax liability comprise of the following:

(Rupees In Lacs)

Particulars	As at March 31, 2009	Change during the year	As at March 31, 2010
Deferred Tax Liability			
Bad and Doubtful Debts	1.11	(12.46)	(11.35)
Product Development Expenses	14.96	9.29	24.25
Difference between WDV of fixed assets as per the Income Tax Act, 1961 and the Companies Act, 1956.	908.50	71.47	979.98
Deferred Tax Assets			
Unabsorbed losses and Depreciation	182.40	(182.41)	-
Disallowances u/s 40 (a)(ia)	1.53	(1.15)	0.39
Disallowances u/s 43 B	30.29	(22.25)	8.04
Provision for Gratuity liability	9.25	(12.45)	(3.21)
Net Deferred Tax Liabilities	701.10	286.57	987.66

20. Calculation of earning per share:

A) Basic

Particulars	MARCH 31, 2010	MARCH 31, 2009
Profit attributable to Shareholders (Rupees in Lacs)	Rs 729.74	Rs 133.96
Weighted average no. of Equity shares outstanding during the year	1,42,76,977	1,33,16,922
Nominal Value of Equity Shares (Rs.)	Rs 10/-	Rs 10/-
Basic earning per share (Rs.)	5.11	1.01

B) Diluted

Particulars	MARCH 31, 2010	MARCH 31, 2009
Profit attributable to Shareholders (Rupees in Lacs)	Rs 729.74	Rs 133.96
Weighted average no. of Equity shares outstanding during the year	14276977	1,33,70,956
Nominal Value of Equity Shares (Rs.)	Rs 10/-	Rs 10/-
Diluted earning per shares (Rs.)	5.11	1.00

21. Employees Stock Option Scheme – 2007:

- A) The Shareholders of the Company at the Extra Ordinary General Meeting held on March 28, 2007, approved the introduction of the Employees Stock Option Scheme - 2007 (ESOS-2007) for all the eligible employees of the Company. Under the scheme, 6,22,240 (now revised to 4,33,341 shares in terms of approval of Stock Exchange) Equity Shares of the Company have been earmarked to be granted. Pursuant to this approval, the company instituted ESOS-2007 and the compensation committee of the Company administered this plan.

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

- B) Pursuant to the above scheme, the employee will have the option to exercise the right within one year from the date of vesting of shares at Rs. 14 per share, being its exercise price.
- C) In accordance with the Guidance Note on "Accounting for Employees Share-Based Payments" the following information relates to the stock options granted by the Company:

Particulars	Stock Options (Numbers)	Range of Exercise Prices	Weighted Average Exercise Prices (Rs.)
Outstanding at the beginning of the year	2,00,527	14	14
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	1,20,979	14	14
Lapsed during the year	79,548	14	14
Outstanding at the end of the year	-	-	-

22. A) The Company uses forward contracts to hedge its risks associated with fluctuations in foreign currency and interest rates. The use of forward contracts is covered by Company's overall strategy. The Company does not use forward covers for speculative purposes.
- B) Part of the foreign currency loans are covered by comprehensive hedge which effectively fixes liability of such loans and further there is no additional risk involved post hedging of such loans.
- C) The outstanding forward contracts as at March 31, 2010 is Rs 3412.73 Lacs (Previous Year 648.68 Lacs) in respect of hedging forward cover.
23. The Company operates only in one business segment i.e. Industrial Minerals. In view of this, no separate Disclosure is required under AS -17.
24. Previous years figures have been regrouped, rearranged and reclassified wherever necessary to make them comparable with those of current year.

Signatures to the Schedules "A" to "T"

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

G. R. Parmar
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place: Vadodara
Date: May 31, 2010

Place: Vadodara
Date: May 31, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010

(Rs. in Lacs)

PARTICULARS	MARCH 31, 2010		MARCH 31, 2009	
A. Cash Flow from Operating Activities				
Net Profit before tax and extra ordinary items		1021.04		247.16
Adjusted for :				
Depreciation and Amortisation	475.05		403.59	
Gratuity Provision	37.98		36.89	
Bad debts written off (Net of write back)	42.52		1.42	
Provision for Doubtful Debts	45.30		6.26	
Sundry balance written-off (Net)	(9.43)		(6.80)	
(Profit) on Sale of Assets	(142.83)		(1.82)	
Loss on discard of assets	29.43		-	
Dividend Income	(1.59)		(10.14)	
Interest Received on loan	(15.86)		(36.47)	
Interest Received on bank deposits	(25.59)		(11.24)	
Interest Paid	773.74		738.91	
Exceptional Item (Restructuring fees)	-		371.05	
Exchange Rate Variation (Net)	(72.95)		30.99	
Forward Premium	30.30		18.23	
Operating Profit before working capital changes		2187.11		1788.01
Adjusted for				
Increase / (Decrease) in Trade Payable	109.17		455.16	
(Increase) / Decrease in Trade and receivables	(626.64)		(347.88)	
(Increase) / Decrease in Loans and Advances	278.45		(764.94)	
(Increase) / Decrease in Other Current Assets	(82.88)		(9.64)	
(Increase) / Decrease in Inventories	(1369.55)		(623.54)	
Cash Generated from Operation		495.67		497.17
Direct Taxes paid	166.86		92.56	
Cash Flow before Exceptional Item		328.81		404.60
Exceptional Item (Restructuring fees)	-		371.05	
Net Cash Inflow / (Outflow) in the course of Operating Activities		328.81		33.56
B. Cash Flow from Investing Activities				
Sale of Fixed Assets	280.52		41.69	
Purchase of Fixed Assets (Including Capital Work In Progress)	(1645.33)		(940.84)	
Investment In Subsidiary	(628.95)		(21.44)	
Receipt from other Investment	.20		-	
Dividend Income	1.59		10.14	
Interest Received on Bank Deposits	25.59		11.24	
Net cash used for investing activities		(1966.38)		(899.21)

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010 (Contd...)

PARTICULARS	MARCH 31, 2010		MARCH 31, 2009	
C. Cash Flow from Financing Activities				
Borrowings (Net) Long Term	1378.15		40.62	
Borrowings (Net) Short Term	1195.72		1169.04	
Interest Paid	(773.74)		(738.91)	
Forward premium	(30.30)		(18.23)	
Proceeds from Issue of Share Capital / Stock Option (Net)	1.64		176.04	
Share Application Money Received	-		0.67	
Share premium received	15.30		757.42	
Share Issue Expenses	-		(331.26)	
Net Cash Inflow/(outflow) in the course of financing activities		1786.77		1055.39
Net Increase / (Decrease) in Cash and Cash Equivalents		149.20		189.74
Cash and cash equivalents - opening balance		493.63		303.89
Cash and cash equivalents - closing balance		642.83		493.63

Notes:

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

Particulars	MARCH 31, 2010	MARCH 31, 2009
Cash and Bank Balance	643.31	497.74
Less: Due to Bank in Current Account	0.48	4.11
Cash and Cash Equivalents	642.83	493.63

- 2) Cash and Cash equivalents - Closing Balance includes Rs. 109.25 Lacs (Previous Year Rs. 101.41 Lacs) held as margin money deposits with banks.
- 3) Capital Expenditure includes and Interest Paid Excludes Rs. 29.50 Lacs (Previous Year Rs. 16.27 Lacs) of Interest Capitalised.
- 4) Bank Overdraft and other short term loans have been treated as part of financing activities.
- 5) Previous years figures have been re grouped wherever necessary.

Signatures to the Schedules "A" to "T"

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

G. R. Parmar
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place: Vadodara
Date: May 31, 2010

Place: Vadodara
Date: May 31, 2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration No. **9768** State Code-04
Balance Sheet Date **MARCH 31, 2010**

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES THOUSANDS)

TOTAL LIABILITIES	1358282	TOTAL ASSETS	1358282
SOURCE OF FUNDS		APPLICATION OF FUNDS	
Paid up Capital	143310	Net Fixed Assets	661117
Share Application Money	–	Net Current Assets	625236
Stock option outstanding	–	Investments	71928
Secured Loans	714513		
Reserves & Surplus	272686		
Unsecured Loans	129006		
Deferred Tax Liability	98766		

4. PERFORMANCE OF COMPANY (AMOUNT IN RUPEES THOUSANDS)

Turnover	1813802	Total Expenditure	1711698
Profit before Tax	102104	Profit after Tax	72974
Earning per Share (In Rs. Annualised)	5.11	Dividend rate %	10%

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

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

AUDITOR'S REPORT

To,
The Board of Directors,
20 MICRONS LIMITED

We have audited the attached consolidated balance sheet of **20 Microns Limited** (the Company) and its subsidiaries (collectively referred to as "the Group") as at 31st March 2010, and the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries, whose financial statements reflect (before giving effect to the consolidation adjustments) total assets of Rs. 1359.07 Lacs as at 31st March 2010, total revenue of Rs. 503.69 Lacs and cash flows amounting to Rs. 76.64 Lacs for the year then ended. These financial statements and other financial information of foreign subsidiary have been audited by other auditor whose reports have been furnished to us, and our opinion is based solely on the report of other auditor. In case of Indian Subsidiary the financial statements and other financial information have been certified by that Company's management and the same have been considered for the purpose of consolidation, and our opinion is based solely on these management certified accounts.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of other Auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 2010;.
- (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.

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

Place: Vadodara

Date: May 31, 2010

(G. R. Parmar)
Partner
Membership No.: 121462



CONSOLIDATED BALANCE SHEET AS AT MARCH 31ST, 2010

(RUPEES IN LACS)

PARTICULARS	SCHEDULE	AS AT March 31st , 2010	AS AT March 31st , 2009
SOURCES OF FUNDS :			
1. SHARE HOLDERS FUND			
a) Share Capital	A	1433.10	1420.52
b) Share Application Money		-	.67
c) Stock option outstanding		-	10.27
d) Reserves and Surplus	B	2567.51	2119.46
e) Capital Reserve on Consolidation		46.74	1.30
		4047.36	3552.22
2. MINORITY INTEREST		7.74	-
3. LOAN FUNDS			
a) Secured Loans	C	7445.15	4848.75
b) Unsecured Loans	D	1290.05	1012.56
		8735.20	5861.32
4. DEFERRED TAX LIABILITY (NET)		1007.66	697.86
TOTAL		13797.96	10111.39
APPLICATION OF FUNDS :			
1. FIXED ASSETS			
a) Gross Block	E	9903.97	8114.37
b) Less : Depreciation		3370.36	2964.16
c) Net Block		6533.61	5150.21
Capital Work - in -process		586.80	460.01
		7120.41	5610.22
2. INVESTMENTS	F	69.12	69.09
3. CURRENT ASSETS, LOANS AND ADVANCES	G		
a) Inventories		3538.96	1906.55
b) Sundry Debtors		3096.00	2328.92
c) Cash & Bank Balance		737.53	507.64
d) Other Current assets		423.56	157.72
e) Loans & Advances		1069.16	1263.83
		8865.20	6164.65
LESS : CURRENT LIABILITIES AND PROVISIONS			
a) Current Liabilities	H	2081.94	1681.42
b) Provisions	I	182.83	51.15
		2264.77	1732.56
NET CURRENT ASSETS		6600.43	4432.09
4. MISCELLANEOUS EXPENDITURE (To the extent of not written off or adjusted)		8.00	-
TOTAL		13797.96	10111.39
Statement of Significant Accounting Policies	S		
Notes on Accounts	T		

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

G. R. Parmar
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place: Vadodara
Date: May 31, 2010

Place: Vadodara
Date: May 31, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31ST, 2010

(RUPEES IN LACS)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED ON March 31st , 2010	FOR THE YEAR ENDED ON March 31st , 2009
INCOME :			
Sales (Gross)	J	18778.45	14533.36
Less:- Excise Duty and Sales Tax		754.93	733.82
Net Sales		18023.52	13799.54
Other Income	K	186.32	149.71
Increase/(Decrease) in Stock of Finished Goods	L	183.48	159.04
TOTAL		18393.33	14108.29
EXPENDITURE :			
Cost of Materials	M	9176.57	6459.11
Manufacturing Expenses	N	2128.71	1816.53
Payment to and Provision for Employees	O	1652.46	1513.59
Administrative and Other Expenses	P	486.59	407.99
Selling and Distribution Expenses	Q	2730.83	2097.18
Research & Development Expenses		25.19	31.47
		16200.36	12325.88
Profit before Depereciation, Interest, Tax and Exceptional Item		2192.97	1782.41
Interest and finance expenses	R	809.56	788.32
Depreciation and Amortisation		480.53	404.11
		1290.08	1192.43
Profit before Tax and Exceptional Item		902.89	589.98
Less: Exceptional Item (Restructuring fees)		-	371.05
Profit before Tax		902.89	218.93
Less: Current Tax		176.25	27.00
Less: MAT Credit Entitlement		176.25	27.00
		-	-
Wealth Tax		.75	1.50
Fringe Benefit Tax		-	27.50
Income Tax adjustment of earlier years		5.12	.39
Adjustment for Deferred Tax Debit/ (Credit)		298.28	81.35
Profit after Tax (Before Adjustment of Minority Interest)		598.74	108.98
Less: Share of Profit transferred to Minority Interest		11,918.96	-
Net Profit		598.62	108.98
BALANCE OF PROFIT AS PER LAST BALANCE SHEET		365.53	256.55
BALANCE AVAILABLE FOR APPROPRIATIONS		964.15	365.53
APPROPRIATIONS			
Proposed Dividend on Equity Shares	s	143.31	-
Tax On Proposed Dividend		23.80	-
BALANCE OF PROFIT CARRIED TO BALANCE SHEET		797.03	365.53
Basic Earning Per Share		4.19	0.82
Diluted Earning Per Share		4.19	0.81
Statement of Significant Accounting Policies	S		
Notes on Accounts	T		

