

20 MICRONS

L I M I T E D

20 MICRONS
L I M I T E D

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

23rd Annual Report
2009-2010

ANNUAL REPORT | 2009-10



Corporate Information

Board of Directors

| | |
|---------------------------|--------------------------------|
| Mr. Chandresh S. Parikh | - Chairman & Managing Director |
| Mr. Rajesh C. Parikh | - Managing Director |
| Mr. Atil C. Parikh | - Joint Managing Director |
| Mr. Sudhir R. Parikh | - Director [Finance] |
| Mr. Mihir A. Joshi | - Nominee Director GVFL |
| Mr. Munish Mohan | - Nominee Director IDBI |
| Mr. Ram A. Devidayal | |
| Mr. Pravinchandra M. Shah | |
| Mr. Vithaldas D. Talati | |
| Mr. Atul H. Patel | |

Company Secretary

Mr. Nikunj J. Savaliya

Audit Committee

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

Remuneration Committee

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

Nomination & Compensation Committee

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

Share Transfer & Investor's Grievances Committee

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

Committee for Redressal of Depositors

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

Statutory Auditors

M/s. Manubhai & Co., Ahmedabad

Bankers / Financial Institutions

State Bank of India
IDBI Bank Limited
EXIM Bank Limited

Registered Office

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

Registrar and Share Transfer Agents

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

Website

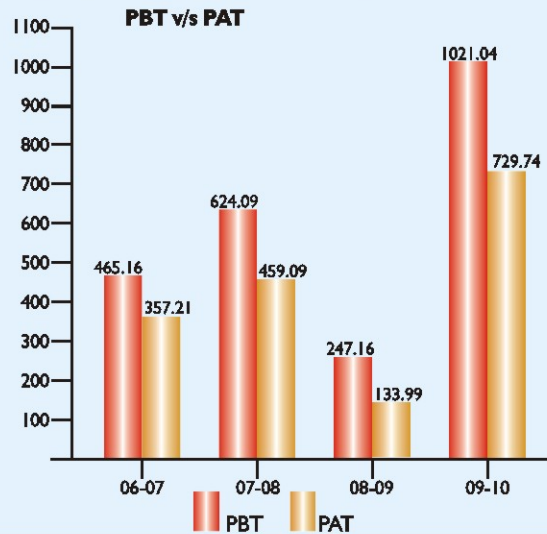
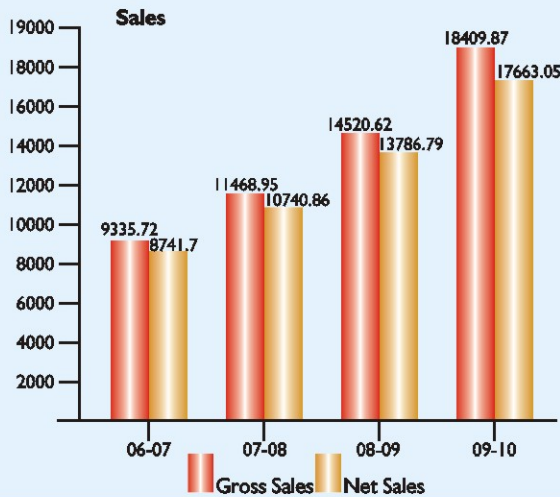
<http://www.20microns.com>

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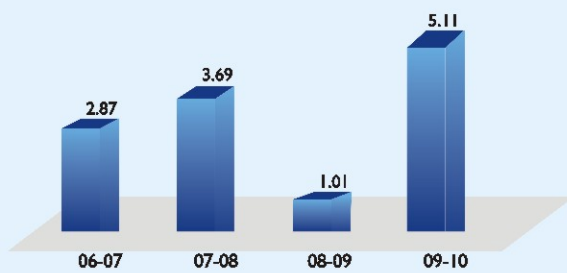
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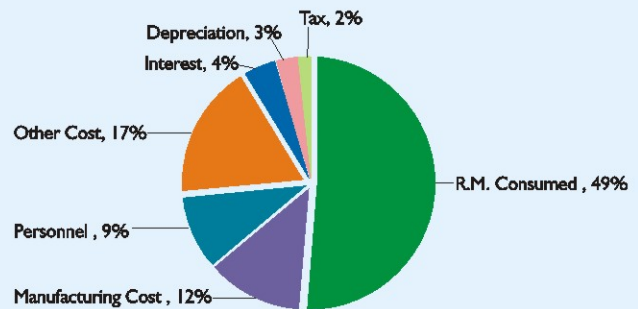
Performance



Earning Per Share



Allocation of Income



(Rupees in Lacs)

Awards

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



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

From the Desk of Managing Director...

