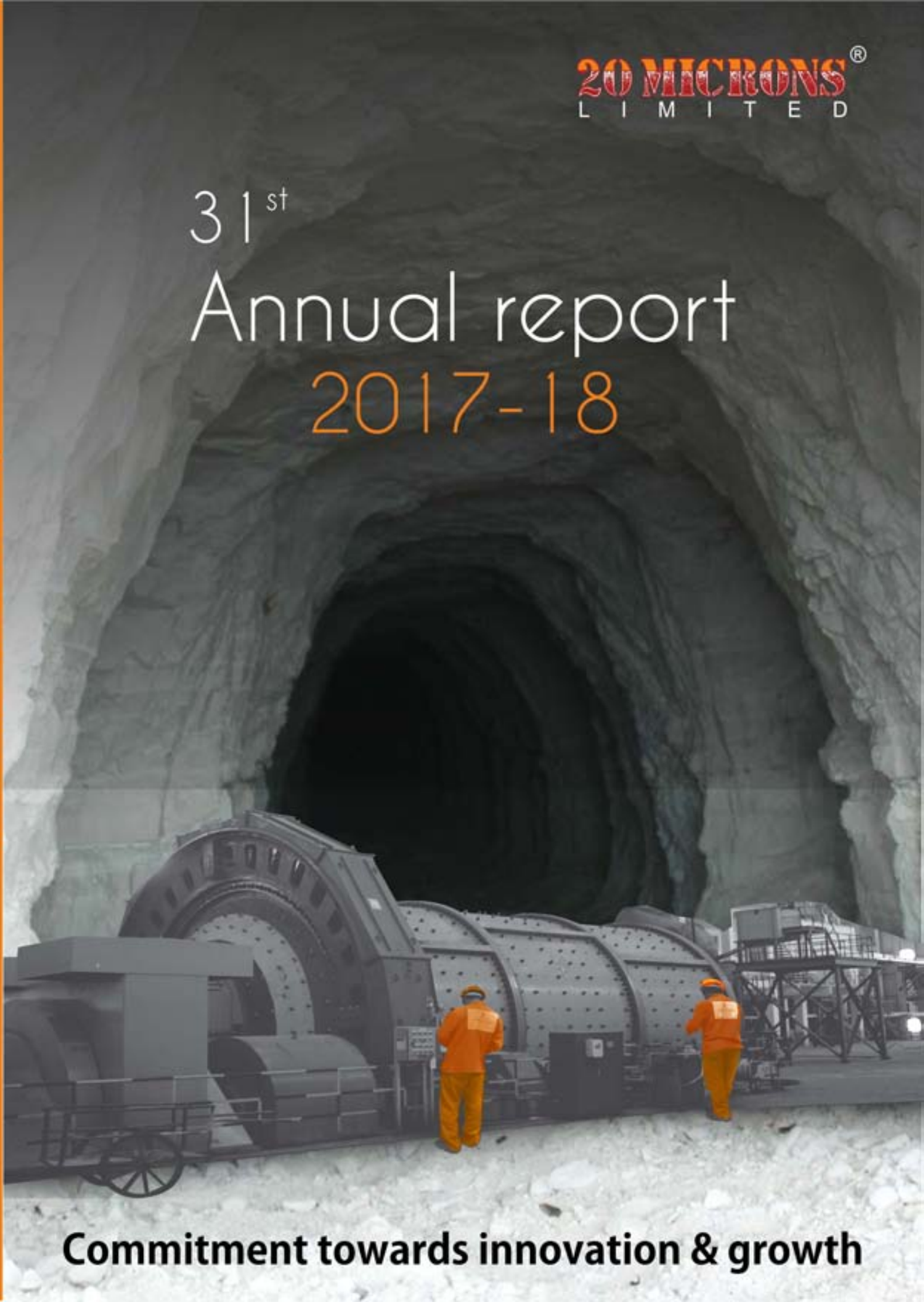
20 MICRONS®
LIMITED

# 31st Annual report 2017-18

31st ANNUAL REPORT



**Commitment towards innovation & growth**

20 MICRONS®
LIMITED

More than 30 years of excellence

Mines to Space

**Complex Chemistry** Simply Delivered **From Minerals**

20 MICRONS™
LIMITED

## From Chairman's Desk...

**Dear Members,**

On behalf of the entire Board, I would like to cordially welcome you all at the 31st Annual General Meeting of 20 Microns Limited to review the performance of the Company during the year 2017-18.