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

G. R. Parmar
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place: Vadodara
Date: May 31, 2010

Place: Vadodara
Date: May 31, 2010



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

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE A – SHARE CAPITAL		
AUTHORISED		
2,00,00,000 Equity Shares of Rs.10/- each (Previous Year 2,00,00,000 Equity Shares)	2000.00	2000.00
ISSUED SUBSCRIBED AND PAID UP		
1,43,31,028 Equity Shares of Rs.10/- each fully paid up (Previous Year 1,42,05,248 shares)	1433.10	1420.52
TOTAL	1433.10	1420.52
SCHEDULE B – RESERVES AND SURPLUS		
GENERAL RESERVE		
As per last Balance Sheet	8.19	-
Add:- Transfer from Employees stock option Outstanding (on lapse of the Option)	3.98	8.19
	12.17	8.19
FOREIGN CURRENCY TRANSLATION RESERVE		
(Exchange differences during the year on net investment in non-integral operations)		
As per last Balance Sheet	(4.49)	-
Add/(Less): Change during the year	1.24	(4.49)
	(3.24)	(4.49)
Share Premium		
As per last Balance Sheet	1750.23	1319.83
Add:- Proceeds from public offer/Employee Stock Option Scheme	11.32	761.66
Less:- Issue Expenses Adjusted	-	331.26
	1761.55	1750.23
Balance in Profit and Loss account	797.03	365.53
TOTAL	2567.51	2119.46
SCHEDULE C – SECURED LOANS		
Term Loans from		
a financial institution	370.10	226.80
banks	2706.54	1584.34
	3076.64	1811.14
Working Capital Finance From bank	4270.18	2977.93
	4270.18	2977.93
Deferred Payment Credits		
against assets	98.33	59.68
TOTAL	7445.15	4848.75

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

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE D – UNSECURED LOANS		
Fixed Deposits		
From Directors	12.71	9.10
From Others	1127.09	819.92
	1139.80	829.02
Trade Deposit	3.30	4.49
Sales Tax Loan under Sales tax incentive scheme	146.96	179.05
TOTAL	1290.06	1012.56

SCHEDULE : E – FIXED ASSETS

(RUPEES IN LACS)

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As At 01.04.2009	Additions During Year	On Sale/ Adjustments	As At 31.03.2010	Upto 01.04.2009	Provided during year	On Sale/ Adjustments	Upto 31.03.2010	As At 31.03.2010	As At 31.03.2009
(A) Tangible Assets										
Freehold Land	55.37	6.99	-	62.36	-	-	-	-	62.36	55.37
Leasehold Land	75.07	-	-	75.07	35.61	11.30	-	46.91	28.16	39.46
Factory Building	1150.82	209.05	-	1359.87	285.22	39.25	-	324.46	1035.40	865.60
Plant and Machinery	6332.41	1360.60	(152.08)	7540.93	2420.20	368.70	(107.31)	2681.59	4859.34	3,912.21
Vehicles	217.45	106.96	(10.86)	313.55	73.01	23.00	(8.65)	87.35	226.19	144.46
Furniture, Fixtures and Office Equipments	228.22	42.49	-	270.71	139.12	12.16	-	151.28	119.43	89.10
(B) Intangible Assets										
Process Know How	55.00	134.84	-	189.84	11.00	54.94	-	65.94	123.90	44.00
Computer Software	-	91.65	-	91.65	-	12.83	-	12.83	78.82	-
Total	8114.34	1952.57	(162.95)	9903.97	2964.15	522.18	(115.97)	3370.36	6533.61	5,150.21
Previous Year	7,606.57	571.52	(63.72)	8,114.34	2,583.90	404.11	(23.85)	2,964.15	5,150.21	-

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE F – INVESTMENTS		
Long Term - Unquoted		
(i) In shares of		
60,000 Preference Shares (Previous Year 60,000) - 0.10% fully paid Redeemable Cumulative Convertible Preference Shares of Rs 100/- each of Eriez Finance and Investment Limited	60.00	60.00
80,000 Equity Shares (Previous Year 80,000) of Eriez Finance & Investment Ltd of Rs 10 each	8.00	8.00
(ii) Other securities		
National Saving Certificate (Lodged with Sales tax Authorities)	1.12	1.09
TOTAL	69.12	69.09



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

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE G – CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
Raw Materials (Including In Transit Rs. Nil, Previous Year Rs. 16.92 Lacs)	2355.92	1012.47
Finished Goods (Including In Transit Rs. Nil, Previous Year Rs. 74.63 Lacs)	1071.99	815.94
Stores & Spares	111.05	78.14
TOTAL	3538.96	1906.55
SUNDRY DEBTORS		
Debt outstanding for a period exceeding six months		
(a) Considered Good	31.38	88.80
(b) Considered Doubtful	45.80	7.86
	77.18	96.66
Less:Provision for doubtful debts	45.80	7.86
	31.38	88.80
Others (Considered Good)	3064.62	2240.12
TOTAL	3096.00	2328.92
CASH AND BANK BALANCES		
Cash on Hand	10.67	22.95
Balances with Scheduled Banks		
Fixed Deposit Accounts (Liquid Assets).	70.00	70.00
Fixed Deposit Accounts (Margin money)	112.29	101.41
Current Accounts.	544.57	313.28
(Including cheques on hand Rs 19.82 Lacs Previous Year Nil)		
TOTAL	737.53	507.64
OTHER CURRENT ASSETS		
Interest receivable on fixed deposit	24.33	16.13
Insurance Claim receivable	74.69	-
MAT Credit Receivable	324.55	141.59
TOTAL	423.56	157.72
LOANS AND ADVANCES		
[Unsecured,Considered Good]		
Advances recoverable in cash or kind or for value to be received	579.45	519.55
Loan	-	170.00
Deposits	281.23	221.95
Advance Income Tax (Net of provisions)	38.91	45.04
Advance for Capital Goods	169.57	307.29
TOTAL	1069.16	1263.83

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

(RUPEES IN LACS)

PARTICULARS	AS AT March 31st , 2010	AS AT March 31st , 2009
SCHEDULE H – CURRENT LIABILITIES		
Sundry Creditors		
Dues to Micro and other Small Enterprises	87.89	54.41
Others	1760.16	1401.29
Advances from Customers	40.52	17.76
Due to bank in current account	.49	86.33
Interest accrued but not due on deposits	88.66	56.84
Unclaimed Fixed Deposits	.40	.25
Other Liabilities	103.83	64.53
TOTAL	2081.94	1681.42
SCHEDULE I – PROVISIONS		
Proposed Dividend	143.31	-
Tax on Proposed Dividend	23.80	-
Excise and Royalty on finished goods	3.61	3.66
Provision for Gratuity	12.11	47.49
TOTAL	182.83	51.15

PARTICULARS	FOR THE YEAR ENDED ON March 31st , 2010	FOR THE YEAR ENDED ON March 31st , 2009
SCHEDULE J – SALES		
Domestic	16716.53	13124.01
Export	2061.93	1409.35
TOTAL	18778.45	14533.36
SCHEDULE K – OTHER INCOME		
Interest Income	52.07	49.63
Dividend	1.59	10.14
Income tax refund (including interest)	-	10.63
Profit on sales of Assets	5.72	1.82
Export incentive /Foreign exchange Income	72.17	5.40
Royalty received	-	12.73
Bad Debts Recovered/ write back	3.05	7.61
Insurance claims	.15	5.26
Rent Received	10.68	-
Miscellaneous Income	40.89	46.51
TOTAL	186.32	149.71



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

(RUPEES IN LACS)

PARTICULARS	FOR THE YEAR ENDED ON March 31st , 2010	FOR THE YEAR ENDED ON March 31st , 2009
SCHEDULE L – INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Closing Stock	1071.99	815.94
Less : Opening Stock	888.50	656.90
Increase/(Decrease) in Stock of Finished Goods	183.48	159.04
SCHEDULE M – COST OF MATERIALS		
Raw Material Consumed		
Opening Stock	1163.08	532.31
Purchases	10278.44	4168.82
	11441.52	4701.12
Less : Goods in Transit	-	16.92
Less : Closing Stock	2355.92	995.55
Raw Material Consumed	9085.59	3688.66
Purchase of Goods	90.97	2770.45
TOTAL	9176.57	6459.11
SCHEDULE N – MANUFACTURING EXPENSES		
Power and Fuel	1614.98	1399.15
Factory Expenses and other Manufacturing Expenses	131.26	114.60
Factory & Machinery Rent	30.93	-
Stores & Spares Consumed	20.36	20.83
Repairs - Plant & Machinery	315.10	271.17
- Building	16.10	10.78
TOTAL	2128.71	1816.53
SCHEDULE O – PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages, Bonus & Allowance	1437.59	1302.75
Contribution to Provident Fund & Others Funds	61.02	65.37
Gratuity	37.98	37.60
Staff Welfare & Amenities	26.12	41.59
Managerial Remuneration	89.75	66.28
TOTAL	1652.46	1513.59

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

(RUPEES IN LACS)

PARTICULARS	FOR THE YEAR ENDED ON March 31st , 2010	FOR THE YEAR ENDED ON March 31st , 2009
SCHEDULE P – ADMINISTRATIVE AND OTHER EXPENSES		
Vehicle Running & Maintenance	29.78	33.24
Rent	38.70	33.39
Rates and Taxes	16.89	2.58
Insurance	29.90	25.33
Post, Telephone & Courier	87.12	83.60
Travelling & Conveyance	91.80	88.29
Directors sitting fees	1.55	1.56
Professional Fees	26.81	35.69
Auditors Remuneration	5.88	4.10
Donation	9.34	.77
Loss on sale/ discarded of Assets	29.43	1.77
Miscellaneous Expense	116.80	1.42
Administrative Expenses	2.59	96.27
TOTAL	486.59	407.99
SCHEDULE Q – SELLING AND DISTRIBUTION EXPENSES		
SELLING EXPENSES		
Travelling Expenses	231.15	217.99
Rebate and Discount	94.88	63.53
Sales Commission	38.17	39.60
Bad Debts written off	45.56	-
Provision for Bad debts	45.18	6.26
Other Selling Expenses	357.79	288.89
(Includes godown rent Rs.59.69 Lacs Pr.Yr.Rs.39.49)		
	812.74	616.28
DISTRIBUTION EXPENSES		
Freight outward- Local sales	1632.72	1248.59
Freight outward- Export sales	234.52	170.97
Service Tax	50.85	61.35
	1918.09	1480.91
TOTAL	2730.83	2097.18
SCHEDULE R – INTEREST & FINANCE EXPENSES		
Interest on Term Loans	211.89	209.21
Other Interest	128.32	118.06
Interest on working Capital Loans	397.21	388.05
Bank Commission and Charges	72.13	73.00
TOTAL	809.56	788.32



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

SCHEDULE S – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. Principles of Consolidation:

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

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

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

2. Particulars of Consolidation:

The lists of Subsidiary Companies are as under:

Company	Year End	Country of Incorporation	Proportion of Ownership	
			As at 31st March 2010	As at 31st March 2009
20 Microns SDN BHD (Foreign Subsidiary)	31st March	Malaysia	100%	100%
20 Microns Nano Minerals Limited (Indian Subsidiary)	31st March	India	99.17%	Nil

3. Historical Cost Basis:

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

4. 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.

5. 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.

6. Sales

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

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

7. Fixed Assets and Depreciation

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 Pro-rata basis.
- D) In case of lease hold land, 95 % cost of lease is being amortized over a period of 20 years or the life of the lease whichever is less.
- E) Expenditure on projects pending capitalization is shown under the head "Capital Work In Progress" which will be capitalized in respective heads of Fixed Assets after commencement of commercial production.
- F) Machinery spares either procured along with plant and machineries or subsequently and whose useful life is expected to be irregular are capitalized and depreciated over residual use life of related plant and machinery.
- G) Assets costing less than Rs.5,000/- are fully depreciated in the year of purchase.

