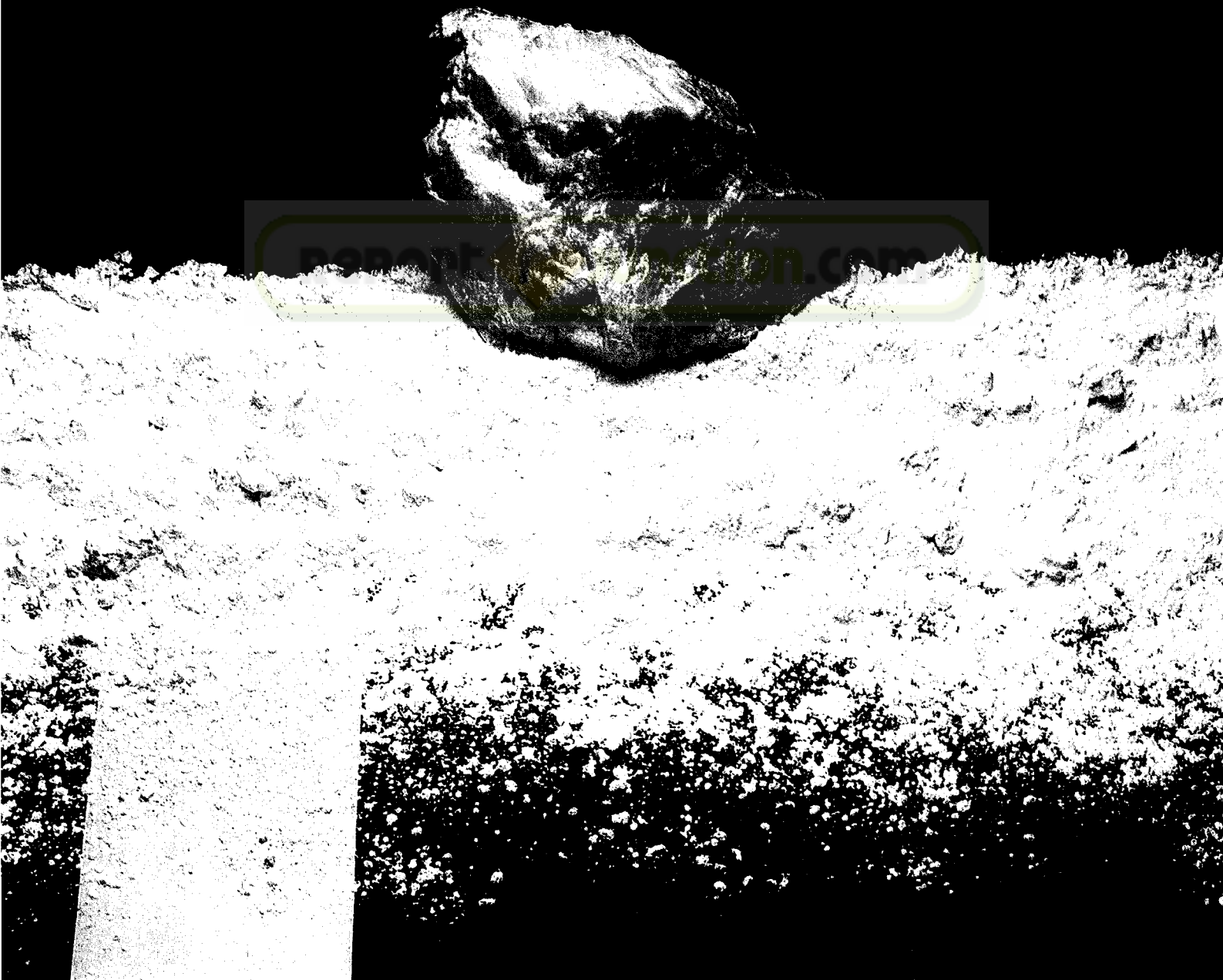


20 MICRONS

Annual Report 2001-02
20 Microns Limited



20 MICRONS NETWORK



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BOARD OF DIRECTORS :