Dear Shareholders,

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

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

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

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

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

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

With Warm Regards

Rajesh C. Parikh





Mr. Vitthal Das
D. Talati
Director

Mr. Munish
Mohan
IDBI Nominee
Director

Mr. Mihir
A. Joshi
GVFL Nominee
Director

Mr. Sudhir
R. Parikh
Director

Mr. Rajesh
C. Parikh
Managing
Director

Mr. Chandresh
S. Parikh
Chairman &
Managing Director

Mr. Atul
C. Parikh
Jt. Managing
Director

Mr. Ram A.
Devidayal
Director

Mr. Atul
H. Patel
Director

Mr. Pravinchandra
M. Shah
Director



A Successful Concept of Micronization:

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

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

Achievements thereafter:

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



Nirakar H. Desai
President

Suresh B. Jagetia
V.P. Fin.

Ajay P. Joshi
Sr. GM

Senior Management Team



Dipesh L. Goyal
GM

Ram Nath J. Rao
GM

Krishna Kumar
Mishra - GM

Milind A. Ranade
GM

Prashant C. Bhavsar
GM

Rakesh S. Parikh
GM

Dinesh P. Shah
GM

Lalit R. Parikh
GM

Peshank K. Patel
GM

Sanjay B. Mungra
GM



Gaurang V. Gandhi
DGM

Jagdish C. Patel
DGM

Dr. Anil B. Bansal
DGM

Mukesh R. Patel
DGM

Narendrakumar
R. Patel - DGM

Nikunj J. Savaliya
Company Secretary

Vipul M. Chawda
AGM - HR

Jagat N. Ojha
Mgt. Analyst

Satish B. Nair
Manager - IT

From the Desk of Joint Managing Director...

Dear Shareholders,

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



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

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

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

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

Thank you all for your continued support and valuable trust.

Atil C. Parikh





NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of the Shareholders of **20 Microns Limited** will be held on Thursday, the 26th day of August, 2010 at 3.00 p.m. at Plot No. 347, GIDC Industrial Estate, WAGHODIA – 391 760. Dist.: Vadodara, to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Audited Profit and Loss Account of the Company for the year ended 31st March, 2010 together with Directors' Report and Auditors' Report thereon.
- 2 To declare a dividend on Equity Shares.
- 3 To appoint a Director in place of Mr. Rajesh C. Parikh, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Mr. Sudhir R. Parikh, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5 To appoint M/s. Manubhai & Co., Chartered Accountants, Ahmedabad bearing Firm Registration No. 106041W with the Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass, with or without modifications, the following resolutions as Ordinary Resolutions.

Item 6: As Ordinary Resolution

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

Item 7: As Ordinary Resolution

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

By Order of the Board of Directors

Place: Waghodia, Dist. : Vadodara
Date : 31.05.2010

Nikunj Savaliya
Company Secretary

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

NOTABENE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxies to be effective, must be lodged at the registered office of the Company not later than 48 hours before the commencement of the meeting. A Proxy Form is sent herewith.
3. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereto.
4. Members/Proxies should bring duly filled in and signed Attendance Slip sent herewith for attending the Meeting. The Members holding shares in dematerialised form are requested to bring their Client ID and DP ID for easy identification of attendance at the Meeting.
5. The Registers of Members and Share Transfer Books shall remain closed from Monday, the 16th day of August, 2010 to Thursday, the 26th day of August, 2010 [both days inclusive].
6. The dividend for the year ended 31st March, 2010 as recommended by the Board, if approved at the Meeting, will be paid to those members whose names appear in the Company's Register of Members as on the book closure dates.
7. Brief particulars about the Directors seeking appointments and/or re-appointments, as required by Clause 49 of the Listing Agreements with the Stock Exchanges, are given in the Report on Corporate Governance.
8. Members may avail of the Nomination Facility as provided under Section 109A of the Companies Act, 1956.
9. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company at least seven days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.

EXPLANATORY STATEMENT

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

Item 6:

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

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

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

Your Directors commend the resolution for your approval and acceptance.

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



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

Item 7:

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

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

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

Your Directors commend the resolution for your approval and acceptance.

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

By Order of the Board of Directors

Place: Waghodia, Dist. : Vadodara
Date : 31.05.2010

Nikunj Savaliya
Company Secretary

REPORT OF BOARD OF DIRECTORS

To The Members
of 20 Microns Limited

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

RESULTS OF OPERATIONS:

[Rs. in Lacs]

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

OVERVIEW OF ECONOMY

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

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

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