

## **REPORT ON CORPORATE GOVERNANCE**

The Directors' Report on the compliance of the Corporate Governance Code is given below :

### **1. CORPORATE GOVERNANCE**

#### **Company's Philosophy on Corporate Governance:**

The essence of Corporate Governance lays in its transparency and its efficiency lies in its ability to protect the shareholders' interest. This is precisely what your company's governance process and practice ventured to achieve a transparency and professionalism in action as well as the implementation of policies and procedure to ensure high ethical standards and responsible management.

To enunciate the spirit behind the governance process, your company listed out its various compliances with the statutory requirements of the day, as well as the spirit of the practice.

### **2. Board of Directors**

#### **2.1 Composition**

The Company has a very balanced and diverse Board of Directors, which primarily takes care of the business needs and stakeholders' interests. The Non-executive Directors including Independent Directors on the Board are experienced, competent and highly renowned persons from the fields of manufacturing, finance and taxation, economics, law, governance etc. They take active part at the Board and Committee Meetings by providing valuable guidance to the Management on various aspects of business, policy direction, governance, compliance etc. and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors.

The composition of the Board also complies with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [Listing Regulation, 2015]. As at the end of corporate financial year 2016-17, the total Board strength comprises of the following:

Independent Directors	05 Directors
Non-Executive Directors	01 Director
Executive Directors (including Chairman)	03 Directors

Mr. Chandresh S. Parikh, Executive Chairman; Mr. Rajesh C. Parikh, Chief Executive Officer and Managing Director and Mr. Atil C. Parikh, Managing Director, are the relatives of each other. Other than aforesaid Directors, none of the Directors have any inter-se relations among themselves and any employees of the Company.

Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the retirement policy laid down by the Board from time-to-time. The Managing Director(s) and Non-Executive Director (except Independent Directors) are liable to retire by rotation unless otherwise specifically approved by the shareholders.

#### **APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS**

Mr. Rajesh C. Parikh, Executive Director of the Company will retire by rotation at the ensuing Annual General Meeting who is eligible for re-appointment.

Mrs. Sejal R. Parikh, Non-Executive Non-Independent Director of the Company appointed as an Additional Director w.e.f. 04<sup>th</sup> May, 2017. She holds office of Additional Director up to the ensuing Annual General Meeting of the Company. The Company has received a notice u/s 160 of the Companies Act, 2013 from a shareholder of the Company proposing the candidature of Mrs. Sejal R. Parikh for the office of Non-Executive Non-Independent Woman Director who is liable to retire by rotation.

## 2.2 Profile of Directors

The brief profile of each Director is given below:

**Mr. Chandresh S. Parikh**, the **Executive Chairman** holds a Degree in Master of Science (Chemistry). He has played a very important role in the turnaround of the Company and has over 45 years of experience, in India and abroad, in various fields such as product development and commercialization of products developed through R & D etc. He started his career as R & D Chemist in the year 1968 with Suhrid Geigy Limited; Vadodara till 1972. Thereafter he joined in as a Chief Chemist with General Foam Products, Mombassa, Kenya in 1972 and continued with them till 1975. Thereafter he held Senior Executive positions as Technical Director and Executive Director in Banco Products (T) Ltd., Dar E Salaam from 1975-82. As Technical Director he was in charge of Production and technical matters and as an Executive Director he was in overall charge and management of the affairs of that Company. He was a Managing Director in Aerofoam (Nigeria) Ltd., Lagoa, Nigeria during 1982-87. He came to India for the formation of 20 Microns Private Limited in 1987 and started commercial production from 1988. He holds 36,30,400 Equity Shares representing 10.29% of the paid-up Capital of the Company.

**Mr. Rajesh C. Parikh** has graduated with First Class Degree in Bachelor of Mechanical Engineering. He has also completed the Masters in Business Administration in Finance Stream. He is the **CEO and Managing Director** of our Company. He started his career with Jyoti Limited, a Vadodara based Engineering Company, in the year 1994 as a Trainee Engineer and there after he was associated with the Company and held, on part time basis, few assignments for a new project to be established for China Clay. At the age of 27 he joined the Board and was in charge of Technical matters and Marketing of the product of the Company. His exposure to the consuming industries brought in him insight for business and industry. He holds 16,59,956 Equity Shares representing 4.70% of the paid-up Capital of the Company.

**Mr. Atil C. Parikh**, the **Managing Director**, aged 39 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 4.70% of the paid-up Capital of the Company.