| | |
|--------------------------|---|
| MR. CHANDRESH S. PARIKH, | <i>CHAIRMAN & MANAGING DIRECTOR</i> |
| MR. BHUPENDRA B. PARIKH, | <i>VICE CHAIRMAN</i> |
| MRS. DARSHANA J. MANKAD | |
| MR. RAJESH C. PARIKH, | <i>WHOLETIME DIRECTOR</i> |
| MR. VISHNU R. VARSHNEY, | <i>NOMINEE DIRECTOR-GVFL</i> |
| MR. SUDHIR R. PARIKH, | <i>WHOLETIME DIRECTOR</i> |
| MRS. LALITA D. SHARMA, | <i>NOMINEE DIRECTOR - IDBI</i> |
| MR. VITTHALDAS D. TALATI | |

COMPANY SECRETARY :

MR. VITTHALDAS D. TALATI

BANKERS :

STATE BANK OF INDIA
SBI FACTORS AND COMMERCIAL SERVICES P. LTD.
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA.

STATUTORY AUDITORS :

N. C. VAISHNAV & CO.
VADODARA.

REGISTERED OFFICE & WORKS OFFICE :

9-10, GIDC INDUSTRIAL ESTATE,
WAGHODIA,
DIST. VADODARA-391 760, GUJARAT STATE
INDIA.

CORPORATE OFFICE :

307-308, ARUNDEEP COMPLEX,
3RD FLOOR, RACE COURSE,
VADODARA – 390 007, GUJARAT STATE
INDIA.

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DIRECTORS' REPORT

To,
The Members,

Your directors have pleasure in submitting their Fifteenth Annual Report together with Audited Statement of Accounts of the Company for the financial year ended 31st March, 2002 including those of Fi-Minerals Private Limited since amalgamated. The scheme of amalgamation of Fi-Minerals Private Limited with the Company had been finally approved by both the Hon'ble High Courts of Gujarat and Rajasthan pursuant to orders passed under Section 391 & 394 of the Companies Act, 1956 in that behalf. The Scheme has thus become effective 01.04.1998, the appointed date.

1. FINANCIAL RESULTS

| | (Rs. in lacs) 2001-2002 | (Rs. in lacs) 2000-2001 |
|--|----------------------------|----------------------------|
| Sales and other Income | 4572.58 | 5023.79 |
| Expenses | 3849.52 | 3987.67 |
| Profit before depreciation, interest and tax | 628.02 | 932.11 |
| Interest for the year | 407.05 | 466.37 |
| Depreciation for the year | 173.98 | 208.20 |
| Profit for the year before tax | 46.99 | 257.54 |
| Provision for taxation | 4.00 | 31.00 |
| Net profit for the year | 42.99 | 226.53 |

Your Directors consider the working results satisfactory.

DIVIDEND

On account of smallness of profit made by the Company during the year under report, your directors regret being unable to recommend payment of any dividend to the shareholders.

OPERATIONS

a. Dry Process Operations other than Bhuj

It is gratifying to note that the dry process operations at places other than Bhuj have shown good results. Although, the sales and other income of these operations were more or less maintained at the same level as that of the earlier year i.e., is Rs. 3881.91 lacs as against Rs. 3820.01 lacs, the gross profit amounted to Rs. 1290.88 lacs as against Rs. 1175.83 lacs of the previous year recording an increase of 9.78 %. This was however made possible because of considerable reduction in manufacturing costs by 16.02 % over previous year. The direct effect of this reduction was also noticed in the net profit of the Company, which amounted to Rs. 166.06 lacs as against Rs. 40.08 lacs of the previous year.

