



20 MICRONS[®]
L I M I T E D

Board of Directors

[As on 6th August, 2014]

Mr. Chandresh S. Parikh
Executive Chairman

Mr. Rajesh C. Parikh
CEO & Managing Director

Mr. Atil C. Parikh
Managing Director

Mr. Sudhir R. Parikh
Director (Finance)

Mr. Naresh Makhija
IDBI – Nominee Director

Mr. Pravinchandra M. Shah
Independent Director

Mr. Ram Devidayal
Independent Director

Mr. Atul H. Patel
Independent Director

Mrs. Darsha R. Kikani
Independent Director
(w.e.f. 6th August, 2014)

Company Secretary

Mrs. Anuja K. Muley

Registrar & Transfer Agent

Cameo Corporate Services Ltd.
“Subramanian Building”,
No. 1, Club House Road,
Chennai-600 002.
Tel. : 044-28460390-95

Email ID : narasimhan@cameoindia.com

Statutory Auditors

M/s. Manubhai & Shah
Chartered Accountant
Ahmedabad

Bankers

State Bank of India
IDBI Bank Limited

Regd. Office :

9/10, GIDC Industrial Estate,
Waghodia-391 760. Dist. Vadodara
CIN : L99999GJ1987PLC009768
Tel. : (02668) 292297
Fax : (02668) 264003
E-mail : investors@20microns.com
Website: www.20microns.com



20 MICRONS[®]

CHAIRMAN'S LETTER

Dear Shareholders,

The Global economy has witnessed subtle turnaround during the year 2013-14. With the financial stability in Western countries, there has been revival in the world economy.

The domestic industry has also witnessed significant growth, with increase in GDP to 4.9% during the year. On the other hand, the fluctuations in the value of rupee and the inflammation continued to be a matter of concern. However Indian economy anticipates better prospects, coming from the formation of steady government.

During the year the industry has faced challenges due to sluggish economy, inflammatory prices and volatility in rupee. Even in the midst of challenging environment, your company has expanded its presence in most part of the country. Furthermore, we continue to meet the needs of our customers across the world with the persisting ability to remain germane to their demands.

In case of Paints Application for FY 13-14, Major companies domestically saw a single digit growth in range of 7 to 9 % which is way below the industry average of past decade. Similarly, in case of Small and Medium scale companies, the scenario worsened due to extended payment cycles by the end customers and tougher market conditions.

We can assure you that we are extremely mindful of the aspirations and expectations that you have as members and as regional stakeholders. There is still much to do, and there are still many areas, where we need to refine our focus and lift our performance. But we believe we are well placed to respond to these challenges in a very positive and strategic fashion.

The Companies Act, 2013 applicable now has brought in provisions which require the companies to adhere to stringent corporate governance norms. I am proud to state that your company has always followed the highest standards of Corporate Governance and considers it as more of an ethical requisite than a regulatory necessity.

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

Very Sincerely,

Chandresh Parikh
Executive Chairman

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NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Shareholders of **20 Microns Limited** will be held on Saturday, the 27th day of September, 2014 at 03.00 p.m. at the Conference Room at 347, GIDC Industrial Estate, WAGHODIA – 391 760. Dist.: Vadodara, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Audited Profit and Loss Account of the Company for the year ended 31st March, 2014 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Sudhir R. Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Atil C. Parikh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Manubhai & Shah, 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.
5. To appoint M/s. Y.S. Thakar & Co., Cost Accountants, Ahmedabad bearing Firm Registration No. 000318 with the Institute of Cost Accountants of India, as Cost 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

SPECIAL BUSINESS

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

Appointment of Mr. P.M. Shah as an Independent Director

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. P.M. Shah (holding DIN 00017558), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019.”

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

Appointment of Mr. Ram Devidayal as an Independent Director

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ram Devidayal (holding DIN 00238853), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019.”

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

Appointment of Mr. Atul Patel as an Independent Director

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Atul Patel (holding DIN 00009587), Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019.”

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

Appointment of Mrs. Darsha R. Kikani as an Independent Director

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mrs. Darsha R. Kikani (DIN 00155791), who was appointed as an Additional Director of the Company w.e.f. 06th August, 2014 and who vacates her office at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019.”

NOTICE FOR THE ANNUAL GENERAL MEETING [Contd.]

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

To approve creation of charge/security over the assets/undertaking of the Company, in respect of borrowings.

“**RESOLVED THAT** in supersession of resolution passed in this regard through Postal Ballot on 22nd February, 2012 and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof) (‘the Act’), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as ‘Board’ which term shall include a Committee thereof authorized for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and / or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company, both present and future and /or any other assets or properties, either tangible or intangible, of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures or any other securities or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 180(1)(c) of the Act along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things, necessary and expedient to give effect to this resolution.”

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

To Approve Related Party Transactions

“**RESOLVED THAT** in terms of the provisions of Section 188 of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014, read with the circular(s)/notification(s) issued and amended from time to time by the Ministry of Corporate Affairs in this behalf and Listing Agreement, the Company hereby approves the appointment of Mr. Lalit R. Parikh, for holding and continuing to hold an office or place of profit as Consultant in the capacity of “Process Executor” of the Company on

the Consultancy Fees of ₹ 6945/- (Rupees Six Thousand Nine Hundred Forty Five Only) per day with effect from 30th June, 2014, for two years, with liberty to the Board and/or Committee of Directors to sanction increase in consultancy charges not exceeding the permissible limit as mentioned in Companies Act, 2013 or Rules made thereunder or such other amended limit from time to time or withdraw the same as the Board and/or Committee of Directors in their absolute discretion deem fit.”

By Order of the Board of Directors

Anuja K. Muley
Company Secretary

Place: Waghodia, Dist. Vadodara
Date: 06th August, 2014

Notes:

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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy, provided such person shall not act as a proxy for any other person or shareholder.
3. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
4. Members/Proxies should bring duly filled in and signed Attendance Slip sent herewith for attending the Meeting. The Members holding shares in de-materialised 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 Saturday, the 20th day of September, 2014 to Saturday, the 27th day of September, 2014 [both days inclusive].
6. The Notice is being sent to all the Shareholders, whose names appear on the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) on Friday, 22nd August, 2014.
7. All the work related to share registry in terms of both - physical and electronic - are being conducted by Company’s R & T Agents - M/s. Cameo Corporate Services Ltd., “Subramanian Building”, No. 1, Club House Road, Chennai - 600 002. Tel: 044-28460390 - 95. Email ID - narasimhan@cameoindia.com. The Shareholders

NOTICE FOR THE ANNUAL GENERAL MEETING [Contd.]

are requested to send their communication to the aforesaid address in future.

8. Explanatory statement pursuant to SECTION 102 OF THE COMPANIES ACT, 2013 in respect of the Items stated in the Notice is annexed herewith.
9. The Company has appointed M/s. J. J. Gandhi & Co., the Practicing Company Secretary, as a Scrutinizer for conducting the e-voting process in a transparent manner.
10. In compliance with provisions of the New Companies Act, 2013 the Company is pleased to offer **e-voting facility** as an alternate, for all the Shareholders of the Company. For this purpose, the Company has entered into an agreement with CDSL for facilitating e-voting to enable the Shareholders to cast their votes electronically.

1. e-voting:

In compliance with Section 108 of the Companies Act, 2013 and the relevant Rules made thereunder, the Company is also required to conduct the voting process electronically. *The business to be transacted at the AGM may be transacted through electronic voting system and the Company is providing the facility for voting by electronic means.* **ELECTRONIC VOTING PARTICULARS**

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of your name followed by last 8 digits of Folio No in the PAN Field. In case the Folio No is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramesh Kumar with Folio number 1 then enter RA00000001 in the PAN field.	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository or Company please enter the folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
 - (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- EVSN [E-Voting Sequence Number]** _____
- The instructions for members for voting electronically are as under:-**
- In case of members receiving e-mail:**
- (i) Log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Shareholders" tab.
 - (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
 - (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
 - (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
 - (vi) Now, fill up the following details in the appropriate boxes:
- (x) Click on <Company Name> on which you choose to vote.
 - (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

NOTICE FOR THE ANNUAL GENERAL MEETING [Contd.]

- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

2. In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
3. Once you have voted on the resolution, you will not be allowed to modify your vote.
4. Institutional Members [i.e. other than individuals, HUF, NRI etc.] are required to send scanned copy [PDF/JPG format] of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory[s] who are authorized to vote through e-mail at narasimhan@cameoindia.com or co_secretary@20microns.com with a copy marked to helpdesk.evoting@cdslindia.com, without which the vote shall not be treated as valid.
5. In case you have any queries or issues regarding e-voting, please contact the Company or Registrars & Share Transfer Agents or send mail to helpdesk.evoting@cdslindia.com, co_secretary@20microns.com or at narasimhan@cameoindia.com.
6. **E-voting period will commence from Monday, 22th September, 2014 at 10.00 am and will end on Tuesday, 23th September, 2014 at 6.00 pm.**

The result of voting will be announced at the Registered Office of the Company situated at 9-10, GIDC Industrial Estate, WAGHODIA – 391 760. Dist. : Vadodara, by the

Chairman of the Meeting at the AGM to be held on Saturday, 27th September, 2014. The result of the voting will be communicated to the stock exchanges and will be placed on the website of the Company www.20microns.com.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item Nos. 6 to 8

Mr. Pravinchandra M. Shah, Mr. Ram Devidayal and Mr. Atul Patel are the Non-Executive Independent Directors of the Company. They joined the Board of Directors of the Company in August, 2006, October, 2007 and August, 2009, respectively.

Mr. Pravinchandra M. Shah, Mr. Ram Devidayal and Mr. Atul Patel are the Director whose period of respective offices is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. However, as per requirements of provisions of the Companies Act, 2013 and rules made thereunder, the Independent Directors are not liable to retire by rotation and are required to be appointed by Shareholders. Therefore, it is proposed to appoint the above Directors as the Independent Directors to hold office for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019.

In the opinion of the Board, the above three Directors fulfil the conditions specified the Companies Act, 2013 and rules made thereunder for their respective appointments as an Independent Director of the Company and is independent of the management. Copy of the respective draft letters for appointment of the above three Directors as the Independent Directors would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Respective Profiles in brief of the above three Director together with other details as required under clause 49 of the Listing Agreement are provided in the Corporate Governance Report.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of the above three Directors as the Independent Directors. Accordingly, the Board recommends the respective ordinary resolutions at items 6 to 8 in relation to appointments of the above three Directors as the Independent Directors, for the approval by the shareholders of the Company.

Except Mr. P.M. Shah, Mr. Ram Devidayal and Mr. Atul Patel, being the appointees, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the respective ordinary resolutions set out at Item Nos. 6 to 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

NOTICE FOR THE ANNUAL GENERAL MEETING [Contd.]

Item No. 9

Mrs. Darsha R. Kikani (DIN: 00155791) was appointed as an Additional Director of the Company on 06th August, 2014. As per the provisions of section 161 of the Companies Act, 2013, she holds directorship upto the ensuing Annual General Meeting. The Company has received a notice under Section 160 of the Companies Act, 2013 together with a deposit of ₹ 100,000/- from a member proposing his candidature as a Non-Executive Independent Director of the Company.

As per requirements of provisions of the Companies Act, 2013 and rules made thereunder, the Independent Directors are not liable to retire by rotation. Therefore it is proposed to appoint Mrs. Kikani as a Non-Executive Independent Director to hold office for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019.

A brief profile of Mrs. Kikani together with other details as required under clause 49 of the Listing Agreement is provided in the Corporate Governance Report.

In the opinion of the Board, Mrs. Kikani fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. A copy of the draft letter for appointment of Mrs. Kikani as an Independent Director would be available for inspection without any fee for the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Kikani as an Independent Director. Accordingly, the Board recommends the resolution set out at item 9 in relation to appointment of Mrs. Kikani as an Independent Director, for the approval by the shareholders of the Company.

None of the Directors, Key Managerial Personnel or their relatives, except Mrs. Darsha R. Kikani, has any concern or interest, financial or otherwise, in the resolution set out at Item No. 9.

Item No. 10

In terms of the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company by a special resolution can create security or create mortgages, charges and hypothecations over the assets of the Company which would be required to secure borrowings under Section 180(1)(a).

The above Section 180 of the Companies Act, 2013 corresponds to Section 293 of Companies Act, 1956 under which the consent of the Company was required by ordinary resolution.

Accordingly, the shareholders of the Company had accorded their consent by way of ordinary resolutions to create security or create mortgages, charges and hypothecations over the assets of the Company to secure borrowings from time to time.

However, pursuant to provisions of Section 180 of the Companies Act, 2013, consent of the Company is required by Special Resolution.

Therefore it is proposed to reconfirm the consent to create security or create mortgages, charges and hypothecations over the assets of the Company, by Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise, in the resolution.

The Board recommends the special resolution set out in item no. 10 for the approval of the members.

Item No. 11

Mr. Lalit Rameshkant Parikh, is a brother of Mr. Sudhir R. Parikh, Director (Finance) possesses exceptional organizational capacity and ability in the filed of purchase of IT/Computers, Laboratory Equipments, Implementation of ISO and liasioning with ISO team during regular Audit and has significantly contributed in finalization of commercial various terms. It is, therefore, proposed to appoint him as Consultant in the capacity of "Process Executor" of the Company.

The Board of Directors of the Company at their Meeting held on 06.08.2014 have decided to appoint Mr. Lalit R. Parikh as Consultant in the capacity of "Process Executor w.e.f. 30.06.2014, for two years, on the Consultancy Fees of ₹ 6945/- (Rupees Six Thousand Nine Hundred Forty Five Only) per day, subject to approval of shareholders, with a liberty to the Board of Directors and/or Finance Committee of Directors to revise this charges within the overall permissible limit as prescribed in Companies Act, 2013 and rules made thereunder.

Under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, it is necessary to obtain the consent of the Company by a special resolution for holding or continuing to hold office or place of profit under the Company in any such office or place of profit carrying the Consultancy Fees of ₹ 6945/- (Rupees Six Thousand Nine Hundred Forty Five Only) per day.

Except Mr. Sudhir R. Parikh, None of the Directors, Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise, in the resolution.

Your Directors recommend the special resolution at Item No. 11 for your approval and acceptance.

By Order of the Board of Directors

For 20 Microns Ltd.,
Anuja K. Muley
Company Secretary

Place: Waghodia, Dist. Vadodara
Date: 06th August, 2014

REPORT OF BOARD DIRECTORS

Dear Members,

Your Directors' are pleased to present the 27th Annual Report and the Audited Accounts for the year ended 31st March, 2014.

1. FINANCIAL HIGHLIGHTS

Particulars	[₹ In Lacs]	
	2013-14	2012-13
Total Revenue	29915.28	28123.26
Profit before Depreciation, Interest and Tax (PBDITA)	3185.59	3720.38
Interest for the year	2168.96	1554.68
Depreciation for the year	1007.51	748.42
Profit before tax and Exceptional item	<u>9.12</u>	<u>1417.28</u>
Exceptional items	0.00	851.93
Profit/(loss) for the year	<u>9.12</u>	<u>565.35</u>
Tax liability : Current Year's Tax	10.05	148.01
MAT Credit	(9.00)	147.00
Deferred Tax Liability/(Asset)	(4.99)	239.97
Net Profit for the year	13.06	324.37

2. DIVIDEND

In view of the paucity of resources, the Directors have not recommended any Dividend.

3. MANAGEMENT DISCUSSIONS AND ANALYSIS

[A] INTRODUCTION TO 20 MICRONS LIMITED

Our Company started its journey on June 29, 1987 venturing in the production of Micronized Minerals in India as import substitute and enhancing the market demand for additional applications to the same.

Our Company was formed on the concept of using micronized extenders and we are one of the India's largest producers of white minerals from plants and deposits spanning in different regions of the country producing functional fillers, specialty chemicals and extenders which are supplied globally.

We have demonstrated our ability in providing specialized products and chemicals to our customers which is reflected by the repeated orders from them. We are an ISO 9001:2008 certified Company.

Our Company, one of the pioneers in the Micronized minerals, was thus the trend setter in the market for usage of ultrafine minerals ranging from 20 microns to 2 microns particle size. Over the years, our Company, capitalizing on its strength of developing products, as per market needs and with on-going Research & Development, has introduced minerals of sub micron size and helped all the Industrial segments to get benefits in terms of functional properties & pricing of their products.

With its constant efforts and technical support, our Company popularized the concept of finer Calcium Carbonate and other Minerals Fillers and innovated a good substitute for Paint & Plastic Industries during

the year 1990. Usage of grades of finer particle in the range of 20 Microns and finer grades for Calcium Carbonate/Talc/Kaolin/Dolomite and Mica is very common now for various industrial segments.

Our Company, having multi-locational reach can cater its wide ranged customers with its several marketing Offices throughout the Country. The Plant & Warehouses are located at all strategic locations to take advantage of Logistics.

Our Company's marketing and other activities are mainly operating through two major segments in Minerals namely C&C (Consumer and Commodity) and VAD (Value Added Products).

Our Company constantly endeavors to broaden the risk base by targeting its applications to industries other than Paint & Plastics. The other applications include Rubber, Cement, Paper, Ceramics etc. The key strengths of our Company are in its understanding of the client requirements, carrying out various tests in its laboratory and developing specific grade of products which meet with specific requirement of each of its customers. It also has a modern, well-equipped R & D facility that continuously carries out product and process development activities for enhancing product quality, improving operational efficiencies and augmenting the product lines.

[B] INDUSTRY PROGRESS

20 Microns operates in the Industrial Minerals space and this industry still hasn't organized itself well barring a few medium and large players. India has long been recognised as a nation well endowed in natural mineral resources. India is ranked 4th

REPORT OF BOARD DIRECTORS [Contd.]

amongst the mineral producer countries, behind China, United States and Russia, on the basis of volume of production. It is an extremely important sector and contributes significantly to our Gross Domestic Product. The Indian mining industry however is passing through a critical phase, especially in the last two years. As mining is interlinked with industrial development, availability of raw material is of prime importance and as such, the pro-active role of union and state governments is called for to ensure an era of mineral development. India needs an evolving and growth oriented mineral development and mining policy that can foster systematic and sustainable growth in the sector. Mining projects across the country remain stalled owing to environmental, regulatory and land acquisition issues.

Industrial minerals are transacted in high volumes. In other words, the minerals in this category are characterized by bulkiness in extraction, transportation and consumption. The extraction of these minerals involves shallow depth mining but with a considerable quantity of over burden removal and waste generation. Understandably, the mines, from where these minerals are extracted are large mines and their clearances are easily caught in the quagmire of environmental, forest and other clearances. Hence, there is need for developing a wide spread understanding for the strategic value of different minerals. On the other hand, the demand for these minerals is dependent on the demand of the user industry, which is also produced in bulk.

There is significant mineral potential that still lay untapped in India for the growth of mining but historically, mining sector has struggled to exploit the potential due to three big factors i.e. regulatory and administrative procedures, inadequate infrastructure facilities and sustainability. These challenges have limited the overall investment in mining and exploration activities in India, as evident from very low inflow of FDI in the mining sector. The mining industry in India has, however has started to shape the future direction of this engagement towards an inclusive agenda. There is no doubt that mining investment can become a positive catalyst for improving livelihoods of the local populace, bringing in much needed investment job and wealth creation and government revenues.

Rapid economic growth and technological advancements in India in the recent years has created demand for a wide range of Industrial minerals to perform essential functions in high end sectors. But, India is partially or completely dependent on imports for many of its minerals. New resources therefore need to be identified through increased exploration activities.

Future of the mining industry in India

- Despite the slowdown, India is still the second-fastest growing economy, after China.
- Demand for minerals, as well as for mining services, is robust in the country.
- Mining in India is becoming more structured, and companies have started outsourcing part of the project to mining service companies.

[C] MARKET INITIATIVE - OUTLOOK

Growing urbanization and increase in disposable income along with the onset of stable government generates hope for brighter economic conditions and the company foresees double digit growth – 15% or more.

The major customers in the paint industry will be utilizing their idle capacities to run at almost full capacities this year as per the upbeat sentiments from the market and also will be introducing few new products (value added) which were under trials in last FY which are hopeful of being commercialized in their formulations within this year. Also, the demand will be picking up with a hopeful budget and a standard monsoon which will play a significant role in the consumer sentiments bringing scale ups in the volumes of paint industry.

Company's market share among major / established customers is more than 75% whereas in case of Small and Medium enterprises it varies between 25 % and 30%. The company has a lot of room to grow in this consumer segment. The small & medium paint industry is constantly evolving across the country embarking on newer technology and investing in latest manufacturing processes. In the coming years, the company envisages good business generation from this segment and is constantly engaged in development for this segment with a proper selection of customers in each region and is working on ways possible to do business efficiently with them as they have strong future potential. A basket of semi-high end products are being targeted for the Small and Medium industry in the next 2 years and a dedicated business development team will act to penetrate this market to boost our market share and educate this segment of customers making them aware of cost savings by using this range.

Export opportunity has also increased due to appreciation of US / EURO, which is a direct incentive to exporters. In addition, due to strict mining regulations in US / Europe international buyers have started focusing on sourcing material from India / China. Since many international players have their set up in India it becomes easy for getting approval for product use for their global procurement and consumption from India. Further, for market

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development the company has started representative offices in UAE and China.

[D] PRODUCT WISE PERFORMANCE

- **Paint Industry**

The product range for paint industry encompasses a varied application base with the majority share lying with Paint Industry and a minor share with the Allied base of industries catering to Agrochemicals, Adhesives & Sealants, Construction, Cosmetics, Printing Inks, Oil Well Drilling, Foundry, Ceramics, and others. The user industries were facing a severe slow-down during FY 2013-14 hence, the company has not been able to achieve the projected turnover target.

Company had geared up the expansion on the basis of plans shared by our major customers e.g. Asian Paints, Berger Paints etc. Decorative paints account for over 75% of the overall paint market in India and include wall finishes for interior and exterior use, enamels, wood finishes and ancillary products such as primers, putties, etc. The retail demand for decorative paints although resilient, was affected by an overall sluggish economy, excessive rainfall in parts of Southern India and slowdown in construction in some states. Against the backdrop of contraction in the industrial sector marred by slowdown in infrastructure investment and tight liquidity, the demand for industrial coatings continued to remain weak through the year leading to contraction in revenues. The top 5 Major companies domestically saw a single digit growth in range of 7% to 9 % which is way below the industry average of past decade. Similarly, in case of Small and Medium scale companies, the scenario worsened due to extended payment cycles by the end customers and tougher market conditions.

Continuing poor demand, devaluation of rupee, rising fuel prices and high interest rates adversely affected the growth of the automobile market. All the vehicle segments registered a negative growth during the year adversely impacting the automotive coatings market.