**Mr. Sudhir R. Parikh**, the **Director** aged 63 years, is a fellow member of the Institute of Chartered Accountants of India. Early in his career, he joined M/s. Lovelock and 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 and 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 is also on the Board of 20 Microns Nano Minerals Limited. He holds 3,96,690 Equity Shares representing 1.12% of the paid-up capital of the Company. He recently resigned from the Board of the Company w.e.f. 04<sup>th</sup> May, 2017 due to his unavailability in the Country.

**Mr. Pravinchandra M. Shah**, the **Independent Director**, 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 Accountants of India. He has an extensive experience of more than 48 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 and 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 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 Relationship and Share Transfer Committee of the Board of Directors of the Company. He holds 21,500 Equity Shares representing 0.06% of the paid-up Capital of the Company.

**Mr. Ramkisan A. Devidayal**, the **Independent Director**, holds Master's degree in Commerce and Management. He has rich and 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 and 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. Ramkisan Devidayal is the Chairman of the Audit Committee and Member of Nomination and Remuneration Committee and Stakeholder Relationships and Share Transfer Committee of the Board of Directors of the Company. He holds 120000 Equity Shares representing 0.34% of the paid-up Capital of the Company.

**Mr. Atul H. Patel**, the **Independent Director**, is Graduate in Textile Engineering from VJTI, Bombay. He is a Managing Director of TARAK CHEMICALS LIMITED, Vadodara engaged in the manufacturing of Oil Field Chemicals and 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 and 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 Trustee 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 Director of the Baroda Citizen Community Co - Operative Credit Society Ltd., Vadodara. Mr. Atul Patel is Member of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company. He holds 200000 Equity Shares representing 0.57% of the paid-up Capital of the Company.

**Mrs. Darsha R. Kikani**, the **Independent Director**, is a member of Institute of Chartered Secretaries and 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 and 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 was also worked with Mindspark Language Team of Educational Initiatives, an innovative landmark Company in Education Sector for five years. Presently, she is working as Consultant in the areas of Company Law and SEBI Matters, Capital Market etc. She does not hold any Shares of the Company. She has recently resigned from the Board of the Board of the Company on 04<sup>th</sup> May, 2017 for preoccupation.

**Dr. Ajay I. Ranka, the Independent Director,** is Ph.D. in Polymer Science and Engg. from USA besides, a Chemical Engineer. He has worked with PPG Industries, USA, as R & D Specialist. He is recognized as a top notch scientist for outstanding pioneering work in Polymer Chemistry and Nanotechnology. He has to his credit many American, European and Indian patents. He is associated with many social, business and trade organizations and a staunch supporter of education through philanthropy. He is presently working as Managing Director of Zydex Industries Pvt. Ltd. He does not hold any Shares of the Company

### 2.3 Meetings, agenda and proceedings etc. of the Board Meeting:

#### Meetings:

The Board generally meets 4 times during the year. The yearly calendar of the meetings is finalized before the beginning of the year. Additional meetings are held when necessary. During the year ended on 31<sup>st</sup> March, 2017, the Board of Directors had 05 Meetings. These were held on 23<sup>rd</sup> May, 2016, 08<sup>th</sup> August, 2016, 23<sup>rd</sup> September, 2016, 05<sup>th</sup> November, 2016, and 09<sup>th</sup> February, 2017. The last Annual General Meeting (AGM) was held on 23<sup>rd</sup> September, 2016. The attendance record of the Directors at the Board Meetings during the year ended on 31st March, 2017, and at the last AGM is as under:-

Sr. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at Last AGM
1	Mr. Chandresh S. Parikh	Chairman - Executive Director	5	YES
2	Mr. Rajesh C. Parikh	Executive Director	5	YES
3	Mr. Atil C. Parikh	Executive Director	5	YES
4	Mr. Sudhir R. Parikh	Non-Executive Director	3	YES
5	Mr. Pravinchandra M. Shah	Non-Executive, Independent Director	5	YES
6	Mr. Ramkishan A. Devidayal	Non-Executive, Independent Director	5	YES
7	Mr. Atul H. Patel	Non-Executive, Independent Director	3	NO
8	Mrs. Darsha R. Kikani	Non-Executive, Independent Director	4	YES
9	Dr. Ajay I. Ranka	Non-Executive, Independent Director	4	YES

#### Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 09<sup>th</sup> February, 2017 to review the performance of Non-Independent Directors (including the Chairman) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

#### Agenda:

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated at the meeting) to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees and Subsidiaries for the information of the Board. Additional agenda items in the form of "Any Other Agenda" are included with the permission of the Chairman. Agenda papers are generally circulated seven days prior to the Board Meeting. In addition, for any business exigencies, the resolutions are passed by circulation and later placed in the Board Meeting for noting.