b. Wet Process Operations at Bhuj

In spite of the devastating earthquake effects on the Bhuj project, which has disrupted the operations of Bhuj plant to a great extent and despite the resulting psychological stress on the manpower team, the Company really strived to achieve the maximum possible output during the year under review. The sales and other income for the year amounted to Rs. 595.63, which was almost half of the previous year. The gross profit which was Rs. 827.86 lacs declined to Rs. 174.72 lacs during the year under report. However, the operations of the said plant had shown a loss of Rs. 120.37 lacs as against the net profit of Rs. 186.44 lacs of the previous year.

c. Overall Performance

Although the financial results of operations at places other than Bhuj, as stated earlier, have shown encouraging results, the over all performance of the Company was greatly affected on account of natural calamity of earthquake. The sales turnover of the Company as a whole amounted to Rs. 4477.54 lacs as compared to the previous year and the gross profit declined sharply from Rs. 2405.82 lacs to Rs. 1465.59 lacs and consequently, the net profit from Rs. 226.53 lacs to Rs. 45.69 lacs this year.

FUTURE PROSPECTS AND MARKET SCENARIO

Micronised dry minerals find many end use applications in Plastics, Paints, Paper, Ceramics, Rubber, Pigments etc. As such, the concentration is mainly on expanding Company's share of micronised Dry Minerals in Plastics and Paints industries. Presently, the Company is supplying micronised dry minerals to Plastics and Paints industry by its maximum resource and capacity utilisation. In coming years, there being tremendous potential and scope in increasing the Company's share of minerals in Paper, Ceramics and Rubber industries, your Company is targeting to enhance business in these fields.

With the present rate of increase in per capita consumption of Paints and Plastics at minimum of 12% to 15 % per year, the Company's share in Plastics and Paints will certainly go up in the coming year. Therefore, even by assuming the stable volume of present turnover, the market share of the Company is expected to shoot up by 10 % in these two major applications viz., Plastics and Paints.

Considering the continued growth in the dry micronised mineral applications, other than above, the marketshare of the Company's products is also likely to increase at the minimum rate of 15 % per year. To achieve this desired rate of growth, as aforesaid, two main key factors viz., correct pricing and improved quality with continuous improved service level to the customers are most important; and in this direction, your Company always tries to provide competitive prices and best quality products with satisfactory level of services.

EARTHQUAKE EFFECTS ON BHUJ PROJECT

The Company had diverted its resources for rehabilitation work for the earthquake affected assets and incurred revenue expenditure of about Rs. 49.30 Lacs other than for the Magnetic Separator during the year under report. The Magnetic Separator plant had to be put out of work due to earthquake because it had an abnormal leakage of helium gas which made the operations economically non viable. The Magnetic Separator was required to be dismantled and sent back to its supplier in U.K., for assessing the damage due to earthquake and repairs since the competent skilled engineers and necessary tools and equipments were not available in India or Asia. The fall of World Trade Centre in America, war conditions between India and Pakistan and communal riots in Gujarat prevented the visit of the foreign engineers of the supplier and this was all beyond the control of the Company. The magnet was finally dismantled on 24th May 2002, and is now in repairer's workshop at U.K. It is expected that the magnet shall return fully repaired by the end of December 2002 and shall be available for manufacturing usage in the month of January 2003. The depreciation for the

non-usage period has not been charged for the relevant period. This has adversely effected the working of the Bhuj project. In absence of the magnet, the Company has been running the manufacturing process with alternate process.

The earthquake expenses are abnormal expenses, not related to the manufacturing operations. In view thereof the Company has charged those expenses against the accumulated profit and loss account balance.

It is gratifying to note that the Gujarat State Financial Corporation (GSFC), subsidy-disbursing agency of the Government of Gujarat, had sanctioned a term loan amounting to Rs. 228.0 lacs for financing the earthquake expenses to be incurred by the Company and also sanctioned a sum of Rs. 60 lakhs as subsidy as per the scheme of Government of Gujarat for assisting the earthquake affected industries. Accordingly, GSFC has disbursed Rs. 108.54 lacs towards the loan for the repair of the assets and prorata amount of subsidy of Rs 28.20 Lacs.