- **VALUE ADDED DIVISION – VAD**

VAD division has following segments:

- **Paper Industry**

The paper industry in India relies on Talc as major filler for their paper products. From 2010 onwards, our special marketing team's efforts have made inroads by working with the technical teams of major paper companies and highlight

the advantages of using Calcium carbonates instead of talc. Many paper mills converted. To offset the cut in margins due to imported raw materials – like coal and pulp the paper mills have either reverted to talc or resorted to imported Chinese Calcium Carbonate. However, the company's teams are working with the technical teams of several paper mills for using good calcium carbonate and try to reach at formulations which match their technical requirements. Most of the paper mills have shown negative growth in net profit because of high input cost and high interest cost.

- **Plastic Industry**

The Company registered growth of 25% in value and volume terms in Polyolefins and engineering plastic segment compared to previous year. Temporarily the exports customers for India reduced due to inclination of customers towards Vietnam made product but that was a temporary phase and customers have returned with enquiries due to inferior quality goods from that country.

For PVC pipes and PVC compounds related customers, the company saw a negative growth of 15% in value and volume terms compared to last year. Most consumers operated their plants at 40% capacities during FY 2013-14.

- **Polyolefin's & Engineering plastics converter:**

This segment registered negative growth of -25% in value & qty terms compared to previous year. The key reasons are Sharp increase in the Dollar to INR as major of our products in this segment are supplied through Foreign company tie ups. Also India's compliance to allow zero percent import duty from ASEAN countries hampered our market as our products were supplied from Egypt. This factors somewhat made us lag behind the Malaysian and Vietnam countries products. The customers shifted to zero duty goods and preferred more Vietnam products. This phase was though temporary as the Vietnamese products did not perform in terms of quality and after a gap of 9 months, we again received enquiries from the customers that moved away from our products.

In this period of 9 months our company focused more on concept selling of products like Desiccants, Antiblocking Agents, Synthetics Barium Sulfate for colored Master- batch brilliancy & spacers application and valued added product like partial replacement of TiO2 in white master batch application or TiO2 filled

REPORT OF BOARD DIRECTORS [Contd.]

application. Apart from that this range, severe marketing efforts were also done in processing aids such as Wax, One pack which aid the extrusion processing. These efforts are kept ongoing and a separate team has been formed to promote and market above products on a consistent basis.

- **Vinyl, PU, Epoxy and Thermo-sets plastics Processing Industries:**

This particular segment consists of PVC processing Industries like PVC pipe, PVC compound for wire and cable, other PVC processing Industries who making Sheet, film, profile and others.

Since 2012-13, we had formed a special marketing team to focus only on PVC pipe segment which contributed maximum growth of division in 2013-14, with 27% in quantity and 54% in value growth over previous year with long term contractual business deals with the customers. This has opened new segment with excellent prospective for the business and made us potential for projecting 200% plus growth for F.Y. 14 -15.

As far as PVC Compound and other allied Industries are concerned, our growth was negative for F.Y. 13-14 about 15% in terms of value and quantity over previous year, due to again the Zero duty imports from ASEAN countries and overall the Indian Cable and power sector was underperforming as a whole. Many companies either operated their plants at 40% capacity or diversified to some other compounds. To counter this we again have formed a vigorous marketing plan and increased our strength of marketing executives to revive this sector with better products and also serve them with our Specialty range of products.

- **Rubber Application**

Rubber application is one of the important business vertical for 20 Microns Ltd in recent years. Indian Rubber industry is about 6000 unit comprising 30 large scale, 300 medium scale & around 5600 small & tiny scale industries. Indian rubber industry has been growing in along with the strength and importance, as a part of India's burgeoning role in the global economy. India is the world's largest producer and the third largest consumer of natural rubber.

During F.Y. 13-14 the sales turn over in rubber segment marginally declined compared to previous year sales due to unfavorable Market conditions & restricting the sales to bad paying customers however for coming years company

is focusing the application for the growth of 30% in the sales value for the year 14-15 & expand from there. Several new products are also being developed for the partial replacement of synthetic silica and Carbon Black which is widely used filler in segment. Also company is emphasizing to focus more on value added products like vaporlink (product which partially replaces carbon black), Wax, Zincomer- 100% replacement of Zinc Oxide, Fast flow-s for lubrication & Vapor Oxol series use as desiccant which are high value product can boost the sales turn over in future.

[E] EXPORTS

For 20 Microns, opportunities are ahead to aggrandizement its global business in the area of Calcined Kaolin, Talc, Mica and Baryte. Company is supplying various fillers and extenders to 56 countries across the globe which includes Egypt, Kenya, Mauritius, Sri Lanka, Bangladesh, UK, Germany, Italy, Greece, Spain, South America, U.S.A., Malaysia, Singapore, Indonesia, Korea, U.A.E., Oman, Bahrain, Saudi Arabia, Israel, Australia, New Zealand etc. Company has major leap in Calcined Kaolin and Mica in multinational companies which may double the sales and contribute to congenial profitability. The company has been successful in attracting and creating a strong base for future strategic alliances with major distribution in USA, Japan, Europe and Far East countries.

Export for the year 12-13 envisaged a growth of around 15% on FOB Value compared to previous financial year. Current financial year registered around 18% of growth on FOB Value compared to 12-13. There were challenges of maintaining the prices due to the depreciation of INR. Other challenges were increased, sea & land freight have been addressed well to maintain the steady growth & profitability. Though slow down in European Markets company has managed growth in other region such as Africa & Sub Continent which are emerging as one of the promising Markets for the Minerals for coming years.

For future Market development, Company has started their representative offices in China and UAE, Which would help to increase global business. Further company has market promotional plan to participate in various exhibitions across the continent to create market presence.

Company is aiming higher sales turn over for coming years for export targeting around 20% growth on FOB in the sales for the year 2014-15 & 30% growth on FOB value for the year 15-16.

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[F] MINING

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

Sr. No.	Details of Mines	Approx. Reserves (in Lacs Tons)	Approx. Value of the Reserves# (₹ In Lacs)
1.	China Clay Mines, Bhuj, Dist. Kutch, Gujarat, Area – 11.89 Hector*	27.08	3926.60
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.	10.39	4675.50
5.	Bentonite Mines, Bhuj, Gujarat, Area 6.5 Hector*	32.37	5664.20
6.	Diatomite Mines, Jaisalmer, Rajasthan, Area 10 Hector*	1.295	647.50
TOTAL		93.365	24777.07

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

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

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

[G] RESEARCH AND DEVELOPMENT

Our research activities have advanced by leaps and bounds in the last few years due to the introduction of several new research programs as well as the continuing success of the activities. 20 Microns with its extensive experience in mineral research is ready to fulfill this need by its dedication to enhancing available technologies and providing innovative solutions for practical problems suited for both local and global markets.

Innovative Products Developed During the Year 2013-14

- LC 470 Pigments
- Hyperlite ST
- Hyperfill H
- Glowtox
- Coloured Silica
- Hydrophobic Silica
- Talc 2 Compact
- Plaster Aid
- Pepcarb
- Hyper fine
- Pearlustre

20 MICRONS QUALITY CONTROL monitors the means of production to ensure that the finished product or service meets a certain standard. A number of different elements are important for this

kind of control, including skilled management, intimate knowledge of the production process and the motivation and enthusiasm of workers at all levels.

In general, making sure that the quality of goods remains standard across the Board involves hands-on testing of the Incoming and Finished goods as they move down through the production process. While the manufacturing sector sees an obvious need to inspect items for irregularities, this is not the only field where such things occur.

We believe in going hand-in-hand with the knowledge issue. We focus on “Standards are much easier to achieve when a company has a trained work staff skilled at inspection”. In addition to the hands-on workers, a good system of production relies strongly on a good Quality Control team. Our dedicated teams analyze data and formulate solutions to production problems. They are also often skilled in more than one production area and can facilitate communication between different sectors to ensure better quality.

In keeping with our Values, 20 MICRONS policy is to achieve Total Quality through Performance Excellence. Performance Excellence is Quality in Action – Value, Execution and Improvement.

[H] INFORMATION TECHNOLOGY

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

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Services offered in house:

- Procurement and implementation.
- Limited Hardware maintenance for the servers.
- Hardware maintenance for End Point.
- Network Connectivity support
- Software support for maintenance of the OS, and Office suite.

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

1. Configuration
2. Customization
3. User training.

No external support for SAP configuration and customization.

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

[I] HUMAN RESOURCES

Human Resource Management (HRM) is a planned approach to manage people effectively for performance. It aims at establishing more open, flexible and caring management style so that staff can be motivated, developed and managed in a way that they can give their best to support departments' missions. Good HRM practices are instrumental in achieving departmental objectives and enhancing productivity.

Good HR Practices in Department

In taking HRM forward, we need a strategic and integrated approach in managing people effectively for performance.

In taking a strategic and integrated approach, HRM is linked to the department's strategic direction in a systematic way. Such an approach is often reflected in the following practices -

- Clarifying a department's strategic direction by way of articulating its Vision, Mission and Values statement;
- Establishing the strategic linkage and integrating HR programmes through a HRM Plan; and
- Projecting its short to long term human resource needs through a Manpower Plan.

At the same time, all managers adopted a more open, flexible and caring style in managing their staff. Such an approach is reflected in a number of ways. The three most common practices are -

- Managing people effectively for performance through an open Performance Management System (PMS) that will call for individual objectives tied to departmental objectives,

regular coaching, and developing staff on the job;

- Enhancing staff's competencies to perform better through effectively training people to achieve departmental objectives and results; and
- Delivering quality service through training and engaging staff in developing a service culture in addition to business process re-engineering and work streamlining.

[J] ENVIRONMENTAL AND INDUSTRIAL SAFETY

20MICRONS frequently conducts Safety Promotional activity for employees and contractual employees. It is proposed to organize various types of competitions as a part of safety promotional activities and to exhibit best practices by various departments to arouse consciousness among the employees. This will help in cultivating safety culture and motivate employees to adopt safe work practices.

4th March to 10th March 2014 (Safety Week Celebration)

A Strong Safety Health and Environment Culture

4th March is celebrated as a **National Safety Day / Week** throughout the country to increase awareness of safety in industries and their employees as well. This day is to rededicate ourselves to the cause of safety, health and environment for developing and sustaining safety culture in industrial organization.



Celebrating 43rd National Safety Day



Rally for Knowledge of Safety

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Taken Safety Oath for employees

5th June 2014 (World Environment Day)

Theme - "Small Islands and Climate Change"

World Environment Day is an annual event that is aimed at being the biggest and most widely celebrated global day for positive environmental action. World Environment Day activities take place all year round and climax on 5 June every year, involving everyone from everywhere.



Greenery Development in Industrial area



As a part of industrial land Greening Programme
Annual Medical Checkup



Happy to Health
Prevention is Better than Cure



Regular Medical Checkup for all employees Improvement of Safety Culture

An improved safety culture in a workplace is possible if proper importance is given to SHE, to motivate the workforce with the spirits of safety to protect People, Property and Environment and to incorporate safety as a core of the Organizations values.

Safety Exhibition organized concurrently with the conference will showcase latest products, technology and integrated system solutions in the field of SHE. It will be a platform to get access and get abreast with the latest technological developments in SHE sector for companies and professional alike.

[K] INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

20 ML has established proper and adequate system of internal control to ensure that all resources are put to optimum use and are well protected against loss and all transactions are authorized, recorded and reported correctly and there is proper adherence to policies and guidelines, processes in terms of efficiencies and effectiveness. The Company's internal control systems are supplemented by an extensive program of internal audit by an independent firm.

All the transactions are conducted using the IT interface and the business processes are further audited by internal auditors.

The Company's internal control systems are also periodically tested and certified by the internal auditors. The Audit Committee constituted by the Board constantly reviews the internal control systems.

[L] CORPORATE SOCIAL RESPONSIBILITY

As part of the Corporate Social Responsibility, initiatives through the years, the Company established its arm - 20 Microns Foundation Trust in 2001 with an initial donation of ₹ 35 Lacs collected through various interested agencies and built up 135 houses at Mamuara Village, Bhuj for the earthquake affected people. Your Company's total spending of CSR for the financial year 2013-14 is ₹ 8.65 Lacs

The Diabetes Centre was inaugurated by 20 Microns Foundation Trust on 14th November, 2008 being

REPORT OF BOARD DIRECTORS [Contd.]

World Diabetes Day. Your Company operates as an NGO whose primary aim is to promote awareness about Diabetes among the society and primarily creating an awareness campaign of the diabetes patients by expanding their knowledge about this disease.

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

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

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



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

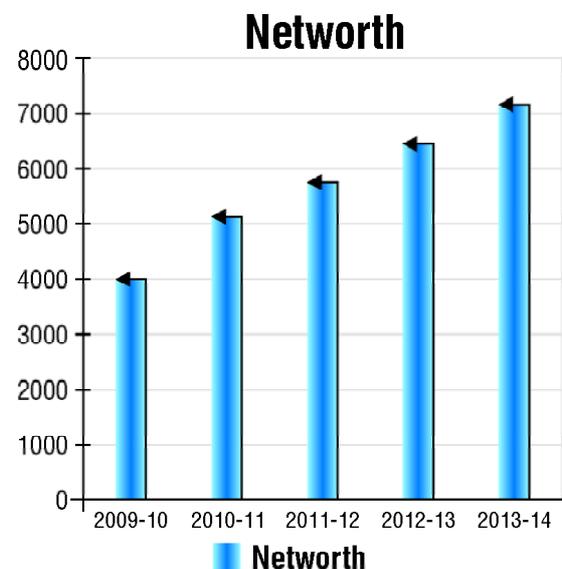
More than seven Diabetes centres are operating as of now which were started in early 2011 across Vadodara city. They are regularly organizing weekly & monthly camps where the services like sugar test & related medicines provided to diabetic patients at a reduced cost. In addition to the above, throughout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

We also have facility for Juvenile diabetes and there are about 55 registered Juvenile members. Out of which 38 are provided with insulin free of cost under the doctor's consultation. This activity was started on 9th of December 2012 which is free.

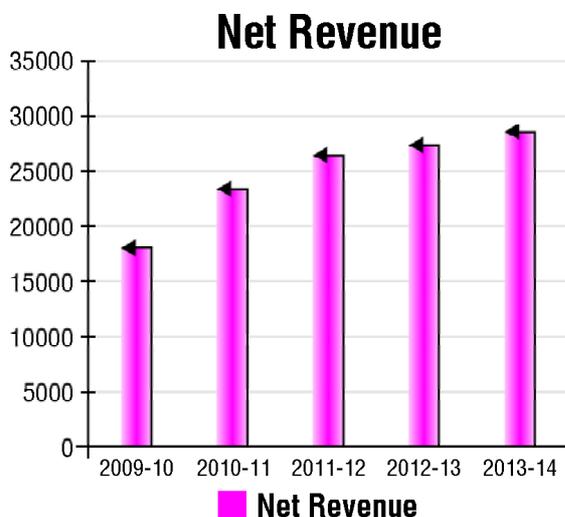


The Diabetes Centre has successfully completed Five years in contributing services towards society with approx 3000 registered members, and with an objective of creating an awareness of "Living A Normal Life With Diabetes" in the Diabetic community at large.

[M] FINANCIALS



REPORT OF BOARD DIRECTORS [Contd.]



4. FIXED DEPOSITS

As on 31.03.2014, Fixed Deposits from Public and Shareholders stood at the total of ₹ 2135.88 Lacs. 56 deposits totaling to ₹ 26.58 Lacs due for repayment on or before 31.03.2014 were not claimed by the depositors as on that day. The Company is liable to comply with the provisions relating to acceptance of deposits under the Companies Act, 2013 and Rules made thereunder and any amendments made from time to time.

5. SUBSIDIARIES

20 Microns Nano Minerals Limited

Your Company holds 99.17% equity shares of 20 Microns Nano Minerals Limited. The said Company is having a state of the art In-house Research & Development facility which is registered with Department of Science & Industrial Research (DSIR), Ministry of Science and Technology, Government of India. During the year under review, the said Company reported revenue from operations of ₹ 1966.27 Lacs and incurred Net Loss of ₹ 16.72 Lacs.

20 Microns SDN. BHD.

Your Company holds 99.99% of 20 Microns Sdn. Bhd. During the year under review, the said Company reported Gross Revenue of RM 28.79 Lacs and earned Net profit of RM 4.22 Lacs (Malaysian currency).

20 Microns FZE

Your Company owns 100 percent of 20 Microns FZE. During the year ending 31/03/2014, the said Company reported Revenue was AED 113.35 Lacs and the Net Profit was AED 21.00 Lacs.

As per Section 212(1) of the Companies Act, 1956, the Company is required to attach to its Accounts, the Directors' Report, Balance Sheet and Profit & Loss Account of each of its Subsidiaries. As the Consolidated Accounts present a complete picture of the financial results of the Company and its Subsidiaries and in view of General Circular No. 2/2011 dated 08.02.2011 and No.

3/2011 dated 21.02.2011 issued by Ministry of Corporate Affairs, the Annual Report of the Company does not contain the individual financial statements of its Subsidiaries. However, the statement of your Company's interest in the Subsidiaries as at 31st March, 2014, prepared in accordance with the provisions of Section 212 of the Companies Act, 1956 is attached to the Balance Sheet.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

6. AUDITORS' REPORT

The Auditors' Report is clean and there is no qualification in their Report.

7. DIRECTORS

The Board has appointed Mrs. Darsha R. Kikani as an Additional Director w.e.f. 06th August, 2014. She holds office of Additional Director up to the ensuing Annual General Meeting of the Company. The Company has received a notice u/s 160 of the Companies Act, 2013 from a shareholder of the Company proposing the candidature of Mrs. Darsha R. Kikani for the office of an Independent Director to hold the office for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019.

Mr. P.M. Shah, Mr. Ram Devidayal & Mr. Atul Patel, the Independent Directors of the Company, were liable to retire by rotation in terms of provisions of Companies Act, 1956. However, as per provisions of the Companies Act, 2013, the Independent Directors are required to be appointed by Shareholders for a term of upto five consecutive years and they shall not be liable to retire by rotation. Accordingly, it is proposed to appoint them as Independent Directors to hold their respective offices for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019.

In accordance with the Articles of Association of the Company, Mr. Sudhir R. Parikh, Director - Finance & Mr. Atil C. Parikh, Managing Director, retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

None of the Directors of the Company is disqualified under

REPORT OF BOARD DIRECTORS [Contd.]

Section 274(1)(g) of the Companies act, 1956. As required by law, this position is also reflected in the Auditors' Report.

In accordance with provisions of Section 149 of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges, Mr. P. M. Shah, Mr. Ram Devidayal, Mr. Atul Patel & Mrs. Darsha Kikani have given a declaration to the Company that they meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013 read with Clause 49(l)(A)(iii) of the Listing Agreement.

8. CORPORATE GOVERNANCE

As required by the existing Clause 49 VII of the Listing Agreements entered into with the Stock Exchanges, a detailed report on Corporate Governance is given as a part of the Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate of the compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

9. GENERAL SHAREHOLDERS INFORMATION

General Shareholder Information is given in the Report on Corporate Governance forming part of the Annual Report.

10. PARTICULARS REGARDING EMPLOYEES

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated under the provisions contained in Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm as under:

- i. The applicable accounting standards have been followed in the preparation of the Annual Accounts along with proper explanations relating to material departures;
- ii. 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;
- iii. 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;
- iv. The Directors have prepared the accounts on a "going concern" basis.

12. ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

Statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange

earnings and outgo, as required under the 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 is annexed.

13. AUDITORS

A. Statutory Auditors

The Company Auditors, M/s. Manubhai & Shah, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. In accordance with Section 139(1) of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, it is proposed to appoint Manubhai & Shah as Statutory Auditors of the Company for one year at this Annual General Meeting.

B. Internal Auditors

The Company has appointed M/s. N C Vaishnav & Co., M/s. P Mani & Co. & Deopura & Associates, Chartered Accountants as Internal Auditors of the Company for the F.Y. 2014-15, for the Western Region & Eastern Region, South Region and North Region, respectively.

C. Cost Auditors

The Company has appointed M/s. Y. S. Thakar & Co., Cost Accountants, to audit its cost accounting records relating to Mining & Metallurgy of ferrous & non-ferrous metals for the Financial Year 2012-13. The Cost Audit Report was filed with Ministry of Corporate Affairs.

The Company is seeking the ratification of the Shareholders for the appointment of M/s. Y.S. Thakar & Co., Cost Accountants as the Cost Auditors of the Company for the Financial Year 2014-15 vide resolution no. 5 of the Notice of AGM.

D. Secretarial Auditors

As per provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company is required to appoint Secretarial Auditor to carry out Secretarial Audit of the Company. The Company has appointed M/s. J. J. Gandhi & Co., Practicing Company Secretaries as Secretarial Auditors of the Company for the F.Y. 2014-15.

14. ACKNOWLEDGEMENTS

Your Directors wish to express their grateful appreciation for the co-operation and support received from customers, vendors, shareholders, Financial Institutions, Banks, Regulatory Authorities and the Society at large.

Deep appreciation is also recorded for the dedicated efforts and contribution of Executives, Staff & Workers of the Company.

For and on behalf of the Board of Directors

Chandresh S. Parikh
Executive Chairman

Place: Waghodia, Dist. Vadodara

Date: 06.08.2014

ANNEXURE TO DIRECTORS' REPORT, 2013-14

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 ACCOUNTING PERIOD ENDED 31ST MARCH, 2014

a) Power and Fuel Consumption

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION :

A) Fuel consumption	2013-14	2012-13
1 Electricity		
Purchased from Electricity Board		
Unit Consumed	23185426	16327270
Total Amt (₹ In Lacs)	1547.82	1010.14
Average Rate / Unit (₹)	6.68	6.19
2 Diesel		
Diesel Liters	167478	681606
Total Amt (₹ In Lacs)	93.12	332.25
Average Rate / Liter (₹)	55.60	48.75
3 Gas		
Gas used MT	174.51	140.63
Total (₹ In Lacs)	126.81	95.23
Average Rate / MT (₹)	72665	67715
4 Gas		
Gas used SCM	484792.00	458739.75
Total (₹ In Lacs)	229.12	183.31
Average Rate / SCM (₹)	47.26	39.96
5 Coal / Wood / Lignite		
Coal/ wood / Lignite used MT	107.06	12052.00
Total (₹ In Lacs)	7.49	651.35
Average Rate / MT (₹)	6996	5404
6 Furnace Oil		
Furnace Oil used MT	3064.95	427.40
Total (₹ In Lacs)	1408.34	190.17
Average Rate / MT (₹)	45950	44496
Grand total	3412.70	2462.45

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION:

Research and Development (R & D):

- Specific areas in which R & D carried out by the Company : Please refer Management Discussion and Analysis Report.
- Benefits derived as a result of the above R & D : Please refer Management Discussion and Analysis Report.
- Future plan of action : Please refer Management Discussion and Analysis Report.
- Expenditure on R & D
 - Capital : ₹ Nil
 - Recurring : ₹ 33.83 Lacs
 - Total : ₹ 33.83 Lacs
 - Total R & D expenditure as a percentage of total turnover : 0.12%

ANNEXURE TO DIRECTORS' REPORT, 2013-14 [Contd.]