#### Invitees and Proceedings:

Apart from the Board members, the Company Secretary and the CFO are invited to attend all the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes

presentation on the quarterly and annual operating and financial performance and on annual operating and capex budget. The Managing Directors, CFO and other senior executives make presentations on capex proposals and progress, operational health and safety and other business issues.

#### **Post Meeting Action:**

Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed periodically by the Board for the action taken / pending to be taken.

#### **Support and Role of Company Secretary:**

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. She acts as interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects.

#### **2.4 Other Directorships etc.:**

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Directors acts as a member of more than 10 committees or acts as a chairman of more than 5 committees across all Public Limited Companies in which he is a Director.

The details of the Directorships, Chairmanships and the Committee memberships in other Companies (excluding Private Limited Companies, Foreign Companies and Section 8 Companies) held by the Directors as on 31st March, 2017, 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	1	1	-
Mr. Rajesh C. Parikh	Chief Executive Officer and Managing Director	1	1	-
Mr. Atil C. Parikh	Managing Director	1	-	-
<b>Non-Executive Directors</b>				
Mr. Sudhir R. Parikh	Non-Executive Director	1	1	-
Mr. Pravinchandra M. Shah	Independent Director	0	-	-
Mr. Ramkisan A. Devidayal	Independent Director	5	3	2
Mr. Atul H. Patel	Independent Director	5	1	-
Mrs. Darsha R. Kikani	Independent Director	-	-	-
Dr. Ajay I. Ranka	Independent Director	-	-	-

\* Audit Committee and Stakeholder Relationship Committee considered

#### **2.5 Induction and Training of Board Members:**

The Company is having general practice to conduct a familiarization programme of the Independent Directors in their first Board Meeting immediately after their appointment.

Accordingly, the Company has made Independent Directors so appointed during the financial year familiarized about-

1. The Role, Rights, Responsibilities and Duties of Independent Directors; and
2. The Company, Nature of Industry in the Company operates, business model of the Company etc.

The queries/questions raised by the Independent Directors were replied and satisfied accordingly.

The details of such familiarization programme for Independent Directors are posted on the website of the company [www.20microns.com](http://www.20microns.com)

## **2.6 Evaluation of the Board's Performance:**

During the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board and committees, experience and competencies, performance of specific duties and obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

## **2.7 Code of Conduct:**

The Board of Directors has laid down a Code of Conduct for Business and Ethics (the Code) for all the Board members and senior managers of the Company. The Code covers amongst other things the Company's commitment to honest and ethical personal conduct, fair competition, corporate social responsibility, sustainable environment, health and safety, transparency and compliance of laws and regulations etc.

All the Board members and senior management personnel have confirmed compliance with the code. A declaration to that effect signed by the CEO & Managing Director is attached and forms part of the Annual Report of the Company.

## **2.8 Prevention of Insider Trading Code:**

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at Senior Management and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code.

The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Company has appointed Mrs. Anuja Muley, Company Secretary as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review there has been due compliance with the said code.

## **3. Audit Committee**

The Board has constituted a well-qualified Audit Committee. All the members of the Committee are Independent Directors including Chairman. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc. Mrs. Anuja Muley, Company Secretary acts as secretary to the Committee.

### **3.1 Composition and Meetings:-**

The Audit Committee had 4 meetings during the year 2016-17, specifically on 23.05.2016, 08.08.2016, 05.11.2016 and 09.02.2017. The attendance of each committee member was as under:-

Sr. No.	Name of Committee Members	No of Meetings held/ attended
1	Mr. Ramkisan A. Devidayal, Chairman – Independent Director	4 of 4

2	Mr. Pravinchandra M. Shah - Independent Director	4 of 4
3	Mr. Atul H. Patel - Independent Director	3 of 4

Mr. Ramkisan Devidayal, Chairman of the Audit Committee was present at the last Annual General Meeting to answer the shareholders queries.