IN RESPECT OF THE FOREIGN SUBSIDIARY:

- H) 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%

8. 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.

9. 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 basis of determining the value of each class of inventory is as follows:

Raw Materials	On First in First basis
Finished Goods	Cost represents material, labour and appropriate proportion of manufacturing expenses and overheads.
Stores, Spares and other consumables	On First in First Out basis.



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

10. Foreign Exchange Transactions:

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

11. 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.

12. Employee Benefits

IN CASE OF THE COMPANY & INDIAN SUBSIDIARY:

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

IN CASE OF THE FOREIGN SUBSIDIARY:

- D) 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.
- E) 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.

13. 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.

14. 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.

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

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. Employees stock option

IN THE CASE OF THE COMPANY:

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

17. Intangible Assets

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) The cost of software purchased including license fee is recognized as intangible assets and will be amortized over a period of 7 years on the basis of estimate of its useful life.

IN THE CASE OF INDIAN SUBSIDIARY:

- C) 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.

18. Leases

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 Profit and Loss Account on accrual basis.

SCHEDULE T – NOTES TO THE FINANCIAL STATEMENT:

- 1. The audited financial statement of 20 Microns SDN BHD has been prepared in accordance with Financial Reporting Standard of Malaysia. Differences in accounting policies of the Company and Subsidiary are not material.
- 2. The Financial Statements of subsidiary 20 Microns Nano Minerals are for the period from 3rd February 2010 to 31st March 2010.
- 3. Secured Loans:

IN THE CASE OF COMPANY:

- A) Term loan from financial institutions are secured by equitable mortgage of certain land / plant and machineries of the Group.
- B) Facilities with bank comprise term loan and overdraft facilities which are secured by equitable mortgage of certain land / plant and machineries of the Group and against stock and receivable of the Group.
- C) Deferred payment credits for purchase of vehicles are secured by hypothecation of the respective assets.
- D) Term Loan due within one year Rs 825.52 Lacs (Previous Year Rs 433.86 Lacs)



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

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

SR. NO.	DETAILS OF ASSETS	FIRST CHARGE ON PARI PASSU BASIS	SECOND CHARGE
I	Present and future movable and immovable assets located at Plot no 172,174 and 175 Vadadala, Dist. Baroda.	IDBI & SBI For Term Loan	SBI For Working Capital
II	Present and future movable and immovable assets located at Plot No 157 Village Mamuara, Dist. Bhuj.	IDBI, EXIM & SBI, For Term Loan	SBI For Working Capital
III	Office premises situated at 307/308, Arundee Complex, Race Course, Baroda and at 134 & 135, 1 st Floor, Hindustan Kohinoor Ind. Complex, LBS Marg, Vikhroli (W), Mumbai.	IDBI, EXIM & SBI For Term Loan	SBI For Working Capital
IV	Present and future movable and immovable assets located at Plot No 104/3 Village, Puthur, Dist Tirunelveli, Tamilnadu.	IDBI For Term Loan	
V	No F-75/76/82/85 and H-83/84, RIICO Industrial area, Swaroopgunj, Rajasthan.	IDBI, EXIM & SBI For Term Loan	SBI For Working Capital
VI	Present and future movable and immovable assets located at Plot 253/254,718/729 GIDC,Industrial area,Waghodia Dist. Baroda.	SBI and IDBI * For Working Capital	
VII	Present and future movable and immovable assets located at Plot F-140,F-141 and F-142, RIICO Industrial area, Alwar, Rajasthan.	SBI and IDBI * For Working Capital	
VIII	Present and future movable and immovable assets located at Plot No. 23/24 at Hosur, Tamilnadu.	SBI and IDBI * For Working Capital	
IX	Hypothecation of all the current assets of the company	SBI and IDBI For Working Capital	

* Charges are yet to be created

F) All the term loans and working capital borrowings are further collaterally secured by personal guarantee of Chairman and Managing Director, Managing Director and Joint Managing Director of the Company.

IN THE CASE OF INDIAN SUBSIDIARY:

G) Term Loan is secured by way of First charge on all present and future fixed assets of the Company, Second charge on all present and future current assets of the Company and Corporate Guarantee of 20 Microns Ltd.

H) Working Capital Loans is secured by way of first charge on all present and future current assets of the Company, Second charge on all present and future fixed assets of the Company and Corporate Guarantee of 20 Microns Ltd.

I) Vehicle Loans are secured by hypothecation of vehicles.

4. Contingent Liabilities :

(Rupees in Lacs)

SR. NO.	PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
1	Demand of Sales Tax disputed in appeal.	6.34	14.02
2	Claims from Excise authorities not acknowledged as debt.	147.68	2.29
3	Demand of Income Tax disputed in appeal.	51.48	—

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

5. a) Estimated amount of contracts (net of advances) remaining to be executed on capital account, not provided for amounting to Rs.604.82 lacs (Previous year Rs.37.57 lacs).
b) Company has given guarantee of Rs. 1250.00 Lacs on behalf of subsidiary company.
6. In the opinion of the management, the current assets, loans and advances are stated at a value, which is realizable in the ordinary course of business and provision is made for all known material liabilities.
7. In the case of Company and Indian Subsidiary (20 Microns Nano Minerals Limited), Provision for Current Tax is made as per Section 115 JB of the Income Tax Act, 1961. However, they are entitled to Minimum Alternate Tax Credit as per Section 115 J AA of the Income Tax Act, 1961.
8. During the year in the case of Company, there is change in basis of arriving cost of inventories from First in First out basis to Weighted Average Basis. However this change has no material impact on value of Inventories as on 31'st March, 2010

9. Gratuity

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) Changes in Present Value of Obligations.

(Rupees in Lacs)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
Present Value of Obligation as at the beginning of the year	118.46	86.98
Interest Cost	9.48	6.96
Current Service Cost	16.32	11.84
Actuarial (gain) / Loss on obligations	24.96	18.32
Benefits paid	(2.46)	(5.64)
Present value of Obligation as at the end of the year	166.76	118.46

B) Changes in the Fair Value of Plan Assets.

(Rupees in Lacs)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
Fair Value of Plan Assets at the beginning of the year	70.98	61.75
Expected Return on Plan Assets	9.64	5.30
Contributions	74.69	11.02
Actuarial Gain / (loss) on Plan Assets	3.13	(5.06)
Benefit paid	(2.30)	(2.03)
Fair Value of Plan Assets at the end of the year	156.14	70.98



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

C) The amount recognized in balance sheet.

(Rupees in Lacs)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
Present Value of Obligations as at the end of the year	166.76	118.46
Fair value of plan Assets as at the end of the year	156.14	70.98
Net Asset / (Liability) recognized in Balance sheet	(10.62)	(47.49)

D) Amount recognized in the Profit and loss account.

(Rupees in Lacs)

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
Current Service Cost	16.32	11.84
Interest Cost	9.47	6.96
Expected Return on Plan Assets	(9.64)	(5.30)
Net actuarial (gain) / loss recognized in the year	21.82	23.38
Expenses Recognized in the statement of Profit & Loss	37.98	36.88

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

E) Assumptions.

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
Discount Rate	8.00 %	8.00 %
Rate of increase in Compensation Levels	5.50 %	5.50 %
Rate of Return on Plan Assets	9.00 %	8.00 %

- Discount Rate used for valuing liabilities is based on yields (as on valuation date) of Government Bonds with tenure similar to the expected working lifetime of the employee.
- Estimates of future salary increase are based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the company.
- This assumption is based on interest rates declared by SBI Life on gratuity funds.

IN THE CASE OF INDIAN SUBSIDIARY:

- F) Defined contribution plans: The Company has recognized Rs. 1,67,247/- (P.Y.Rs Nil) for Provident Fund Contribution as expenses under the defined contribution plan in the Profit & Loss account for the year ended 31st March, 2010.

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

- G) 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 and leave encashment was carried out at March 31, 2010 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.
10. Related party disclosures as required under the Accounting Standard AS – 18 on “Related Party Disclosures” as notified by The Companies (Accounting Standards) Rules, 2006 are given below:

(A) List of related parties:

- (ii) Enterprises where control exists:
 - a. 20 Microns SDN BHD
 - b. 20 Microns Nano Minerals Limited (w.e.f. February 03, 2010)
- (iii) Enterprises where significant influence exists:
 - a. Dispersive Minerals and Chemicals India Limited
 - b. Bruno Industrial Products Limited
 - c. Eriez Finance & investment Limited
 - d. Aric Industrial Products Private Limited
 - e. Trio Techno Minerals Private Limited
 - f. Nanotech Minerals India Private Limited
 - g. Ultra Minchem Equipments Private Limited
 - h. 20 Microns Foundation Trust.
 - i. 20 Microns Nano Minerals Limited (upto February 02, 2010)
- (iv) 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
e. Smt D J Mankad (up to 1 st October 2008)	-	Key Management Personnel
f. Shri P K Patel (up to 1 st October 2008)	-	Key Management Personnel
- (v) Relatives of Key Management Personnel:

a. Mrs. I C Parikh	-	Wife of Shri C S Parikh
b. Shri L R Parikh	-	Brother of Shri Sudhir Parikh
c. Mrs D S Parikh	-	Wife of Shri Sudhir Parikh
d. Mrs S R Parikh	-	Wife of Shri Rajesh C Parikh



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

(B) Disclosures required for related parties transaction:

- Transactions during the year:

(Rupees in Lacs)

Description	Enterprises where significant influence exists		Key Management Personnel		Relatives of Key Management Personnel	
	2010	2009	2010	2009	2010	2009
Sales	789.98	131.12	-	-	-	-
Sales Of Fixed Assets	15.23	20.80	-	-	-	-
Rendering of Services	83.50	23.21	-	-	-	-
Rent Paid	5.43	-	-	-	-	-
Rent Received	10.68	1.01	-	-	-	-
Royalty Received	-	12.44	-	-	-	-
Loan Given	-	139.03	-	-	-	-
Interest received on loan given	13.76	21.92	-	-	-	-
Advance Given	88.24	94.35	-	-	-	-
Interest on Advances	-	1.05	-	-	-	-
Purchase	735.70	543.00	-	-	-	-
Purchase Of Fixed Assets	3.70	8.22	-	-	-	-
Acquisition of process know how	27.57	60.67	-	-	-	-
Loan Repaid	170.00	-	-	-	-	-
Services Provided	4.67	-	-	-	-	-
Advance received	12.50	-	-	-	-	-
Brokerage and OPE paid	8.29	-	-	-	-	-
Issue of Share Capital	350.00	-	-	-	-	-
Donation Paid	5.50	0.30	-	-	-	-
Deposit Repayment	-	-	2.50	-	-	-
Deposit Received	-	-	-	-	23.80	22.70
Interest Paid on Deposit	15.86	-	0.74	0.37	5.84	4.04
Remuneration Paid	-	-	93.87	65.36	8.41	12.76

- Balances at the end of the year:

(Rupees in Lacs)

Description	Enterprises where significant influence exists		Key Management Personnel		Relatives of Key Management Personnel	
	2010	2009	2010	2009	2010	2009
Debtors	64.53	175.54	-	-	-	-
Loan & Advances Given	94.15	264.35	-	-	-	-
Interest Receivable	-	21.92	-	-	-	-
Acquisition of process know how	27.57	-	-	-	-	-
Rendering Services	-	0.10	-	-	-	-
Share Application Money	-	-	-	-	-	-
Brokerage	1.13	-	-	-	-	-
Deposits	-	-	4.65	6.50	50.85	30.85

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

11. Deferred Taxation:

IN THE CASE OF COMPANY:

(Rupees in Lacs)

PARTICULARS	2009-10	2008-09
Deferred Tax Liability		
Bad and Doubtful Debts	(11.35)	1.11
Product Development Expenses	24.25	14.96
Difference between WDV of fixed assets as per the Income Tax Act, 1961 and the Companies Act, 1956.	979.98	908.50
Deferred Tax Assets		
Unabsorbed losses and Depreciation	-	182.40
Disallowances u/s 40 (a)(ia)	0.39	1.53
Disallowances u/s 43 B	8.04	30.29
Provision for Gratuity liability	(3.21)	9.25
Net Deferred Tax Liabilities	987.66	701.10

IN THE CASE OF INDIAN SUBSIDIARY:

(Rupees in Lacs)

PARTICULARS	2009-10	2008-09
Difference between book depreciation and tax depreciation	31,63,998	23,06,762
Unabsorbed losses and depreciation	(8,74,056)	(15,49,878)
Expenses allowed under tax on payment basis	(37,496)	(19,193)
Gratuity	(45,943)	-
Total Deferred tax Liabilities/(Assets)	22,06,503	7,37,691

IN THE CASE OF FOREIGN SUBSIDIARY:

(Rupees in Lacs)