Technology absorption, adaptation and innovation:

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

Please refer Directors' Report.

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

Please refer Directors' Report.

The Company has not imported any technology during the year.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans: Please refer Management Discussions & Analysis point.

Total Foreign Exchange used and earned:

i. Foreign Exchange Earned	:	₹ 3086.33 Lacs
ii. Foreign Exchange Used	:	₹ 3663.46 Lacs

REPORT ON CORPORATE GOVERNANCE

Governance Philosophy

Fairness, accountability, disclosures and transparency are the four strong pillars supporting the foundation of your Company's philosophy of Corporate Governance. Responsible governance is imbedded in your Company's work culture which has enabled it to achieve sustainable growth on its journey to continued success, thereby meeting stakeholders' expectations. The governance processes and systems of your Company have strengthened over a period of time.

Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices. Comprehensive disclosures, structured accountability in exercise of powers, adhering to best practices and commitment to compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way the business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked with the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement. This chapter, along with chapters on Management Discussions & Analysis constitutes 20 Microns' compliance with Clause 49 of the Listing Agreement.

1. BOARD OF DIRECTORS

COMPOSITION OF BOARD

As on 31st March, 2014, your Company has a balanced mix of Executive, Non-Executive and Independent Directors on the Board. The total strength of the Board of Directors is 08. Your Company has an optimum combination of Executive and Non-Executive Directors with 50% of the Board of Directors comprising of Non-Executive Directors. Since the Chairman is the Executive Director, number of Independent Directors are 4 which is in conformity with the requirements of the clause 49 of the Listing Agreement.

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

NON EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURE

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

CATEGORY

The names and categories of Director on the Board and the number of Directorships and Committee Chairmanships/ Memberships held by them in other Companies as on 31st March, 2014 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	Executive Chairman	4	1	1
Mr. Rajesh C. Parikh	Chief Executive Officer & Managing Director	4	2	-
Mr. Atil C. Parikh	Managing Director	2	-	-
Mr. Sudhir R. Parikh	Director (Finance)	3	1	-
Non-Executive Directors				
Mr. Pravinchandra M. Shah	Independent Director	-	4	2
Mr. Ram A. Devidayal	Independent Director	6	3	1
Mr. Atul H. Patel	Independent Director	11	2	-
Mr. Naresh Makhija	IDBI Nominee	-	1	-

(* EXCLUDING FUNCTIONAL COMMITTEES)

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.

REPORT ON CORPORATE GOVERNANCE [Contd.]

The Company Secretary in Consultation with Executive Directors finalizes the agenda, which is circulated with detailed notes to the Board members in advance of the meetings.

A. during the financial year ended 31.03.2014, the Board met 06 [six] times the dates of which are as under:

Sr. No.	Board Meeting Dates	Board Strengths	No. of Directors Present
1	22.04.2013	8	8
2	28.05.2013	8	8
3	17.06.2013	8	5
4	08.08.2013	8	7
5	12.11.2013	8	7
6	12.02.2014	8	8

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

B. ATTENDANCE OF DIRECTORS AT

- 1) BOARD MEETINGS AND
- 2) ANNUAL GENERAL MEETING

Name of Directors	No. of Board Meeting Attended	Attendance in Last AGM
Mr. Chandresh S. Parikh	6	YES
Mr. Rajesh C. Parikh	5	NO
Mr. Atil C. Parikh	5	YES
Mr. Sudhir R. Parikh	5	YES
Mr. Pravinchandra M Shah	6	YES
Mr. Ram A. Devidayal	6	YES
Mr. Atul H. Patel	5	YES
Mr. Naresh Makhija	5	NO

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

Mr. Sudhir R. Parikh, Director – Finance and Mr. Atil C. Parikh, Managing Director of the Company will retire by rotation at the ensuing Annual General Meeting who is eligible for re-appointment.

Mr. Sudhir R. Parikh, aged 61 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 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 and Eriez Finance & Investment Limited. He is a member of Share Transfers and Investor Grievance Committee, Finance Committee and Management Committee of the Company. He holds 3,96,690 Equity Shares representing 1.17% of the present paid-up capital of the Company.

Mr. Atil C. Parikh, aged 37 years, holds a Bachelor's degree in Chemical Engineering from Gujarat University. He then began his career working as a Management Trainee with 20 Microns Limited in 1999-2000. Later, he relocated to USA and completed his MBA with Finance specialization from California. On completion of MBA, he joined a Financial Services firm, The Tax Credit Company, where he held a position of a Management Analyst in 2003 and worked for 2 years contributing to various aspects of the industry ranging from Marketing, Analysis, HR and Operations. In the year 2005, he re-joined the Company as Management Analyst. He contributed in developing certain strategies and revamping few departments within the organization. He is also on the Board of 20 Microns Nano Minerals Limited. He holds 16,59,956 Equity Shares representing 4.90% of the present paid-up Capital of the Company.

In terms of requirements of the new Companies Act, 2013, Mr. Pravinchandra M. Shah, Mr. Ram Devidayal and Mr. Atul Patel, Independent Directors seek appointment at the ensuing Annual General Meeting to hold their respective offices for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019. Their respective profiles in brief are as under :

REPORT ON CORPORATE GOVERNANCE [Contd.]

Mr. Pravinchandra M. Shah holds Master's degree in Commerce and Bachelor's degree in Law from the M.S. University, Vadodara. He is an Associate Member of Institute of Company Secretaries of India and Institute of Cost and Works Accountant of India.

He has an extensive experience of more than 47 years in various fields of Accounting, Finance, Taxation (Direct and Indirect), Company Secretarial Matters, Legal Matters, General Administration, Labour Matters, etc.

He started his career in the year 1959 with Textile Appliances & Instruments Co. Pvt. Ltd as Accountant cum Secretary till 1962. Mr. Shah has worked for more than 20 years (1966 – 1986) with Banco Products (India) Ltd and its group in different capacities, lastly as Director (Finance) and from the year 1989 onwards with Transpek Industry Ltd as Vice President (Finance). He has also worked as a consultant for over more than 15 years in the areas of Finance, Accounts, Taxation, Company Law and SEBI Matters, etc.

Mr. P.M. Shah is a member of the Audit Committee, Nomination and Remuneration Committee and Stakeholder Relation & Share Transfer Committee of the Board of Directors of the Company. He holds 21,500 Equity Shares representing 0.06% of the present paid-up Capital of the Company.

Mr. Ram Devidayal holds Master's degree in Commerce & Management.

He has rich & extensive experience in the fields of Agrochemicals of about 35 years of which 20 years in the Senior – 1st Line Management of the Companies to which he has been associated as Director.

He is the Vice Chairman of Baroda Citizen Council & involved in Social activities of many NGOs. He has also been actively attached with various Associations, since last over a Decade, like Chamber of Commerce in Vadodara; Federations of Gujarat Industries; Gujarat Pesticides Formulators; etc. He has travelled widely round the Globe and participated in various International Seminars and led delegations several times.

Mr. Ram Devidayal is the Chairman of the Audit Committee and Member of Nomination and Remuneration Committee and Stakeholder Relation & Share Transfer Committee of the Board of Directors of the Company. He holds 120000 Equity Shares representing 0.35% of the present paid-up Capital of the Company.

Mr. Atul Patel is Graduate in Textile Engineering from VJTI, Bombay. He is a Managing Director of TARAK CHEMICALS PRIVATE LIMITED, Vadodara engaged in the manufacturing of Oil Field Chemicals & other Specialty Chemicals.

He has been deeply involved in the activities of Industrial Association and was 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 Employers' Union for the period 1993-95 and also a Senate member of M.S. University of Baroda.

He has also been 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.

Mr. Atul Patel is Member of the Audit Committee, Nomination and Remuneration Committee and Stakeholder Relation & Share Transfer Committee of the Board of Directors of the Company. He does not hold any Shares of the Company.

The Board of Directors has appointed Mrs. Darsha R. Kikani as Additional Director and she holds office up to the ensuing Annual General Meeting. In terms of Companies Act, 2013, Mrs. Darsha Kikani, Independent Director seeks appointment at the ensuing Annual General Meeting to hold the office for 5 [five] consecutive years for a term upto the conclusion of the annual general meeting of the Company to be held in the calendar year 2019. Her Profile in brief is as under :

Mrs. Darsha R. Kikani is a member of Institute of Chartered Secretaries & Administrators, UK and Fellow Member of Institute of Company Secretaries of India. She holds Master Degree of Business Administration, Bachelor Degree of Laws and Bachelor Degree of Science.

Mrs. Darsha Kikani carries a balanced mix of executive, academic as well as entrepreneurial experience. She has interacted with companies at corporate level for over 17 years, as a practicing Company Secretary and Company Law Consultant. Experience includes the whole spectrum of functions starting from incorporation of companies to regulatory aspects of Corporate Governance, liaison with Stock Exchanges/SEBI and from conducting secretarial due diligence of companies for IPO to Merger & Acquisitions. She was also associated as Secretarial Executive with M/s. Ambalal Sarabhai Enterprises Limited, Vadodara. Also worked as a Market Research Associate with Consulting Division of ORG, for the Sardar Sarovar (Narmada) Project. She worked as Asst. Vice President (Corporate Legal Team) with Reliance Infrastructure Limited, Mumbai, one of the largest industrial groups of India. She is presently working with Mindspark Language Team of Educational Initiatives, an innovative landmark Company in Education Sector for four years. She does not hold any Shares of the Company.

REPORT ON CORPORATE GOVERNANCE [Contd.]

CODE OF CONDUCT

The Board of Directors has laid down a code of conduct for all the Board members and senior management personnel of the Company and the same is posted on the website of the company (www.20microns.com). All Board members and senior management personnel have affirmed compliance of the code of conduct. A declaration signed by the chairman and Managing Director regarding affirmation of the compliance with the code of conduct by the Board members and senior management personnel of the company is appended at the end of this report.

2. COMMITTEES OF THE BOARD

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

COMMITTEE OF DIRECTORS	CONSTITUTED ON
Audit Committee	27 TH February, 2001
Remuneration Committee	6 TH January, 2003
Nomination And Compensation Committee	5 TH August, 2006
Share Transfers & Investors'/Depositors' 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 – Finance & Operations and representatives of the Statutory and Internal Auditors of the Company are permanent invitees to the Committee Meetings. The Company Secretary acts as Secretary to the Committee.

The Committee, as on 31st march, 2014, comprised of the following members:

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

All of them are Independent Directors.

Attendance

During the Financial Year ended 31st March, 2014, 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.	28.05.2013	3	3
2.	08.08.2013	3	3
3.	12.11.2013	3	2
4.	12.02.2014	3	3

Attendance at the Committee Meetings:

NAMES OF DIRECTORS	CATEGORY	NO. OF MEETINGS ATTENDED
Mr. Ram A. Devidayal	Independent Director	4
Mr. Pravinchandra M. Shah	Independent Director	4
Mr. Atul Patel	Independent Director	3

Terms of Reference

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

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

REPORT ON CORPORATE GOVERNANCE [Contd.]

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

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

The role of the Committee shall be as under:

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

REMUNERATION COMMITTEE

The remuneration policy of the company is based on several criteria which include responsibility, performance and potential of the executive directors and growth of the company.

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

COMPOSITION

The Remuneration Committee, as on 31st march, 2014, comprised of the following members:

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

All of them are Independent Directors.

Attendance

During the Financial Year ended 31st March, 2014, no meetings were held since there was no necessity.

NOMINATION AND COMPENSATION COMMITTEE

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

REPORT ON CORPORATE GOVERNANCE [Contd.]

COMPOSITION

The Committee, as on 31st March, 2014, comprised of the following members:

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

ATTENDANCE

During the Financial Year ended 31st March, 2014, no meetings were held since there was no necessity.

SHARE TRANSFERS & INVESTORS'/DEPOSITORS' GRIEVANCES COMMITTEE

The major functions of the Committee are to approve transfer, transmission and transposition of shares, issue of duplicate share certificates and all other matters relating to shareholding and investor grievances and review all the matters relating to fixed deposits such as payment of interest on due dates, repayment of principle, maintenance of liquid assets and other matters relating to section 58A of the companies act, 1956 and rules made thereunder.

Composition

The Committee, as on 31st March, 2014, comprised of the following members:

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

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

ATTENDANCE

During the financial year ended 31st March, 2014, the Committee met once, the date of which is as under:

SR. NO.	DATES OF MEETINGS	COMMITTEE STRENGTH	NO. OF MEMBERS PRESENT
1.	12.02.2014	4	4

Attendance at the Committee Meetings:

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

The Board of Directors of the Company vide its Circular Resolution dated 02.07.2014 approved authorizing any two of the Whole Time Directors and Company Secretary for the purposes of approving transfer of shares and Split of Share Certificates that may be received by the Company in physical form from time to time.

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 power and duties with respect to specific purposes. Meetings of such Committees are held for the growth and efficient management and better co-ordination in the working of the Company.

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

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

REPORT ON CORPORATE GOVERNANCE [Contd.]

related parties, for the financial year ended 31st March, 2014, were not in conflict with the interest of the Company at large. The related party transactions have been disclosed in Notes to Financial Statements forming part of the Annual Report.

Disclosure of accounting treatment

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

Details of non-compliance with regard to the Capital Market

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

Disclosure of Unclaimed Shares

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

Particulars	Aggregate No. of Shareholders	Aggregate No. of Shares
Shares lying in Suspense account as on 01.04.2013	3	422
Shares transferred from Suspense account during the year	Nil	Nil
Shares lying in Suspense account as on 31.03.2014	3	422

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

Board Disclosures – Risk Management

The Company is exposed to risks from foreign exchange fluctuations, competition, liquidity, credit and logistics risks. The Company has an integrated approach to managing the risks inherent in the various aspects of business. The Audit Committee of the Board is regularly informed about the business risks and steps taken to mitigate the same.

Remuneration of Directors for the Financial Year 2013-14

Remuneration to Executive Directors have been paid to them in terms of the approval given by Shareholders of the Company under Section 269, 309 and other applicable provisions of the Companies Act, 1956 and the resolution passed in that behalf and as recommended by the Remuneration Committee of Directors duly constituted pursuant to Schedule XIII of the Companies Act, 1956.

The remuneration to the Executive Directors consists of fixed salary, allowances and other perquisites as per the Rules of the Company and commission on Net profit as calculated as per Sections 349 & 350 of the Companies Act, 1956. The Provident Fund is contributed as per Provident Fund Act and Rules.

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

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

[₹ in Lacs]						
Names of Directors	Basic	HRA	Medical	Company's Contribution to PF	Commission	TOTAL
Executive Directors						
Mr. Chandresh S. Parikh	39.00	0	1.79	4.68	0	45.47
Mr. Rajesh C. Parikh	29.76	4.46	1.37	3.57	0	39.16
Mr. Atul C. Parikh	24.36	3.65	1.12	2.92	0	32.05
Mr. Sudhir R. Parikh	29.76	4.46	1.37	3.57	0	39.16
Non Executive Directors					Sitting fees [₹]	
Mr. Pravinchandra M. Shah					70,000	
Mr. Ram A. Devidayal					70,000	
Mr. Atul H. Patel					37,000	
Mr. Naresh Makhija*					25,000	

[*] = Sitting Fees were paid to the Institution nominating him.

REPORT ON CORPORATE GOVERNANCE [Contd.]

Director's Shareholding

Shareholding of the Directors in the company as on 31st March, 2014:

Names of Directors	No. of shares held in the Company	Percentage of holding
Mr. Chandresh S. Parikh	36,30,400	10.74
Mr. Rajesh C. Parikh	16,59,956	4.91
Mr. Atil C. Parikh	16,59,956	4.91
Mr. Sudhir R. Parikh	3,96,690	1.17
Mr. Naresh Makhija	Nil	Nil
Mr. Pravinchandra M. Shah	21,500	0.06
Mr. Ram Devidayal	1,20,000	0.35
Mr. Atul Patel	Nil	Nil

In terms of article 129 of the Articles of Association of the company, the directors are not required to hold any qualification shares.

4. MANAGEMENT

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

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

5. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are generally published in widely circulating national and local dailies in Business Standards – English & vernacular – Gujarati versions.

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
2012-13	28.09.2013	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	3.00 p.m.	Special Resolution for shifting Registered Office from the State of Gujarat to Maharashtra passed
2011-12	09.08.2012	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	3.00 p.m.	No Special Resolutions were passed.
2010-11	18.08.2011	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	3.00 p.m.	No Special Resolutions were passed.

During the year 2013-14, 03 [Three] Extra – ordinary General Meetings were held on 25th May, 2013, 17th July, 2013 and 30th January, 2014 where Special Resolutions for the following items were passed:

- To create offer, issue and allot up to 4,00,000 (Four Lacs) Fully Convertible Debentures of ₹ 100/- each, on a preferential basis to M/s. Pratik Minerals Private Limited
- To approve reappointment of Mr. Chandresh S. Parikh as Chairman & Managing Director of the Company for period of 03 Years w.e.f. 01st April, 2013
- To approve reappointment of Mr. Rajesh C. Parikh as Managing Director of the Company for period of 03 Years w.e.f. 01st April, 2013
- To approve reappointment of Mr. Atil C. Parikh as Joint Managing Director of the Company for period of 03 Years w.e.f. 01st April, 2013
- To approve reappointment of Mr. Sudhir R. Parikh as Director (Finance) of the Company for period of 03 Years w.e.f. 01st April, 2013
- To create offer, issue and allot up to 3,00,000 (Three Lacs) Fully Convertible Debentures of ₹ 100/- each, on a preferential basis to M/s. Pratik Minerals Private Limited
- To approve alteration in Articles of Association of the Company

REPORT ON CORPORATE GOVERNANCE [Contd.]

Postal Ballot:

During the year, the Company does not get approval of the Members, through Postal Ballot.

7. CEO/CFO CERTIFICATION

As required by clause 49 of the listing agreement, the CEO and CFO certification is appended as an annexure to this report.

8. REPORT ON CORPORATE GOVERNANCE

This report on corporate governance forms part of the annual report. The company is fully compliant with all the provisions of clause 49 of the listing agreement of the Bombay Stock Exchange Limited and National Stock Exchange Of India Limited.

9. COMPLIANCE

A certificate from the statutory auditors of the company, confirming the compliance with all the conditions of corporate governance, as stipulated in clause 49 of the listing agreement of the stock exchanges is annexed at the end of this report.

10. GENERAL SHAREHOLDERS' INFORMATION

REGISTERED OFFICE

9/10, GIDC INDUSTRIAL ESTATE,
WAGHODIA – 391760
DIST. VADODARA
GUJARAT, INDIA
TEL: +91-2668-292297
FAX: +91-2668-264003

ANNUAL GENERAL MEETING

DAY AND DATE : SATURDAY, THE 27TH DAY OF SEPTEMBER, 2014

TIME : 03.00 P.M.

PLACE : CONFERENCE ROOM AT 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, 2014	On or before 15 th August, 2014
Quarter / Half Year ending on 30 th September, 2014	On or before 15 th November, 2014
Quarter ending on 31 st December, 2014	On or before 15 th February, 2015

Annual Audited Results of the Year 2014-15 On or before 30th May, 2015

BOOK CLOSURE

The Register of Members and Share Transfer Books of the company will be closed from Saturday, the 20th day of September, 2014 to Saturday, the 27th day of September, 2014 [both days inclusive] for the purpose of 27th Annual General Meeting.

LISTING DETAILS

The company's equity shares are listed on the following stock exchanges:

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

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

The company's payment of listing fees is up-to-date.

REPORT ON CORPORATE GOVERNANCE [Contd.]

REGISTRARS AND SHARE TRANSFER AGENTS

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

CAMEO CORPORATE SERVICES LIMITED
SUBRAMANIAN BUILDING, NO. 1, CLUB HOUSE ROAD,
CHENNAI – 600 002.
TELE FAX : +91 044 28460395
EMAIL : narasimhan@cameoindia.com

SHARE TRANSFER SYSTEM

The company's shares are traded on stock exchanges in demat mode only. Those transfers are effected through depositories i.e. NSDL & CDSL.

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

DEMATERIALIZATION OF SHARES AND LIQUIDITY

The ISIN code of the shares of the company is INE144J01027. As on 31st March, 2014, 91.11% of the paid-up capital has been dematerialized as detailed below:

Mode	No. of Shares	% of the total share capital
Physical	3004732	8.89
NSDL	21813519	64.51
CDSL	8997651	26.60
Total	33815902	100.00

MARKET PRICE DATA

The monthly high and low prices of the shares of the company as quoted on Bombay Stock Exchange Limited and National Stock Exchange Of India Limited for the FY 2013-14 are given hereunder:

Month	Bombay Stock Exchange Ltd.			National Stock Exchange of India Ltd.		
	High Price (in ₹)	Low Price (in ₹)	Close Price (in ₹)	High Price (in ₹)	Low Price (in ₹)	Close Price (in ₹)
Apr-13	32.00	30.10	30.70	32.00	30.10	30.65
May-13	34.35	30.30	30.55	36.50	30.20	30.45
Jun-13	31.90	30.20	30.40	32.80	30.10	30.20
Jul-13	32.20	30.10	30.20	31.15	30.15	30.20
Aug-13	33.00	30.10	30.40	36.00	30.05	30.25
Sep-13	31.45	30.20	30.35	31.90	30.15	30.30
Oct-13	37.90	30.25	33.80	38.00	30.20	33.65
Nov-13	36.00	30.50	31.85	38.30	30.00	31.70
Dec-13	34.30	30.50	31.10	34.45	30.40	31.10
Jan-14	32.50	30.35	30.95	33.50	30.20	31.00
Feb-14	32.90	30.20	30.25	33.00	30.20	30.35
Mar-14	32.35	30.10	31.35	36.50	30.10	31.15

SHAREHOLDING PATTERN

The shareholding pattern of the company as on 31st March, 2014 is as follows:

Category	No. of Shares	% Shareholding
Promoter & Promoter Group	1,87,00,229	55.30
Bodies Corporate	70,90,962	20.97
Clearing Members	2,12,313	0.63
Non Resident Indians	17,94,683	5.31
Trusts	616	0.00
Other Individuals	60,17,099	17.79
TOTAL	3,38,15,902	100.00

REPORT ON CORPORATE GOVERNANCE [Contd.]

DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding of the company as on 31st March, 2014 is as follows:

SL NO.	HOLDING	HOLDERS	% OF TOTAL	SHARES	% OF TOTAL
1	between 1 and 1000	3525	60.48	363342	1.07
2	between 1001 and 5000	1720	29.51	772054	2.28
3	between 5001 and 10000	222	3.81	350932	1.04
4	between 10001 and 20000	122	2.09	377459	1.12
5	between 20001 and 30000	67	1.15	340380	1.01
6	between 30001 and 40000	21	0.36	145558	0.43
7	between 40001 and 50000	17	0.29	162098	0.48
8	between 50001 and 100000	38	0.65	572071	1.69
9	> 100000	96	1.65	30732008	90.88
	Total	5828	100	33815902	100

INVESTORS CORRESPONDENCE

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

Ms. Anuja Muley
Company Secretary & Compliance Officer
20 Microns Limited
9/10, GIDC Industrial Estate,
Waghodia – 391760. Dist. Vadodara, Gujarat, India
Tel : +91 2668 292297 Fax: +91 2668 264003
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, 2014.

Place : Waghodia, Dist. Vadodara
Date : 06.08.2014

Chandresh S. Parikh
Executive Chairman

REPORT ON CORPORATE GOVERNANCE [Contd.]

CEO/ CFO CERTIFICATION

To

**The Board of Directors
20 Microns Limited**

1. We have reviewed Audited Financial statements and the cash flow statement of 20 Microns Limited for the year ended 31st March, 2014 and that to the best of our knowledge & information :
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. To the best of our knowledge and information, no transactions are entered into by the Company during the year ended 31st March, 2014, which are fraudulent, illegal and violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting. In order to evaluate the effectiveness of internal control systems, pertaining to financial reporting and for risk management we have established internal framework to carry out independent study at regular intervals on risk management and internal controls, which helps in forming the opinion for CEO/CFO certification as required.
4. We have informed to the Auditors and the Audit Committee:
 - i) Significant changes in the internal control over financial reporting during the year, if any;
 - ii) Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Rajesh C. Parikh
CEO & Managing Director

Sudhir R. Parikh
Director (Finance)

Place: Vadodara
Date: 06.08.2014

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, 2014 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 & Shah.
Chartered Accountants
Firm Registration No. 106041W

G. R. Parmar
Partner
Membership No. 121462

Place: Ahmedabad
Date: 06.08. 2014

INDEPENDENT AUDITORS' REPORT

To
The Members of
20 Microns Limited

Report on the Financial Statements

We have audited the accompanying financial statements of 20 Microns Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 42 to the financial statements which describes managements view on repayment of deposits accepted prior to 31.03.2014. Consequently its classification in to Current and Non Current Category is made considering the period within which deposit will be repaid for the reason stated in the said note. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection(3C) of section 211 of the Companies Act, 1956 read with the General

INDEPENDENT AUDITORS' REPORT [Contd.]

Circular 15/2013 dated 13 September 2013 of the Ministry of Company Affairs in respect of section 133 of the Companies Act, 2013.

- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Manubhai & Shah
Chartered Accountants
Firm Registration No.:106041W

G. R. Parmar

Place: Waghodia, Vadodara

Partner

Date: May 24, 2014

Membership No.: 121462

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

1.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except tagging details of fixed assets is in the process of updation in the fixed assets register.
 - b. As explained to us, the fixed assets have been physically verified by the management as per phased programme of verification designed to cover all the fixed assets on rotation basis, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification as compared to the records maintained by the Company.
 - c. The fixed assets disposed of during the year, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
 2.
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The company has maintained proper records of inventories. As explained to us, the discrepancies noticed on verification between physical stocks and book records were material and the same have been properly dealt with in the books of account.
 3.
 - a. The Company has granted unsecured loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was ₹ 10.28 Lacs and the year-end balance was ₹ Nil.
 - b. In our opinion and according to information and explanation given to us, the loans are interest free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - c. The loans given by the Company are interest free and repayable at the end of one year in single installment and on demand therefore the question of regular receipt of principal amount and interest does not arise.
 - d. The Company has taken unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was ₹ 185.38 Lacs and the year-end balance was ₹ Nil.
 - e. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of these loans are not prima facie prejudicial to the interest of the Company.
 - f. In respect of loans taken by the company, the interest and the principal amount are repayable on demand.
 - g. The loans taken/granted by the Company are repayable on demand and therefore question of overdue amount does not arise.
4. 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 the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
 5.
 - 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 entered.
 - b. Having regard to the nature of transaction and non availability of comparable quotations, the reasonability of price in respect of the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year cannot be ascertained.
 6. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from public.

Further, we are informed that no Order has been passed by the Company Law Board ('the CLB') or National Company Law Tribunal ('the NCLT') or

ANNEXURE TO INDEPENDENT AUDITORS' REPORT [Contd.]

- Reserve Bank of India ('the RBI') or any Court or any other Tribunal.
7. The Company has appointed firms of chartered accountants as internal auditors. On the basis of reports submitted by internal auditors, in our opinion the internal audit system is commensurate with the size and nature of company's business.
 8. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
 9. a. In our opinion and according to the information and explanation given to us, the company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Investor Education and Protection Fund, Custom duty, Professional tax and other statutory dues as may be applicable to the company except in case of Income Tax deducted at Source, Excise duty, Sales Tax, Service Tax and Employees' State Insurance dues where there was some delay on few occasions at some of the offices of the company.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty were in arrears, as at 31st March, 2014 for a period of more than six months from the date they become payable.
 - c. The details of disputed statutory dues that have not been deposited on account of dispute are as under:

Sr. No.	Name of Statute	Nature of dues	Amount (In Lacs ₹)	Period to which the amount relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax	20.14 (Adjusted Against refund due by Income Tax Department.)	2005-2006	ITAT, Ahmedabad
2.	Income Tax Act, 1961	Income Tax	48.78	2011-2012	Commissioner of Income Tax
3.	Central Sales Tax Act, 1956	Central Sales Tax	9.43	2008-2009	Commissioner of Commercial Taxes, Appeals
4.	Central Excise Act, 1944	Custom Duty	2.77	2006-2007	Customs, Excise and Service Tax Appellate Tribunal
5.	Central Excise Act, 1944	Custom Duty	3.00	1999-2000	Customs, Excise and Service Tax Appellate Tribunal
6.	Central Excise Act, 1944	Custom Duty	749.67	07.02.2000 to 31.07.2003	Supreme Court

10. The Company has no accumulated losses as at the period ended March 31, 2014 and it has not incurred any cash losses in the period ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause 4(xiii) of the Order is not applicable to the Company.
14. The Company is not dealing or trading in Shares, Securities, Debentures and Other Investments. However the Company has maintained proper records of transactions and contracts in respect of investment in shares and other securities and timely entries have been made therein. The investment in the shares and other securities are held by the Company in its own name.
15. According to the information and explanation given

ANNEXURE TO INDEPENDENT AUDITORS' REPORT [Contd.]

- to us, the Company has given guarantee of ₹ 1,225 Lacs for loans taken by subsidiary from bank. The terms of such guarantee are not prejudicial to the interest of the Company.
16. In our opinion, the Company has applied the term loan for the purpose for which it was raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short-term basis to the extent of ₹ 922.15 Lacs have been used for long-term investment.
18. According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Act during the year.
19. The Company has, during the year issued 7,00,000 fully convertible unsecured debentures of ₹ 700.00 Lacs on which no security or charge was required to be created and the same have been fully converted in to equity shares during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the period, nor have we been informed of any such case by the Management.

For Manubhai & Shah
Chartered Accountants
Firm Registration No.:106041W

G. R. Parmar
Partner
Place: Waghodia, Vadodara
Date: May 24, 2014 Membership No.: 121462

BALANCE SHEET

as at March 31st, 2014

		(₹ In Lacs)	
Particulars	Note	As At 31, March 2014	As At 31, March 2013
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	1690.80	1583.10
(b) Reserves and Surplus	3	5750.01	5144.64
		7440.81	6727.74
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	5779.02	6471.86
(b) Deferred Tax Liabilities (Net)	5	1327.18	1332.17
(c) Other Long Term Liabilities	6	49.96	59.76
		7156.16	7863.79
(3) Current Liabilities			
(a) Short-Term Borrowings	7	7837.74	6531.73
(b) Trade Payables	8	4691.81	2694.34
(c) Other Current Liabilities	9	3525.86	2691.64
(d) Short-Term Provisions	10	56.90	205.73
		16112.31	12123.44
TOTAL EQUITY AND LIABILITIES		30709.28	26714.97
II ASSETS			
(1) Non-Current Assets			
(a) Tangible Assets	11	14550.88	13776.81
(b) Intangible Assets	11	139.07	164.88
(c) Capital Work-In-Progress	11	1073.26	343.80
(d) Non-Current Investments	12	737.92	737.92
(e) Long Term Loans and Advances	13	1440.69	1391.38
(f) Other Non-Current Assets	14	278.43	233.42
		18220.24	16648.20
(2) Current Assets			
(a) Inventories	15	5783.46	4431.90
(b) Trade Receivables	16	5256.35	4495.48
(c) Cash and Bank Balances	17	657.81	396.65
(d) Short-Term Loans and Advances	18	639.23	637.01
(e) Other Current Assets	19	152.20	105.72
		12489.04	10066.76
TOTAL ASSETS		30709.28	26714.97

Significant Accounting Policies 1
The notes referred to above form an integral part of the financial statement.

As per our audit report of even date attached

For Manubhai & Shah
Chartered Accountants
Firm Registration No.: 106041W

For and on behalf of Board of Directors

G. R. Parmar
Partner
Membership No.:121462

C. S. Parikh
Executive
Chairman

Atil Parikh
Managing Director

Anuja Muley
Secretary

P. M. Shah
Director

May 24, 2014
Waghodia, Vadodara

May 24, 2014
Waghodia, Vadodara

STATEMENT OF PROFIT AND LOSS

as at March 31st, 2014

		(₹ In Lacs)	
Particulars	Note	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
I	Revenue from Operations	29045.05	27710.07
II	Other Income	870.23	413.19
III	Total Revenue [I + II]	29915.28	28123.26
IV	Expenses		
	(a) Cost of Materials Consumed	14746.67	14040.09
	(b) Changes in Inventories of Finished Goods	(512.69)	(353.11)
	(c) Employee Benefit Expenses	2589.80	2263.34
	(d) Finance Costs	2168.96	1554.68
	(e) Depreciation and Amortization Expense	1007.51	748.42
	(f) Other Expenses	9905.92	8452.54
IV	Total Expenses	29906.16	26705.98
V	Profit Before Exceptional Items and Tax (III - IV)	9.12	1417.28
VI	Less : Exceptional Items	-	851.93
VII	Profit Before Tax [V - VI]	9.12	565.35
VIII	Tax Expenses		
	(a) Current Tax	9.00	147.00
	(b) Mat Credit Entitlement	(9.00)	(147.00)
	(c) Deferred Tax	(4.99)	239.97
	(d) Wealth Tax	1.05	1.01
	(d) Prior year tax adjustment	-	-
	Total Tax Expenses	(3.94)	240.98
IX	Profit For The Year [VII - VIII]	13.06	324.37
	Earning per Equity Share of ₹ 5 each [in ₹]		
	Basic	0.04	1.02
	Diluted	0.04	1.02

Significant Accounting Policies 1

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

As per our audit report of even date attached

For Manubhai & Shah
Chartered Accountants
Firm Registration No.: 106041W

For and on behalf of Board of Directors

G. R. Parmar
Partner
Membership No.:121462

C. S. Parikh
Executive
Chairman

Atil Parikh
Managing Director

Anuja Muley
Secretary

P. M. Shah
Director

May 24, 2014
Waghodia, Vadodara

May 24, 2014
Waghodia, Vadodara

CASH FLOW STATEMENT

as at March 31st, 2014

	(₹ In Lacs)	
	for the year ended 31, March 2014	for the year ended 31, March 2013
A. Cash Flow From Operating Activities		
Profit Before Tax	9.12	565.35
Adjusted For :		
Depreciation and Amortisation Expenses	1007.51	748.42
Gratuity Provision	48.37	34.12
Provision For Doubtful Debts	34.74	49.29
Provision For Leave Encashment	(2.26)	8.79
Credit Balances Written Back	(50.29)	(76.68)
Debit Balances Written-Off	46.50	27.68
Profit on Disposal Of Tangible Assets	(.36)	(1.23)
Loss on Disposal Of Tangible Assets	26.92	11.87
Dividend From Long Term Investments	(648.90)	(191.43)
Interest Received on Bank Deposits	(42.14)	(43.84)
Interest Paid	2165.91	1428.70
Forward Premium	3.04	125.98
	<u>2589.05</u>	<u>2121.66</u>
Operating Profit Before Working Capital Changes	2598.16	2687.01
Adjusted For :		
Increase / (Decrease) In Trade Payables and Liabilities	2124.99	797.14
(Increase) / Decrease In Trade Receivables	(842.11)	(139.11)
(Increase) / Decrease In Loans and Advances	94.66	341.42
(Increase) / Decrease In Inventories	(1351.55)	374.26
(Increase) / Decrease In Other Assets	(203.72)	102.55
	<u>(177.74)</u>	<u>1476.27</u>
Cash Generated From Operation	2420.43	4163.29
Direct Taxes Paid (Net of Refund)	(108.91)	(104.67)
Net Cash From Operating Activities	2311.52	4058.61
B. Cash Flow From Investing Activities		
Purchase of Tangible Assets, Capital Work In		
Progress including Capital Advances	(2553.24)	(4057.86)
Purchase of Intangible Assets	(26.35)	(37.35)
Proceeds From Disposal of Tangible Assets	30.51	18.49
Dividend from Long Term Investments	595.40	420.22
Interest Received on Bank Deposits	42.14	43.84
Net Cash Used In Investing Activities	(1911.54)	(3612.66)

CASH FLOW STATEMENT

as at March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	for the year ended 31, March 2014	for the year ended 31, March 2013
C. Cash Flow From Financing Activities		
Proceeds From Long-Term Borrowings (Net)	46.43	1329.65
Proceeds From/(Repayment of) Short-Term Borrowings (Net)	1306.01	(988.59)
Dividend Paid	(158.31)	(257.96)
Corporate Dividend Tax On Dividend Paid	(26.90)	(41.85)
Advance For Equity Share Warrants (Adjusted Against Share Premium and Share Capital Issued)	-	(515.00)
Share Premium Received	592.31	1200.00
Proceed From Issue of Share Capital	107.69	150.00
Interest Paid	(2165.91)	(1428.70)
Forward Premium	(3.04)	(125.98)
Net Cash Used In Financing Activities	(301.73)	(678.43)
Net Increase / (Decrease) In Cash and Cash Equivalents	98.25	(232.48)
Cash and Cash Equivalents - Opening Balance	108.94	341.42
Cash and Cash Equivalents - Closing Balance	207.20	108.94

Notes:

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

Particulars	As at 31 March, 2014	As at 31 March, 2013
Cash in hand	14.51	10.99
Balances with banks in current account	201.14	109.23
Total	215.64	120.22
Less: amount due to bank in current account	(8.44)	(11.29)
Total	207.20	108.94

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

As per our audit report of even date attached

For Manubhai & Shah
Chartered Accountants
Firm Registration No.: 106041W

For and on behalf of Board of Directors

G. R. Parmar
Partner
Membership No.:121462

C. S. Parikh
Executive
Chairman

Atil Parikh
Managing Director

Anuja Muley
Secretary

P. M. Shah
Director

May 24, 2014
Waghodia, Vadodara

May 24, 2014
Waghodia, Vadodara

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended March 31st, 2014

Note 1 : Significant Accounting Policies :

A. Basis of preparation of Financial Statements

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules 2006 as per Section 211(3C) of the Companies Act, 1956 (which, as per clarification issued by the Ministry of Corporate Affairs, continues to apply under section 133 of the Companies Act, 2013) and the other relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The reporting currency is INR and amounts are rounded off to nearest lacs.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

B. Use of Estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon best knowledge of current events and actions, actual results could differ from these estimates. These differences are recognized in the period in which the results are known / materialized.

C. Revenue Recognition

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

- a) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. Sales figure are inclusive of excise duty and freight in case of landed rates, but are of net of sales returns, and rate difference adjustments.
- b) Export benefits available under the prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered recoverable.
- c) Dividend income is recognized when the right to receive dividend is established.
- d) Interest income is recognized on accrual basis.

D. Fixed Assets and Depreciation

- a) Fixed assets including leasehold improvements and technical knowhow costs are stated at cost (net of

CENVAT, wherever applicable). Cost includes direct expenses related to acquisition and installation and interest incurred during construction period.

- b) Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or over the estimated useful lives of the assets, whichever is higher. Assets costing ₹ 5,000 or less are fully depreciated in the year of purchase.
- c) In respect of addition and sales of assets during the year, depreciation is provided on pro-rata basis.
- d) In case of assets acquired on lease, cost / premium paid are being amortized over a period of 20 years or the life the lease whichever is less.
- e) Expenditure on projects pending capitalization is shown under the head "Capital Work In Progress" which will be capitalized 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.

E. Intangible Assets

- a) Acquired Intangible Assets in the form of "Process Know How" is recognized at the cost of acquisition and amortized on straight line basis over a period of five years, depending on their estimated useful life.
- b) Capitalized software includes cost on Enterprise Resource Planning (ERP) project and other Software cost including license fees, which provides significant future benefits. ERP Project fees are amortized over a period of seven years. Costs of all other software are amortized over a period of five years.
- c) The amortization period and method are reviewed at each year end.

F. Impairment of Fixed Assets

- a) Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use.
- b) Assessment is also done at each Balance Sheet date as to whether there is any indication that an

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended March 31st, 2014

impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

G. 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. In respect of finished goods appropriate overheads are considered based on the normal operating capacity. Cost of finished goods also includes excise duty if applicable.

H. Foreign Exchange Transactions

a) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction. Foreign currency monetary items outstanding as on balance sheet date are revalued at exchange rate prevailing on balance sheet date (closing rate) and the gain / loss is recognized in Statement of Profit and Loss.

b) The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the Contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

I. 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.

J. Employee Benefits

a) Short Term Employee Benefits

Short term employee benefits are recognized as expenses at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services is rendered. Short term employee benefits also include accrued leave benefits, which are expected to be availed or encashed within 12 months from the end of the year.

b) Post-employment benefit plans

(i) Defined Contribution Plan

Contribution towards provident fund for eligible employees are accrued in accordance with applicable statutes and deposited with the regulatory authorities. The Company does not carry any other obligation apart from the monthly contribution.

(ii) Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan covering eligible employees in accordance with the Payment of Gratuity Act, 1972, through an approved Gratuity Fund. The Gratuity Fund is administered through a Trust. Contributions in respect of gratuity are made to the approved Gratuity Fund of the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and is recognized in the Balance sheet as reduced by the fair value of Gratuity Fund. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

K. Borrowing Cost

General and specific borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in Statement of Profit and Loss in the period in which they are incurred.

L. Earnings Per Share

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

M. Taxes on Income

a) Tax expense comprise of current and deferred taxes.

b) Current income tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act, 1961.

c) Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax asset is recognized on carried forward losses (if any) under tax laws, only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. At each reporting date, the unrecognized deferred tax assets is reassessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended March 31st, 2014

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against the current tax liabilities.

- 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 Statement of Profit and Loss 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.

N. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an

outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

O. Cash and Cash Equivalents

In the Cash Flow Statement, cash and cash equivalents represent cash on hand and demand deposits with bank.

P. General

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

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014

		(₹ In Lacs)	
		As At 31 March, 2014	As At 31 March, 2013
2. Share Capital			
a. Authorised Capital			
6,00,00,000 Equity Shares of ₹ 5/- each (Previous Year 6,00,00,000 Equity Shares of ₹ 5/- each)		3000.00	3000.00
b. Issued, Subscribed and Fully Paid-Up Equity Shares			
3,38,15,902 Equity Shares of ₹ 5/- each (Previous Year: 3,16,62,056 shares of ₹ 5 each)		1690.80	1583.10
c. Reconciliation of the share outstanding at the beginning and at the end of the reporting period.			

Name of Shareholder	As At 31 March, 2014		As At 31 March, 2013	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	31,662,056	158,310,280	14,331,028	143,310,280
Issued during the period - Warrant conversion	-	-	1,500,000	15,000,000
Issued during the period - Debenture Conversion	2,153,846	10,769,230	-	-
Issued during the period - Share Split	-	-	15,831,028	-
Outstanding at the end of the year	33,815,902	169,079,510	31,662,056	158,310,280

During the year 2012-13 Face Value of Equity Shares of ₹ 10/- each was split from ₹ 10/- to ₹ 5/- Per Share.

d. Rights, Preferences and Restrictions Attached to Equity Shares

- i The Company has only one class of shares referred to as equity shares having a par value of ₹ 5 each.
- ii Each holder of equity shares is entitled to one vote per share which can be exercised either personally or by an attorney or by proxy.
- iii The dividend proposed if any by the Board of Directors is subject to approval of the shareholders in the ensuing general meeting except in the case of interim dividend.
- iv In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

e. Details of Shareholders Holding More Than 5% Equity Shares in the Company:

Name of Shareholders	As At 31 March, 2014		As At 31 March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Eriez Finance and Investment Limited	8,250,235	24.40	8,250,235	26.06
Chandresh S Parikh	3,630,400	10.74	3,630,400	11.47
Rameshbhai Baldevbhai Patel	1,953,100	5.78	1,953,100	6.17
Arcadia Share & Stock Brokers Private Limited	1,748,965	5.17	-	-
Rajesh C. Parikh	1,659,956	4.91	1,659,956	5.24
Atil C. Parikh	1,659,956	4.91	1,659,956	5.24
Total	18,902,612	55.91	17,153,647	54.18

- f. The Company has not bought back any equity shares, has not allotted any shares as fully paid up pursuant to contracts without payment being received in cash and has not allotted bonus shares, for the period of five years immediately preceding March 31, 2014.