### 3.2 Invitees / Participants:-

1. Mr. Chandresh Parikh, Executive Chairman, Mr. Rajesh Parikh, CEO and MD, Mr. Atil Parikh, MD and Mr. Sudhir Parikh, Director are the permanent invitees to all Audit Committee meetings.
2. The Statutory Auditors have attended all the Audit Committee meetings held during the year.
3. The Business Heads and the CFO also attends all the Committee meetings to provide inputs on issues relating to internal audit findings, internal controls, accounts, taxation, risk management etc.

### 3.3 Terms of Reference:-

The terms of reference of the Audit Committee are as per the guidelines set out in the listing Regulation, 2015 read with section 177 of the Companies Act, 2013. These broadly includes (i) Develop an annual plan for Committee (ii) review of financial reporting processes, (iii) review of risk management, internal control and governance processes, (iv) discussions on quarterly, half yearly and annual financial statements, (v) interaction with statutory, internal and cost auditors, (vi) recommendation for appointment, remuneration and terms of appointment of auditors and (vii) risk management framework concerning the critical operations of the Company.

In addition to the above, the Audit Committee also reviews the following:

- (i) Matter included in the Director's Responsibility Statement.
- (ii) Changes, if any, in the accounting policies.
- (iii) Major accounting estimates and significant adjustments in financial statement.
- (iv) Compliance with listing and other legal requirements concerning financial statements.
- (v) Disclosures in financial statement including related party transactions,
- (vi) Qualification in draft audit report.
- (vii) Scrutiny of inter-corporate loans and investments.
- (viii) Management's Discussions and Analysis of Company's operations.
- (ix) Valuation of undertakings or assets of the company, wherever it is necessary.
- (x) Periodical Internal Audit Reports.
- (xi) Findings of any special investigations carried out either by the Internal Auditors or by the external investigating agencies.
- (xii) Letters of Statutory Auditors to management on internal control weakness, if any.
- (xiii) Major non routine transactions recorded in the financial statements involving exercise of judgement by the management.
- (xiv) Recommend to the Board the appointment, re-appointment and, if required the replacement or removal of the statutory auditors and cost auditors considering their independence and effectiveness, and recommend the audit fees.
- (xv) Subject to review by the Board of Directors, review on quarterly basis, Related Party Transactions entered into by the Company pursuant to each omnibus approval given., if any.

## 4. Nomination and Remuneration Committee

### 4.1 Composition and Attendance at the Meeting

The Nomination and Remuneration Committee comprises of the members as stated below. The Committee during the year ended on 31<sup>st</sup> March, 2017 had one meeting on 24.06.2016. The attendance of the members was as under:-

Sr. No.	Name of Committee Members	No of Meetings held/ attended
1	Mr. P.M. Shah, Chairman - Independent Director	1 of 1
2	Mr. Ramkisan A. Devidayal - Independent Director	1 of 1

3	Mr. Atul H. Patel - Independent Director	1 of 1
4	Mr. Chandresh S. Parikh - Executive Chairman	1 of 1

#### 4.2 Terms of Reference of the Nomination and Remuneration Committee:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial personnel and other Senior employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board Members;
3. Devising a policy for Board diversity;
4. Identifying persons, qualified to become Directors of the Company and who may be appointed in Senior Management positions in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Nomination and Remuneration Committee shall, while formulating the policy under point 1 ensures that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to manage the company successfully;
- (b) relationship of remuneration with the performance is clear and meets appropriate performance benchmarks; and
- (c) Remuneration to directors, key managerial personnel and senior management personnel involves a balance between fixed pay and incentive payment reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### 4.3 Remuneration Policy

Remuneration to Executive Directors have been paid to them in terms of the approval given by Shareholders of the Company under Sections 196, 197 and other applicable provisions of the Companies Act, 2013 and the resolution passed in that behalf and as recommended by the Nomination & Remuneration Committee of Directors duly constituted pursuant to Schedule V of the Companies Act, 2013.

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 198 of the Companies Act, 2013. 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:

<b>[Rs. in Lacs]</b>					
<b>Names of Directors</b>	<b>Basic</b>	<b>HRA</b>	<b>Medical</b>	<b>Commission</b>	<b>TOTAL</b>
<b>EXECUTIVE DIRECTORS</b>					
Mr. Chandresh S. Parikh	45.48	0	2.09	0	47.57
Mr. Rajesh C. Parikh	34.74	5.21	1.60	0	41.55
Mr. Atul C. Parikh	28.42	4.26	1.31	0	33.99

