

25 years of Sustainable Growth

20 MICRONS™
L I M I T E D

Few Minerals, A world of applications

Where innovation is tradition

Engineered Minerals

Natural Products for Sustainability

Adding value through Minerals

25th
ANNUAL REPORT
2011/12

CORPORATE INFORMATION (As on 31.03.2012)

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. Naresh S. Makhija - Nominee Director IDBI
 Mr. Ram A. Devidayal
 Mr. Pravinchandra M. Shah
 Mr. Atul H. Patel

Company Secretary

Mr. Nikunj J. Savaliya

Audit Committee

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

Remuneration Committee

Mr. Pravinchandra M. Shah - Chairman
 Mr. Atul H. Patel
 Mr. Naresh S. Makhija

Nomination & Compensation Committee

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

Share Transfer & Investor's/Depositors' Grievances Committee

Mr. Pravinchandra M. Shah - Chairman
 Mr. Rajesh C. Parikh
 Mr. Sudhir R. Parikh
 Mr. Ram A. Devidayal

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

Corporate Office

134-135, Hindustan Kohinoor Industrial Estate,
 L. B. S. Marg, Vikhroli (W),
 Mumbai, India
 Tele : +91 22 32401006 / 25771325
 Fax : +91 22 25771333
 E-Mail : corporate@20microns.com

Registrar and Share Transfer Agents

Cameo Corporate Services Limited
 "Subramanian Building",
 1, Club House Road, Anna Salai,
 Chennai - 600002, Tamil Nadu, India
 Tel : +91-44-28460390/95
 E-mail ID : narasimhan@cameoindia.com

Website

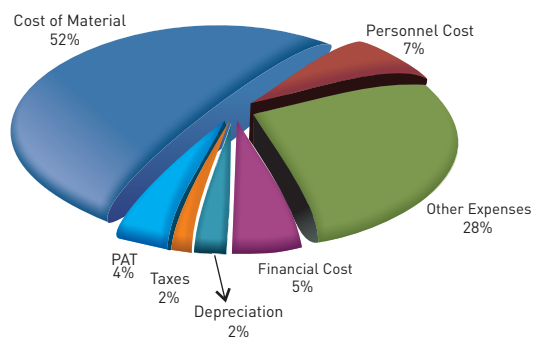
<http://www.20microns.com>

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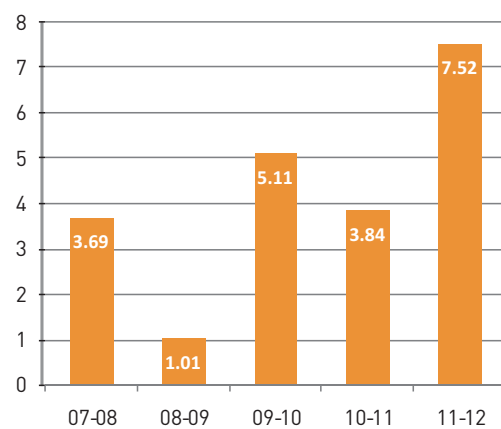
1/ Performance Indicator	2/ Notice for the AGM	3/ Report of Board of Directors	10/ Management Discussions and Analysis	14/ Report on Corporate Governance	28/ Auditor's Report	32/ Balance Sheet	33/ Profit & Loss Account
34/ Cash Flow Statement	38/ Notes to Financial Statements	61/ Consolidated Auditor's Report	62/ Consolidated Balance Sheet	63/ Consolidated Profit & Loss Account	64/ Consolidated Cash Flow Statement	70/ Notes to Consolidated Financial Statements	89/ Statement pursuant to Section 212

PERFORMANCE INDICATOR

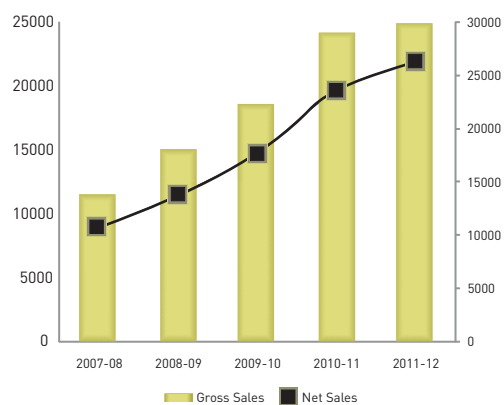
Distribution of Revenue 2011-12 (₹ in Lacs)