PROJECTS UNDER IMPLEMENTATION

The Company has slowly progressed with its ambitious project of expanding its capacity of refined and calcined products at its Bhuj site after partly completing the repair of plant and machinery damaged by the earthquake. The financial institutions have supported the late implementation of the project due to natural calamity. Now the Company is expecting to complete the projects of expansion of capacities at its Bhuj site and wet ground Calcium Carbonate at its other sites in a short period subject to timely disbursement of funds from the term loan lenders for the projects.

RESEARCH AND DEVELOPMENT

In the present era of globalization, Research & Development (R & D) is an inevitable part of any industry without which it becomes very difficult for it to remain globally competitive and thereby to survive.

The Research & Development Center (R & D Centre) of the Company located at village Vadadala, Dist. Vadodara, Gujarat, is very well equipped unit possessing all adequate facilities to carry out well diversified R & D work pertaining to the minerals and their applications in different fields. The center is continuously engaged in the task of product innovation, upgradation of technology and improvement in quality of the finished goods so as to remain globally competitive and to satisfy the needs of various types of customers.

Different types of activities going on in our R&D center are:

(A) Product Innovation

Due to fast industrial development, different industries demand for altogether different types of products. In order to cater such specific types of requirements of the customers, innovative products are being developed by the R & D Center. Few examples of such development work are:

- (1) R & D Centre has developed manufacturing process for Calcined clay of different grades of international quality that satisfies the requirements of indigenous and overseas industries like paint, plastic, paper, cement, ceramic etc.

In manufacture of paints, calcined clay is used for partial replacement of the costlier ingredient viz., TiO₂ without compromising with other properties like whiteness, contrast ratio, covering power etc. In plastic industry, calcined clay developed by R & D Center finds use in manufacture of master batches as filler and extender. In paper industry, calcined clay is being used as filler and as a coating agent to improve upon whiteness, gloss & scattering coefficient. Specially developed grade of calcined clay is being used in construction especially to increase compressive strength.

- (2) The R & D Center has developed, on its own, technology for wet grinding of various minerals like Calcite, Barytes, Talc, Mica etc.

The wet-grinding process is superior to the dry grinding as is evident from the following:

- The wet grinding process consumes low power compared to that consumed in dry grinding process.
- In wet grinding process the problem of dusting, which is very common with dry grinding process, does not arise.
- Wet grinding process permits achieving fine particle size and narrow particle size distribution, which is difficult with dry grinding process.
- In the wet grinding process impurities can be easily removed by way of various processes like floatation, magnetic separation, bleaching etc.

- (3) Efforts are being made to develop various products like China Clay, Talc, Calcite etc., that would suit the requirements of the ceramic industries in applications like that in body, glaze, frit etc.

- (4) Synthetically prepared materials like precipitated Calcium Carbonate, precipitated Barium Sulphate, precipitated Silica, fumed Silica, Aluminium Trihydrate etc., have got a very good market potential in India. These products have variety of applications. For example;

- (i) Precipitated Calcium Carbonate extensively finds use in manufacture of plastic, paint, paper etc.
- (ii) Precipitated Barium Sulphate is used in manufacture of paint, plastic etc.
- (iii) Aluminium Trihydrate is used as functional filler in paper board & surface coated paper.

The Company's R & D Center has developed manufacturing process for almost all of these products. For example;

- Precipitated Calcium Carbonate
- Precipitated Barium Sulphate
- Precipitated Silica
- Fumed Silica
- Precipitated Aluminium Trihydrate
- Calcium Aluminium Silicate
- Aluminium Silicate

Extremely fine precipitated Barium Sulphate having an average particle size of 0.7 microns, the manufacturing process of which is developed by R & D Center, has got a potential to be import substitute of Blanc Fixe.