PARTICULARS	2009-10	2008-09
Deferred tax assets:		
Unutilized Capital Allowance	-	22,021
Unabsorbed tax loss	206,448	309,672
Deferred tax liabilities:		
Plant & Equipment-Capital allowance	-	(11,011)
Total	206,448	320,683



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

12. Calculation of earning per share:

A) Basic

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
Profit attributable to Shareholders (Rupees in Lacs)	Rs 598.62	Rs 108.98
Weighted average no. of Equity shares outstanding during the year	1,42,76,977	1,33,16,922
Nominal Value of Equity Share (Rs.)	Rs 10/-	Rs 10/-
Basic earning per share (Rs.)	4.19	0.82

B) Diluted

PARTICULARS	MARCH 31, 2010	MARCH 31, 2009
Profit attributable to Shareholders (Rupees in Lacs)	Rs 598.62	Rs 108.98
Weighted average no. of Equity shares outstanding during the year	1,42,76,977	1,33,16,922
Nominal Value of Equity Share (Rs.)	Rs 10/-	Rs 10/-
Diluted earning per share (Rs.)	4.19	0.81

13. Employees Stock Option Scheme – 2007:

IN THE CASE OF COMPANY:

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

Particulars	Stock Options (Numbers)	Range of Exercise Prices	Weighted Average Exercise Prices (Rs.)
Outstanding at the beginning of the year	2,00,527	14	14
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	1,20,979	14	14
Lapsed during the year	79,548	14	14
Outstanding at the end of the year	-	-	-

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

14. IN THE CASE OF COMPANY:

- 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, 2010 is Rs 3412.73 Lacs (Previous Year 648.68 Lacs) in respect of hedging forward cover.
15. The Group operates only in one business segment i.e. Industrial Minerals. In view of this, no separate Disclosure is required under AS -17.
16. Comparative figures do not include the figures of the newly acquired subsidiary namely 20 Microns Nano Minerals Limited. Consequently, the figures of previous year are not strictly comparable with the figures for the year ended March 31, 2010.

Signatures to the Schedules "A" to "T"

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

G. R. Parmar
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place: Vadodara
Date: May 31, 2010

Place: Vadodara
Date: May 31, 2010



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010

(Rs. in Lacs)

PARTICULARS	MARCH 31, 2010		MARCH 31, 2009	
A. Cash Flow from Operating Activities				
Net Profit before tax and extra ordinary items		902.89		218.55
Adjusted for :				
Depreciation and Amortisation	501.82		404.11	
Gratuity Provision	37.98		36.89	
Bad debts written off (Net of write back)	42.52		1.42	
Provision for Doubtful Debts	45.18		6.26	
Sundry balance written-off (Net)	(9.43)		(6.80)	
Exchange difference arise on consolidation	1.24		(2.81)	
(Profit) on Sale of Assets	(142.83)		(1.82)	
Loss on discard of assets	29.43		-	
Dividend Income	(1.59)		(10.14)	
Interest Received on loan	(15.86)		(36.47)	
Interest Received on bank deposits	(31.67)		(11.24)	
Interest Paid	798.24		738.91	
Exceptional Item (Restructuring fees)	-		371.05	
Adjustments for Consolidation	171.24		-	
Exchange Rate Variation (Net)	(72.95)		30.99	
Forward Premium	30.30		18.23	
Operating Profit before working capital changes		2286.51		1,757.12
Adjusted for				
Increase / (Decrease) in Trade Payable	205.64		457.17	
(Increase) / Decrease in Trade and receivables	(781.50)		(356.27)	
(Increase) / Decrease in Loans and Advances	257.97		(736.47)	
(Increase) / Decrease in Other Current Assets	(57.52)		(9.64)	
(Increase) / Decrease in Inventories	(1521.89)		(623.54)	
Cash Generated from Operation		389.21		488.37
Direct Taxes paid	175.81		92.56	
Cash Flow before Exceptional Item		213.39		395.80
Exceptional Item (Restructuring fees)	-		371.05	
Net Cash Inflow / (Outflow) in the course of Operating Activities		213.39		24.75
B. Cash Flow from Investing Activities				
Sale of Fixed Assets	23.27		41.69	
Purchase of Fixed Assets (Including Capital Work In Progress)	(1833.66)		(943.57)	
Investment	(.23)		-	
Receipt from other Investment	.20		-	
Dividend Income	1.59		10.14	
Interest Received on Bank Deposits	31.67		11.24	
Net cash used for investing activities		(1777.16)		(880.49)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2010 (Contd...)

PARTICULARS	MARCH 31, 2010		MARCH 31, 2009	
C. Cash Flow from Financing Activities				
Borrowings (Net) Long Term	1579.67		40.62	
Borrowings (Net) Short Term	1292.25		1,169.04	
Interest Paid	(798.24)		(738.91)	
Forward premium	(30.30)		(18.23)	
Proceeds from Issue of Share Capital / Stock Option (Net)	1.64		176.04	
Share Application Money Received	-		0.67	
Share Application Money Repaid	(78.41)		-	
Share premium received	15.30		757.42	
Unsecured Loan	(184.31)		-	
Share Issue Expenses	(8.00)		(331.26)	
Net Cash Inflow/(outflow) in the course of financing activities		1789.60		1,055.39
Net Increase / (Decrease) in Cash and Cash Equivalents		225.83		199.65
Cash and cash equivalents - opening balance	503.54		303.89	
Add: Upon addition of New Subsidiaries	7.66	511.20	-	303.89
Cash and cash equivalents - closing balance		737.04		503.54

Notes:

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

Particulars	MARCH 31, 2010	MARCH 31, 2009
Cash and Bank Balance	737.53	507.65
Less: Due to Bank in Current Account	0.49	4.11
Cash and Cash Equivalents	737.04	503.54

- 2) Cash and Cash equivalents - Closing Balance includes Rs. 112.29 Lacs (Previous Year Rs. 101.41 Lacs) held as margin money deposits with banks.
- 3) Capital Expenditure includes and Interest Paid Excludes Rs. 29.50 Lacs (Previous Year Rs. 16.27 Lacs) of Interest Capitalised.
- 4) Bank Overdraft and other short term loans have been treated as part of financing activities.
- 5) Previous years figures have been re grouped wherever necessary.

Signatures to the Schedules "A" to "T"

As per our audit report attached

For **Manubhai & Co.**
Chartered Accountants

For and on behalf of Board of Directors

G. R. Parmar
Partner

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place: Vadodara
Date: May 31, 2010

Place: Vadodara
Date: May 31, 2010



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

RELATING TO SUBSIDIARY COMPANY FOR THE YEAR ENDED 31ST MARCH, 2010

1. Name of the Subsidiary Company : 20 Microns SDN BHD.
20 Microns Nano Minerals Ltd.
2. The Financial Year of the Subsidiary Company ended on : 31st March, 2010
3. Number of Equity Shares held by 20 Microns Ltd. in the Subsidiary as at the end of the financial year of the subsidiary.
 - 20 Microns Sdn.Bhd. : 360000 Ordinary shares of RM 1.00 Fully Paid
 - 20 Microns Nano Minerals Ltd. (w.e.f 3rd February,2010) : 6000000 Ordinary shares of Rs.10/- Fully Paid

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

 - 20 Microns Sdn.Bhd. : 99.99%
 - 20 Microns Nano Minerals Ltd. (w.e.f 3rd February,2010) : 99.17%
4. Net aggregate of the Subsidiary Company 's Profit / (Loss) not dealt with in the Company 's Accounts.
 - a) For the Subsidiary Company 's financial year ended on 31st March, 2010. :
 - 20 Microns Sdn.Bhd. : Profit Rs. 4.41 Lacs
 - 20 Microns Nano Minerals Ltd. (w.e.f 3rd February,2010) : Profit Rs. 8.46 Lacs
 - b) For the Subsidiary Company 's previous financial years since it became the Holding Company 's Subsidiary. :
 - 20 Microns Sdn.Bhd. : Loss Rs. 24.98 Lacs
 - 20 Microns Nano Minerals Ltd. : N.A.
5. Net aggregate amount of the Subsidiary's Profit / (Loss) dealt with in the Company's Accounts. :
 - A. For the Subsidiary Company 's financial year ended on 31st March, 2010. : NIL
 - B. For the Subsidiary Company 's previous financial years since it became the Holding Company 's Subsidiary : NIL

For and on behalf of the Board of Directors

Chandresh S Parikh
Chairman and Managing Director

Rajesh C Parikh
Managing Director

P M Shah
Director

N J Savaliya
Company Secretary

Place:- Vadodara
Date: May 31, 2010

**Financial Statements
for the year ended 31st March 2010 of**





DIRECTORS' REPORT

**To The Members of
20 Microns Nano Minerals Limited**

Your Directors are pleased to present 17th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

RESULTS OF OPERATIONS:

The working results during the year under review are summarized as under:

[Rs. in Lacs]

Particulars	2009-10	2008-09
Sales & Other Income	1643.70	978.31
Expenditure	1583.54	957.71
Profit Before Tax	49.64	19.00
Taxation	14.69	7.47
NET PROFIT	34.95	11.57

DIVIDEND:

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

RESPONSIBILITY STATEMENT:

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.

FINANCE

It is gratifying to note that IDBI Bank Limited had been kind enough to sanction to the Company various credit facilities, including Term Loan, to the tune of Rs. 1225 Lacs.

INCREASE IN PAID UP CAPITAL

During the year, the Company made Two Allotments on 03.02.2010 and 30.03.2010 of 35,00,000 & 25,00,000 Equity Shares of Rs. 10 each to 20 Microns Limited [20 ML], which constitutes 99.17% of the total paid-up capital of the Company. Hence, the Company has become Subsidiary of 20 ML w.e.f. 03.02.2010.

APPOINTMENT OF COMPANY SECRETARY

As aforesaid, the Company has made two allotments of the Equity Shares during the year aggregating Paid up Capital to the tune of Rs. 6,05,00,200/- consisting of 60,50,020 Equity Shares of Rs. 10/- each. In terms of Section 383A of the

DIRECTORS' REPORT (Contd....)

Companies Act, 1956 read with Companies (Appointment & Qualifications of Secretaries) Rules, 1988, every Company having a paid up share capital of not less than Rupees Five Crores shall have a Whole Time Secretary. In view thereof, the Company has already started the process of appointing qualified Company Secretary on whole time basis.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules framed thereunder during the year under report.

CORPORATE GOVERNANCE

The Company being an Un-listed Company, Guidelines issued by the Securities & Exchange Board of India [SEBI] on Corporate Governance, which are generally included in Clause 49 of the Listing Agreement, are not applicable to this Company. However, as a first step in the direction of Good Corporate Governance, your Company has on its own voluntarily implemented some of the significant provisions thereof.

PARTICULARS OF EMPLOYEES

The Company does not have any employee to whom the provisions of Section 217(2A) of the Companies Act, 1956 read with The Companies [Particulars of Employees] Rules, 1975 are applicable.

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

In terms of the provisions of Section 217(1)(e) of the Companies Act, 1956 read with The Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988, as amended, the particulars of Energy Conservation, Technology Absorption & Foreign Exchange Earnings and Out go are given in the Annexure to this Report.

INDUSTRIAL RELATIONS

Industrial relations remain cordial and peaceful at all levels.

DIRECTORATE

Mr. Sudhir R. Parikh and Mr. Atil C. Parikh retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Rajesh C. Parikh ceased to be the Whole time Director designated an Executive Director w.e.f. 30.03.2010 but he continues to be the Director on the Board of the Company.

AUDITORS

M/s. K. C. Mehta & Co., Chartered Accountants, Vadodara, retire at the forthcoming Annual General Meeting have made themselves available for re-appointment. The Company has received a letter from Statutory Auditors to the effect that in case their appointment is made it would be within the specified limit under section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance & co-operation received from the Government Authorities, Bankers, Customers, Vendors and all others.

Your Directors also wish to place on record deep sense of their appreciation for assistance of IDBI Bank Limited and for the valuable & committed services of the Executives, Staff & Workers of the Company.

For and on behalf of the Board of Directors

Place: Vadodara
Date: 28.05.2010

Chandresh S. Parikh
Director



DIRECTORS' REPORT (Contd....)