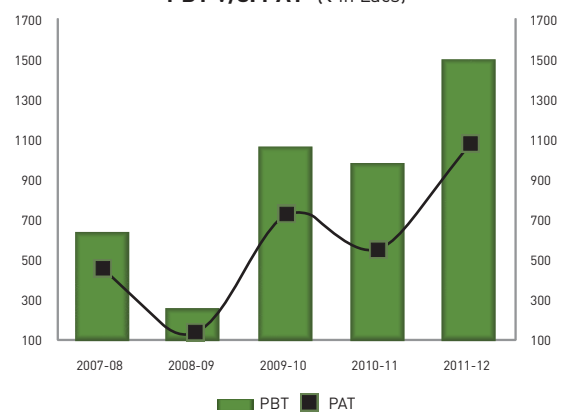
Earning Per Share



Gross Sales V/s. Net Sales (₹ in Lacs)



PBT V/s. PAT (₹ in Lacs)



NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the TWENTY FIFTH ANNUAL GENERAL MEETING of the Shareholders of 20 Microns Limited will be held on Thursday, the 9th day of August, 2012 at 3.00 p.m. at the Conference Room at 347, GIDC Industrial Estate, WAGHODIA - 391 760. Dist.: Vadodara, to transact the following business:

ORDINARY BUSINESS

- 1 To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Audited Profit and Loss Account of the Company for the year ended 31st March, 2012 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. Atul Patel, who retires by rotation, and being eligible, offers himself for re appointment.
- 4 To appoint a Director in place of Mr. Pravinchandra M. Shah, who retires by rotation, and being eligible, offers him self 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.

By Order of the Board of Directors

Nikunj Savaliya
Company Secretary

Place: Waghodia, Dist. Vadodara
Date : 28.05.2012

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. 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.
4. The Registers of Members and Share Transfer Books shall remain closed from Monday, the 30th day of July, 2012 to Thursday, the 9th day of August, 2012 [both days inclusive].
5. The dividend for the year ended 31st March, 2012 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.
6. 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.
7. Members may avail of the Nomination Facility as provided under Section 109A of the Companies Act, 1956.
8. 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.

REPORT OF BOARD OF DIRECTORS

To The Members of
20 MICRONS LIMITED

Your Directors are pleased to present 25th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2012.

RESULTS OF OPERATIONS

Particulars	2011-12	2010-11
Total Revenue	26770.19	23741.12
Profit before Depreciation, Interest and Tax (PBDITA)	3525.91	2555.41
Interest for the year	1408.52	1061.61
Depreciation for the year	631.80	533.30
Profit before tax and Exceptional item	1485.58	960.50
Exceptional items	-	39.42
Profit/(loss) for the year	1485.58	921.08
Tax liability :-		
Current Year's Tax & FBT	363.25	245.40
Earlier Years Tax Adjustments/MAT	-	65.61
Credit	44.26	60.28
Deferred Tax Liability/(Asset)		
Net Profit/(loss) for the year	1078.08	550.19

OVERVIEW OF ECONOMY

The world economy has been passing through stress. Financial turmoil in Europe has affected other countries. This contagion has pushed up borrowing costs and slowed growth in many parts of the world, and capital flows to developing countries have fallen. As a result, and despite a strengthening of activity in the United States and Japan, world trade has slowed down. Under this scenario, the forecast for global economic growth has been revised downward to about 2.5% in 2012. Indian economy also slowed down in 2011-12 mainly due to weak industrial growth. Inflation remained a major concern constraining RBI to pursue tight monetary policy.

In this generally depressed scenario, the Company has achieved about 13% growth in Gross sales value which stood at ₹ 26770.19 Lacs for the year. The management has taken measures as part of its continuous improvements to strengthen operations and viability. It has widened and improved the product range and price points in domestic as well as international markets to enlarge the customer base.

PERFORMANCE REVIEW

During the year under report, your Company has achieved a Total Revenue of ₹ 26770.19 Lacs (Up by 12.76% from ₹ 23741.12 Lacs of the previous year). The operations have resulted in a Net Profit before Depreciation, Interest and Tax (PBDITA) of ₹ 3525.90 Lacs (Up by 37.97% from ₹ 2555.41 Lacs of the previous year).

REPORT OF BOARD OF DIRECTORS (Contd.)

DIVIDEND

Your Directors are pleased to recommend the payment of dividend @ 18% i.e. ₹ 1.80 per Equity Share of the face value of ₹ 10/- each for the year under review. The dividend, subject to approval of shareholders, will be paid to the Shareholders whose name appears on the Register of Members as on the Book Closure dates.