(B) Upgradation of technology

Upgradation of technology is an unavoidable part of the manufacturing activity of the Company which is committed to remain globally competitive and

to satisfy the needs of the customers.

In case of Calcined Clay, the R & D Center has developed a low value Calcined Clay product viz Metacem for the usage in Construction and other industries whereby the installed capacity of the machinery is enhanced without additional investment.

Necessary modifications are being made in the existing technology so as to improve upon the quality and quantum of production so that customers get good quality material. For instance, our dry grinding plant at Waghodia has been renovated and automatized.

(C) Improvement in Quality

Endless efforts are being made to improve upon the quality of each and every product that is being manufactured and marketed by the Company. This is achieved by way of process improvement, developing new sources of raw materials etc.

EXPORTS

The Company is one of the largest exporters of Micronised Minerals in our country with export turn over of Rs. 823.50 lacs and FOB earnings of Rs. 710.19 lacs reflecting a healthy rise of 26.35 % on FOB earnings for the year under report over those of previous year's exports.

The Company's products under the brand names of Micron Talc, Micron Barytes, Micron Mica, Calcined Clay - Hyper series etc., have developed niche markets and has spread customer base in Paint industries, Plastics industries etc., with better realisation and have also gained Corporate Customer Approvals for global supplies thereby competing with the best in the global mineral industry in terms of quality, consistency, packing and delivery commitments. As such the products of the Company have been well received by the customers at home and abroad.

With this solid base, the Company has been successful in exporting to over 40 countries spread across Europe, Middle East, Far East, Africa, Indian sub continent, Latin America etc..

As a part of marketing strategy, the Company has been participating in International Exhibitions from time to time and the Company actually participated in the last International Exhibition - China Coat, held during November, 2001 in Shanghai, China for continuous building of brand image in the Global market and for enhancing customer base.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) That in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of financial year and of the profit of the Company for the year under review;
- (c) That the directors had 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;
- (d) That the directors had prepared the accounts for the financial year ended 31st March, 2002 on a "going concern" basis.

CAPITAL STRUCTURE

Upon sanction of the Scheme of Amalgamation of Fi-Minerals Private Limited with the Company by both the High Courts of Gujarat and Rajasthan, the Company had allotted 2,05,176 Equity Shares of Rs. 10/- each of an aggregate face value of Rs. 20,51,760/- to the shareholders of erstwhile Fi-Minerals Private Limited on 30.03.2002. However, on account of cancellation of 1,73,605 equity shares held by erstwhile Fi-Minerals Private Limited in the Company, the resultant net increase in the paid up share capital of the Company was to the tune of Rs. 3,15,710/- only thereby bringing the total paid up share capital to Rs. 12,44,48,000/- as at the end of the financial year.

ALTERATIONS IN THE MAIN OBJECTS OF THE COMPANY

By special resolution passed by the shareholders of the Company at their Extraordinary General Meeting held on 21.02.2002, the existing main objects of the Company have been made broad based and several new objects empowering the Company to carry on business in the fields of plastics, paints, pigments, paper, detergents, washing powders and soaps, cements, silica, building materials etc., etc., have been inserted. These alterations have been duly registered by the Registrar of Companies, Gujarat, on 19.04.2002.

SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the Audited Statement of Accounts for the year ended 31.03.2002 along with the Report of the Board of Directors and Auditors' Report of the Speciality Minerals Ltd., a subsidiary of the Company, as also a Statement under sub-section (1)(e) of the said Section relating to the interest of the Company in the said subsidiary are annexed.

CORPORATE GOVERNANCE

Although the Company is an unlisted Company, the report on Corporate Governance is being submitted to the shareholders second time to appraise them of Corporate Governance for meeting with the transparency and objectivity of good management.

