

## 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 imbibed 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 and Analysis constitutes 20 Microns' compliance with Clause 49 of the Listing Agreement.

### 1. BOARD OF DIRECTORS

#### COMPOSITION OF BOARD

As on 31<sup>st</sup> 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 31<sup>st</sup> March, 2014 are given below:

| NAMES OF DIRECTORS         | CATEGORY OF DIRECTORS | NO. OF OTHER DIRECTORSHIP | COMMITTEE* MEMBERSHIP/ CHAIRMANSHIP |                        |
|----------------------------|-----------------------|---------------------------|-------------------------------------|------------------------|
|                            |                       |                           | COMMITTEE MEMBERSHIP                | COMMITTEE CHAIRMANSHIP |
| <b>EXECUTIVE DIRECTORS</b> |                       |                           |                                     |                        |
| Mr. Chandresh S. Parikh    | Executive Chairman    | 4                         | 1                                   | 1                      |
| Mr. Rajesh C. Parikh       | Chief Executive       | 4                         | 2                                   | -                      |

|                                |                             |    |   |   |
|--------------------------------|-----------------------------|----|---|---|
|                                | Officer & Managing Director |    |   |   |
| Mr. Atil C. Parikh             | Managing Director           | 2  | - | - |
| Mr. Sudhir R. Parikh           | Director (Finance)          | 3  | 1 | - |
| <b>Non-Executive Directors</b> |                             |    |   |   |
| 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.

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 :

**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 - 1<sup>st</sup> 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.

## **CODE OF CONDUCT**

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

## **2. COMMITTEES OF THE BOARD**

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

| <b>COMMITTEE OF DIRECTORS</b>                                 | <b>CONSTITUTED ON</b>           |
|---|---------------------------------|
| Audit Committee   | 27 <sup>TH</sup> February, 2001 |
| Remuneration Committee  | 6 <sup>TH</sup> January, 2003   |
| Nomination And Compensation Committee                         | 5 <sup>TH</sup> August, 2006    |
| Share Transfers & Investors'/Depositors' Grievances Committee | 20 <sup>TH</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> march, 2014, the Audit Committee met 4 [four] times the dates of which are as under:

| <b>SR. NO.</b> | <b>DATES OF MEETINGS</b> | <b>COMMITTEE STRENGTH</b> | <b>NO. OF MEMBERS PRESENT</b> |
|----------------|--------------------------|---------------------------|-------------------------------|
| 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:

| <b>NAMES OF DIRECTORS</b> | <b>CATEGORY</b>      | <b>NO OF MEETINGS ATTENDED</b> |
|---------------------------|----------------------|--------------------------------|
| 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.

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 31<sup>st</sup> march, 2014, comprised of the following members:

1. Mr. Pravinchandra M. Shah - Chairman
2. Mr. Naresh Makhija
3. Mr. Atul Patel
4. **Mr. Ram Devidayal**

All of them are Independent Directors.

#### **Attendance**

During the Financial Year ended 31<sup>st</sup> 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.

#### **Composition**

The Committee, as on 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2014, the committee met once, the date of which is as under:

| <b>Sr. No.</b> | <b>Dates of Meeting</b> | <b>Committee strength</b> | <b>No. of members present</b> |
|----------------|-------------------------|---------------------------|-------------------------------|
|----------------|-------------------------|---------------------------|-------------------------------|

|   |            |   |   |
|---|------------|---|---|
| 1 | 12.02.2014 | 4 | 4 |
|---|------------|---|---|

Attendance at the committee meetings:

| <b>Names of committee members</b> | <b>Category</b>      | <b>No of Meetings attended</b> |
|-----------------------------------|----------------------|--------------------------------|
| 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 related parties, for the financial year ended 31<sup>st</sup> 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:

| [Rs. in Lacs]                |       |      |         |                              |            |       |
|------------------------------|-------|------|---------|------------------------------|------------|-------|
| Names of Directors           | Basic | HRA  | Medical | Company's Contribution to PF | Commission | TOTAL |
| <b>EXECUTIVE DIRECTORS :</b> |       |      |         |                              |            |       |
| 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. Atil 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 [Rs.] |
|---------------------------|--|--------------------|
| Mr. Pravinchandra M. Shah |  | 70,000             |
| Mr. Ram A. Devidayal      |  | 70,000             |
| Mr. Atul H. Patel         |  | 37,000             |
| Mr. Naresh Makhija*       |  | 25,000             |

[\*] = Fees were Institution

nominating him.