ANNEXURE - A

TO THE DIRECTOR'S REPORT, 2010

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

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors' Report

Conservation of Energy

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

FORM - A

CONSERVATION OF ENERGY FOR THE YEAR ENDED 31ST MARCH, 2010

a. Power and Fuel Consumption

A)	Fuel Consumption	2009-10	2008-09
1	Electricity	2009-10	2008-09
	Purchased from Electricity Board		
	Unit consumed	744688	100661
	Total Amounts (Rs. in Lacs)	44.67	5.97
	Average Rate / unit (Rs.)	6.00	5.93
2.	Diesel / SKO		
	Diesel / SKO Liters	218.31	—
	Total Amount (Rs. in Lacs)	58.51	—
	Average Rate / Liter (Rs.)	26802	—
3	Gas		
	Gas used SCM	35486.81	14910.48
	Total (Rs. In Lacs)	7.69	3.51
	Average Rate/ SCM (Rs)	21.67	23.57
4	Coal / Wood /Lignite		
	Coal / wood / Lignite used MT	114.63 MT	2205 KGS
	Total Amount (Rs. in Lacs)	2.58	0.06
	Average Rate/ MT (Rs)	2.25	3.00

DIRECTORS' REPORT (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, benefits derived and future action plans, if any:
 - R & D activities have been carried out in the field of development of various products of the Company.
- b) Expenditure on R & D
 - a) Capital : Rs. Nil Lacs
 - b) Recurring : Rs. 1.69 Lacs
 - c) Total : Rs. 1.69 Lacs
 - d) Total R & D expenditure as a percentage of total turnover : 0.10%

2. Technology absorption, adaptation and innovation:

1. Efforts in brief made towards technology absorption, adaptation and innovation. – N.A.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc. – N.A.
3. 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: - N.A.
- b) Total Foreign Exchange used and earned:
 - i. Foreign Exchange Earned: Rs 5,71,319/-
 - ii. Foreign Exchange Used : Rs. 12,47,091/-



AUDITOR'S REPORT

TO THE MEMBERS OF 20 MICRONS NANO MINERALS LIMITED

1. We have audited the attached Balance Sheet of **20 Microns Nano Minerals Limited** as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of the books;
 - c. the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Profit & Loss account and Cash Flow Statement dealt with by this report are in compliance with Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
 - e. on the basis of the written representations received from the directors of the Company, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. in the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For K. C. Mehta & Co.
Chartered Accountants
Firm's Registration No.106237W

Vishal P. Doshi
Partner
Membership No. 101533

Mumbai, 29th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

(referred to in paragraph (3) thereof)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of fixed assets which, in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed of a substantial part of its fixed assets during the year and therefore, do not affect the going concern assumption.
- ii. (a) The inventory has been physically verified by the management at regular intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. (a) The Company has not granted any secured or unsecured loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore, the provisions of clause (iii) (a), (b), (c) and (d) of the Order are not applicable to the Company.
- (b) The company has taken unsecured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 1,98,62,174/- and the year end balance of loan taken was Rs.Nil.
- (c) In our opinion and according to the information and explanation given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (d) The terms and conditions of the loans taken do not involve repayment of principal. However the payment of interest is regular.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services. Further on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- v. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits during the year from the public within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and therefore, the provisions of clause (vi) of the Order are not applicable to the Company.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. As informed to us, the Company is not required to maintain cost records pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and therefore, the provisions of the clause (viii) of the Order are not applicable to the Company.



ANNEXURE TO THE AUDITORS' REPORT (Contd...)

- ix. (a) In our opinion and according to the information and explanation given to us, undisputed statutory dues in respect of investor education and protection fund, employees state insurance, sales tax, custom duty, service tax, excise duty, cess and other material statutory dues applicable to it as and when payable, have been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months from the date they become payable as at 31st March 2010.
- (b) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, there are no dues of sales tax, wealth tax, service tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute.
- x. In our opinion and according to information and explanations given to us, the company does not have any accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. Company has not borrowed from the financial institutions and has not issued any debentures.
- xii. According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the provisions of clause (xii) of the Order are not applicable to the Company.
- xiii. In our opinion and according to information and explanations given to us, the company is not a chit fund or a nidhi / mutual benefit fund society and therefore, the provisions of clause (xiii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. All the investments have been held by the Company in its own name.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions and therefore, the provisions of clause (xv) of the Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us the term loans have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have not been used for long term investment.
- xviii. The company has made preferential allotment of shares at par to a company covered in the register maintained under section 301 of the Companies Act, 1956. The company has received consent letters from other shareholders approving of the terms and conditions at which the preferential allotment of shares has been made.
- xix. According to the information and explanations given to us, during the period of audit the Company has not issued any secured debentures and therefore, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. According to the information and explanations given to us, the company is private company and has not issued any shares to the public and therefore, the provisions of clause (xx) of the Order are not applicable to the Company.
- xxi. According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For K. C. Mehta & Co.
Chartered Accountants
Firm's Registration No.106237W

Vishal P. Doshi
Partner
Membership No. 101533

Mumbai, 29th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE	AS AT March 31st , 2010 Rs.	AS AT March 31st , 2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	60,500,200	500,200
Share Application Money		-	6,450,000
Reserves and Surplus	2	5,190,357	1,694,856
Loan Funds			
Secured Loans	3	30,001,037	196,404
Unsecured Loans	4	-	18,431,087
Deferred Tax Liability (Net)		2,206,503	737,691
TOTAL		97,898,097	28,010,238
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		32,941,616	15,058,694
Less : Depreciation		4,661,081	2,035,885
Net Block		28,280,535	13,022,809
Capital work-in-Progress		36,187,288	9,511,693
Investment	6	23,000	-
Current Assets, Loans, and Advances			
Inventories	7	26,285,782	11,051,741
Sundry Debtors	8	23,385,024	10,224,364
Cash and Bank Balances	9	6,751,116	766,037
Other current Assets	10	3,696,209	6,231,449
Loans and Advances	11	4,514,126	1,584,216
		64,632,258	29,857,807
Less: Current Liabilities and Provisions			
Current Liabilities	12	31,876,302	24,265,329
Provisions	13	148,682	116,741
		32,024,984	24,382,070
Net Current Assets		32,607,274	5,475,737
Miscellaneous Expenditure to the extent not written off -Share issue expenses		800,000	-
TOTAL		97,898,097	28,010,239
Significant Accounting Policies and Notes on Accounts	23		

As per our audit report attached

For **K. C. Mehta & Co.**
Chartered Accountants

Vishal P. Doshi
Partner
Membership No. 101533

Place: Mumbai
Date: 29.05.2010

For **20 Microns Nano Minerals Limited**

Atil C. Parikh
Managing Director

Chandresh S. Parikh
Director

Place: Vadodara
Date: 28.05.2010



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	SCHEDULE	Year ended on March 31st , 2010 Rs.	Year ended on March 31st , 2009 Rs.
INCOME			
Sales (Gross)	14	164,370,470	97,831,225
Less : Excise duty		1,822,542	740,374
Net Sales		162,547,928	97,090,851
Other Income	15	796,456	590,361
TOTAL		163,344,384	97,681,212
EXPENDITURE			
Material Cost	16	84,621,279	73,272,047
Manufacturing and Other Expenses	17	17,269,817	3,033,284
Employee Costs	18	10,595,249	4,829,662
Administration and Other Expenses	19	2,817,603	3,123,841
Selling and Distribution Expenses	20	37,974,928	7,360,011
Interest and Financial Charges	21	2,450,002	2,336,494
Depreciation	5	2,625,196	1,815,312
TOTAL		158,354,073	95,770,651
Profit Before Tax and Prior Period Adjustments		4,990,311	1,910,561
Less: Prior Period Items	22	25,999	10,400
Profit Before Tax		4,964,312	1,900,161
Provision for Tax			
- Current Tax		775,000	220,000
- Fringe Benefit Tax		-	60,000
- Deferred Tax		1,468,812	687,641
MAT Credit Entitlement		(775,000)	(220,000)
Taxation adjustments for earlier years		-	(4,434)
Profit After Tax		3,495,500	1,156,954
Add: Balance brought forward from Previous Year		1,694,857	537,902
Balance carried to Balance Sheet		5,190,357	1,694,856
Basic Earning Per Share (In Rs.)		5.64	23.13
Diluted Earning Per Share (In Rs.)		5.65	1.80
Face value per Equity share Rs.		10	10
Significant Accounting Policies and Notes on Accounts	23		

As per our audit report attached

For **K. C. Mehta & Co.**
Chartered Accountants

Vishal P. Doshi
Partner
Membership No. 101533

Place: Mumbai
Date: 29.05.2010

For **20 Microns Nano Minerals Limited**

Atil C. Parikh
Managing Director

Chandresh S. Parikh
Director

Place: Vadodara
Date: 28.05.2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

PARTICULARS	AS AT March 31st , 2010 Rs.	AS AT March 31st , 2009 Rs.
SCHEDULE 1: SHARE CAPITAL		
Authorised:		
1,00,00,000 Equity Shares of Rs.10/- each (Previous Year 20,00,000 Shares of Rs.10/- each)	100,000,000	20,000,000
Issued, Subscribed and Paid Up		
60,50,020 Equity Shares of Rs.10/- each fully paid up (Previous Year 50,020 Equity Shares of Rs 10/- each) (Of the above 60,00,000 shares are held by the Holding Company, 20 Microns Limited w.e.f. 2nd February 2010)	60,500,200	500,200
TOTAL	60,500,200	500,200
SCHEDULE 2: RESERVES AND SURPLUS		
Profit and Loss Account	5,190,357	1,694,856
TOTAL	5,190,357	1,694,856
SCHEDULE 3: SECURED LOANS		
Loans from Banks :		
- Term Loans	20,000,000	-
- Working Capital Loans	9,652,915	-
- Vehicle Loans	348,122	196,404
TOTAL	30,001,037	196,404
I. Term Loan is secured by way of First charge on all present and future fixed assets of the Company, Second charge on all present and future current assets of the Company and Corporate Guarantee of 20 Microns Ltd.		
II. Working Capital Loans is secured by way of first charge on all present and future current assets of the Company, Second charge on all present and future fixed assets of the Company and Corporate Guarantee of 20 Microns Ltd		
III. Vehicle Loans are secured by hypothecation of vehicles.		
SCHEDULE 4: UNSECURED LOANS		
Inter Corporate Loan	-	18,431,087
TOTAL	-	18,431,087



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

SCHEDULE : 5 – FIXED ASSETS

(RUPEES IN LACS)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As At 01.04.2009	Additions	Deletions/ Adjustments	As At 31.03.2010	As At 01.04.2009	Additions	Deletion/ Adjustments	As At 31.03.2010	As At 31.03.2010	As At 31.03.2009
(A) Tangible Assets										
Land	698,500	-	-	698,500	-	-	-	-	698,500	698,500
Factory Building	-	1,475,518	-	1,475,518	-	24,999	-	24,999	1,450,519	-
Plant & Machinery	5,272,801	15,684,401	-	20,957,202	233,335	809,548	-	1,042,883	19,914,319	5,039,466
Computer	85,800	201,673	-	287,473	24,403	15,476	-	39,879	247,594	61,397
Office Equipments	18,000	38,928	-	56,928	1,140	2,651	-	3,791	53,137	16,860
Furniture & Fittings	8,974	-	-	8,974	757	568	-	1,325	7,649	8,217
Vehicle	490,697	482,402	-	973,099	79,466	75,170	-	154,636	818,463	411,231
Total (A)	6,574,772	17,882,922	-	24,457,694	339,101	928,412	-	1,267,513	23,190,181	6,235,671
(B) Intangible Assets										
Process Know How	8,483,922	-	-	8,483,922	1,696,784	1,696,784	-	3,393,568	5,090,354	6,787,138
Total (B)	8,483,922	-	-	8,483,922	1,696,784	1,696,784	-	3,393,568	5,090,354	6,787,138
Total (A+B)	15,058,694	17,882,922	-	32,941,616	2,035,885	2,625,196	-	4,661,081	28,280,535	13,022,809
Previous Year	3,373,900	12,468,052	783,258	15,058,694	85,944	1,990,400	40,459	2,035,885	13,022,809	
Capital Work In Progress (Including Advances of Rs 7,68,289/- (Pr Yr Rs Nil))									36,187,288	9,511,693

Note : (1) Payment made in respect of acquiring Mining Lease Rights and expenditure incurred for in house development of new product during the year are included under Capital Work In Progress.

(2) Process Know How is in respect of expenditure incurred for in house development of product and is recognised as intangible asset in accordance with criteria laid down in Accounting Standard (AS-26) "Intangible Assets".