Today, we are looking back on a year 2017-18 which confronted the Company with significant challenges. This is true not only for our macro-economic environment and the significant changes we are seeing in the sectors in which we operate.

I am pleased to convey that, although there was an uncertain environment on the Globe, the Company could kept its pace "on track – in tact" with new visions being always on the Top of the related fields of operations.

Despite these challenges, we could maintain gradual growth, bit ahead in the industry. This was possible by continuously monitoring operational & distribution network; on-going innovations with continuous R&D by enhanced products portfolio and introduction of new products.

Our economy forced the business compounding in various directions simultaneously. The popularly debated, even today, the GST finally introduced on 1st July, 2017. This has been the single window structural reform in the country which pushes for creation of a common market and setting aside different taxes inefficiencies and incidences in various states. The Company has implemented the new tax efficiently. It head away to a short term disturbances in the business and economy, harping the impact on demand that was already on post de-monitisation in the previous fiscal.

The present business expansion scenario calls for dire need to ensure the balanced steering amongst the right mix of products, R&D, operations, technologies and services to cope-up with the risk and capitalize on growth opportunities, all the while responding to evolving customer demand.

India has seen probably the best exports in terms of Minerals because of the low ocean freight coupled with increased demand and availability of materials. In value terms, Export to Africa and Middle East has held up the best. However export sales of Team 20 product has increased 24% over last year. Mineral export from India is growing up sharply over few years. Minerals like Talc, Feldspar, Mica and Calcined Kaolin has seen tremendous growth.

As you know for any industry, especially for type of ours i.e. Minerals Industry, Research and Development (R&D) is an on-going, essential and valuable tool for growing and improving business and but for which we had been evolved as the leading mineral processing, putting it in the 1st line of the captioned Industry. R&D correlates and develops new products and processes engineering.

We always believe and are committed to ensure quality consistency of our products and services to satisfying customers' requirements. Since we are customer focused company, we are able to understand changing and shifting the customer requirements from time to time and perpetually improves quality management system accordingly and also makes an important contribution to customers satisfaction as well as improves revenue and profitability.

Our objective is to remain globally competitive by product innovation, up-gradation of technology and continual improvement in quality to build THE reputation for quality by maintaining certification with the in-house quality management system standards.

I am pleased to update you that after having set-up our business through our Subsidiaries in UAE & Malaysia, we are successful in setting up our business through another wholly-owned Subsidiary at VIETNAM too and approaching to cover many more in coming future.

Besides, I would like to inform you all that one of our Indian Subsidiaries viz. 20 Microns Nano Minerals Limited [20 M NANO] is setting up its expansion with an intention to utilize the funds from the Net proceeds of the Issue for setting up new manufacturing facility at Plot 336, GIDC Waghodia, Vadodara, Gujarat. The new plant would add manufacturing capacity for our new products: (i) Micronized Wax (ii) Coloured Mica(iii) Fumed Silica, as well as to increase the manufacturing capacity for our existing products: (i) Non Micronized Wax (ii) Bentonite (iii) Organoclay (iv) Attapulgite (v) Diatomaceous Earth. For the aforesaid purpose, 20 M NANO is going for the SME IPO to Raise Rs. 21 Crores and has filed the Draft Red Herring Prospectus (DRHP) with the NSE EMERGE.

I take this opportunity to sincerely THANK YOU ALL my Stakeholders; Bankers; TEAM 20 Microns for having reposed confidence in the Company & put their efforts with zeal and dedication.

**Thank you all,**

**Chandresh S. Parikh**
Executive Chairman

# CEO's SPEECH...

**Dear Stakeholders,**

We have continued to grow through the government oriented economic reforms cycle while maintaining our focus on cost discipline and operating performance. As a result, despite the sluggish business environment after the GST implementation, 20 Microns Limited had another successful year of continuous new product developments, meeting our safety target of zero fatalities and achieving both our optimum production and cost budgets.

Our endeavors for 2017-18 were commendable from both our shareholders and future growth perspective. EBITDA increased by 9.31% and the ultimate marker of PAT increased by 20.68%. As a result of this performance the Board has recommended a final dividend of 7%, which when combined with the interim dividend, brings the total dividend for the year to 15%, which represents a cash payout of 17% of earnings.