<b>Non Executive Directors</b>	<b>Sitting fees [Rs.]</b>
Mr. Sudhir R. Parikh	1,10,000
Mr. Pravinchandra M. Shah	2,50,000
Mr. Ramkisan A. Devidayal	2,30,000
Mr. Atul H. Patel	1,35,000
Mrs. Darsha R. Kikani	75,000
Dr. Ajay I. Ranka	75,000

#### Directors' Shareholding

Shareholding of the Directors in the company as on 31<sup>st</sup> March, 2017:

<b>Names of Directors</b>	<b>No. of shares held in the Company singly</b>	<b>Percentage of holding</b>
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	<b>and / or jointly.</b>	
Mr. Chandresh S. Parikh	36,30,400	10.29
Mr. Rajesh C. Parikh	16,59,956	4.70
Mr. Atil C. Parikh	16,59,956	4.70
Mr. Sudhir R. Parikh	3,96,690	1.12
Mr. Pravinchandra M. Shah	21,500	0.06
Mr. Ramkisan A. Devidayal	1,20,000	0.34
Mr. Atul H. Patel	2,00,000	0.57
Mrs. Darsha R. Kikani	Nil	Nil
Dr. Ajay I. Ranka	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.

#### 5. Stakeholder Relationship and Share Transfer Committee

The Stakeholders Relationship and Share Transfer Committee is responsible for the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services.

The Committee is headed by Mr. P.M. Shah, Independent Director and consists of the members as stated below. During the year ended on 31st March, 2017, this Committee had 01 meeting on 09.02.2017 which was attended by the members as under:-

Sr. No.	Name of Committee Members	No. of Meetings held/ attended
1	Mr. P.M. Shah, Chairman – Independent Director	1 of 1
2	Mr. Ramkisan A. Devidayal – Independent Director	1 of 1
3	Mr. Rajesh C. Parikh, CEO and MD – Executive Director	1 of 1
4	Mr. Sudhir R. Parikh – Non-Executive Director	1 of 1

Mrs. Anuja Muley, Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the investors' grievances.

#### Terms of Reference of Stakeholders Relationship and Share Transfer Committee

- To approve transfer, transmission and/or transposition of shares, issue of duplicate share certificates and all other matters relating to shares and investor grievances.
- To look in to redressal of shareholders'/ investors' complaints related to transfer of shares, non-receipt of Balance Sheet, non- receipt of declared dividend, etc. and advising shareholders/ investors on various matters such as to avail Nomination facility, fill up ECS Mandate, addition of joint names in Demat Accounts, transfer of holding from Physical form to Demat form.
- To oversee performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.
- To review unclaimed Dividend to the shareholders and take such steps as may be necessary to clear unpaid Dividend at the earliest in the interest of shareholders.
- To resolve the grievances of Fixed Deposit holders and matters relating to fixed deposit accepted by the Company.
- Such other matter as may be assigned by the Board of Directors from time to time

The Company had not received any grievance directly or through Registrar and Transfer Agents. All the requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

#### 6. CSR Committee

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013. The Committee is headed by Mr. Chandresh Parikh, Executive Chairman and consists of the members as stated below. During the year ended on 31st March, 2017, two meetings were held on 28.04.2016 and 30.03.2017. The CSR Committee, as on 31st March, 2017, comprised of the following members:

Sr. No.	Name of Committee Members	No of Meetings held/ attended
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1	Mr. Chandresh S. Parikh – Executive Chairman	2 of 2
2	Mr. P.M. Shah, Chairman – Independent Director	2 of 2
3	Mr. Sudhir R. Parikh – Non-Executive Director	1 of 2

## 7. 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 powers 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.

## 8. Vigil Mechanism Policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The policy of vigil mechanism may be accessed on the Company's website [www.20microns.com](http://www.20microns.com)

## 9. General Body Meetings

(i) Annual General Meeting (AGM):

The details of Annual General Meetings held in last 3 years are as under:-

Financial Year	Date	Location	Time	No. of Special Resolutions passed
2015-16	23.09.2016	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	3.00 p.m.	03
2014-15	25.09.2015	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	3.00 p.m.	08
2013-14	27.09.2014	Conference Room at 347, GIDC Industrial Estate, Waghodia, Dist.: Vadodara.	3.00 p.m.	02

(ii) Extra Ordinary General Meetings:

During the year, no Extra-ordinary General Meeting was held.

(iii) Postal Ballot:

During the year, the Company does not get approval of the Members, through Postal Ballot.