PARTICULARS	AS AT March 31st , 2010 Rs.	AS AT March 31st , 2009 Rs.
SCHEDULE 6: INVESTMENT		
Long Term Investments - in Government Securities		
- NSC	23,000	-
TOTAL	23,000	-
Aggregate value of unquoted Investment	23,000	-
SCHEDULE 7: INVENTORIES		
(As taken, valued and certified by Management)		
Raw Materials	12,651,655	2,271,265
Mines Materials	3,070,327	2,533,940
Fuel	358,235	-
Finished Goods	10,205,565	6,246,536
TOTAL	26,285,782	11,051,741
SCHEDULE 8: SUNDRY DEBTORS		
(Unsecured, considered good unless otherwise stated)		
Over six months		
- Considered Good	-	227,750
- Considered Doubtful	50,238	62,112
	50,238	289,862
Less: Provision for Bad & doubtful Debts	50,238	62,112
Others	23,385,024	9,996,614
TOTAL	23,385,024	10,224,364

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

PARTICULARS	AS AT March 31st , 2010 Rs.	AS AT March 31st , 2009 Rs.
SCHEDULE 9: CASH AND BANK BALANCES		
Cash on hand	54,292	101,623
Bank balances with Scheduled Banks in		
- Current Accounts	6,392,406	545,733
- Deposit Accounts	304,418	118,681
TOTAL	6,751,116	766,037
SCHEDULE 10 : OTHER CURRENT ASSETS		
Deposits with Others	3,696,209	6,231,449
TOTAL	3,696,209	6,231,449
SCHEDULE 11: LOANS AND ADVANCES (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	1,670,428	701,689
Advance Tax (Net of provisions)		
- Income Tax	311,797	213,922
- Fringe Benefit Tax	8,561	-
MAT Credit Receivable	995,000	220,000
Deposits with Government Departments	1,528,340	448,605
TOTAL	4,514,126	1,584,216
(Advances recoverable in Cash or kind includes Rs.5,91,354/- (Previous year Rs. 4,96,943/-) receivable from the Companies under the Same Management)		
SCHEDULE 12: CURRENT LIABILITIES		
Sundry Creditors		
(a) Dues to Micro and Small enterprises (See Note No. 18 of Schedule 23)	-	757,144
(b) Dues to others	28,388,529	22,648,016
	28,388,529	23,405,160
Other Liabilities	3,487,773	860,169
TOTAL	31,876,302	24,265,329
SCHEDULE 13: PROVISIONS		
Provisions for		
- Fringe Benefit Tax (Net of advance Tax)	-	13,249
- Gratuity	148,682	103,492
TOTAL	148,682	116,741



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

PARTICULARS	Year ended on March 31st , 2010 Rs.	Year ended on March 31st , 2009 Rs.
SCHEDULE 14: SALES/ SERVICE		
Sales (Gross)		
Export Sales	571,319	-
Local Sales	163,799,151	97,831,225
TOTAL	164,370,470	97,831,225
SCHEDULE 15: OTHER INCOME		
Interest Income	607,964	434,657
(Tax deducted Rs 1,13,640 P.Y.Rs 1,02,975/-)		
Profitable Sale of Assets	-	5,202
Remission of Credit Balance	45,353	147,103
Interest Received on Income Tax refund	-	3,399
Other Income	143,139	-
TOTAL	796,456	590,361
SCHEDULE 16: MATERIAL CONSUMED		
Opening Stock	2,271,265	1,335,060
Purchases	58,220,626	18,029,419
	60,491,891	19,364,479
Less : Closing Stock	12,651,655	2,271,265
Raw Material Consumed	47,840,236	17,093,214
Purchase of traded goods	36,943,272	38,256,973
Total (a)	84,783,508	55,350,187
Mining Material		
Opening Stock	2,533,940	1,870,532
Add: Mining Expenses	4,333,186	7,240,568
Less : Closing Stock	3,070,327	2,533,940
Total (b)	3,796,799	6,577,160
Increase / (Decrease) in Finished Goods		
Opening Stock	6,246,536	17,591,236
Closing Stock	10,205,565	6,246,536
Total (c)	(3,959,029)	11,344,700
TOTAL (a+b+c)	84,621,279	73,272,047

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

PARTICULARS	Year ended on March 31st , 2010 Rs.	Year ended on March 31st , 2009 Rs.
SCHEDULE 17: MANUFACTURING AND OTHER EXPENSES		
Consumption of Stores & Spares, Tools	26,698	9,267
Power & Fuel	11,006,871	955,043
Factory Expenses	326,795	152,717
Loading & unloading charges	458,955	277,900
Repairs and Maintenance Expenses		
- Plant and Machinery	1,760,581	518,018
- Building	112,857	7,420
- Others	270,399	87,851
Rent Expenses	2,399,288	808,347
Rates and Taxes	74,765	187,631
Laboratory and Testing Expenses	222,298	26,220
R & D Expenses	169,470	-
Excise Duty on Closing stock of F G	96,639	-
Security Service Charges	344,201	2,870
TOTAL	17,269,817	3,033,284
SCHEDULE 18 : EMPLOYEE COSTS		
Salary, Wages, Bonus and other benefits	10,219,406	4,751,318
Contribution to Provident and other funds	167,247	-
Workmen and staff welfare expenses	208,596	78,344
TOTAL	10,595,249	4,829,662
SCHEDULE 19 : ADMINISTRATION AND OTHER EXPENSES		
Miscellaneous Expenditure	128,554	82,013
Guest House Expenses	218,000	560,689
Legal , License & Renewal Expenses	458,930	145,015
Office Expenses	35,560	15,930
Membership & Subscription	15,000	11,500
Printing & Stationary	155,678	84,578
Remission of Debit Balance	16,429	241,568
Vehicle Expenses	226,829	212,231
Company's Professional Tax	2,400	2,400
Foreign Exchange Loss (Net)	5,929	-
Directors Sitting Fees	45,000	37,500
Insurance Expenses	67,953	39,676
Professional Fees	340,903	986,483
Audit Fees	66,180	49,635
TDS Expenses	13,578	5,350
Travelling & Conveyance	1,032,554	587,161
Provision for Bad Debts	(11,874)	62,112
TOTAL	2,817,603	3,123,841



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

PARTICULARS	Year ended on March 31st , 2010 Rs.	Year ended on March 31st , 2009 Rs.
SCHEDULE 20 : SELLING AND DISTRIBUTION EXPENSES		
Discount & Commission	289,057	225,622
Godown Expenses	646,214	401,200
Royalty Expenses	-	1,243,924
Freight Outward	31,023,801	1,555,619
Export Expenses	293,885	-
VAT Expenses	5,443,088	3,924,361
Other Selling Expenses	278,883	9,285
TOTAL	37,974,928	7,360,011
SCHEDULE 21: INTEREST AND FINANCE CHARGES		
Interest on		
- Cash Credit account	397,803	-
- Inter Corporate Loan	1,585,886	2,192,384
- Others	6,786	22,194
- Vehicle Loans	35,342	28,170
Bank Charges and Commission	424,185	93,746
TOTAL	2,450,002	2,336,494
SCHEDULE 22: PRIOR PERIOD ITEMS		
Professional fees	3,000	-
Freight outward	22,999	10,400
TOTAL	25,999	10,400

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

SCHEDULE 23:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India. The applicable mandatory Accounting Standards notified under The Companies (Accounting Standard) Rules, 2006 and the requirements of the Companies Act, 1956 of India have been followed in preparation of these financial statements.

2. Use of Estimates

The preparation of 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. Differences between the actual results and estimates are recognized in the period in which the same are known / materialized.

3. Fixed Assets

Fixed Assets are stated at cost, net of tax/duty credit availed, if any, after reducing accumulated depreciation until the date of the Balance Sheet. Direct cost are capitalized until the asset are ready for use and include financial cost relating to any borrowing attributable to acquisition. Capital work in progress includes the cost of fixed assets that are not yet ready for the intended use and advances paid to acquire fixed assets.

4. Intangible Assets

Intangible Assets are recognised 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 amortisation and accumulated impairment losses, if any.

5. Depreciation

Depreciation is provided on Straight Line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions to the Fixed Assets is provided on pro-rata basis from the day on which put to use.

Assets costing less than Rs.5, 000/- are fully depreciated in the year of purchase.

6. Revenue Recognition

(a) Sales:

Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred by the Company. Sales figures are inclusive of Excise Duty, Value Added Tax, Central Sales Tax and freight in case of landed rates, but are net of sales returns and rate difference adjustments.

(b) Interest Income:

Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

(c) Other Income:

Other income is recognized on accrual basis except when realization of such income is uncertain.

(d) Insurance and other claims are recognised only when it is reasonably certain that the ultimate collection will be made.



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

7. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount in subsequent period.

8. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

9. Leases

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 Profit and Loss Account on accrual basis.

10. Inventories

The inventories of the Company are valued at cost or net realizable value whichever is lower. The basis of determining the value of each class of inventory is as follows:

Raw Materials	On First in First Out basis.
Finished Goods	Cost represents material, labour and appropriate proportion of manufacturing expenses and overheads.
Stores, Spares and other consumables	On First in First Out basis.

11. Investments

Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

12. Foreign Exchange Transactions

Foreign currency transactions during the year are recorded at the rate of exchange prevailing on the date of the transactions. Foreign currency assets and liabilities are translated in to Rupees at the exchange rates prevailing on the date of Balance Sheet. All exchange differences are dealt with in the statement of Profit and Loss account.

13. Employee benefits

a. Post-employment benefits

i) Defined Contribution plan

Company's contribution paid/payable for the year to defined contribution retirement benefit schemes are charged to Profit and Loss Account.

ii) Defined Benefit plan

Company's liabilities towards defined benefit schemes are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Profit and Loss account in the period of occurrence of such gains and losses. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise it is amortised on straight-line basis over the remaining average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation.

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

b. Short-term employee benefits.

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services. These benefits include performance incentives.

c. Long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at present value of the defined benefit obligation at the balance sheet date.

14. Taxes on Income

Provision for current tax is made on the basis of estimated tax payable for the year as per the applicable provisions of the Income Tax Act, 1961.

Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant enacted tax rates. At each balance sheet date the company reassesses unrecognised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

15. Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

B) NOTES TO ACCOUNTS

1. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) **Rs.70,729/-** (P.Y. Nil).

2. Contingent Liabilities not provided for **Rs. Nil** (PY.Rs.Nil)

3. **Auditors' remuneration (excluding service tax):**

	2009-10 (Rs.)	2008-09 (Rs.)
Audit fees	60,000	45,000
Other reimbursement	-	1,408
Certification work	1,655	-

4. **Payment to Directors**

	2009-10 (Rs.)	2008-09 (Rs.)
Salary & Perquisites	5,99,536	32,289
Directors Sitting Fees	45,000	37,500

Note: Managerial remuneration paid is within the limits specified u/s. 198 of the Companies Act, 1956.



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

5. Consumption of Materials:

Type of Raw Material	2009-10		2008-09	
	Value (Rs.)	Quantity (Mt.)	Value (Rs.)	Quantity (Mt.)
Minerals	4,33,81,012	8,953	1,59,19,767	14,016
Packing material and Others	44,59,225		11,73,447	-
Total Rs.	4,78,40,237	8,953	1,70,93,214	14,016

	Value (Rs.)	%	Value (Rs.)	%
Indigenous	4,65,93,146	97.40	1,70,93,214	100.00
Imported	12,47,091	2.60	-	-
Total Rs.	4,78,40,237	100.00	1,70,93,214	100.00

6. Consumption of Stores & Spares ,Tools:

	Value (Rs.)	%	Value (Rs.)	%
Indigenous	26,698	100.00	9,267	100.00
Imported	-	-	-	-
Total Rs.	26,698	100.00	9,267	100.00

7. Licensed / Installed capacities, Production and Sales during the year:

Class of Goods	Units	Licensed Capacity	Installed Capacity (MT/PA)	Production/ Purchases (MT)	Sales	
					Qty. (MT)	Rs.
(a) Processed Minerals*	MT	NA	12,200 (5,000)	8,732 (3,680)	8,263 (3,245)	8,29,19,117 (2,77,97,003)
Inter Divisional Sales					(179) (Nil)	(Nil) (Nil)
(b) Mined Minerals	MT	NA	NA	22,472 (31,998)	17,772 (21,576)	58,73,985 (77,79,740)
© Traded Goods	MT	NA	NA	22,315 (36,139)	22,828 (53,357)	7,46,84,759 (6,22,55,182)
Inter Divisional Sales					50 (Nil)	(Nil) (Nil)
(c) Others	Nos	NA	NA	2,096 (Nil)	2,085 (Nil)	8,92,606 (Nil)
Total						16,43,70,470 (9,78,31,225)

*Capacity is variable depending upon the Microns Size.

-Figures in bracket indicate previous year figures

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

8. Finished goods stock:

Products	Unit	2009-10		2008-09	
		Qty.	(Rs.)	Qty.	(Rs.)
Processed Minerals	M T	996	68,74,307	706	42,32,802
Mined Minerals	M T	20,203	30,70,327	15,503	25,33,940
Traded Goods	M T	1,903	33,31,257	2,466	20,13,734
Total Rs.			1,32,75,891	18,675	87,80,476

9. CIF Value of Imports **Rs.12,47,091** (Rs.Nil)

10. Expenditure in Foreign Currency **Rs.Nil** (P.Y.Rs. Nil)

11. Earning in Foreign Currency -FOB value of Exports **Rs.5,71,319/-** (P.Y.Rs. Nil)

12. Leases

The company has obtained part of building and Plant and Machinery for its business operations under leave and license agreement. These are generally not non-cancelable lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms.