Our Sales performance in 2017-18 was creditable and managed to push through the second half of the year trying to vigor out the sluggish pathway that the GST rollout had created. Nevertheless all our sales divisions were able to match the targets of selling more import substitute products and emphasized more on marketing value added products where the customers also can save their final cost of production. Our R&D team was also completely focused on developing new products and our Marketing and sales team were superlative in converting newly developed products to their commercial business.

Over last couple of years our goal of excelling in agriculture, health and infrastructure has shaped up and now we will be going forward in this direction with our new B2C verticals of 20MCC (for construction), MINFERT (for mineral based organic farming), 20 Microns Herbals (Micronised Herbal supplements). The forth vertical will be in Mineral based Water purification (which is in product development phase). We will continue to grow their respective distribution networks and spread geographical reach in the coming 5 years. So our shareholders can see 20 Microns as a house hold name in the years to come.

Our priorities for 2018-19 are continued capital discipline and a cautious and determined approach to lower the working capital requirements despite of the growing business projections which can be funded by our internal accruals.

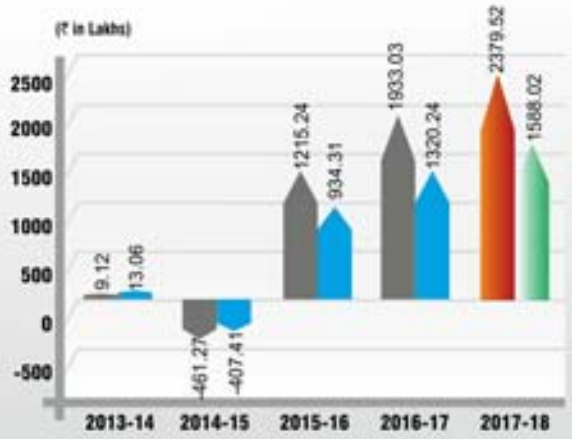
Much of what we have achieved in 2017-18 has been made possible by our Team 20. I would like to thank them all and I look forward to working with them and strive for creating many more milestones.

Thank you All,

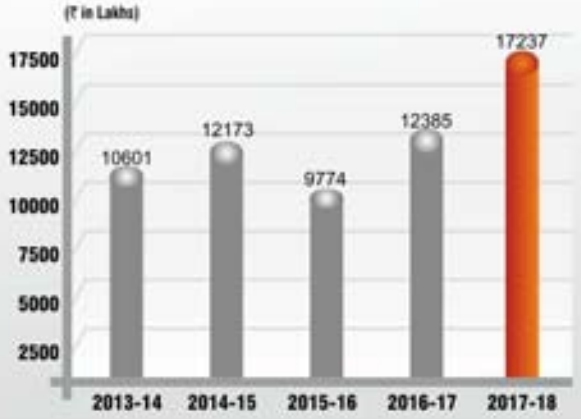
**Rajesh C. Parikh**

CEO & Managing Director

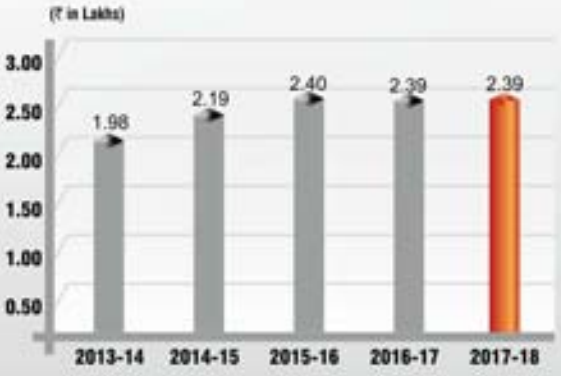
# Performance **INDICATORS** (STANDALONE)



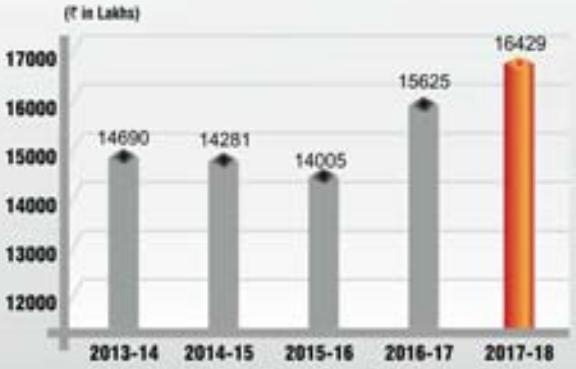

Profit Before Tax & Profit After Tax




Market Capitalisation




Assets Turnover Ratio ( Excluding CWIP )