FUTURE OUTLOOK

The Company has achieved a growth rate of 13% in Gross Sales during the year. This growth rate is expected to continue alongwith higher profitability and inspire the Company and its dedicated staff to focus more attention on all its applications. The Current year and all-coming years would walk on the foot prints with highest earnings and the continued support of effective sales force, improvement in production facilities and implementation of innovative ideas.

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

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

Your Company expects robust growth in existing Products and contribution of new products by adopting the following strategies:

- ♦ Expansion of Mineral Portfolio by adding new products;
- ♦ Enhance value chain by launching new synthetic minerals products by leveraging R&D strength;
- ♦ Expand Geographical locations by acquiring Mines and infrastructure facilities in Mineral rich countries in Middle East & South East Asia.

FINANCE

It is gratifying to note that State Bank of India (SBI), in consortium with IDBI Bank Limited (IDBI) has enhanced the aggregate credit facilities from ₹ 6278 Lacs to ₹ 7258 Lacs and IDBI has also given the working capital finance of ₹ 500 Lacs.

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

FIXED DEPOSITS

As on 31.03.2012, Fixed Deposits from Public and Shareholders stood at the total of ₹ 1475.05 Lacs. 23 deposits totaling to ₹ 10.81 Lacs due for repayment on or before 31.03.2012 were not claimed by the depositors on that day. Out of these, deposits of ₹ 2.90 Lacs have since been repaid or renewed at the option of 8 depositors. No instructions have been received so far for the balance of ₹ 7.91 Lacs from 15 depositors. These deposits, if not claimed in future, shall be deposited in the 'Investors Education and Protection Fund' in due course, as per the provisions of the Companies Act, 1956.

SUBSIDIARIES

a) 20 Microns Nano Minerals Limited

Your Company owns 99.17 percent of 20 Microns Nano Minerals Limited. The said Company is having a state of the art In-house Research & Development facility which is registered with Department of Science & Industrial Research (DSIR), Ministry of Science and Technology, Government of India. During the year under review, the said Company reported revenue from operations of ₹ 3035.04 Lacs and achieved Net Profit of ₹ 30.15 Lacs.

b) 20 Microns Sdn. Bhd.

Your Company owns 99.99 percent of 20 Microns Sdn. Bhd. During the year under review, the said Company reported Gross Revenue of RM 13.56 Lacs and achieved Net profit of RM 1.90 Lacs.

c) 20 Microns FZE

Your Company owns 100 percent of 20 Microns FZE. During the period ending 31/03/2012, the said Company reported Gross Revenue of AED 70.72 Lacs and achieved Net profit of AED 18.07 Lacs.

REPORT OF BOARD OF DIRECTORS (Contd.)

As per Section 212(1) of the Companies Act, 1956, the Company is required to attach to its Accounts, the Directors' Report, Balance Sheet and Profit & Loss Account of each of its Subsidiaries. As the Consolidated Accounts present a complete picture of the financial results of the Company and its Subsidiaries and in view of General Circular No. 2/2011 dated 08.02.2011 and No. 3/2011 dated 21.02.2011 issued by Ministry of Corporate Affairs, the Annual Report of the Company does not contain the individual financial statements of its Subsidiaries. However, the statement of your Company's interest in the Subsidiaries as at 31st March, 2012, prepared in accordance with the provisions of Section 212 of the Companies Act, 1956 is attached to the Balance Sheet.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

CORPORATE GOVERNANCE

Pursuant to the requirements of the Listing Agreements with Stock Exchanges, your Directors are pleased to annex the following:

1. Management Discussions and Analysis Report
2. A report on Corporate Governance alongwith Auditors' Certificate relating to compliance of conditions thereof.
3. CEO Certificate regarding compliance with the Code of Conduct.

These annexure forms part of this report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with The Companies [Particulars of Employees] Rules, 1975, as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Report of the Board of Directors, we have to state that since there are no employees falling within the purview of the said requirements, the same has not been annexed herewith.

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

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

INDUSTRIAL RELATIONS

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

EMPLOYEES STOCK OPTION SCHEME [ESOS]

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

DIRECTORATE

With effect from 29.04.2011, the Nomination of Mr. Munish Mohan had been withdrawn by IDBI Bank Limited and in his stead and place, Mr. Naresh Makhija was Nominated as the IDBI Nominee Director on the Board of the Company.

REPORT OF BOARD OF DIRECTORS (Contd.)

Moreover, with effect from 22.10.2011, the Nomination of Mr. Mihir Joshi had been withdrawn by GVFL Limited and ceased to be a GVFL Nominee Director on the Board of the Company. Further, Mr. Vithaldas D. Talati had resigned and ceased to be a Director on the Board of the Company with effect from 22.10.2011.