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	(₹ In Lacs)			
	As At 31 March, 2014	As At 31 March, 2013		
3. Reserves and Surplus				
a. General Reserve				
Balance as per last year Financial Statement	120.54	120.54		
Add: Transfer From surplus as per Statement of Profit and Loss	-	-		
Closing Balance	120.54	120.54		
b. Securities Premium Account				
Balance as per last year Financial Statement	2961.55	1761.55		
Add : Addition during year	592.31	1200.00		
Closing Balance	3553.86	2961.55		
c. Surplus as per Statement of Profit and loss				
Balance as per last year Financial Statement	2062.55	1923.40		
Add: Net Profit for the year	13.06	324.37		
Less: Appropriations				
Transfer to General Reserves	-	-		
Proposed Dividends	-	158.31		
Corporate Dividend Tax on Proposed Dividend	-	26.90		
Closing Balance	2075.61	2062.55		
Total Reserves and Surplus	5750.01	5144.64		
4. Long Term Borrowings				
	2014		2013	
	Current Maturities	Non-Current Maturities	Current Maturities	Non-Current Maturities
a. Secured Borrowings				
i. Term Loans				
From Banks	2004.49	4933.94	1336.71	5335.43
From Financial Institution	15.64	-	20.19	16.38
Total Secured Borrowings	2020.13	4933.94	1356.90	5351.81
b. Unsecured Borrowings				
i. From Banks	-	-	13.72	-
ii. From Financial Institution	26.11	-	98.55	26.81
iii. Deposits				
From Public	476.00	773.33	341.57	767.10
From Related Parties (Refer Note No. 38)	31.05	71.75	7.00	95.05
iv. Deferred Payment Liabilities				
Sales Tax Deferment Loan (Deferred Loan repaid in monthly installments)	31.04	-	27.30	31.09
v. Inter Corporate Deposit	-	-	-	200.00
Total Unsecured Borrowings	564.20	845.08	488.14	1120.05
Total Borrowings	2584.33	5779.02	1845.05	6471.86
	8363.35		8316.91	

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014

c. Maturity Profile of Borrowings [as at March 31, 2014]

Secured Borrowings

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

Year	From Bank	From Financial Institutions
Effective Interest Rate	13.25% - 14.25%	9.80% - 10.50%
2014-15	2006.02	15.64
2015-16	1734.24	-
2016-17	1127.21	-
2017-18	997.86	-
2018-19	716.61	-
2019-20	356.48	-
	6938.43	15.64

Unsecured Borrowings

Year	Financial Institutions	Deferred Payment Liabilities	Public Deposits
Effective Interest Rate	16%	Nil	9.75% - 13.62%
2014-15	26.11	31.04	507.05
2015-16	-	-	468.76
2016-17 and Onwards	-	-	376.32
	26.11	31.04	1352.13

d. Details of Securities

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

1. First pari-passu charge by way of mortgage / hypothecation over :

- Plot No. 149,156,157 &158 Mamura, Bhuj (admeasuring 88,864 sq.mtrs.)
- Plot No. 172,174 & 175, Vadadala, Baroda (admeasuring 03.00.01 hectares)
- Plot No. F-75/76/82/85 & H-83/84, RIICO I.A., Swaroopganj, Rajasthan (admeasuring 9,457.50 sq.mtrs.)
- 307/308, Arundeeep Complex, Race Course, Baroda (admeasuring 1,405 sq. ft super built up area)
- 134,135 1st Floor, Hindustan Kohinoor Ind. Complex, LBs Marg, Vikhroli (W), Mumbai (admeasuring 870 sq. ft.)
- Plot No. B-77 (Admeasuring 8825 sq. mts.) and B-78 (Admeasuring 8480 sq. mts), Matsya Industrial Area, Alwar, Rajasthan.
- Plot no. 253-254 (area 3000 sq.mtrs.) and plot no.728 & 729 (area 4061 sq mtrs), GIDC, Waghodia.
- Plot no. F-140 (admeasuring 2304 sq.mtrs.), F-141 (admeasuring 2275 sq.mtrs.), F-142 (admeasuring 1950 sq.mtrs.), RIICO Industrial Area, Alwar, Rajasthan.
- Plot no. 23 & 24 (area 3.29 acre), SIPCOT Industrial Estate, Phase-II, Hosur, Krishnagiri, Tamil Nadu
- Plot of land located at survey no 65, village Puthur, Tirunvelli, Tamil Nadu (admeasuring 20,261 sq.mtrs.)
- Plant and machinery, both present and future, wherever situated at all factories and premises pertaining to above locations.

2. Second pari-passu charge by way of mortgage / hypothecation over:

Current assets, both present and future, wherever situated, but pertaining to the division/factory/premises at Vadadala, Waghodia and Bhuj (all in Gujarat), Alwar and Swaroopganj (both in Rajasthan), Hosur and Tirunvelli (both in Tamil Nadu) and Vikhroli (W), Mumbai.

- All the term loans are further collaterally secured by personal guarantee of Chairman and Managing Director, Managing Director and Joint Managing Director of the Company.
- Term loans of ₹ 133.63 Lacs (Previous Year: ₹ 153.52 Lacs) obtained for acquisition of assets (vehicles) are secured only by the hypothecation of the respective assets financed.

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

5. Deferred Tax Liability (net)

	2012-13	Changes during the year	2013-14
Deferred Tax Liabilities			
Product Development Expenses	22.30	(2.95)	19.35
Difference between WDV of Fixed Assets as per the Income Tax Act, 1961 and the Companies Act, 1956.	1512.42	210.06	1722.48
Gross Deferred Tax Liabilities	1534.72	207.11	1741.83
Deferred Tax Assets			
Unabsorbed Depreciation and Carry Forward Losses	166.00	200.77	366.77
Disallowances under the Income Tax Act, 1961			
u/s 43 B	9.72	(9.72)	-
VRS Expenses u/s 35DDA	5.12	(2.56)	2.56
Provision for Bad and Doubtful Debts	32.12	11.07	43.19
Provision for Gratuity Liability	(10.41)	12.54	2.13
Gross Deferred Tax Assets	202.55	212.10	414.65
Net Deferred Tax Liabilities	1332.17	(4.99)	1327.18

The tax impact for the above purpose has been arrived at by applying tax rate of 32.445% being the enacted tax rates for Indian companies under the Income Tax Act, 1961.

(₹ In Lacs)

	As At 31 March, 2014	As At 31 March, 2013
6. OTHER LONG TERM LIABILITIES		
Trade Deposits	2.61	3.17
Interest Accrued But Not Due	47.35	56.59
Total	49.96	59.76
7. SHORT TERM BORROWINGS		
a. Secured (Repayable on Demand)		
Working Capital Finance From Banks (Effective Rate of Interest being 13.50 % - 14.00 %)	7053.99	5914.30
b. Unsecured		
Public Deposits (Effective Rate of Interest being 9.75 % - 13.62 %)	783.75	549.43
Inter Corporate Deposits	-	20.00
Loans and Advances from Subsidiaries (Repayable in single installment within one year and interest free)	-	48.00
Total	7837.74	6531.73
c. Details of Securities		

The working capital finance facilities are secured by way of:

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

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014

	(₹ In Lacs)	
	As At 31 March, 2014	As At 31 March, 2013
8. TRADE PAYABLES		
Micro, Small and Medium Enterprises	70.21	34.46
Other suppliers	4621.60	2659.87
Total	4691.81	2694.34
The details of amount outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:		
1. Principal Amount due and remaining unpaid	70.21	34.46
2. Interest due on (1) above and unpaid interest	-	-
3. Interest paid on all delayed payments under MSMED Act, 2006	4.15	.14
4. Payment made beyond the appointed day during the year	-	-
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	-	-
7. Amount of further interest remaining due and payable in succeeding years	-	-
9. OTHER CURRENT LIABILITIES		
Salary and Wages Accrued	148.27	115.59
Current Maturities Of Long Term Borrowings		
Secured Term Loans From Banks	2004.49	1336.71
Unsecured Term Loans From Banks	-	13.72
Secured Borrowings From Financial Institutes	15.64	20.19
Unsecured Borrowings From Financial Institutes	26.11	98.55
Deposit From Public	476.00	341.57
Deposit From Related Parties	31.05	7.00
Sales Tax Deferment Loan	31.04	27.30
Amounts Due to Banks In Current Account	8.44	11.29
Interest Accrued But Not Due	200.61	114.29
Unclaimed Dividends	2.11	2.81
Unclaimed Matured Deposits	3.49	2.62
Advance From Customers	156.96	85.44
Advance From Related Parties (Refer Note No. 38)	-	195.46
Statutory Dues	76.44	50.88
Other Payables	345.21	268.23
Total	3525.86	2691.64
10. SHORT TERM PROVISIONS		
a Provision For Employee Benefits		
Leave Encashment	6.53	8.79
Gratuity	6.56	-
(Net of contribution for Employee Benefits of ₹ 252.84 lacs.)		
b Others		
Proposed Dividend	-	158.31
Corporate Dividend Tax on Proposed Dividend	-	26.90
Excise and Royalty on Finished Goods	43.81	11.72
Total	56.90	205.73

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

Particulars	Gross Block			Depreciation / Amortisation			Net Block			
	As At April 01, 2013	Additions During Year	On Sale/ Adjustments	Total March 31, 2014	Upto April 01, 2013	Provided During Year	On Sale Adjustments	Up To March 31, 2014	As At March 31, 2013	As At March 31, 2014
(A) TANGIBLE ASSETS										
Freehold Land	65.42	.12	-	65.54	-	-	-	-	65.54	65.42
Leasehold Land	595.65	17.11	10.27	623.03	79.87	31.82	-	111.69	511.34	515.78
Office Building	130.49	-	-	130.49	28.02	2.13	-	30.14	100.35	102.47
Leasehold Office Building	75.20	-	-	75.20	16.92	7.52	-	24.44	50.76	58.28
Factory Building	3175.41	351.93	(10.27)	3517.07	392.70	114.48	-	507.18	3009.89	2782.70
Plant And Machinery	13474.07	1315.77	(122.18)	14667.67	3778.68	727.71	(90.19)	4416.20	10251.46	9695.39
Vehicles	409.92	74.63	(36.10)	448.45	113.34	40.13	(12.80)	140.68	307.77	296.58
Furniture	226.98	1.63	(3.34)	225.27	73.77	12.03	(3.28)	82.52	142.75	153.22
Computer & Software	166.71	10.16	(28.93)	147.95	111.76	15.87	(27.49)	100.15	47.80	54.95
Office Equipments	91.22	15.13	(2.68)	103.67	39.20	3.66	(2.41)	40.46	63.21	52.02
Total	18411.07	1786.48	(193.22)	20004.33	4634.26	955.35	(136.16)	5453.45	14550.88	13776.81
Previous year	11204.84	7281.28	(75.05)	18411.07	3988.20	691.98	(45.92)	4634.26	13776.81	-
(B) INTANGIBLE ASSETS										
Product Development	177.11	14.25	-	191.36	108.38	23.34	-	131.73	59.63	68.72
SAP Expenses & Licence Fees	180.36	12.10	-	192.46	84.19	28.82	-	113.01	79.44	96.17
Total	357.46	26.35	-	383.81	192.58	52.16	-	244.74	139.07	164.89
Previous year	320.10	37.35	-	357.47	136.14	56.44	-	192.57	164.89	-
(C) CAPITAL WORKIN PROGRESS										
Total	18768.54	1812.83	(193.22)	20388.14	4826.84	1007.51	(136.16)	5698.19	15763.22	14285.49
Previous year	11524.94	7318.64	(75.05)	18768.54	4124.34	748.42	(45.92)	4826.83	14285.49	-

Notes:

- Pursuant to Accounting Standard AS-28, 'Impairment of Assets', there is no impairment of Assets.
- The Company has taken an office building on finance lease, having aggregate cost of ₹ 75 Lacs during the financial year 2010-11. The period of lease is for 10 years with rights of ownership of assets to be transferred to company at the end of lease period. The Company has paid in advance at the inception of the lease, the lease rental payment agreed for the lease period. In view of the same there is no outstanding liability of rental payments to be made by the company over the lease period and consequently there is no interest cost attached to it.
- Addition to Fixed Assets includes ₹ 76.24 lacs (Previous Year : ₹ 782.5 lacs) on account of capitalisation of interest.
- Amount of CWIP includes interest and finance charges amounting to ₹ 182.01 lacs (Previous Year: ₹ 53.90 lacs) capitalised as required by Accounting Standard-16 'Borrowing Cost'.
- Gross Block of ₹ 10.27 Lacs is reclassified from Block of Factory Building to Lease Hold Land to rectify the classification error.

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014

	(₹ In Lacs)	
	As At 31 March, 2014	As At 31 March, 2013
12. NON CURRENT INVESTMENTS		
a. Trade Investments		
In Unquoted Fully Paid Up Equity Shares of Subsidiary Companies:		
i. 20 Microns Nano Minerals Limited 60,00,000 shares (Previous Year: 60,00,000 shares) of ₹ 10 each.	600.00	600.00
ii. 20 Microns SDN BHD 3,60,000 shares (Previous Year: 3,60,000 shares) of RM 1 each.	50.39	50.39
iii. 20 Microns FZE 1 share (Previous Year: 1 share) of AED 1,50,000.	18.64	18.64
Total Trade Investments	669.03	669.03
b. Non-Trade Investments		
In Unquoted Fully Paid Up Equity Shares of		
i. 6,80,000 equity shares (Previous Year: 6,80,000) of Eriez Finance and Investment Limited, ₹ 10 each fully paid up.	68.00	68.00
Other Investment National Savings Certificate (Lodged with Sales tax Authorities)	.89	.89
Total Non-Trade Investments	68.89	68.89
Total Investments	737.92	737.92
13. LONG TERM LOANS AND ADVANCES (Unsecured, Considered Good)	2014	2013
Advance to Suppliers of Capital Goods	1125.28	1088.00
Loans and Advances to Related Parties (Refer Note No.39)	18.61	18.60
Balance With Gratuity Fund (Net of Provision for Employee Benefits of ₹ 222.97 Lacs)	-	11.81
Balances With Tax Authorities	14.82	-
Mat Credit Entitlement	281.97	272.97
Total	1440.69	1391.38
14. OTHER NON CURRENT ASSETS		
Security Deposits	278.42	233.42
15. INVENTORIES		
Raw Materials	3386.67	2854.52
Finished Goods	1843.41	1330.72
Stores and Spares	349.04	233.30
Goods in Transit (Raw Materials)	204.34	13.36
Total	5783.46	4431.90
The inventory is valued at lower of cost or net realisable value.		
16. TRADE RECEIVABLES (UNSECURED)		
a. Debts Outstanding For A Period Exceeding Six Months From Due Date of Repayment:		
Considered Good	17.65	27.51
Considered Doubtful	133.11	99.00
	150.76	126.51
Less : Provision for Doubtful Debts	(133.11)	(99.00)
	17.65	27.51
b. Other Debts - Considered Good	5232.69	4461.97
c. Amounts Due From Related Parties	6.01	6.00
Total	5256.35	4495.48

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	As At 31 March, 2014	As At 31 March, 2013
17. CASH AND BANK BALANCES		
a. Cash and Cash Equivalents		
Cash on Hand	14.51	10.99
Balances with banks in current account	201.14	109.23
	215.64	120.22
b. Other balances		
In Deposit Account (Liquid Asset)	187.89	130.00
In Deposit Account (LC & BG Margin Money)	252.18	143.62
In Unpaid Dividend Account #	2.11	2.81
Total	442.17	276.43
The above includes deposits of ₹ 157.18 lacs (previous year: ₹ 30 lacs) due for maturity after 1 year.		
# balance held in unpaid dividend account are restricted amounts and not available for use.		
	657.81	396.65
18. SHORT TERM LOAN AND ADVANCES (Unsecured, Considered Good)		
Loans and Advances to Related Parties	107.73	26.42
Others :		
Balances With Tax Authorities	125.21	260.35
Advance Payment of Income Tax	78.32	.97
(Net of Provision ₹ 818.50; Previous Year ₹ 809.5 lacs)		
Loan & Advance to Employees	23.81	53.14
Advances to Suppliers	106.66	135.26
Deposits	55.69	78.20
Prepaid Expenses	82.02	63.32
Others	59.80	19.35
	639.23	637.01
19. OTHER CURRENT ASSETS		
Export Incentive Receivable	17.18	9.66
Insurance Claim Receivable	-	1.49
Income Accrued But Not Due On Deposits	27.21	40.27
Accrued Dividend From Subsidiaries	107.80	54.30
Total	152.20	105.72
		(₹ In Lacs)
	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
20. Revenue From Operations		
Sale of Products - Domestic	26560.29	25495.05
- Export	3515.93	3021.76
	30076.23	28516.81
Less : Excise Duty	1053.53	894.64
	29022.70	27622.17
Other Operating Revenues	22.36	87.91
Total	29045.05	27710.08

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014

	(₹ In Lacs)	
	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
20.1 Details of products sold are as under (Net Sales)		
Dry Mineral Products	21841.35	21233.98
Wet Mineral Products	7058.66	6221.40
Others	122.69	166.78
Sub Total	29022.70	27622.16
20.2 Details of Other Operating Revenues of the Company are as under :		
Insurance Claim	3.21	47.47
Scrap Sales	5.04	5.92
Miscellaneous Income	.29	18.53
Export Incentives	13.82	15.99
Sub Total	22.36	87.91
Total	29045.05	27710.08
21. Other Income		
Interest	44.59	52.73
Income Tax Refund	-	30.37
Provision Written Back	71.96	34.49
Liability no longer required written back	50.29	76.68
Gain on Foreign Currency Transactions & Translation	36.65	-
Dividend From Subsidiaries	648.90	191.43
Rent	8.52	7.80
Other Non-operating Income	9.31	19.68
Total	870.23	413.19
22. Cost of Materials Consumed		
Raw Materials :		
Opening Stock of Raw Materials	2854.51	3437.64
Add : Purchases	15483.17	13470.32
	18337.68	16907.97
Less : Goods in Transit	204.34	13.36
Less : Closing Stock of Raw Materials	3386.67	2854.51
Raw Material consumed	14746.67	14040.09
23. Changes in Inventories of Finished Goods		
Opening stock of Finished Goods	1330.72	977.61
Less : Closing stock of Finished Goods	1843.41	1330.72
Increase in Inventories of Finished Goods	(512.69)	(353.11)
24. Employee Benefits Expense		
Salary, Wages & Allowances	2206.94	1938.27
Managerial Remuneration	155.86	146.19
Company's contribution to provident & other funds	160.95	115.03
Staff welfare expenses	66.05	63.85
Total	2589.80	2263.35

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
25. Finance Costs		
Interest on Term Loans	1014.40	786.28
Interest on working Capital Loans	932.42	853.93
Other Interest	269.01	227.86
Sub - Total	2215.83	1868.07
Other Borrowing Costs	157.49	226.79
Total	2373.32	2094.86
Less : Finance costs capitalized	(204.36)	(540.18)
Total	2168.96	1554.68
26. Other Expenses		
26.1 Manufacturing Expenses		
Consumption of Stores and spare parts	281.72	272.00
Power and Fuel	3412.70	2462.45
Rent	117.10	98.68
Repairs :		
Buildings	12.47	10.42
Plant and Machinery	238.73	175.94
Other Manufacturing & Factory Expenses	182.25	193.66
Total	4244.97	3213.15
26.2 Administrative & Other Expenses		
Rent	19.51	25.36
Rates and Taxes	58.53	41.85
Insurance	61.57	42.68
Post, Telephone & Courier	99.31	104.57
Printing and Stationary expenses	23.18	21.93
Legal, Licenses and Renewal expenses	11.23	13.85
Software and Computer Maintenance	25.06	30.35
Travelling & Conveyance	108.67	122.58
Vehicle Running & Maintenance	49.16	46.19
Professional Fees	106.89	143.74
Auditors Remuneration	9.63	8.88
Directors Sitting Fees	1.93	2.58
Loss on sale/ discarded of Assets (Net)	26.56	10.64
Donation	8.65	3.21
Misc. Expenses	158.34	117.11
Total	768.22	735.52
26.3 Loss on Foreign Currency Transactions & Translation (Net)	-	116.67
26.4 Research & Development Expenses	33.83	43.28

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014

	(₹ In Lacs)		
	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013	
26.5 Marketing, Selling & Distribution Expenses :			
Selling Expenses			
Travelling Expenses	300.88	303.27	
Rebate and Discount	98.34	92.90	
Sales Commission	73.63	74.28	
Bad Debts written off	.02	15.83	
Provision for Doubtful Debts	34.74	49.29	
Rent	127.89	150.83	
Other Selling Expenses	134.87	94.53	
Sub-Total	770.37	780.92	
Distribution Expenses			
Freight and Logistic Expenses (Domestic)	3314.14	2807.80	
Freight and Logistic Expenses (Export)	670.28	669.47	
Service Tax	104.11	85.75	
Sub-Total	4088.54	3563.02	
Total	9905.92	8452.56	
27. Exceptional Item			
Loss on Derivative Contracts	-	836.70	
Legal Suit Expenses in respect of above	-	15.23	
Total	-	851.93	
28. Contingent Liabilities and Commitments (To the extent not provided for)			
(A) Contingent Liabilities			
(i) Claims against the company not acknowledged as debt:			
The Company does not have any claims note acknowledged as debt as on the balance sheet date (Previous Year ₹ Nil)			
(ii) Other money for which the company is contingently liable - Matter under dispute:		(₹ in lacs)	
	2013-14	2012-13	
Sr. No.	Particulars		
1	Demand of Sales Tax, Value Added Tax and Central Sales Tax (An amount of ₹ 3.10 lacs deposited under protest)	12.53	12.53
2	Claims from Excise and Customs authorities not acknowledged as debt. (An amount of ₹ 19.12 lacs deposited under protest)	773.56	761.86
3	Demand of Income Tax	70.23	21.46
(iii) Guarantees and Letter of Credits:			
-	Company has given guarantee of ₹ 1,225.00 lacs (Previous Year ₹ 1,225.00 lacs) on behalf of subsidiary company.		
-	Guarantee given by Company's Bankers in normal course of business ₹ 39.46 lacs (Previous Year ₹ 57.01 lacs).		
-	Inland / Foreign Letter of Credit issued by Bank ₹ 1,896.42 lacs (Previous Year ₹ NIL).		
(B) Capital Commitments:			
	Estimated amount of contracts remaining to be executed on capital account, not provided for amounting to ₹ 26.28 lacs (Net of Advances of ₹ 1125.28 lacs) [Previous Year ₹ 474.18 lacs (Net of Advances of ₹ 1088.08 lacs)]		

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

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

30. Particulars of Raw Material Consumed:

(₹ in lacs)

Particulars	2013-14	2012-13
Dry Minerals	12,177.15	11,466.31
Wet Minerals	2,486.98	2,486.76
Others	82.34	87.02
Total	14,746.47	14,040.09

31. Value of imported and indigenous material consumed:

(₹ in lacs)

Particulars	2013-14		2012-13	
	Value (In ₹)	%	Value (In ₹)	%
Raw Material				
Imported	4,612.19	31.28	3,898.92	27.77
Indigenous	10,134.28	68.72	10,141.17	72.23
Total	14,746.47	100.00	14,040.09	100.00
Machinery Spares #				
Imported	18.51	3.56	-	-
Indigenous	501.94	96.44	447.95	100.00
Total	520.45	100.00	447.95	100.00

Also includes spares consumed for repairs.