Net Fixed Assets

Net Revenue

Net Revenue - EBIDTA - EBIDTA Margines

# Board of Directors

(As on 24th May, 2018)

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

**Mr. Rajesh C. Parikh**
CEO & Managing Director

**Mr. Atil C. Parikh**
Managing Director

**Mr. Pravinchandra M. Shah**
Independent Director

**Mr. Atul H. Patel**
Independent Director

**Mr. Ramkisan A. Devidayal**
Independent Director

**Dr. Ajay I. Ranka**
Independent Director

**Mrs. Sejal R. Parikh**
Director | (w.e.f. 04.05.2017)

**Mr. Sudhir R. Parikh**
Director
(Upto 04.05.2017)

**Mrs. Darsha R. Kikani**
Independent Director
(Upto 04.05.2017)

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**Chief Financial Officer**
Mr. Narendra R. Patel

**Company Secretary**
Mrs. Anuja K. Muley

**Audit Committee**
Mr. Ramkisan A. Devidayal - Chairman
Mr. Pravinchandra M. Shah - Member
Mr. Atul H. Patel - Member

**Nomination & Remuneration Committee**
Mr. Pravinchandra M. Shah – Chairman
Mr. Chandresh S. Parikh - Member
Mr. Ramkisan A. Devidayal - Member
Mr. Atul H. Patel - Member

**Stakeholders' Relationship and Share Transfer Committee**
Mr. Pravinchandra M. Shah - Chairman
Mr. Rajesh C. Parikh - Member
Mr. Atil C. Parikh - Member
Mr. Ramkisan A. Devidayal - Member

**CSR Committee**
Mr. Chandresh C. Parikh – Chairman
Mr. Pravinchandra M. Shah - Member
Mr. Ramkisan A. Devidayal (w.e.f 24.05.2018) - Member
Mrs. Sejal R. Parikh - Member

**Statutory Auditors**
M/s. J. H. Mehta & Co.,
Chartered Accountants
Ahmedabad

**Bankers**
State Bank of India
IDBI Bank Limited

**Registered Office**
9/10, GIDC Industrial Estate,
Waghodia – Dist. Vadodara – 391760
Gujarat, India
Tel : +91 7574806350 / +91 265 2333755
Fax : +91 265 2333755

**Corporate Office**
134-135, Hindustan Kohinoor Industrial Estate,
L. B. S. Marg, Vikhroli (W),
Mumbai, Maharashtra, India
Tele : +91 22 25771325/1350
Fax : +91 22 25771333
E-Mail : corporate@20microns.com

**Registrar and Share Transfer Agent**
CAMEO CORPORATE SERVICES LIMITED
"Subramanian Building",
No. 1, Club House Road,
Chennai-600 002
Tel : 044-28460390/95
Email ID : narasimhan@cameoindia.com

**Website**
http://www.20microns.com

**Email**
investors@20microns.com

**Company Identification No.**
L99999GJ1987PLC009768

**ISIN**
INE144J01027

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# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the THIRTY FIRST ANNUAL GENERAL MEETING of the Shareholders of **20 Microns Limited** will be held on Wednesday, the 19th day of September, 2018 at 03.00 p.m. at the Conference Room at 347, GIDC Industrial Estate, WAGHODIA – 391 760. Dist.: Vadodara, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt:
   a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018 including Audited Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon; and
   b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 including Audited Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, together with the Report of the Auditors thereon.
2. To declare a final dividend of Re. 0.35 (7%) per Equity Share of the nominal value of ₹ 5/- each for the Financial Year 2017-18.
3. To appoint a Director in place of Mr. Atil C. Parikh (DIN 00041712), who retires by rotation at this Annual General Meeting, in terms of Section 152(6) of the Companies Act, 2013 and being eligible, has offered himself for re-appointment