Lease payments are recognized in the Profit and Loss Account as "Rent Expenses".

13. In accordance with Accounting Standard 20 - Earnings Per Share, the Basic and Diluted Earning Per Share (EPS) has been calculated as under :

Basic EPS

Particulars	2009-10	2008-09
Net Profit after Tax	34,95,500	11,56,952
Weighted Average number of Equity Shares outstanding (Nos.)	6,19,883	50,020
Basic Earning Per Share of Rs. 10/- each (Rs.)	5.64	23.13

Diluted EPS:

Particulars	2009-10	2008-09
Net Profit after Tax	34,95,500	11,56,952
Weighted Average number of Equity Shares outstanding for calculation of Diluted EPS (Nos.)	6,19,883	6,44,225
Diluted Earning Per Share of Rs. 10/- each (Rs.)	5.64	1.80



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

14. Deferred Taxation:

The deferred tax (assets)/liabilities arising out of significant timing differences are as under:

	2009-10 (Rs.)	2008-09 (Rs.)
Difference between book depreciation and tax depreciation	31,63,998	23,06,762
Unabsorbed losses and depreciation	(8,74,056)	(15,49,878)
Expenses allowed under tax on payment basis	(37,496)	(19,193)
Gratuity	(45,943)	-
Total Deferred tax Liabilities/(Assets)	22,06,503	7,37,691

The management has, based on its operational parameters and future earnings, reassessed and recognized deferred tax assets as above. The management is of the view that sufficient future taxable income will be available against which such deferred tax assets can be realised.

15. Related Party Transactions:

Disclosures as required by Accounting Standard -18 are given below:

Sr. no.	Name of Related Parties	Nature of Relationship
1.	20 Microns Limited	Holding (w.e.f.3rd February 2010)
2.	20 Microns Limited	Associate (upto 2nd February 2010)
3.	Dispersive Minerals and Chemicals India Limited	Associate
4.	Bruno Industrial Products Limited	Associate
5.	Shri S.R.Parikh	Key Management Personnel
6.	Shri C.S.Parikh	Key Management Personnel
7.	Shri A.C.Parikh	Key Management Personnel
8.	Shri R.C.Parikh	Key Management Personnel
9.	Smt.D. J. Mankad (upto 1 st October 2008)	Key Management Personnel
10.	Shri P.K.Patel (upto 1 st October 2008)	Key Management Personnel

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

The following transactions were carried out with the Related Parties in ordinary course of business.

(Amount in Rs.)

Nature of Transaction	Key Mgt. Personnel	Holding Company	Associate Concern	Total
Transactions during the year				
Sale of Materials	Nil (Nil)	1,15,33,408 (Nil)	3,75,85,503 (5,06,89,910)	4,91,18,911 (5,06,89,910)
Sale of Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (8,21,907)	Nil (8,21,907)
Services Received	Nil (Nil)	2,86,776 (Nil)	32,10,228 (15,79,443)	34,97,004 (15,79,443)
Services Provided	Nil (Nil)	1,05,650 (Nil)	4,67,180 (Nil)	5,72,830 (Nil)
Payment of Rent	Nil (Nil)	3,41,930 (Nil)	5,32,960 (1,01,124)	8,74,890 (1,01,124)
Payment Of Royalty	Nil (Nil)	Nil (Nil)	Nil (12,43,924)	Nil (12,43,924)
Purchase of goods	Nil (Nil)	35,86,139 (Nil)	3,35,90,732 (98,37,784)	3,71,76,871 (98,37,784)
Purchase of fixed assets	Nil (Nil)	2,57,24,938 (Nil)	3,70,143 (16,83,152)	2,60,95,081 (16,83,152)
Payment of professional fees	Nil (6,82,250)	Nil (Nil)	Nil (Nil)	Nil (6,82,250)
Remuneration Paid	5,99,536 (5,77,966)	Nil (Nil)	Nil (Nil)	5,99,536 (5,77,966)
Issue of Share Capital	Nil (Nil)	2,50,00,000 (Nil)	3,50,00,000 (Nil)	6,00,00,000 (Nil)
Interest Paid	Nil (Nil)	Nil (Nil)	15,85,886 (21,92,385)	15,85,866 (21,92,385)
Loan taken	Nil (Nil)	Nil (Nil)	Nil (1,39,03,295)	Nil (1,39,03,295)
Loan Returned	Nil (Nil)	Nil (Nil)	1,70,00,000 (Nil)	1,70,00,000 (Nil)
Balance as on 31st March				
Loan & Interest	Nil (Nil)	Nil (Nil)	Nil (1,84,31,087)	Nil (1,84,31,087)
Creditors	Nil (Nil)	36,96,588 (Nil)	Nil (1,65,54,643)	36,96,588 (1,65,54,643)
Advances	Nil (Nil)	Nil (Nil)	5,91,354 (Nil)	5,91,354 (Nil)

Figures in bracket indicate previous year figures.



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

16. Employee Benefits

(i) Defined contribution plans

The Company has recognised Rs. 1,67,247/- (P.Y.Rs Nil) for Provident Fund Contribution as expenses under the defined contribution plan in the Profit & Loss account for the year ended 31st March, 2010.

(ii) 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 and leave encashment was carried out at March 31, 2010 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 recognises each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

17. Based on the information available with the company, the balance due to Micro and Small Enterprise as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is Rs. Nil (P.Y.Rs.7,57,144/-). Payment made to suppliers beyond the due date during the year was Rs.7,50,800/-(P.Y. Rs.Nil). No interest during the year has been paid to Micro and Small enterprises on delayed payments. Further interest accrued and remaining un paid at the year end Rs. 3,867/-(P.Y. Rs. Nil) is not provided in the books as the management is of the opinion that in view of the terms and conditions of the contracts and based on the facts of the matter, the same is not required to be paid.
18. The operations of the Company are limited to one segment, namely, Micronised Minerals.
19. The value of realization of Current Assets, Loans and Advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.
20. Balances of Sundry Debtors and Creditors are subject to confirmation, reconciliation and consequential adjustment, if any.
21. Figures of the previous year have been regrouped, rearranged and reclassified wherever necessary.

As per our audit report attached

For **K. C. Mehta & Co.**
Chartered Accountants

Vishal P. Doshi
Partner
Membership No. 101533

Place: Mumbai
Date: 29.05.2010

For **20 Microns Nano Minerals Limited**

Atil C. Parikh
Managing Director

Chandresh S. Parikh
Director

Place: Vadodara
Date: 28.05.2010

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2010

PARTICULARS	March 31, 2010 Rs.	March 31, 2009 Rs.
A. Cash Flow from Operating Activities		
Net Profit before tax	4,964,312	1,900,161
Adjusted for		
Depreciation and Amortisation	2,625,196	1,815,312
Bad debts written off	-	-
(Profit)/Loss on Sale of Assets	-	(5,202)
Provision for Doubtful Debts	(11,874)	62,112
Interest Received on bank deposits	(607,964)	(434,657)
Interest Paid	2,450,002	2,336,494
Operating Profit before working capital changes	9,419,672	5,674,220
Adjusted for		
Increase/(Decrease) in Trade Payable	7,610,973	(10,155,133)
Increase/(Decrease) in Other liabilities	45,190	(21,646)
Increase/ (Decrease) in Trade and receivables	(13,148,786)	(2,910,508)
Increase (Decrease) in loans/advances	(2,048,474)	530,255
Increase/ (Decrease) in Other Current Assets	2,535,239	(5,564,905)
Increase (Decrease) in Inventories	(15,234,041)	9,830,511
Cash Generated from Operation	(10,820,227)	(2,617,205)
Direct Taxes paid	(894,685)	(260,791)
Net Cash Inflow / (Outflow) in the course of Operating Activities	(11,714,912)	(2,877,996)
B. Cash Flow from Investing Activities		
Sale of Fixed Assets	-	748,001
Purchase of Fixed Assets (Including Capital Work In Process)	(44,558,517)	(13,122,062)
Investments	(23,000)	6,600
Share Application Money/Share Capital	-	-
Dividend Income	-	-
Interest Received on Bank Deposits	607,964	434,657
Net cash used for investing activities	(55,688,465)	(14,810,800)



CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2010 (Contd...)

PARTICULARS	March 31, 2010 Rs.	March 31, 2009 Rs.
C. Cash Flow from Financing Activities		
Borrowings (Net) Long Term	20,151,718	(107,574)
Borrowings (Net) Short Term	9,652,915	-
Share Application Money Received	53,550,000	1,700,000
Interest Paid	(2,450,002)	(2,336,494)
Unsecured loans	(18,431,087)	15,334,382
Share Issue Expenses	(800,000)	-
Net Cash Inflow/(outflow) in the course of financing activities	5,985,078	(220,486)
Net Increase / (Decrease) in Cash and Cash Equivalents	5,985,078	(220,486)
Cash and cash equivalents - opening balance	766,037	986,526
Cash and cash equivalents - closing balance	6,751,116	766,037
Notes:		
1. Cash and Cash Equivalents comprise of:		
Cash on hand	54,292	101,623
Balance with scheduled banks		
- Current Accounts	6,392,406	545,733
- Deposit Accounts	304,418	118,681
With others	-	-
	6,751,116	766,037

2. Cash Flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statement"

As per our audit report attached

For **K. C. Mehta & Co.**
Chartered Accountants

Vishal P. Doshi
Partner
Membership No. 101533

Place: Mumbai
Date: 29.05.2010

For **20 Microns Nano Minerals Limited**

Atil C. Parikh
Managing Director

Chandresh S. Parikh
Director

Place: Vadodara
Date: 28.05.2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

Registration No. **20540** State Code-04
Balance Sheet Date **MARCH 31, 2010**

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	60000

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES THOUSANDS)

TOTAL LIABILITIES	97898	TOTAL ASSETS	97898
SOURCE OF FUNDS		APPLICATION OF FUNDS	
Paid up Capital	60500	Net Fixed Assets	64468
Share Application Money	–	Net Current Assets	32607
Secured Loans	30001	Investments	23
Reserves & Surplus	5190	Misc. Expenditure	800
Unsecured Loans	–	Accumulated Losses	–
Deferred Tax Liability	2207		

4. PERFORMANCE OF COMPANY (AMOUNT IN RUPEES THOUSANDS)

Turnover	164370	Total Expenditure	158354
Profit before Tax	4964	Profit after Tax	3496
Earning per Share (In Rs. Annualised)	0.58	Dividend rate %	0

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

Item Code No.(ITC Code)	2507
Product Description	China Clay



**Financial Statements
for the year ended 31st March 2010 of**

20 MICRONS
SDN. BHD.

(807569-H)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submitted their Report together with the audited financial statements of the Company for the financial year ended 31 March 2010.

PRINCIPAL ACTIVITY

The Company is principally involved in the trading of calcium carbonate.

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

HOLDING COMPANY

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

FINANCIAL RESULTS

RM

Net profit after taxation

31,848

DIVIDENDS

No dividends have been paid, declared or proposed by the Company since the end of the previous financial period.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had increased its issued and paid up ordinary share capital from RM154,926 to RM360,002 by an allotment of 205,076 new ordinary shares of RM1 each at par for cash to provide additional working capital.

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as



DIRECTORS' REPORT (Contd...)

shown in the accounting records of the Company, were written down to an amount that they might be expected to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:-

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

DIRECTORS

The directors in office since the date of the last Report:-

Krishnaji Rao Vengoba Rao

Rajesh Chandreshbhai Parikh

Atil Chandresh Parikh

The directors holding office at the end of the financial year and their interests in the share capitals of the Company and its immediate and ultimate holding company, 20 Microns Limited during the financial year as recorded in the

DIRECTORS' REPORT (Contd...)

register of directors' shareholdings were as follows:-

	Ordinary shares of RM1 each			
The Company	Balance 1.4.09	Bought	Sold	Balance 31.3.10
Krishnaji Rao Vengoba Rao	1	-	-	1
Rajesh Chandreshbhai Parikh	-	-	-	-
Atil Chandresh Parikh	-	-	-	-
	Ordinary shares of IR10 each			
20 Microns Limited	Balance 1.4.09	Bought	Sold	Balance 31.3.10
Direct interest				
Krishnaji Rao Vengoba Rao	-	-	-	-
Rajesh Chandreshbhai Parikh	279,978	-	-	279,978
Atil Chandresh Parikh	279,978	-	-	279,978

DIRECTORS' BENEFITS

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

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

AUDITORS

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

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

KRISHNAJI RAO VENGOBA RAO

RAJESH CHANDRESHBHAI PARIKH

Ipoh

Dated: 5 April, 2010



DIRECTORS' REPORT (Contd...)

STATEMENT BY DIRECTORS

We, **KRISHNAJI RAO VENGOBA RAO** and **RAJESH CHANDRESHBHAI PARIKH**, being two of the directors of **20 MICRONS SDN. BHD.**, do hereby state that in the opinion of the directors, the financial statements on pages 10 to 25 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Private Entity Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of the results of its operations and cash flows for the year then ended.