FIXED DEPOSITS

Fixed Deposits accepted from the shareholders and the public stood at Rs. 6,14,92,300/- at the close of the financial year. Deposits of Rs. 11,36,000/- from 98 depositors which fell due for repayment before the close of the financial year remained unclaimed by the depositors as on 31st March, 2002 and of these, deposits of Rs. 10,86,000/- from 92 depositors were subsequently renewed/repaid leaving a balance of Rs. 50,000/- from 6 depositors unclaimed up to the date of this report.

The Company has not defaulted in repayment of Fixed Deposits on due dates or otherwise and also for payment of interest thereon.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo required to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in the Annexure 'A' to this Report.

20 MICRONS LIMITED

PARTICULARS OF EMPLOYEES

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

INSURANCE

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

INDUSTRIAL RELATIONS

Industrial Relations were found satisfactory at all the factories.

DIRECTORATE

During the year under report Mr. Dhiman B. Parikh and Mr. Sanatkumar P. Dave resigned as directors of the Company on 15.08.2001 and 15.09.2001 respectively. The directors had accepted their resignations and placed on record their appreciation for the assistance received from both of them during the period they were on the Board.

GVFL Limited had withdrawn nomination of Mr. Dhruva Chaudhuri as a director on the Board of Directors of the Company. The directors have accepted the resignation of Mr. Dhruva Chaudhuri at their meeting held on 28.06.2002.

The directors have placed on record their appreciation for the assistance received from Mr. Dhruva Chaudhuri while he was on the Board.

Mr. Bhanubhai B. Patel resigned as a director of the Company with effect from 28.06.2002. He was a founder director and had a very long and happy association with the Company. He was a fountain of inspiration to the Company and all of us and his contribution to the growth and development of the Company was memorable.

The directors have placed on record their appreciation for the assistance and advice received from Mr. Bhanubhai B. Patel while he was on the Board.

Two of the directors of the Company viz., Mr. Sudhir R. Parikh and Mr. Vishnu Varshney retire by rotation at this Annual General Meeting and being eligible, offer themselves for reappointment.

AUDITORS

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

ACKNOWLEDGEMENT

Your directors acknowledge their deep sense of gratitude and appreciation for all the Government Authorities, Financial Institutions, Bankers, Consultants, other professionals, investors and depositors for their continued co-operation and patronage.

The directors also acknowledge their deep sense of appreciation for the employees for their loyalty, sincerity and hard work.

Place : Vadodara
Date : 05.09.2002

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

CHANDRESH S. PARIKH
Chairman and Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Statement regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, for the year ended 31st March, 2002 as required under Section 217(1) (e) of the Companies Act, 1956 and which forms part of the Directors' Report.

ITEM PARTICULARS

COMMENTS

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken :

- Installation of frequency drives in the feeder of the control panel of a particular equipment.
- Increased use of power capacitors to control the power factor of the load, where frequency drives are yet to be installed.
- 50% of the process layout has been modified to earn good saving of power.
- Efficient heat exchangers were installed that help us in recovery from waste heat to reduce on fuel consumption.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:

- Still 50% of the process layout of dry grinding are to be modified to achieve minimum possible power consumption.
- To invest in frequency driven equipments.
- To invest in proper analysis of load sharing in all manufacturing facilities and accordingly change equipments and machineries drawing more power.
- To invest in power control monitoring equipments.
- Engage out side agencies in advisory capacities to achieve above targets.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:

- Saving in energy, electricity and fuel consumption by all the measures stated in para (a) and (b) above.

(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto:

- Not applicable.

B. TECHNOLOGY ABSORPTION:

(e) Efforts made in Technology Absorption as per Form B (Disclosure of particulars with respect to Technology Absorption).