### SPECIAL BUSINESS

4. **Ratification of remuneration payable to Cost Auditors**

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

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, Companies (Cost Records and Audit) Rules 2014 and the Companies (Audit and Auditors) Rules, 2014 (including statutory modifications or re-enactment thereof, for the time being in force), payment of remuneration of ₹ 75,000/- to M/s. Y.S. Thaker & Co., Cost Accountants (Registration Number 000318), the Cost Auditor, reappointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31 March 2019, be and is hereby approved.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **Re-appointment of Mr. Chandresh S. Parikh as Executive Chairman**

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

   "**RESOLVED THAT** subject to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to such approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the re-appointment of Mr. Chandresh S. Parikh, (DIN 00041584), who has attained the age of 70 (Seventy) years as on March 6, 2016, as a Whole-time Director, designated as Executive Chairman of the Company under the Companies Act, 2013, for a period of three years, w.e.f. 01st April, 2019, whose office shall not be liable to retirement by rotation, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions more particularly set out in the Agreement to be entered into with him, detailing inter-alia the pattern of remuneration and Commission payable to him, in accordance with the requirements of the Schedule V of the Companies Act, 2013."

   "**RESOLVED FURTHER THAT** pursuant to Section 197(3) of the Act read with Schedule V and other applicable provisions of the Companies Act, 2013, as amended, and subject to such approvals as may be necessary, in the absence or inadequacy of the Net Profit, Mr. Chandresh S. Parikh will be paid the said remuneration as minimum remuneration, within the ceiling limit prescribed under Section II of Part II of the Schedule V of the Act or any statutory modification(s) or re-enactment thereof."

   "**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution."

6. **Re-appointment of Mr. Rajesh C. Parikh as Chief Executive Officer and Managing Director**

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

   "**RESOLVED THAT** subject to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time

# NOTICE OF ANNUAL GENERAL MEETING [Contd.]

being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to such approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the re-appointment of Mr. Rajesh C. Parikh (DIN 00041610) as a Whole-time Director, designated as the Chief Executive Officer & Managing Director of the Company under the Companies Act, 2013, for a period of three years, w.e.f. 01st April, 2019, whose office shall be liable to retirement by rotation, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions more particularly set out in the Agreement to be entered into with him, detailing inter alia the pattern of remuneration and Commission payable to him, in accordance with the requirements of the Schedule V of the Companies Act, 2013."

"**RESOLVED FURTHER THAT** pursuant to Section 197(3) of the Act read with Schedule V and other applicable provisions of the Companies Act, 2013, as amended, and subject to such approvals as may be necessary, in the absence or inadequacy of the Net Profit, Mr. Rajesh C. Parikh will be paid the said remuneration as minimum remuneration, within the ceiling limit prescribed under Part II of Section II of the Schedule V of the Act or any statutory modification(s) or re-enactment thereof."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution."

**7. Re-appointment of Mr. Atil C. Parikh as Managing Director**

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

**"RESOLVED THAT** subject to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to such approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the re-appointment of Mr. Atil C. Parikh, (DIN 00041712) as the Whole-time Director, designated as the Managing Director under the Companies Act, 2013, for a period of three years, w.e.f. 01st April, 2019, whose office shall be liable to retire by rotation, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors ( hereinafter referred to the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions more particularly set out in the Agreement to be entered into with him, detailing interalia the pattern of remuneration and Commission payable to him, in accordance with the requirements of the Schedule V of the Companies Act, 2013."

"**RESOLVED FURTHER THAT** pursuant to Section 197(3) of the Act read with Schedule V and other applicable provisions of the Companies Act, 2013, as amended, and subject to such approvals as may be necessary, in absence or inadequacy of the Net Profit, Mr. Atil C. Parikh will be paid the said remuneration as minimum remuneration, within the ceiling limit prescribed under Section II of Part II of the Schedule V of the Act, or any statutory modification(s) or re-enactment thereof."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution."

**8. Payment of Commission to the Non-Executive Directors**

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

"**RESOLVED THAT** pursuant to Section 197 (1) (ii) (A) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the Shareholders be and is hereby accorded to pay a commission up to 1% of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 to all the Non-Executive Directors of the Company".

"**RESOLVED FURTHER THAT** anyone of CEO & Managing Director or Company Secretary or Chief Financial Officer of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**9. Approval for continuation of directorship of Mr. P.M. Shah, Non-Executive Independent Director after attaining age of seventy five year**

To consider and if thought fit, to pass with or without