The Board appreciated and took on records the assistance and guidance received by the Company during the tenure of the respective Directorships of Mr. Munish Mohan, Mr. Mihir Joshi and Mr. Vithaldas Talati.

Mr. Atul H. Patel and Mr. Pravinchandra M. Shah, retire by rotation and being eligible, offer themselves for reappointment.

RESPONSIBILITY STATEMENT

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

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

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance & co-operation received from the Government Authorities; GVFL; Banks and Financial Institutions; Customers; Vendors; Investors; Depositors and all others.

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

For and on behalf of the Board of Directors

Chandresh S. Parikh
Chairman and Managing Director

Place: Waghodia, Dist. Vadodara

Date : 28.05.2012

ANNEXURE-A ANNEXURE TO THE DIRECTORS' REPORT, 2011-12

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

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

Conservation of Energy

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

FORM-A CONSERVATION OF ENERGY FOR THE YEAR ENDED 31ST MARCH, 2012

Power and Fuel Consumption

Sr.No.	Particulars	2011-12	2010-11
1	Electricity		
	Purchased from Electricity Board		
	Unit consumed	14919983	12843146
	Total Amount (₹ in Lacs)	870.09	716.11
	Average Rate / Unit (₹)	5.83	5.58
2	Diesel / SKO		
	Diesel / SKO Liters	214562	163285
	Total Amount (₹ in Lacs)	94.76	67.13
	Average Rate / Liter (₹)	44.17	41.11
3	Gas		
	Gas used MT	90.92	69.00
	Total Amount (₹ in Lacs)	59.72	42.09
	Average Rate / MT (₹)	65685	61000.00
4	Gas		
	Gas used SCM	459967.19	-
	Total Amount (₹ in Lacs)	158.43	-
	Average Rate/ SCM (₹)	34.00	-
5	Coal / Wood / Lignite		
	Coal / Wood / Lignite used MT	18179.98	15312.00
	Total Amount (₹ in Lacs)	913.27	692.66
	Average Rate / MT (₹)	5024.00	4524.00
6	Furnace Oil		
	Furnace Oil used MT	324.06	299.31
	Total Amount (₹ in Lacs)	122.60	93.21
	Average Rate / MT (₹)	37834.00	31143.00
	Grand Total	2218.88	1611.20

ANNEXURE-A ANNEXURE TO THE DIRECTORS' REPORT, 2011-12 (Contd.)

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

1. Research and Development (R & D) :

- a) Specific areas in which R&D carried out by the Company : As per Management Discussions and Analysis Report.
- b) Benefits derived as a result of the above R & D : As per Management Discussions and Analysis Report.
- c) Future plan of action : As per Management Discussions and Analysis Report.
- d) Expenditure on R & D
 - i) Capital : ₹ Nil Lacs
 - ii) Recurring : ₹ 38.64 Lacs
 - iii) Total : ₹ 38.64 Lacs
 - iv) Total R & D expenditure as a percentage of total turnover : 0.15%

2. Technology absorption, adaptation and innovation :

- a) Efforts in brief made towards technology absorption, adaptation and innovation : As per Directors' Report.
- b) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution etc. : As per Directors' Report.
- c) The Company has not imported any technology during the year.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

- a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans : As per Directors' Report.
- b) Total Foreign Exchange used and earned:
 - i) Foreign Exchange Earned : ₹ 2288.09 Lacs
 - ii) Foreign Exchange Used : ₹ 3499.80 Lacs

ANNEXURE-B ANNEXURE TO THE DIRECTORS' REPORT, 2011-12

EMPLOYEES' STOCK OPTION SCHEME - 2007 AUDITORS' CERTIFICATE ON EMPLOYEES' STOCK OPTION SCHEME - 2007

To,
Managing Director
20 Microns Limited
9/10, GIDC Industrial Estate, Waghodia, Dist. Vadodara - 391760.

On the basis of our examination of the relevant books of accounts and other records maintained by 20 MICRONS LIMITED ("the Company"), and as per the information and explanation given to us in this regard, we certify to the best of our knowledge and belief, that during the financial year 2011-12 the Company has implemented the Employees Stock Option Scheme - 2007 as approved by the members in the Extra-Ordinary General Meeting held on March 28, 2007, in accordance to the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to the extent applicable and also the resolutions passed by the Company.

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

G R Parmar
Partner
Membership No. 121462

Place: Ahmedabad
Date : 28.05.2012