Sitting paid to the

## Director's Shareholding

Shareholding of the Directors in the company as on 31<sup>st</sup> March, 2014:

| Names of Directors        | No. of shares held in the Company singly and / or jointly. | 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](http://www.20microns.com)

## 6. GENERAL BODY MEETINGS

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

| Financial Year | Date       | Location   | Time      | No. of Special Resolutions passed   |
|----------------|------------|--|-----------|---|
| 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 25<sup>th</sup> May, 2013, 17<sup>th</sup> July, 2013 and 30<sup>th</sup> January, 2014 where Special Resolutions for the following items were passed:

1. To create offer, issue and allot up to 4,00,000 (Four Lacs) Fully Convertible Debentures of Rs. 100/- each, on a preferential basis to M/s. Pratik Minerals Private Limited
2. To approve reappointment of Mr. Chandresh S. Parikh as Chairman & Managing Director of the Company for period of 03 Years w.e.f. 01<sup>st</sup> April, 2013

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

**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 27<sup>TH</sup> DAY OF SEPTEMBER, 2014  
TIME : 03.00 P.M.  
PLACE : AT THE CONFERENCE ROOM AT 347, GIDC INDUSTRIAL ESTATE,  
WAGHODIA - 391760, DIST. VADODARA, GUJARAT, INDIA

**FINANCIAL CALENDAR**

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

| Particulars  | Tentative Schedule                           |
|--|--|
| Quarter ending on 30 <sup>th</sup> June, 2014                  | On or before 15 <sup>th</sup> August, 2014   |
| Quarter / Half Year ending on 30 <sup>th</sup> September, 2014 | On or before 15 <sup>th</sup> November, 2014 |
| Quarter ending on 31 <sup>st</sup> December, 2014              | On or before 15 <sup>th</sup> February, 2015 |
| Annual Audited Results of the Year 2014-15                     | On or before 30 <sup>th</sup> May, 2015      |

**BOOK CLOSURE**

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

### 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](mailto: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 31<sup>st</sup> 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                        |
| <b>Total</b> | <b>33815902</b> | <b>100.00</b>                |

### 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<br>(in Rs.)     | Low Price<br>(in Rs.) | Close<br>Price<br>(in Rs.) | High Price<br>(in Rs.)                | Low Price<br>(in Rs.) | Close<br>Price<br>(in Rs.) |
| Apr-13 | 32.00                      | 30.10                 | 30.70                      | 32.00                                 | 30.10                 | 30.65                      |

|                |       |       |       |  |       |       |       |
|----------------|-------|-------|-------|--|-------|-------|-------|
| <b>May- 13</b> | 34.35 | 30.30 | 30.55 |  | 36.50 | 30.20 | 30.45 |
| <b>Jun-13</b>  | 31.90 | 30.20 | 30.40 |  | 32.80 | 30.10 | 30.20 |
| <b>Jul-13</b>  | 32.20 | 30.10 | 30.20 |  | 31.15 | 30.15 | 30.20 |
| <b>Aug-13</b>  | 33.00 | 30.10 | 30.40 |  | 36.00 | 30.05 | 30.25 |
| <b>Sep-13</b>  | 31.45 | 30.20 | 30.35 |  | 31.90 | 30.15 | 30.30 |
| <b>Oct-13</b>  | 37.90 | 30.25 | 33.80 |  | 38.00 | 30.20 | 33.65 |
| <b>Nov-13</b>  | 36.00 | 30.50 | 31.85 |  | 38.30 | 30.00 | 31.70 |
| <b>Dec-13</b>  | 34.30 | 30.50 | 31.10 |  | 34.45 | 30.40 | 31.10 |
| <b>Jan-14</b>  | 32.50 | 30.35 | 30.95 |  | 33.50 | 30.20 | 31.00 |
| <b>Feb-14</b>  | 32.90 | 30.20 | 30.25 |  | 33.00 | 30.20 | 30.35 |
| <b>Mar-14</b>  | 32.35 | 30.10 | 31.35 |  | 36.50 | 30.10 | 31.15 |

### SHAREHOLDING PATTERN

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

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

### DISTRIBUTION OF SHAREHOLDING

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

| SLNO | 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      |
|      | <b>Total</b>             | <b>5828</b> | <b>100</b> | <b>33815902</b> | <b>100</b> |

### 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 31<sup>st</sup> March, 2014.

**Place : Waghodia Dist- Vadodara**  
**Date : 06.08.2014**

**Chandresh S. Parikh**  
**Executive Chairman**

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#### **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 31<sup>st</sup> 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 31<sup>st</sup> 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.

**Place: Waghodia Dist Vadodara**      **Rajesh C. Parikh**  
**Date: 06.08.2014**                              **CEO & Managing Director**

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

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#### **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

Place: Ahmedabad  
Date: 06.08. 2014

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