32. Prior period adjustments:

(₹ in lacs)

32.1 Prior Period Expenses under various heads is as under :

Particulars	2013-14	2012-13
Administrative & Other Expenses	1.26	-
Manufacturing Expenses	1.67	-
Selling & Distribution Expenses	1.59	-
Import and Export Expenses	-	1.27
Total	4.52	1.27

32.2 Prior Period Income under various heads is as under :

Particulars	2013-14	2012-13
Interest Received	-	6.01
Others	1.79	0.06
Total	1.79	6.07

33. Payment to Auditors:

(₹ in lacs)

Particulars	2013-14	2012-13
Audit Fees	6.74	6.74
In other capacity	1.60	1.69
Out of Pocket Expenses	1.41	2.43

34. Value of imports on C.I.F basis in respect of :

(₹ in lacs)

Particulars	2013-14	2012-13
Raw Material	3,456.72	2,649.76
Machinery Spares	18.51	-
Capital Goods	92.54	86.63

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014

35. Expenditure in foreign currency :

Particulars	(₹ in lacs)	
	2013-14	2012-13
Travelling	46.28	74.46
Sales Commission	39.70	46.96
Other Matters	9.71	6.76

36. Earnings in foreign currency

Particulars	(₹ in lacs)	
	2013-14	2012-13
FOB Value of Exports	3,086.33	2,619.62

37. Segment Analysis

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

38. Related party transactions

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

Name of the Related Party	Nature of Relationship	Nature of Transaction	(₹ in Lacs)	
			2013-14	2012-13
20 Microns Nano Minerals Limited	Subsidiary	a) Income :		
		Sales	248.04	307.74
		Man Power Services	-	4.62
		Rent	0.98	-
		Fixed Asset Sales	2.57	4.47
		Reimbursement of Expenses	3.04	3.03
		b) Expenses :		
		Purchases	319.23	616.90
		Rent	52.40	35.16
		Man Power Services	-	1.71
		Product Development Charges	58.90	49.44
		Fixed Asset Purchases	431.94	75.87
		Professional Fees	-	10.11
		Reimbursement of Expenses	0.11	-
c) Other :				
Deposit Acquired on account of business take over	3.58	-		
d) Amount Payable at the year end		126.34	101.77	
20 Micron SDN BHD	Subsidiary	a) Income :		
		Dividend	46.19	43.68
		b) Other :		
Repayment of Loan	55.09	-		
c) Amount Payable at the year end		-	48.00	
20 Microns FZE	Subsidiary	a) Income :		
		Dividend	602.71	191.43
		b) Expenses :		
		Reimbursement of Expenses Paid	0.16	-
		c) Other :		
		Loan Accepted	137.39	-
		Repayment of Loan	153.74	74.06
		Loan Granted	-	0.45
d) Amount Receivable at the year end		-	10.28	

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

Name of the Related Party	Nature of Relationship	Nature of Transaction	2013-14	2012-13
Bruno Industrial Products Limited	Significant Influence Exists	a) Income : Sales b) Expenses : Purchases c) Other : Advances Paid d) Amount Receivable at the year end	- - 18.50 38.15	1.47 4.91 - 19.65
Platy Minerals Private Limited	Significant Influence Exists	a) Other : Advance Paid b) Amount Receivable at the year end	2.48 4.98	1.50 2.50
Aric Infracon Private Limited (formerly known as Aric 20 Micron Infracon Private Limited)	Significant Influence Exists	a) Expenses: Purchase b) Amount Payable at the year end	70.44 7.24	42.80 3.53
DMC Limited (formerly known as Dispersive Minerals and Chemicals India Limited)	Significant Influence Exists	a) Income : Sales Man Power Services Fixed Asset Sales Reimbursement of Expenses b) Expenses : Purchases Man Power Service c) Others : Advances Paid d) Amount Receivable / (Payable) at the year end	- - - - - - 69.69 69.69	4.81 3.19 3.22 0.10 42.49 2.25 195.00 (195.46)
Microns Logistic Private Limited (formerly known as Ultra Minechem Equipments Private Limited)	Significant Influence Exists	a) Expenses : Services b) Others : Advances Paid c) Amount Receivable at the year end	6.11 0.26 0.26	- - -
20 Microns Foundation trust	Significant Influence Exists	a) Expenses : Donation paid	4.90	2.25
Eriez Finance & Investment Limited	Significant Influence Exists	a) Expenses : Professional Fees paid b) Others : Advance Paid c) Amount Receivable / (Payable) at the year end	33.71 0.66 0.66	67.42 - (29.70)
20 Microns ESOS Trust	Significant Influence Exists	a) Others : Loans and Advances given b) Amount Receivable at the year end	0.02 18.61	8.45 18.60
Shri C. S. Parikh	Key Management Personnel	a) Expenses : Remuneration paid Interest on Deposit b) Others : Deposit Outstanding	45.47 1.26 10.00	42.11 .62 10.00
Shri R. C. Parikh	Key Management Personnel	a) Expenses : Remuneration paid b) Others : Share Application Money Received- Preference Share	39.16 -	36.32 282.50

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014

Name of the Related Party	Nature of Relationship	Nature of Transaction	2013-14	2012-13
Shri. A. C. Parikh	Key Management Personnel	a) Expenses : Remuneration paid	32.06	29.69
		Interest on Deposit	0.54	0.48
		b) Others : Share Application Money Received- Preference Share	-	282.50
		Deposit Outstanding	4.00	4.00
		a) Expenses : Remuneration paid	39.16	36.32
		Interest on Deposit	1.64	1.56
Shri S. R. Parikh	Key Management Personnel	b) Others : Deposit Paid	1.00	1.00
		Deposit Received / Renewed	2.50	4.00
		Deposit Outstanding	13.75	12.25
		a) Expenses : Interest on Deposit	8.55	1.52
Shri S. R. Parikh (HUF)	Relative to Key-Management Personnel	b) Others : Deposit Paid	2.25	-
		Deposit Received / Renewed	4.75	1.00
		Deposit Outstanding	1.05	7.80
		a) Expenses : Interest on Deposit	0.18	-
Late Smt. Bhanumati R Parikh	Relative to Key-Management Personnel	b) Others : Deposit Paid	5.35	-
		a) Expenses : Remuneration paid	23.21	24.01
Smt. I. C. Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	7.81	6.67
		b) Others : Deposit Received / Renewed	-	42.50
		Deposit Outstanding	59.00	59.00
Smt. S. R. Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	0.13	0.13
		b) Others : Deposit Outstanding	1.00	1.00
		Deposit Received / Renewed	-	1.00
Smt. P. A. Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	0.50	0.30
		b) Others : Deposit Outstanding	4.00	4.00
Mrs. V. R. Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	0.07	0.07
		b) Others : Deposit Paid	-	0.15
		Deposit Outstanding	0.50	0.50
Smt D. S. Parikh	Relative to Key-Management Personnel	a) Expenses : Remuneration paid	2.37	2.82
		Interest on Deposit	0.33	0.44
		b) Others : Deposit Paid	1.50	-
		Deposit Received / Renewed	0.50	1.50
		Deposit Outstanding	2.00	3.50

NOTES TO FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

39. Leases

- (A) The Company has obtained several premises for its business operations under leave and license agreements. These are generally not non-cancelable lease and are renewable on mutual consent on mutually agreeable terms. Lease payments are recognized in the statement of profit and loss as rent expenses amounting to ₹ 264.50 lacs (previous year ₹ 231.10 lacs)
- (B) The Company has given land and building on operating lease for period ranging from 11 months to 60 months. During the year, the company has also given plant and machinery on operating lease and has recognized the lease rent on both assets in the statement of profit and loss amounting to ₹ 8.52 lacs (Previous Year ₹ 7.80 lacs)

40. Basic and Diluted earnings per share

Particulars	2013-14	2012-13
Profit attributable to Shareholders (₹ in Lacs)	13.06	323.62
Weighted average no. of Equity shares outstanding during the year (See Note Below)	3,23,80,286	3,16,62,056
Nominal Value of Equity Shares (₹)	5/-	5/-
Basic and diluted earnings per share (₹)	0.04	1.02

41. Forward Contracts

- (A) The Company uses forward contracts to hedge its risks associated with fluctuations in foreign currency and interest rates. The use of forward contracts is covered by Company's overall strategy. The Company does not use forward covers for speculative purposes.
- (B) Part of the foreign currency loans are covered by comprehensive hedge which effectively fixes liability of such loans and further there is no additional risk involved post hedging of such loans.
- (C) The outstanding forward contracts as at March 31, 2014 is ₹ 245.00 lacs (Previous Year ₹ 789.08 lacs) in respect of hedging currency related risk.
42. As per Section 74(2) of the Companies Act, 2013, the Company is required to make repayment of deposit accepted prior to 31.03.2014 within a period of one year from 01.04.2014 or the date on which deposit becomes due for payment, whichever is earlier. However the management believes that in terms of the provisions of Section 76(2) of the Companies Act, 2013 read with Rule 19 of the Companies (Acceptance of Deposits) Rules, 2014, the Company can make repayment of deposits within the period as per the terms of acceptance of deposits. Consequently, the classification of deposit in to Current and Non Current Category is made considering the period within which deposit will be repaid.
43. The figures of the previous year have been regrouped / reclassified, where necessary, to conform to the current year's classification.

As per our audit report of even date attached

For Manubhai & Shah

Chartered Accountants
Firm Registration No.: 106041W

G. R. Parmar
Partner
Membership No.:121462

May 24, 2014
Waghodia, Vadodara

For and on behalf of Board of Directors

C. S. Parikh
Executive
Chairman

May 24, 2014
Waghodia, Vadodara

Atil Parikh
Managing Director

Anuja Muley
Secretary

P. M. Shah
Director

AUDITORS' REPORT ON QUARTERLY AND YEAR

Auditor's Report on Quarterly and Year to Date Financial Results of the Company Pursuant to the Clause 41 of the Listing Agreement

To
The Board of Directors
20 Microns Limited

1. We have audited the accompanying Standalone and Consolidated financial results ("the Statement") of 20 Microns Limited ("the Company") and its subsidiaries (collectively referred as "the Group") for the Year then ended March 31, 2014, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement, except for the disclosures regarding "Public Shareholding" and "Promoter and Promoter Group Shareholding" which have been traced from the disclosures made by the management and have not been reviewed by us. The standalone quarterly financial results are the derived figures between the audited figures in respect of the period ended March 31, 2014 and the published year-to-date figures up to December 31, 2013, being the date of the end of the third quarter of the current financial period, which were subject to Limited Review. This statement is the responsibility of Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on the statement, based on our audit of the related annual financial statements, which have been prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement 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 Statement is free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of three subsidiaries, whose financial statements reflect [before giving effect to the consolidation adjustments] total assets of ₹ 2992.06 lacs as at March 31, 2014, total revenues of ₹ 4663.78 lacs and net cash outflows amounting to ₹ 1.35 lacs for the year ended on March 31, 2014. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion on the quarterly and the year to date results is based solely on the reports of such other auditors.
4. In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors referred in paragraph 3, the statement:
 - i. includes financial results of the following entities:
 - a. 20 Microns Nano Minerals Limited
 - b. 20 Microns SDN. BHD.
 - c. 20 Microns FZE.
 - ii. is presented in accordance with the requirements of clause 41 of the Listing Agreement with the Stock Exchanges in this regard; and
 - iii. gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the company and Group for the year ended March 31, 2014.
5. Further, read with paragraph 1 above, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of clause 35 of the Listing Agreement and found the same to be correct.

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

Place: Waghodia, Vadodara
Date: May 24, 2014

G. R. Parmar
Partner
Membership No. 121462

CONSOLIDATED INDEPENDENT AUDITORS' REPORT

To
The Members of
20 Microns Limited

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 20 Microns Limited (the "Company") and its subsidiaries (Collectively referred as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 39 to the consolidated financial statements which describes managements view on repayment of deposits accepted prior to 31.03.2014. Consequently its classification in to Current and Non Current Category is made considering the period within which deposit will be repaid for the reason stated in the said note. Our opinion is not qualified in respect of this matter.

Other Matters

We did not audit the financial statements of three subsidiaries, whose financial statements reflect [before giving effect to the consolidation adjustments] total assets of ₹ 2992.06 lacs as at March 31, 2014, total revenues of ₹ 4663.78 lacs and net cash outflows amounting to ₹ 1.35 lacs for the year ended on March 31, 2014. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the reports of the other auditors.

For Manubhai & Shah
Chartered Accountants
Firm Registration No.:106041W

Place: Waghodia, Vadodara
Date: May 24, 2014

G. R. Parmar
Partner
Membership No.: 121462

CONSOLIDATED BALANCE SHEET

as at March 31st, 2014

		(₹ In Lacs)	
Particulars	Note	As At 31, March 2014	As At 31, March 2013
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	1690.80	1583.10
(b) Reserves and Surplus	3	5719.50	5332.29
(c) Advance Money Received Against Share Warrants	-	-	-
		7410.30	6915.39
(2) Minority Interest			
		7.97	8.10
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	6406.32	7271.59
(b) Deferred Tax Liabilities (Net)	5	1457.71	1447.98
(c) Other Long Term Liabilities	6	51.03	65.15
		7915.06	8784.73
(4) Current Liabilities			
(a) Short-Term Borrowings	7	8417.05	7102.80
(b) Trade Payables	8	5082.92	3282.53
(c) Other Current Liabilities	9	3894.33	3081.32
(d) Short-Term Provisions	10	56.80	206.35
		17451.10	13673.01
TOTAL EQUITY AND LIABILITIES		32784.43	29381.24
II ASSETS			
(1) Non-Current Assets			
(a) Tangible Assets	11	15584.37	14978.85
(b) Intangible Assets	11	180.50	207.46
(c) Capital Work-In-Progress	11	927.78	354.12
(d) Intangible Assets Under Development	11	17.92	26.47
(e) Non-Current Investments	12	69.12	69.12
(f) Long Term Loans and Advances	13	1597.09	1588.26
(g) Other Non-Current Assets	14	280.06	236.86
		18656.83	17461.13
(2) Current Assets			
(a) Inventories	15	6081.67	4752.23
(b) Trade Receivables	16	5829.05	5254.97
(c) Cash and Bank Balances	17	919.59	638.95
(d) Short-Term Loans and Advances	18	1248.30	1217.97
(e) Other Current Assets	19	48.98	56.00
		14127.60	11920.11
TOTAL ASSETS		32784.43	29381.24

Significant Accounting Policies 1

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

As per our audit report of even date attached

For Manubhai & Shah
Chartered Accountants
Firm Registration No.: 106041W

For and on behalf of Board of Directors

G. R. Parmar
Partner
Membership No.:121462

C. S. Parikh
Executive
Chairman

Atil Parikh
Managing Director

Anuja Muley
Secretary

P. M. Shah
Director

May 24, 2014
Waghodia, Vadodara

May 24, 2014
Waghodia, Vadodara

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

as at March 31st, 2014

		(₹ In Lacs)	
Particulars	Note	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
I	Revenue from Operations	32921.24	31365.61
II	Other Income	374.55	369.90
III	Total Revenue [I + II]	33295.79	31735.51
IV	Expenses		
(a)	Cost of Materials Consumed	17055.47	16035.14
(b)	Changes in Inventories of Finished Goods and Stock In Trade	(465.03)	(346.42)
(c)	Employee Benefits Expense	2713.53	2522.38
(d)	Finance Costs	2382.54	1780.66
(e)	Depreciation and Amortization Expense	1088.73	842.42
(f)	Other Expenses	10594.17	9287.43
IV	Total Expenses	33369.42	30121.62
V	Profit/(Loss) Before Exceptional Items and Tax (III - IV)	(73.63)	1613.89
VI	Less : Exceptional Items	119.30	851.93
VII	Profit/(Loss) Before Tax [V - VI]	(192.93)	761.96
VIII	Tax Expenses		
(a)	Current Tax	36.02	150.08
(b)	Mat Credit Entitlement	(9.00)	(148.81)
(c)	Wealth Tax	1.05	1.01
(d)	Deferred Tax	9.73	279.96
(e)	Prior Year Tax Adjustment	(.12)	2.18
VIII	Total Tax Expenses	37.68	284.42
IX	Profit/(Loss) for the year [VII - VIII] (Before adjustment of of Minority Interest)	(230.61)	477.55
X	Less: Share of Profit / (Loss) Transferred to Minority Interest	(.14)	(.29)
XI	Profit/(Loss) for the year [IX - X] (After adjustment of of Minority Interest)	(230.47)	477.84
	Earning / (Loss) per Equity Share of ₹ 5 each [in ₹]		
	Basic	(0.71)	1.51
	Diluted	(0.71)	1.51

Significant Accounting Policies 1

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

As per our audit report of even date attached

For Manubhai & Shah
Chartered Accountants
Firm Registration No.: 106041W

For and on behalf of Board of Directors

G. R. Parmar
Partner
Membership No.:121462

C. S. Parikh
Executive
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Managing Director

Anuja Muley
Secretary

P. M. Shah
Director

May 24, 2014
Waghodia, Vadodara

May 24, 2014
Waghodia, Vadodara

CONSOLIDATED CASH FLOW STATEMENT

as at March 31st, 2014

	(₹ In Lacs)	
	for the year ended 31, March 2014	for the year ended 31, March 2013
A. Cash Flow From Operating Activities		
Profit / (Loss) Before Tax	(192.93)	761.96
Adjusted For :		
Depreciation And Amortisation Expenses	1088.73	842.42
Gratuity Provision	45.97	34.82
Bad Debts Written Off (Net Of Write Back)	(4.64)	-
Provision For Doubtful Debts	34.78	63.54
Provision For Leave Encashment	(2.26)	9.42
Liability No Longer Required Written Back	(53.28)	(77.54)
Debit Balances Written-Off	46.50	27.68
Loss On Disposal Of Tangible Assets (Net)	33.90	15.39
Share Issue Expenses	1.60	1.60
Interest Received On Deposits & Advance	(119.02)	(145.05)
Interest Paid	2379.50	1654.68
Forward Premium	3.04	125.98
	<u>3454.83</u>	<u>2552.96</u>
Operating Profit Before Working Capital Changes	3261.90	3314.92
Adjusted For		
Increase / (Decrease) In Trade Payables And Liabilities	2633.50	791.71
(Increase) / Decrease In Trade Receivables	(650.73)	(68.80)
(Increase) / Decrease In Loans And Advances	102.06	(34.32)
(Increase) / Decrease In Inventories	(1329.45)	510.86
(Increase) / Decrease In Other Assets	(197.02)	-
	<u>558.36</u>	<u>1268.38</u>
Cash Generated From Operation	3820.26	4583.30
Direct Taxes Paid (Net Of Refund)	(146.79)	(125.58)
Net Cash Provided By Operating Activities	3673.47	4457.72
B. Cash Flow From Investing Activities		
Purchase of Tangible Assets, Capital Work In Progress including Capital Advances	(2249.96)	(4038.47)
Purchase of Intangible Assets	(46.72)	(24.34)
Proceeds From Disposal Of Tangible Assets	34.35	33.55
Interest Received On Bank Deposits	119.02	145.05
Net Cash Used In Investing Activities	(2143.32)	(3884.22)

CONSOLIDATED CASH FLOW STATEMENT as at March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	for the year ended 31, March 2014	for the year ended 31, March 2013
C. Cash Flow From Financing Activities		
Proceeds From Long-Term Borrowings (Net)	(865.28)	1393.16
Proceeds From Short-Term Borrowings (Net)	1314.25	(861.63)
Dividend Paid	(158.31)	(257.96)
Corporate Dividend Tax On Dividend Paid	(26.90)	(41.85)
Advance For Equity Share Warrants	-	(515.00)
Share Premium Received	592.31	1200.00
Proceed From Issue Of Share Capital	107.69	150.00
Interest Paid	(2379.50)	(1654.68)
Forward Premium	(3.04)	(125.98)
Net Cash Used in Financing Activities	(1418.78)	(713.94)
Net Increase / (Decrease) In Cash And Cash Equivalents	111.38	(140.43)
Cash And Cash Equivalents - Opening Balance	322.30	462.73
Cash And Cash Equivalents - Closing Balance	433.68	322.30

Notes:

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

Particulars	As at 31 March, 2014	As at 31 March, 2013
Cash in hand	14.65	11.14
Balances with banks in current account	427.47	323.06
Total	442.12	334.20
Less: amount due to bank in current account	(8.44)	(11.90)
Total	433.68	322.30

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

As per our audit report of even date attached

For Manubhai & Shah
Chartered Accountants
Firm Registration No.: 106041W

For and on behalf of Board of Directors

G. R. Parmar
Partner
Membership No.:121462

C. S. Parikh
Executive
Chairman

Atil Parikh
Managing Director

Anuja Muley
Secretary

P. M. Shah
Director

May 24, 2014
Waghodia, Vadodara

May 24, 2014
Waghodia, Vadodara

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

Note: 1 Significant Accounting Policies on Consolidated Accounts

A. Principles of Consolidation:

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

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

The consolidated financial statements have been combined on a line-by-line basis by adding the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balance/transactions and

resulting unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the entity to be consolidated. In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.

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

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

B. Particulars of Consolidation:

The lists of Subsidiary Companies are as under:

Company	Year End	Country of Incorporation	Proportion of Ownership	
			As At 31st March 2014	As At 31st March 2013
20 Microns SDN BHD (Foreign Subsidiary)	March 31	Malaysia	100%	100%
20 Microns Nano Minerals Limited (Indian Subsidiary)	March 31	India	99.17%	99.17%
20 Microns FZE (Foreign subsidiary)	March 31	Sharjah	100%	100%

C. Basis of preparation of Financial Statements:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules 2006 as per Section 211(3C) of the Companies Act, 1956 (which, as per clarification issued by the Ministry of Corporate Affairs, continues to apply under section 133 of the Companies Act, 2013) and the other relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The reporting currency is INR and amounts are rounded off to nearest lacs.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

D. Use of Estimates:

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based upon best knowledge of current events and actions, actual results could differ from these estimates. These differences are recognized in the period in which the results are known / materialized.

E. Revenue Recognition:

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

- Revenue from sale of goods is recognized when all the significant risks and rewards of ownership are transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership; and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014 [Contd.]

of goods. Sales figure are inclusive of excise duty and freight in case of landed rates, but are of net of sales returns, and rate difference adjustments.

- b) Export benefits available under the prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered recoverable.
- c) Dividend income is recognized when the right to receive dividend is established.
- d) Interest income is recognized on accrual basis.

F. Fixed Assets and Depreciation:

F.1 In respect of the Company and Indian Subsidiary:

- a) Fixed assets including leasehold improvements and technical knowhow costs are stated at cost (net of CENVAT, wherever applicable). Cost includes direct expenses related to acquisition and installation and interest incurred during construction period.
- b) Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or over the estimated useful lives of the assets, whichever is higher.
- c) In respect of addition and sales of assets during the year, depreciation is provided on prorata basis.
- d) In case of assets acquired on lease, cost / premium paid is being amortized over a period of 20 years or the life the lease whichever is less.
- e) Expenditure on projects pending capitalization is shown under the head "Capital Work In Progress" which will be capitalized in respective heads of Fixed Assets after commencement of commercial production.
- f) Machinery spares either procured along with plant and machineries or subsequently and whose useful life is expected to be irregular are capitalized and depreciated over residual use life of related plant and machinery.
- g) Assets costing less than ₹ 5,000/- are fully depreciated in the year of purchase.

F.2 In respect of the 20 Microns SDN BHD (Foreign Subsidiary):

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

The principal annual rates used are:

Motor Vehicle	20%
Office equipment	10%

G. Impairment of Fixed Assets:

- a) Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest

identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use.