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

KRISHNAJI RAO VENGOBA RAO

RAJESH CHANDRESHBHAI PARIKH

Ipoh

Dated: 5 April, 2010

STATUTORY DECLARATION

I, **KRISHNAJI RAO VENGOBA RAO**, the director primarily responsible for the financial management of **20 MICRONS SDN. BHD.**, do solemnly and sincerely declare that the financial statements on pages 10 to 25 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed

KRISHNAJI RAO VENGOBA RAO

at Ipoh in the state of Perak Darul Ridzuan

on this day of 5 April, 2010

KRISHNAJI RAO VENGOBA RAO

Before me,

Commissioner for Oaths

AUDITORS' REPORT

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

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of **20 MICRONS SDN. BHD.**, which comprise the balance sheet as at 31 March 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 25.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the provisions of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2010 and of its financial performance and cash flows for the year then.

Report on Other Legal and Regulatory Requirements

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



AUDITORS' REPORT (Contd...)

Other Matters

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

CH YAP & CO.
No. AF 1005
Chartered Accountants

YAP CHEE CHING
No. 1627/03/12 (J)
Partner

Kuala Lumpur
Dated: 5 April, 2010

BALANCE SHEET AS AT 31 MARCH 2010

	Note	2010 RM	2009 RM
NON-CURRENT ASSETS			
Plant and equipment	4	12,204	15,943
Deferred tax assets	5	15,000	23,300
		27,204	39,243
CURRENT ASSETS			
Trade receivables		227,993	–
Other receivable and deposits	6	2,250	60,384
Cash and bank balances		194,010	71,343
		424,253	131,727
CURRENT LIABILITIES			
Trade payables		127,382	–
Other payables and accrued liabilities	7	31,802	14,515
		159,184	14,515
NET CURRENT ASSETS		265,069	117,212
		292,273	156,455
FINANCED BY:			
SHARE CAPITAL	9	360,002	154,926
SHARE APPLICATION MONIES		83,056	184,162
ACCUMULATED LOSSES		(150,785)	(182,633)
SHAREHOLDERS' EQUITY		292,273	156,455

The Notes on Pages 14 - 25 form an integral part of these financial statements.
Auditors' Report on Pages 8 - 9.

INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	Year ended 31.3.10 RM	Period from 25.2.08 to 31.3.09 RM
REVENUE	10	1,141,938	92,963
COST OF SALES	11	(941,877)	(79,189)
GROSS PROFIT		200,061	13,774
OTHER OPERATING INCOME		-	2,672
		200,061	16,446
OPERATING EXPENSES		(159,913)	(222,379)
PROFIT/(LOSS) BEFORE TAXATION	12	40,148	(205,933)
TAXATION	14	(8,300)	23,300
PROFIT/(LOSS) AFTER TAXATION		31,848	(182,633)

The Notes on Pages 14 - 25 form an integral part of these financial statements.
Auditors' Report on Pages 8 - 9.



STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Share Capital	Accumulated Losses	Share Application Monies	Total
2010	RM	RM	RM	RM
At 1 April 2009	154,926	(182,633)	184,162	156,455
Profit after taxation	-	31,848	-	31,848
Issue of shares	205,076	-	-	205,076
Share application monies	-	-	(101,106)	(101,106)
At 31 March 2010	360,002	(150,785)	83,056	292,273
2009				
At 25 February 2008 (the date of incorporation)	2	-	-	2
Loss after taxation	-	(182,633)	-	(182,633)
Issue of shares	154,924	-	-	154,924
Share application monies	-	-	184,162	184,162
At 31 March 2009	154,926	(182,633)	184,162	156,455

The Notes on Pages 14 - 25 form an integral part of these financial statements.
Auditors' Report on Pages 8 - 9.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Year ended 31.3.10 RM	Period from 25.2.08 to 31.3.09 RM
Cash Flows From Operating Activities		
Profit/(loss) before taxation	40,148	(205,933)
Adjustment for:		
Depreciation of plant and equipment	3,739	3,739
Operating profit/(loss) before working capital changes	43,887	(202,194)
Increase in trade and other receivables	(169,859)	(60,384)
Increase in trade and other payables	144,669	14,515
Net cash generated from/(used in) operating activities	18,697	(248,063)
Cash Flows From Investing Activities		
Purchase of plant and equipment	-	(19,682)
Net cash used in investing activities	-	(19,682)
Cash Flows From Financing Activities		
Issues of shares	205,076	154,926
Share application monies	(101,106)	184,162
Net cash generated from financing activities	103,970	339,088
Net increase in cash and cash equivalents	122,667	71,343
Cash and cash equivalents at beginning of the financial year	71,343	-
Cash and cash equivalents at end of the financial year	194,010	71,343
Represented by:		
Cash and bank balances	194,010	71,343

The Notes on Pages 14 - 25 form an integral part of these financial statements.
Auditors' Report on Pages 8 - 9.



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010

1. BASIS OF PREPARATION

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

2. GENERAL

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

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

The principal place of business is located at 26, Prsn Sepakat 4, Taman Indah Jaya, 31350 Ipoh, Perak Darul Ridzuan, Malaysia.

The immediate and ultimate holding company of the Company is 20 Microns Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange.

The Company is principally involved in the trading of calcium carbonate.

The financial statements were authorised for issue by the Board of Directors on 5 April, 2010.

The financial statements are expressed in Ringgit Malaysia.

The Company has no employee as at 31 March 2010 (2009: Nil).

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Plant and Equipment and Depreciation

All items of plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to an item of plant and equipment that has already been recognised should be added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure should be recognised as an expense in the period in which it is incurred.

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

The principal annual depreciation rates used are:

Motor vehicles 20%

Office equipment 10%

At each balance sheet date, the carrying amount of an item of plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 3(b) to the financial statements on impairment of non-financial assets).

The useful lives and depreciation method are reviewed periodically and if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods would be adjusted.

An item of plant and equipment shall be eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of an item of plant and equipment shall be determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and should be recognised as income or expense in the income statement and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010 (Contd...)

(b) Impairment of Non-Financial Assets

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

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

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

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

(c) Trade and Other Receivables

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

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

(d) Trade and Other Payables

Trade and other payables are stated at cost.

(e) Income Tax

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010 (Contd...)

The carrying amount of deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

(f) Equity Instruments

Ordinary shares are recorded at nominal value and proceeds in excess of the nominal value of ordinary shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to income statement.

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

(g) Foreign Currency Conversion

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

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

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

(h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognised upon delivery of goods.

(i) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plans

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

(j) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010 (Contd...)

4. PLANT AND EQUIPMENT

2010	Balance 1.4.09 RM	Additions RM	Disposal RM	Balance 31.3.10 RM
Cost:				
Motor vehicles	17,706	–	–	17,706
Office equipment	1,976	–	–	1,976
	19,682	–	–	19,682
	Balance 1.4.09 RM	Charge for the year RM	Reversed on disposal RM	Balance 31.3.10 RM
Accumulated				
Depreciation:				
Motor vehicles	3,541	3,541	–	7,082
Office equipment	198	93	–	396
	3,739	3,739	–	7,478
			2010 RM	2009 RM
Net book value:				
Motor vehicles			10,624	14,165
Office equipment			1,580	1,778
			12,204	15,943

5. DEFERRED TAX ASSETS

	2010 RM	2009 RM
Balance brought forward	23,300	–
Recognised in Income Statement (Note 14)	(8,300)	23,300
Balance carried forward	15,000	23,300

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

	At 1.4.09 RM	Recognised In Income Statement RM	At 31.3.10 RM
Deferred tax assets:			
Unutilised capital allowance	1,600	(1,600)	–
Unabsorbed tax loss	22,500	(7,500)	15,000
	24,100	(9,100)	15,000
Deferred tax liabilities:			
Plant and equipment–capital allowance	(800)	800	–
	23,300	(8,300)	15,000



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010 (Contd...)

6. OTHER RECEIVABLE AND DEPOSITS

	2010 RM	2009 RM
Other receivable	–	8,634
Deposits	2,250	51,750
	2,250	60,384

7. OTHER PAYABLES AND ACCRUED LIABILITIES

	2010 RM	2009 RM
Other payables	9,472	8,574
Accrued liabilities	22,330	5,941
	31,802	14,515

8. HOLDING COMPANY

The immediate and ultimate holding company is 20 Microns Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange, which holds 99.99% (2009: 99.99%) of the Company's issued equities.

9. SHARE CAPITAL

	2010 RM	2009 RM
Ordinary shares of RM1 each		
Authorised:		
5,000,000 shares (2009: 100,000 shares)	5,000,000	100,000
Created during the period	–	4,900,000
5,000,000 shares	5,000,000	5,000,000
Issued and fully paid:		
154,926 shares (2009: 2 shares)	154,926	2
Issued at par for cash during the year	205,076	154,924
360,002 shares (2009: 154,926 shares)	360,002	154,926

10. REVENUE

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

11. COST OF SALES

	Year ended 31.3.10 RM	Period from 25.2.08 to 31.3.09 RM
Purchases	530,704	48,591
Freight charges	411,173	30,598
	941,877	79,189

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010 (Contd...)

12. PROFIT/(LOSS) BEFORE TAXATION

	Year ended 31.3.10 RM	Period from 25.2.08 to 31.3.09 RM
This is stated after charging:		
Auditors' remuneration	3,500	3,500
Depreciation	3,739	3,739
Loss on foreign exchange	5,234	–
Preliminary expenses	–	2,525
Rental expenses:		
– guest house	9,000	5,250
– office premises	–	1,450
– factory premises	55,000	54,000
Staff costs (Note 13)	17,637	15,044
And crediting:		
Gain on foreign exchange	–	2,672

13. STAFF COSTS

	Year ended 31.3.10 RM	Period from 25.2.08 to 31.3.09 RM
Salaries and wages	13,496	14,594
Other staff costs	4,141	450
	17,637	15,044
Included in staff costs are:		
Director's remuneration:		
– fees	–	4,000
– allowances	13,496	2,743
	13,496	6,743

14. TAXATION

	Year ended 31.3.10 RM	Period from 25.2.08 to 31.3.09 RM
Deferred tax assets: (Note 5)		
Originating and reversal of temporary differences	8,300	(23,300)



NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010 (Contd...)

The income tax rate for the Company is 20% on chargeable income up to RM500,000 and 25% (2009: 25%) on the remaining income of the financial year.

At the balance sheet date, the Company has unabsorbed tax losses amounting to approximately RM79,000 (2009: RM112,000) which can, subject to approval by the tax authorities, be carried forward and utilised to offset against future taxable profits.

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

	Year ended 31.3.10 RM	Period from 25.2.08 to 31.3.09 RM
Profit/(loss) before taxation	40,148	(205,933)
Taxation at tax rate of 20%	8,030	(41,187)
Tax effect in respect of:-		
Expenses not deductible for tax purposes	159	18,707
Others	111	(820)
Tax expense/(credit) for the financial year	8,300	(23,300)

20 MICRONS

L I M I T E D

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

: ATTENDANCE SLIP :

Folio No. :

DP ID / Client ID :

No. of Share held :

I/We hereby certify that I/We am/are a registered Member/Proxy for the registered Member of the Company and hereby record my/our presence at the 23rd Annual General Meeting of the Company held on Thursday, the 26th day of August, 2010 at 3.00 p.m. at Plot No. 347, GIDC Industrial Estate, WAGHODIA – 391 760. Dist. : Vadodara.

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

Signature of the Registered Holder/Proxy

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

20 MICRONS

L I M I T E D

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

: PROXY :

Folio No. :

DP ID / Client ID :

No. of Share held :

I/We _____ of _____ in the District of _____ being a Member(s) of 20Microns 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 23rd Annual General Meeting of the Company to be held on Thursday, the 26th day of August, 2010 at 3.00 p.m. and at any adjournment(s) thereof.

Affix Re. 1
Revenue
Stamp

Signed this ____ day of _____, 2010.

Signature

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

OUR NETWORK



BOOK-POST

To,



Sustainable Development

We take numerous initiatives that contribute towards comprehensive development of community and environment. All our business, operational and manufacturing processes are aligned with our commitment of sustainable contributions to social wellbeing, environmental conservation and economic prosperity.

If undelivered, please return to;

20 MICRONS
L I M I T E D

Head Office

347, GIDC Industrial Estate,
WAGHODIA – 391 760.
Dist. : Vadodara.
Gujarat, India
Ph : +91-2668-264006
Fax : +91-2668-262447
enquiry@20microns.com

Corporate Office

134-135, Hindustan
Kohinoor Industrial Complex,
LBS Vikhorli (W),
Mumbai - 400 083, India

Ph: +91-22-25771325 / 50
Fax: +91-22-25771333

www.20microns.com