Research and Development (R & D):

- | | | |
|--|---|--------------------------|
| 1. Specific areas in which R&D carried out by the Company : | } | As per Directors' Report |
| 2. Benefits derived as a result of the above R & D : | } | As per Directors' Report |
| 3. Future plan of action: | } | As per Directors' Report |
| 4. Expenditure on R & D | | |
| a) Capital | : | NIL |
| b) Recurring | : | Rs. 29,85,684/- |
| c) Total | : | Rs. 29,85,684/- |
| d) Total R & D expenditure as a percentage of total turnover | : | 0.07 % |

Technology absorption, adaptation and innovation:

- | | |
|--|---|
| 1. Efforts in brief made towards technology absorption, adaptation and innovation. | As per Directors' Report |
| 2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc. | As per Directors' Report |
| 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : | |
| a) Technology imported | : No |
| b) Year of import | : Not Applicable |
| c) Has technology been fully absorbed ? | : Not Applicable |
| d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action | : Not Applicable |
| C. FOREIGN EXCHANGE EARNINGS AND OUTGO: | |
| (f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans | : As per Directors' Report |
| (g) Total Foreign Exchange used and earned | : i. Foreign Exchange Earned: : Rs. 7,10,18,704/- ii. Foreign Exchange Used : Rs. 5,90,598/- |

* * * *

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company being an unlisted Company, provisions of Para V of clause 49 generally included in the Listing Agreement are not applicable to the Company. However, the Company hereby submits its "Management Discussion and Analysis Report" on its functioning for the better understanding and appraisal of the Shareholders.

As the shareholders are aware, the management of the Company comprises of the Board of Directors and the Management team. They are required to analyze the industry in which the Company operates, the prevalent business climate, the economic situation, both international and domestic, the position of the competitors, the demand and supply situation, quality perception, requirements of the customers and discuss how the Company can proactively retain and create customers for its products with constant and ongoing qualitative improvements to meet their rising expectations.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company is the pioneer and leader in micronised minerals industry. The micronised functional minerals sold by the Company are industrial products. The range includes dry ground minerals and wet ground minerals. Dry ground minerals are further classified into mesh minerals and micronised minerals.

The demand and use of these micronised minerals is dependent on the per capita consumption of the Company's ultimate end user segment, which falls under consumer segment. There are other players also entered in the recent years resulting in competition and pressure on the selling price.

OPPORTUNITIES AND THREATS

As the Company serves to many diversified applications market, the opportunities and threats depend on the specific application market.

Like in paint application, the distemper paints segment also requires mesh minerals. As a result, there are too many small players creating an imbalance in the demand/supply situation with supplies outstripping the demand. While in industrial paints segment the demand is more than supply because of specific particle size requirement by this segment.

In plastic application, the Company is a major leader meeting the specific micronised minerals requirements of this application. Only imported products can be considered as threat in this application.

In paper application, it requires both mesh minerals and micronised minerals (dry ground and wet ground). For wet ground, the demand is more than supply. For dry ground, demand supply are matching.

PRODUCTWISE PERFORMANCE

The Company manufactures dry ground (micronised and mesh) and wet ground (ultra-fine ground minerals) products which finds extensive uses in several application segments as mentioned above. For the Company, micronised dry ground and wet ground minerals are performing with good value added results.

OUTLOOK

There is a cautious optimism in the economy that is showing improvement. With its increased research and development, increased production and economies of scale, global marketing styles, cost rationalisation and improvement in quality, the Company is positioning itself to remain one of the market leaders in this business.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Internal Control Systems are continuously being fine tuned in line with the changing requirements in the industry. The management regularly reviews the internal control systems in the areas of finance, procurement, sales and distribution and marketing and new products launches. Thus, emphasis on internal control system is spread over across all major functions and processes.

With regular review of the systems by the Audit Committee of the Board, the internal control within the organisation would be further strengthened.

HUMAN RESOURCES

Management believes that employees are the most valuable assets of the organisation. Thus, all the human resources practices are directed towards enhancing the value of these assets. The focus of the management is on the organisation development and to imbibe new organisation values, entrepreneurship, team work achievement and commitment. Several work shops and/or communication meetings were organised and would continue to be organised by the Company with a view to achieve these organisational values.