- b) Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

H. Intangible Assets:

H.1 In the case of the Company:

- A) Acquired Intangible Assets in the form of "Process Know How" is recognized at the cost of acquisition and amortized on straight line basis over a period of five years, depending on their estimated useful life.
- B) Capitalized software includes cost on Enterprise Resource Planning (ERP) project and other Software cost including license fees, which provides significant future benefits. ERP Project fees are amortized over a period of seven years. Costs of all other software are amortized over a period of five years.
- C) The amortization period and method are reviewed at each year end.

H.2 In the case of Indian Subsidiary:

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

The Research and Development cost is accounted in accordance with Accounting Standard - 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognized as Research Expenses and charged off to the Statement of Profit and Loss, as incurred. All subsequent expenditure incurred for Product Development on the application of Research findings or the other knowledge upon demonstration of probability of future economic

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014 [Contd.]

benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as Development Expenditure under Intangible Assets under Development, to be capitalized as an intangible asset on completion of the project. In case a project does not proceed as per expectations/plans, the same is abandoned and the amount classified as Development Expenditure under Intangible Assets under Development is charged off to the Statement of Profit and Loss.

I. 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. In respect of finished goods appropriate overheads are considered based on the normal operating capacity. Cost of finished goods also includes excise duty if applicable.

J. Foreign Exchange Transactions:

- a) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction. Foreign currency monetary items outstanding as on balance sheet date are revalued at exchange rate prevailing on balance sheet date (closing rate) and the gain / loss is recognized in Statement of Profit and Loss.
- b) The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the Contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

K. Investments:

- a) Current Investments are carried at the lower of cost and quoted / fair value, computed category wise.
- b) Long-term investments are stated at cost added by directly attributable cost. Provision for diminution in the value of long-term investments is made only if such a decline is of other than temporary in nature in the opinion of the management.
- c) Investments other than in subsidiaries have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments"

L. Employee Benefits:

L.1 In case of the Company & Indian Subsidiary:

- a) Short Term Employee Benefits
Short term employee benefits are recognized as expenses at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services is rendered. Short term employee

benefits also include accrued leave benefits, which are expected to be availed or encashed within 12 months from the end of the year.

b) Post-employment benefit plans

(i) Defined Contribution Plan

Contribution towards provident fund for eligible employees are accrued in accordance with applicable statutes and deposited with the regulatory authorities. The Company does not carry any other obligation apart from the monthly contribution.

(ii) Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan covering eligible employees in accordance with the Payment of Gratuity Act, 1972, through an approved Gratuity Fund. The Gratuity Fund is administered through a Trust. Contributions in respect of gratuity are made to the approved Gratuity Fund of the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and is recognized in the Balance sheet as reduced by the fair value of Gratuity Fund. Actuarial losses/ gains are recognized in the Statement of Profit and Loss in the year in which they arise.

L.2 In respect of the 20 Microns SDN BHD (Foreign Subsidiary):

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

M. Borrowing Cost:

General and specific borrowing costs directly attributable to the acquisition, construction and production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in Statement of Profit and Loss in the period in which they are incurred.

N. Leases:

N.1 In the case of the Company:

- a) Assets subject to operating leases are included under Fixed Assets or current assets as appropriate. Rent

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014 [Contd.]

(lease) income is recognized in the Statement of Profit and Loss on a straight line basis over the life over the lease term. Costs, including depreciation, are recognized as an expense in Statement of Profit and Loss.

- b) Leases are classified as operating leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets. Operating lease payments are recognised as expenses in the Statement of Profit and Loss as and when paid.

N.2 In the case of Indian Subsidiary:

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

O. Earnings Per Share

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

P. Taxes on Income:

- a) Tax expense comprise of current and deferred taxes.
- b) Current income tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act, 1961.
- c) Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax asset is recognized on carried forward losses (if any) under tax laws, only to the extent that there is virtual

certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. At each reporting date, the unrecognized deferred tax assets is reassessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against the current tax liabilities.

- 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 Statement of Profit and Loss 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.

Q. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014

	(₹ In Lacs)	
	As At 31 March, 2014	As At 31 March, 2013
2. Share Capital		
a. Authorised Capital		
6,00,00,000 Equity Shares of ₹ 5/- each (Previous Year 6,00,00,000 Equity Shares of ₹ 5/- each)	3,000.00	3,000.00
b. Issued, Subscribed and Fully Paid-Up Equity Shares		
3,38,15,902 Equity Shares of ₹ 5/- each (Previous Year: 3,16,62,056 shares of ₹ 5 each)	1690.80	1583.10
c. Reconciliation of the share outstanding at the beginning and at the end of the reporting period		

	As At 31 March, 2014		As At 31 March, 2013	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	31,662,056	158,310,280	14,331,028	143,310,280
Issued during the period - Warrant conversion	-	-	1,500,000	15,000,000
Issued during the period - Debenture conversion	2,153,846	10,769,230	-	-
Issued during the period - Share Split	-	-	15,831,028	-
Outstanding at the end of the period	33,815,902	169,079,510	31,662,056	158,310,280

During the year 2012-13 Face value of Equity Shares of ₹ 10/- each was split from ₹ 10/- to ₹ 5/- Per share.

- d. Rights, Preferences and Restrictions Attached to Equity Shares**
- The Company has only one class of shares referred to as equity shares having a par value of ₹ 5 each.
 - Each holder of equity shares is entitled to one vote per share which can be exercised either personally or by an attorney or by proxy.
 - The dividend proposed if any by the Board of Directors is subject to approval of the shareholders in the ensuing general meeting except in the case of interim dividend.
 - In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive residual assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.
- e. Details of Shareholders Holding More Than 5% Equity Shares in the Company:**

Name of Shareholders	As At 31 March, 2014		As At 31 March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Eriez Finance And Investment Limited	8,250,235	24.40	8,250,235	26.06
Chandresh S Parikh	3,630,400	10.74	3,630,400	11.47
M/s. Pratik Minerals Pvt.Ltd.	2,153,846	6.37	-	-
Rameshbhai Baldevbhai Patel	1,953,100	5.78	1,953,100	6.17
Arcadia Share & Stock Brokers Private Limited	1,748,965	5.17	-	-
Rajesh C. Parikh	1,659,956	4.91	1,659,956	5.24
Atil C. Parikh	1,659,956	4.91	1,659,956	5.24
Total	21,056,458	62.28	17,153,647	54.18

- f.** The Company has not bought back any equity shares, has not allotted any shares as fully paid up pursuant to contracts without payment being received in cash and has not allotted bonus shares, for the period of five years immediately preceding March 31, 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

		(₹ In Lacs)	
		As At 31 March, 2014	As At 31 March, 2013
3.	Reserves and Surplus		
	a. General Reserve		
	Balance As Per Last Year Financial Statement	120.54	120.54
	Add: Transfer From Surplus	-	-
	Closing Balance	120.54	120.54
	b. Capital Reserve On Consolidation	48.88	48.88
	c. Securities Premium Account		
	Balance As Per Last Year Financial Statement	2961.55	1761.55
	Add : Addition During Year	592.31	1200.00
	Closing Balance	3553.86	2961.55
	d. Foreign Currency Translation Reserve		
	Balance As Per Last Year Financial Statement	16.83	7.59
	Add: Change During the year	25.37	9.24
	Closing Balance	42.20	16.83
	e. Surplus as per Statement of Profit and Loss		
	Balance As Per Last Year Financial Statement	2184.49	1891.86
	Add: Net Profit/(Loss) For The Year	(230.46)	477.84
	Less: Appropriations	-	-
	Transfer to General Reserves	-	-
	Proposed Dividends	-	158.31
	Corporate Dividend Tax on Proposed Dividend	-	26.90
	Closing Balance	1954.03	2184.49
		5719.50	5332.29

4. Long Term Borrowings

	2014		2013	
	Current Maturities	Non-Current Maturities	Current Maturities	Non-Current Maturities
a. Secured Borrowings				
i. Term Loans				
From Banks	2214.62	5216.95	1534.69	5780.97
From Financial Institution	15.64	-	20.19	16.38
Total Secured Borrowings	2230.26	5216.95	1554.89	5797.35
b. Unsecured Borrowings				
i. From Banks	-	-	13.72	-
ii. From Financial Institution	26.11	-	98.55	26.81
iii. Public Deposits				
Deposit from Public	522.34	815.22	397.02	818.89
Deposit from Related Parties (Refer Note No. 33)	31.05	71.75	7.00	95.05
iv. Deferred Payment Liabilities				
Sales Tax Deferment Loan	31.04	-	27.30	31.09
v. Inter Corporate Deposit	-	-	-	200.00
vi. 11% Optionally Convertible Debentures (OCD)	-	269.40	-	269.40
vii. 11% Fully Convertible Debentures (FCD)	-	33.00	-	33.00
Total Unsecured Borrowings	610.54	1189.37	543.60	1474.24
Total Borrowings	2840.80	6406.32	2098.48	7271.59

c. Details of Securities, Repayment and Interest Rate:

- The term loan are secured by way of first charge by way of mortgage or hypothecation over certain properties and second charge by way of hypothecation of present and future current assets. The loans are repayable over a period of 1 to 6 years. The effective rate of interest is in the range of 13.25 % to 14.25 %.
- The unsecured loan obtained from Financial Institution is repayable over a period of 1 year. The effective rate of interest is 16.00 %.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

- iii. The Public Deposits are repayable over a period of 3 years. The effective rate of interest is in the range of 9.75 % to 13.62 %.
- iv. Sales Tax Deferment Loan is repayable in monthly installments over a period of 1 year and it is interest free.
- v. 11% OCD of ₹ 15 each are to be redeemed at the end of 3 years from the date of allotment. On the date of redemption, at the option of debenture holders, OCD shall either be redeemed or be converted into Equity Shares in part or in full. Debenture holders opting for redemption shall intimate such option 60 days before the due date or debentures shall be presumed to have been converted in to Equity Shares. Each Debenture of ₹ 15 shall be converted into 1 Equity Share of ₹ 10 at a premium of ₹ 5.
- vi. 11% FCD of ₹ 15 each are to be redeemed at the end of 3 years from the date of allotment. On the date of redemption, each Debenture of ₹ 15 shall be converted into 1 Equity Share of ₹ 10 at a premium of ₹ 5.

	(₹ In Lacs)	
	As At 31 March, 2014	As At 31 March, 2013
5. Deferred Tax Liability (Net)		
Deferred Tax Liability On Account Of:		
Product Development Expenses	19.35	22.30
Difference between WDV of fixed assets as per the Income Tax Act, 1961 and the Companies Act, 1956.	1857.20	1632.75
Gross Deferred Tax Liabilities	1876.55	1655.05
Deferred Tax Assets On Account Of :		
Unabsorbed Depreciation and Carry Forward Losses	369.63	168.86
Disallowances under the Income Tax Act, 1961 u/s 43 B	4.94	14.99
VRS Expenses u/s 35DDA	2.56	5.12
Provision for Gratuity liability	.96	(11.58)
Provision For Bad and Doubtful Debts	40.75	29.68
Gross Deferred Tax Assets	418.84	207.08
Net Deferred Tax Liabilities	1457.71	1447.98
6. Other Long Term Liabilities		
Trade Deposits	2.61	3.17
Interest Accrued But Not Due	48.42	61.98
Total	51.03	65.15
7. Short Term Borrowings		
a. Secured (Repayable on Demand)		
Working Capital Finance From Banks (Effective Rate of Interest being 13.50 % - 14.00 %)	7467.74	6379.35
b. Unsecured		
Public Deposits (Effective Rate of Interest being 9.75 % - 13.62 %)	949.31	703.45
Inter Corporate Deposits	-	20.00
Total	8417.05	7102.80
c. Details of Securities		
The working capital finance facilities are secured by way of first charge of present and future current assets by way of second charge over certain properties.		

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	As At 31 March, 2014	As At 31 March, 2013
8. Trade Payables		
Micro, Small and Medium Enterprises	79.95	87.51
Other Suppliers	5002.97	3195.02
Total	5082.92	3282.53
9. Other Current Liabilities		
Salary And Wages Accrued	149.88	115.59
Current Maturities Of Long Term Borrowings		
Secured Term Loans From Banks	2214.62	1534.69
Unsecured Term Loans From Banks	-	13.72
Secured Borrowings From Financial Institutes	15.64	20.19
Unsecured Borrowings From Financial Institutes	26.11	98.55
Deposit From Public	522.34	397.02
Deposit From Related Parties (Refer Note No. 33)	31.05	7.00
Sales Tax Deferment Loan	31.04	27.30
Amounts Due To Banks In Current Account	8.44	11.90
Interest Accrued But Not Due	226.47	136.30
Unclaimed Dividends	2.11	2.81
Unclaimed Matured Deposits	3.49	2.62
Advance From Customers	167.53	121.91
Advance From Related Parties (Refer Note No. 33)	-	195.46
Statutory Dues	103.46	82.28
Other Payables	392.15	313.95
Total	3894.33	3081.32
10. Short Term Provisions		
a Provision For Employee Benefits		
Leave Encashment	6.68	9.42
Gratuity Provision	2.93	-
(Net of contribution of ₹ 258.36 lacs.)		
b Others		
Proposed Dividend	-	158.31
Corporate Dividend Tax On Proposed Dividend	-	26.90
Excise and Royalty On Finished Goods	47.20	11.72
Total	56.80	206.35

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

11. Fixed Assets	Gross Block				Depreciation / Amortisation				Net Block	
	As At April 01, 2013	Additions During Year	On Sale/ Adjustments	Total March 31, 2014	Upto April 01, 2013	Provided During Year	On Sale Adjustments	Up To March 31, 2014	As At March 31, 2014	As At March 31, 2013
(A) TANGIBLE ASSETS										
Freehold Land	208.53	.12	-	208.65	4.04	-	-	4.04	204.62	204.49
Leasehold Land	487.68	17.11	10.27	515.06	109.29	38.28	-	147.57	367.49	378.39
Office Building	204.34	-	-	204.34	31.21	3.42	-	34.63	169.71	173.13
Leasehold Office Building	80.56	-	-	80.56	16.92	7.52	-	24.44	56.12	63.64
Factory Building	3462.47	351.93	(14.08)	3800.32	447.34	120.96	(.23)	568.07	3232.25	3015.13
Plant And Machinery	14284.94	1218.24	(106.97)	15396.21	3837.33	760.91	(79.91)	4518.34	10877.87	10447.61
Vehicles	453.94	74.28	(40.56)	487.66	125.68	43.82	(15.26)	154.24	333.42	328.26
Computer Software	178.30	10.45	(28.93)	159.82	116.16	17.68	(27.49)	106.35	53.47	62.14
Furniture and Office Equipments	428.37	16.68	(18.02)	427.03	122.30	22.46	(7.14)	137.62	289.41	306.06
Total	19789.12	1688.81	(198.29)	21279.65	4810.27	1015.05	(130.03)	5695.29	15584.37	14978.85
Previous year	12287.75	7610.20	(108.83)	19789.12	4112.35	757.80	(59.88)	4810.27	14978.85	-
(B) INTANGIBLE ASSETS										
Product Development	147.13	14.25	-	161.38	108.38	23.34	-	131.73	29.66	38.75
Process Know How	178.82	3.42	-	182.24	106.62	18.80	-	125.41	56.83	72.21
Computer Software	180.36	12.10	-	192.46	84.19	28.82	-	113.01	79.44	96.17
(SAP Expenses)	-	16.95	-	16.95	-	2.55	-	2.55	14.40	-
Mining right	.85	-	-	.85	.51	.17	-	.68	.17	.34
Web Site Development	-	-	-	-	-	-	-	-	-	-
Total	507.16	46.72	-	553.89	299.70	73.69	-	373.39	180.50	207.46
Previous year	468.28	38.89	-	507.16	215.08	84.62	-	299.70	207.46	-
(C) CAPITAL WORK IN PROGRESS										
(D) INTANGIBLE ASSETS UNDER DEVELOPMENT										
Total									927.78	354.12
Previous year									17.92	26.47

Notes:

- Pursuant to Accounting Standard AS-28, 'Impairment of Assets', there is no impairment of Assets.
- The Company has taken an office building on finance lease, having aggregate cost of ₹ 75 Lacs during the financial year 2010-11. The period of lease is for 10 years with rights of ownership of assets to be transferred to company at the end of lease period. The Company has paid in advance at the inception of the lease, the lease rental payment agreed for the lease period. In view of the same there is no outstanding liability of rental payments to be made by the company over the lease period and consequently there is no interest cost attached to it.
- Addition to Fixed Assets includes ₹ 76.24 lacs (Previous Year : ₹ 791.43 lacs) on account of capitalisation of interest.
- Amount of CWIP includes interest and finance charges amounting to ₹ 182.01 lacs (Previous Year: ₹ 53.90 lacs) capitalised as required by Accounting Standard-16 'Borrowing Cost'.
Gross Block of ₹ 10.27 Lacs is reclassified from Block of Factory Building to Lease Hold Land to rectify the classification error.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	As At 31 March, 2014	As At 31 March, 2013
12. Non Current Investments		
Non-Trade Investments		
In Unquoted Fully Paid Up Shares		
6,80,000 Equity Shares (Previous year : 6,80,000) of		
Eriez Finance and Investment Limited	68.00	68.00
Other Investment		
National Savings Certificate	1.12	1.12
Total investments	69.12	69.12
13. Long Term Loans and Advances		
(Unsecured, Considered Good)		
Advance To Suppliers Of Capital Goods	1267.14	1271.11
Loans And Advances To Related Parties (Refer Note No. 33)	18.61	18.60
Balance With Gratuity Fund	-	13.04
Balance With Tax Authorities	14.82	
Mat Credit Entitlement	296.51	285.51
Total	1597.09	1588.26
14. Other Non Current Assets		
Security Deposits	278.42	233.42
Interest Accrued But No Due	1.64	1.84
Unamortized Expenses	.0	1.60
	280.06	236.86
15. Inventories		
Raw Materials	3556.51	2996.70
Finished Goods	1908.40	1499.45
Stores And Spares	352.43	238.81
Stock-In-Trade	59.99	3.91
Goods In Transit (Raw Material)	204.34	13.36
Total	6081.67	4752.23
The inventory is valued at lower of cost and net realisable value.		
16. Trade Receivables (Unsecured)		
a. Debts Outstanding for a Period Exceeding Six Months		
From Due Date Of Repayment:		
Considered Good	102.54	455.49
Considered Doubtful	148.04	113.26
	250.58	568.75
Less : Provision For Doubtful Debts	(148.04)	(113.26)
	102.54	455.49
b. Other Debts - Considered Good	5720.51	4793.47
c. Amounts Due From Related Parties (Refer Note No. 33)	6.01	6.01
Total	5829.05	5254.97

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	As At 31 March, 2014	As At 31 March, 2013
17. Cash and Bank Balances		
a. Cash and Cash Equivalents		
Cash On Hand	14.65	11.14
In Current Account	427.47	323.06
	442.12	334.21
b. Other balances		
In Deposit Account (Liquid Asset)	221.68	154.15
In Deposit Account (Margin Money)	253.69	147.77
In Unpaid Dividend Account #	2.11	2.81
Total	477.47	304.74
The above includes deposits of ₹ 157.18 lacs (previous year: ₹ 30 lacs) due for maturity after 1 year.		
# balance held in unpaid dividend account are restricted amounts and not available for use.		
	919.59	638.95
18. Short Term Loans and Advances (Unsecured, Considered Good)		
Loans and Advances to Related Parties (Refer Note No. 33)	193.13	95.16
Others :		
Balances With Tax Authorities	168.57	280.28
Advance Payment Of Income Tax (Net of Provision ₹ 898.21; Previous Year ₹ 862.18 lacs)	119.61	33.62
Loan & Advance To Employees	24.95	53.81
Advances To Suppliers	122.81	149.12
Deposits	61.12	157.60
Prepaid Expenses	88.15	72.09
Inter Corporate Deposits	410.07	356.92
Others	59.90	19.36
	1248.30	1217.97
19. Other Current Assets		
Export Incentive Receivable	17.18	9.66
Insurance Claim Receivable	-	1.49
Provident Fund Recoverable	2.98	2.98
Income Accrued But Not Due On Deposits	27.21	40.27
Unamortised Expense	1.60	1.60
Total	48.98	56.00
	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
20. Revenue from Operations		
Sale of Products - Domestic	28426.09	27598.26
- Export	5643.78	4733.43
	34069.87	32331.69
Less : Excise Duty	1230.06	1053.99
	32839.80	31277.70
Other Operating Revenues	81.43	87.91
Total	32921.24	31365.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
20.1 Details of Other Operating Revenues are as under :		
Insurance Claim	3.88	47.47
Scrap Sales	5.04	5.92
Remission Of Credit Balances	8.40	-
Miscellaneous Income	50.29	18.53
Export Incentives	13.82	15.99
Total	81.43	87.91
Total	32921.24	31365.61
21. Other Income		
Interest	119.02	145.05
Income Tax Refund	-	30.37
Gain / Loss On Foreign Currency Transaction (Net)	70.47	.40
Provision Written Back	71.96	34.49
Liability No Longer Required Written Back	53.28	77.54
Rent	37.65	27.80
Provision For Bad Debts Written Back	4.64	-
Other Non-Operating Income	17.54	54.25
Total	374.55	369.90
22. Cost of Materials Consumed		
Raw Materials :		
Opening Stock of Raw Materials	2996.69	3710.08
Add : Purchases	17819.63	15335.11
	20816.32	19045.19
Less : Goods in Transit	204.34	13.36
Less : Closing Stock of Raw Materials	3556.51	2996.69
Raw Material consumed	17055.47	16035.14
23. Changes in Inventories of Finished Goods & Stock In Trade		
Opening stock of Finished Goods & Stock In Trade	1503.36	1156.94
Less : Closing stock of Finished Goods & Stock In Trade	1968.39	1503.36
Changes in Inventories of Finished Goods & Stock In Trade	(465.03)	(346.42)
24. Employee Benefits Expense		
Salary Wages & Bonus	2302.73	2227.56
Managerial Remuneration	178.53	165.78
Company's Contribution To Provident & Other Funds	163.38	89.47
Staff Welfare Expenses	68.89	39.57
Total	2713.53	2522.38
25. Finance Costs		
Interest Expenses		
Interest on Term Loans	1211.38	1010.34
Interest On Working Capital Loans	932.42	853.93
Other Interest	278.87	229.38
Total	2422.68	2093.65
Other Borrowing Costs	173.16	236.13
	2595.84	2329.78
Less: Finance Costs Capitalized	(213.30)	(549.11)
Total	2382.54	1780.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	(₹ In Lacs)	
	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
26. Other Expenses		
26.1 Manufacturing Expenses		
Consumption of Stores and Spare Parts	286.09	283.77
Power & Fuel	3547.79	2597.37
Rent	92.21	111.37
Repairs :		
Buildings	14.74	10.71
Plant and Machinery	261.67	197.50
Other Manufacturing & Factory Expenses	197.89	218.79
Total	4400.39	3419.51
26.2 Administrative & Other Expenses		
Rent	24.08	25.86
Rates and Taxes	58.64	41.91
Insurance	72.84	51.00
Post, Telephone & Courier	104.29	104.57
Printing And Stationary Expenses	24.58	24.36
Legal, Licences And Renewal Expenses	14.75	16.57
Software And Computer Maintenance	25.06	30.35
Travelling & Conveyance	129.98	155.81
Vehicle Running & Maintenance	54.98	51.55
Professional Fees	132.02	181.35
Auditors Remuneration	13.00	10.88
Directors Sitting Fees	2.28	3.56
Loss On Sale/ Discarded Of Assets (Net)	33.90	15.39
Donation	8.66	3.21
Bad Debts	4.82	.89
Share Issue Expenses Write Off	1.60	1.60
Misc. Expenses	172.04	145.85
Total	877.52	864.69
26.3 Loss On Foreign Currency Transactions & Translation (Net)	1.50	89.72
26.4 Research & Development Expenses	33.83	89.77
26.5 Marketing, Selling & Distribution Expenses :		
SELLING EXPENSES		
Travelling Expenses	300.88	303.27
Rebate and Discount	109.46	97.68
Sales Commission	78.63	74.28
Bad Debts Written Off	.02	15.83
Provision for Bad debts	40.06	63.54
Rent	127.89	152.41
Other Selling Expenses	168.98	329.73
Total	825.91	1036.74
DISTRIBUTION EXPENSES		
Freight and Logistic Expenses (Domestic)	3573.96	3232.55
Freight and Logistic Expenses (Export)	776.95	468.69
Service Tax	104.11	85.75
Total	4455.02	3787.00
Total	10594.17	9287.43

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

	For the Year Ended 31 March, 2014	For the Year Ended 31 March, 2013
(₹ In Lacs)		
27. Exceptional Item		
Loss on Derivative Contracts	-	836.69
Legal Suit Expenses in respect of above	-	15.23
Mining Expenses *	119.30	-
Total	119.30	851.93

* Mining Expenses

Department of Geology and mining, Government of Gujarat had carried out a satellite survey of the mines to ascertain state of mineral reserve of mines leased to various parties. Accordingly a survey was carried out of mines leased to Company. Based on survey, Department of Geology and mining has calculated estimated extraction of minerals from the date of its first allotment till the date of survey and compared the same with actual payment of royalty on extraction of minerals over the years by the company being existing lease holder. A discrepancy in quantity extracted was worked out by the Department of Geology and mining. As current lease holder the company, was called upon to pay the differential royalty with interest and penalty aggregating to ₹ 119.30. The company has contended that difference in quantity and consequent liability pertains to erstwhile lease holders period. However keeping business expediency in mind, the Company has paid the same.

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

29. Contingent Liabilities and Commitments: (To the extent not provided for)

29.1 In the case of Company:

(A) Contingent Liabilities

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

The Company does not have any claims not acknowledged as debt as on the balance sheet date (Previous Year ₹ Nil)

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

(₹ in Lacs)

Sr. No.	Particulars	March 31, 2014	March 31, 2013
1	Demand of Sales Tax, Value Added Tax and Central Sales Tax	12.53	12.53
2	Claims from Excise and Customs authorities not acknowledged as debt.	773.56	754.44
3	Demand of Income Tax	70.23	21.46

(iii) Guarantees and Letter of Credits:

- Company has given guarantee of ₹ 1,225.00 (Previous Year ₹ 1,225.00 Lacs) on behalf of Indian subsidiary company.
- Guarantee given by Company's Bankers in normal course of business ₹ 39.46 lacs (Previous Year ₹ 57.01 lacs).
- Inland / Foreign Letter of Credit issued by Bank ₹ 1896.42 (Previous Year ₹ NIL lacs).

(B) Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for amounting to ₹ 26.28 lacs (Net of Advances of ₹ 1125.28 lacs) (Previous Year ₹ 474.18 Lacs (Net of Advances of ₹ 1088.08 lacs)).

29.2 In the case of Indian Subsidiary:

- (A) Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) ₹ 208.74 Lacs (Previous Year ₹ 190.59 Lacs).
- (B) Contingent Liabilities not provided for on account of bank guarantee of ₹ 6.10 Lacs (Previous Year ₹ 7.11 Lacs) and on account of Provident Fund Liability of ₹ 2.98 Lacs (Previous Year ₹ 2.98 Lacs).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

31. Prior period adjustments:

(A) Prior Period Expenses under various heads is as under:

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
Administrative & Other Expenses	1.66	-
Manufacturing Expenses	1.76	-
Selling & Distribution Expenses	3.14	-
Import and Export Expenses	-	1.27
Total	6.55	1.27

(B) Prior Period Income under various is as under:

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
Interest Received	0.07	6.01
Others	1.79	0.06
Total	1.86	6.07

32. Employee Benefits :

32.1 In the case of Company:

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

A) **Defined Contribution Plans:**

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
Employer's contribution to Provident Fund	92.77	70.65

B) **Defined Benefit Plan:**

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

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
Present Value of Obligation as at the beginning of the year	227.97	222.97
Interest Cost	17.15	16.84
Current Service Cost	21.39	20.46
Actuarial (gain) / Loss on obligations	30.53	17.33
Benefits paid	(37.65)	(49.63)
Present value of Obligation as at the end of the year	259.39	227.97

B2) **Changes in the Fair Value of Plan Assets**

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
Fair Value of Plan Assets at the beginning of the year	239.79	245.90
Expected Return on Plan Assets	21.24	20.93
Contributions	30.00	23.00
Actuarial Gain / (loss) on Plan Assets	(.54)	(.41)
Benefit paid	(37.65)	(49.63)
Fair Value of Plan Assets at the end of the year	252.84	239.79

B3) **The amount recognized in balance sheet**

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
Present Value of Obligations as at the end of the year	259.39	227.97
Fair value of plan Assets as at the end of the year	252.84	239.79
Net Asset / (Liability) recognized in Balance sheet	(6.56)	11.82

B4) **Amount recognized in the Statement of Profit and Loss**

Particulars	(₹ in Lacs)	
	March 31, 2014	March 31, 2013
Current Service Cost	21.39	20.46
Interest Cost	17.15	16.84
Expected Return on Plan Assets	(21.24)	(20.93)
Net actuarial (gain) / loss recognized in the year	31.06	17.74
Expenses Recognized in the Statement of Profit & Loss	48.37	34.11

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

B5) Assumptions.

Particulars	March 31, 2014	March 31, 2013
Mortality Table (LIC)	2006-08 Indian Assured Lives Ultimate	1994-96 (LIC Ultimate)
Discount Rate	9.10%	8.20%
Rate of increase in Compensation Levels	6.50%	5.50%
Rate of Return on Plan Assets	9.00%	9.00%

B6) Amount pertaining to plan is as follows.

(₹ in Lacs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Present value of defined value obligations	259.39	227.98	222.97	196.99	166.76
Fair value of plan assets	252.84	239.78	245.9	197.55	156.14
Surplus / (deficit) in plan	(6.56)	11.81	22.93	0.56	(10.62)
Experience adjustments					
on plan assets (Loss) / Gain	(.54)	(.41)	(3.17)	(1.92)	3.13
on plan liabilities (Gain) / Loss	41.84	10.61	7.20	33.97	21.82

B7) Investment Details:

Particulars	March 31, 2014	March 31, 2013
Insurance Policies	100%	100%

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

32.2 In the case of Indian Subsidiary:

- A) Defined contribution plans:** The Company has recognized ₹ 2.43 Lacs (Previous Year ₹ 9.88 Lacs) for Provident Fund Contribution as expenses under the defined contribution plan in the Statement of Profit & Loss.
- B) Defined benefit plan:** The Company recognizes the liability towards the gratuity at each balance sheet date. The most recent actuarial valuation of the defined benefit obligation for gratuity was carried out at March 31, 2014 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation.
- C)** The following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2014.

(₹ in Lacs)

Sr.No.	Particulars	March 31, 2014	March 31, 2013
I	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	0.62	1.96
	Interest Cost	0.31	0.24
	Actuarial (gain) / losses	(2.88)	(1.14)
	PVO at the beginning of the year	3.83	2.77
	PVO at end of the year	1.88	3.83
II	Reconciliation of the fair value of plan assets :		
	Expected return on plan assets	0.46	0.39
	Adjustment of Opening Fund	-	(0.01)
	Actuarial gain/(losses)	-	(0.02)
	Contributions by the employer	-	0.75
	Fair value of plan assets at beginning of the year	5.06	3.95
	Fair value of plan assets at end of the year	5.52	5.06
III	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of period	1.88	3.83
	Fair Value of planned assets at end of year	5.52	5.06
	Net asset/ (liability) recognized in the balance sheet	(3.63)	(1.23)

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

Sr.No.	Particulars	March 31, 2014	March 31, 2013
IV	Net cost for the year ended:		
	Current Service cost	0.62	1.96
	Adjustment of the Opening Fund	-	(0.01)
	Interest cost	0.31	0.23
	Expected return on plan assets	(0.46)	(0.39)
	Actuarial (gain) / losses	(2.88)	(1.12)
	Net cost	2.40	0.70
V	Assumption used in accounting for the gratuity plan:		
	Discount Rate (%)	9.10%	8.20%
	Salary Escalation Rate (%)	6.00%	6.00%

D) Experience adjustments:

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Experience adjustments on account of plan liabilities	2.64	1.27	0.48	3.47	*
Experience adjustments on account of plan assets	-	0.02	0.06	*	*

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

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

33. 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:

(₹ in Lacs)				
Name of the Related Party	Nature of Relationship	Nature of Transaction	2013-14	2012-13
Bruno Industrial Products Limited	Significant Influence Exists	a) Income :		
		Sales	-	1.47
		b) Expenses :		
		Purchases	1.36	4.91
		c) Other :		
		Advances Paid	18.50	-
		d) Amount Receivable at the year end	48.61	31.18
Platy Minerals Private Limited	Significant Influence Exists	a) Other :		
		Advance Paid	2.48	1.50
		b) Amount Receivable at the year end	4.98	2.50
Aric Infracon Private Limited (formerly known as Aric 20 Micron Infracon Private Limited)	Significant Influence Exists	a) Expenses:		
		Purchase	73.09	42.82
		b) Amount Payable at the year end	5.06	3.53
DMC Limited (formerly known as Dispersive Minerals and Chemicals India Limited)	Significant Influence Exists	a) Income :		
		Sales	-	36.68
		Man Power Services	-	3.76
		Fixed Asset Sales	-	3.22
		Reimbursement of Expenses	-	0.10
		Interest received	11.66	9.63
		Professional fees received	-	1.01
		b) Expenses :		
		Purchases	-	187.61
		Man Power Service	-	2.39
		Rent Paid	16.19	16.12
		Pulverising charges	-	9.45
		Fixed Asset Purchase	-	23.94
Int.on Inter Corporate Loan	-	0.66		

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

Name of the Related Party	Nature of Relationship	Nature of Transaction	2013-14	2012-13
		c) Others : Advances Paid Corporate Loan received d) Amount Receivable / (Payable) at the year end	69.69 - 144.63	195.00 64.80 (192.77)
Microns Logistic Private Limited (formerly known as Ultra Minechem Equipments Private Limited)	Significant Influence Exists	a) Expenses : Services b) Others : Advances Paid c) Amount Receivable at the year end	6.11 0.26 0.26	- - -
20 Microns Foundation trust	Significant Influence Exists	a) Expenses : Donation paid	4.90	2.25
Eriez Finance & Investment Limited	Significant Influence Exists	a) Expenses : Professional Fees paid b) Others : Advance Paid c) Amount Receivable / (Payable) at the year end	53.93 0.66 (0.36)	100.00 - (41.76)
20 Microns ESOS Trust	Significant Influence Exists	a) Others : Loans and Advances given b) Amount Receivable at the year end	0.02 18.61	8.45 18.60
Shri C. S. Parikh	Key Management Personnel	a) Expenses : Remuneration paid Interest on Deposit Interest on Debenture b) Others : Debenture Issued Deposit Outstanding	45.47 1.26 3.30 - 10.00	42.11 0.62 1.65 30.00 10.00
Shri R. C. Parikh	Key Management Personnel	a) Expenses : Remuneration paid b) Others : Share Application Money Received Equity Share Issued in Lieu of Share Warrants (Inclusive Share Premium)	39.16 - -	36.32 282.50 445.00
Shri. A. C. Parikh	Key Management Personnel	a) Expenses : Remuneration paid Interest on Deposit b) Others : Share Application Money Received Equity Share Issued in Lieu of Share Warrants (Inclusive Share Premium) Deposit Outstanding	32.06 0.54 - - 4.00	29.69 0.48 282.50 445.00 4.00
Shri S. R. Parikh	Key Management Personnel	a) Expenses : Remuneration paid Interest on Deposit b) Others : Deposit Paid Deposit Received / Renewed Deposit Outstanding	39.16 1.64 1.00 2.50 13.75	36.32 1.56 1.00 4.00 12.25
Shri S. R. Parikh (HUF)	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit b) Others : Deposit Paid Deposit Received / Renewed Deposit Outstanding	8.55 2.25 4.75 1.05	1.52 - 1.00 7.80

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

Name of the Related Party	Nature of Relationship	Nature of Transaction	2013-14	2012-13
Late Smt. Bhanumati R Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	0.18	-
		b) Others : Deposit Paid	5.35	-
Shri L. R. Parikh	Relative to Key-Management Personnel	a) Expenses : Remuneration paid	23.21	24.01
Smt. I. C. Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	7.81	6.67
		b) Others : Deposit Received / Renewed	-	42.50
		Deposit Outstanding	59.00	59.00
Smt. S. R. Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	0.13	0.13
		b) Others : Deposit Outstanding	1.00	1.00
		Deposit Received / Renewed	-	1.00
Smt. P. A. Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	0.50	0.30
		b) Others : Deposit Outstanding	4.00	4.00
Mrs. V. R. Parikh	Relative to Key-Management Personnel	a) Expenses : Interest on Deposit	0.07	0.07
		b) Others : Deposit Paid	-	0.15
		Deposit Outstanding	0.50	0.50
Smt D. S. Parikh	Relative to Key-Management Personnel	a) Expenses : Remuneration paid	2.37	2.82
		Interest on Deposit	0.33	0.44
		b) Others : Deposit Paid	1.50	-
		Deposit Received / Renewed	0.50	1.50
		Deposit Outstanding	2.00	3.50

34. Deferred Taxation:

34.1 In the case of Company:

(₹ in Lacs)

Particulars	March 31, 2014	March 31, 2013
Deferred Tax Liabilities on account of:		
Product Development Expenses	19.35	22.30
Difference between WDV of fixed assets as per the Income Tax Act, 1961 and the Companies Act, 1956.	1722.48	1512.42
Total (a)	1741.83	1534.72
Deferred Tax Assets on account of:		
Unabsorbed losses and Depreciation	366.77	166
Disallowances u/s 43 B	-	9.72
VRS Expenses u/s 35DDA	2.56	5.12
Provision for Gratuity liability	2.13	(10.41)
Provision for Bad and Doubtful Debts	43.19	32.12
Total (b)	414.65	202.55
Net Deferred Tax Liabilities (a)-(b)	1327.18	1332.17

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

for the year ended March 31st, 2014 [Contd.]

34.2 In the case of Indian Subsidiary:

(₹ in Lacs)

Particulars	March 31, 2014	March 31, 2013
Deferred Tax Liabilities on account of:		
Difference between book depreciation and tax depreciation	134.65	120.28
Unabsorbed losses and depreciation	-	-
Expenses allowed under tax on payment basis	(4.94)	(5.27)
Net Deferred Tax Liabilities	129.71	115.01

34.3 In the case of 20 Microns SDN (Foreign Subsidiary):

(₹ in Lacs)

Particulars	March 31, 2014	March 31, 2013
Deferred Tax Liabilities on account of:		
Plant & Equipment-Capital Allowance	0.07	0.05
Net Deferred Tax Liabilities	0.07	0.05

35. Leases

- A) Group has obtained several premises and plant machinery for its business operations under leave and license agreements. These are generally not non-cancelable lease and are renewable on mutual consent on mutually agreeable terms. Lease payments are recognized as rent expenses in the statement of profit and loss.
- B) Group has given several premises and plant and machinery on operating lease for period ranging from 11 months to 60 months. The lease rent is recognized as rent income in the statement of profit and loss.

36. Basic and Diluted Earnings Per Share:

Particulars	March 31, 2014	March 31, 2013
Profit / (Loss) attributable to Shareholders (₹ in Lacs)	(230.47)	477.84
Weighted average no. of Equity shares outstanding during the year (See Note Below)	3,23,80,286	3,16,62,056
Nominal Value of Equity Shares (₹)	5/-	5/-
Basic and diluted earnings / (loss) per share (₹)	(0.71)	1.51/-

37. Forward Contracts

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, 2014 is ₹ 245.00 Lacs (Previous Year ₹ 789.08 Lacs) in respect of hedging currency related risk.

38. The Group operates only in one business segment namely Micronized Minerals. In view of this, no separate Disclosure is required under AS -17.

39. As per Section 74(2) of the Companies Act, 2013, the Group is required to make repayment of deposit accepted prior to 31.03.2014 within a period of one year from 01.04.2014 or the date on which deposit becomes due for payment, whichever is earlier. However the management believes that in terms of the provisions of Section 76(2) of the Companies Act, 2013 read with Rule 19 of the Companies (Acceptance of Deposits) Rules, 2014, the Group can make repayment of deposits within the period as per the terms of acceptance of deposits. Consequently, the classification of deposit in to Current and Non Current Category is made considering the period within which deposit will be repaid.

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

As per our audit report of even date attached

For Manubhai & Shah

Chartered Accountants

Firm Registration No.: 106041W

For and on behalf of Board of Directors

G. R. Parmar
Partner

Membership No.:121462

May 24, 2014

Waghodia, Vadodara

C. S. Parikh
Executive
Chairman

May 24, 2014

Waghodia, Vadodara

Atil Parikh
Managing DirectorAnuja Muley
SecretaryP. M. Shah
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY FOR THE YEAR ENDED 31ST MARCH, 2014

1. Name of the Subsidiary Company : 20 Microns SDN BHD.
20 Microns Nano Minerals Ltd.
20 Microns FZE
2. The Financial Year of the Subsidiaries : 31st March, 2014
Company ended on
3. Number of Equity Shares held by 20 Microns Ltd. in the Subsidiaries as at the end of the financial year of the subsidiaries.
- 20 Microns Sdn. Bhd. : 360000 Ordinary shares of RM 1.00 Fully Paid
 - 20 Microns Nano Minerals Ltd. : 6000000 Ordinary shares of ₹ 10/- Fully Paid.
 - 20 Microns FZE : 1 share of 1,50,000/ AED
- Extent of Interest of 20 Microns Ltd. in the capital of the Subsidiaries at the of the financial year of the Subsidiaries.
- 20 Microns SDN. BHD. : 99.99%
 - 20 Microns Nano Minerals Ltd. : 99.17%
 - 20 Microns FZE : 100.00%
4. Net aggregate of the Subsidiaries Company's Profit / (Loss) not dealt with in the Company's Accounts.
- a) For the Subsidiary Company's financial year ended on 31st March, 2014
- 20 Microns SDN BHD : Profit ₹ 79.59 Lacs
 - 20 Microns Nano Minerals Ltd. : Loss ₹ 16.72 Lacs
 - 20 Microns FZE : Profit ₹ 347.38 Lacs
- a) For the Subsidiary Company's previous financial years since it became the Holding Company's Subsidiaries.
- 20 Microns SDN BHD : Loss ₹ 1.80 Lacs
 - 20 Microns Nano Minerals Ltd. : Loss ₹ 35.39 Lacs
 - 20 Microns FZE : Profit ₹ 438.57 Lacs
5. Net aggregate amount of the Subsidiaries : Profit / (Loss) dealt with in the Company's Accounts.
- A. For the Subsidiaries Company's financial year ended on 31st March, 2014 : ₹ NIL
- B. For the Subsidiaries Company's previous financial years since it became the Holding Company's Subsidiaries. : ₹ NIL

G. R. Parmar
Partner
Membership No.:121462

C. S. Parikh
Executive
Chairman

Atil Parikh
Managing Director

Anuja Muley
Secretary

P. M. Shah
Director

May 24, 2014
Waghodia, Vadodara

May 24, 2014
Waghodia, Vadodara

20 MICRONS™
L I M I T E D

Registered Office : 9/10, GIDC Industrial Estate, Waghodia - 391760, Dist.: Vadodara, Gujarat, India
CIN # L99999GJ1987PLC009768

Phone : 02668 - 292297 • **Fax** : 02668 - 264003

E-Mail : co_secretary@20microns.com • **Website** : www.20microns.com

PROXY FROM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

Name of the member (s): _____

Registered address: _____

E-mail Id: _____

Folio No/ Client Id: _____

DP ID: _____

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name : _____

Address : _____

E-mail Id : _____ Signature : _____, or failing him

2. Name : _____

Address : _____

E-mail Id : _____ Signature : _____, or failing him

3. Name : _____

Address : _____

E-mail Id : _____ Signature : _____

20 MICRONS™
L I M I T E D

Registered Office : 9/10, GIDC Industrial Estate, Waghodia - 391760, Dist.: Vadodara, Gujarat, India
CIN : L99999GJ1987PLC009768

Phone : 02668 - 292297 • **Fax** : 02668 - 264003

E-Mail : co_secretary@20microns.com • **Website** : www.20microns.com

ATTENDANCE SLIP

DP ID / Client ID : _____

Folio No. : _____

No. of Share Held : _____

I/We hereby certify that I/We am/are registered Member/Proxy for the registered Member of the Company and hereby record my/our presence at the 27th Annual General Meeting of the Company, to be held on the **Saturday, 27th September, 2014 at 3.00 p.m.** at the Conference Room at 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 : Members/Proxies to Members are requested to sign and handover this slip at the entrance of the venue of the Meeting.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on the Saturday, 27th September, 2014 At 3.00 p.m. at Conference Room at 347, GIDC Industrial Estate, Waghodia - 391 760. Dist.: Vadodara and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. :

1.
2.
3.

Signed this day of 2014

Signature of shareholder

Affix ₹ 1 Revenue Stamp Signature
--

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

----- ! ----- ! -----

OUR NETWORK



If undelivered, please return to;

20 MICRONS[®]

L I M I T E D

CIN # L99999GJ1987PLC009768

9-10, GIDC Industrial Estate,
WAGHODIA - 391 760.

Dist. : Vadodara.

Gujarat. India

Ph: +91-2668-264006

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Corporate Office

134-135, Hindustan
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