## 10. Management review and responsibility

### 10.1 Formal evaluation of officers

The nomination and remuneration committee of the Board approves the compensation and benefits for all executive Board members.

**10.2** Board interaction with clients, employees, institutional investors, the government and the media.

The Executive Chairman and the MDs represent the company in interactions with investors, the media and various governments.

**10.3** We have an integrated approach to managing risks inherent in various aspects of our business.

**10.4** A detailed report on our Management's Discussion and Analysis forms part of this Annual Report.

## 11. Disclosures

1. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements.

2. There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, or their relatives or Subsidiaries that had potential conflict with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report. The company has identified that there are no materially significant transactions with the related parties pursuant to the material related party transaction policy formulated by the Company. The said policy is available on the website of company [www.20microns.com](http://www.20microns.com)

3. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements.

4. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.

5. No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

6. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management.

7. During the year ended 31st March, 2017, the Company does not have any material listed/unlisted subsidiary companies as defined in Regulation 16(1)(c) of the Listing Regulation, 2015. However, the Company has framed a policy for determining "material subsidiary" and the same is disclosed on the Company's website at [www.20microns.com](http://www.20microns.com)

8. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated in Section 149(7) of the Companies Act, 2013.

### 11.1. Disclosures 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 01.04.2016	3	844
Shares transferred from Suspense account during the year	Nil	Nil
Shares lying in Suspense account as on 31.03.2017	3	844

The Voting rights on above shares shall remain frozen till the rightful owner of such shares claims the shares.

### 11.2 Plant Locations Manufacturing Unit

Plant Location	Address
Bhuj	Plot No.157, Village – Mamuara, Taluka : Bhuj, dist : Kutch, Gujarat - 370 020.
Hosur	Plot No.23-24, SIPCOAT,Phase II, Housr, Dist : Kishangiri, Tamil Nadu - 635109
Haldwani	Village: Haripur,Bareilly Road, Taluka: Haldwani,Dist. Nainital,Utarakhand. -263139
Vadadala	Plot No.172/175, Jarod – Samalaya Road, Taluka - Savli, Dist. Vadodara - 391520, State - Gujarat.
Alwar	Plot No. F-140 and B-77-78, M.I.A.,Alwar,Rajasthan
Waghodia	Plot No. 253-254 & 256 GIDC, Waghodia

Nandesari	55,GIDC,Nandesari,Dist. Vadodara-391340
Udaipur	Plot No. F-233-234, Road No. 1E, Matsya Industrial Estate, Madri, Udaipur, Rajasthan-313001.

## **12. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification**

The CEO and CFO has issued certificate pursuant to the provisions of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

## **13. Non-Mandatory Requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has not adopted non-mandatory requirements as mentioned in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **14. Certificate**

A certificate from the statutory auditors of the company, confirming the compliance with all the conditions of corporate governance, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed at the end of this report.

## **15. Means of Communication**

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these were approved by the Board. These were widely published in Business Standard and/or Economics Times and/or Loksatta.

These results are simultaneously posted on the website of the Company at [www.20microns.com](http://www.20microns.com).

## **16. Secretarial Audit**

Pursuant to Section 204 of the Companies Act, 2013 and Rules made there under, the Board of Directors of the company appointed M/s. J. J. Gandhi and Co., Practicing Company Secretaries, to conduct Secretarial Audit of records and documents of the company. The Secretarial Audit Report confirms that the Company has complied with all the provisions of Companies Act, 2013, Depositories Act, 1996, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all the Regulations and Guidelines of the Securities and Exchange Board of India, as applicable to the company.

## **17. General Shareholders' Information**

### **17.1 Annual General Meeting:**

Day and Date : Friday, 22<sup>nd</sup> September, 2017

Time : 3.00 p.m.

Venue : The Conference Room at 347, GIDC Industrial Estate, Waghodia,  
Dist.: Vadodara.

### **17.2 Financial Calendar:**

The Company follows the period of 01<sup>st</sup> April to 31<sup>st</sup> March, as the Financial Year.

First quarterly results*	: on or before 15 <sup>th</sup> August, 2017
Second quarterly / Half yearly results*	: on or before 15 <sup>th</sup> November, 2017
Third quarterly results*	: on or before 15 <sup>th</sup> February, 2018
Fourth quarterly results*	: on or before 30 <sup>th</sup> May, 2018
Annual General Meeting for the year ending on 31st March, 2018	: on or before 30 <sup>th</sup> September 2018

(\* subject to modification in Act/Rules/Regulation by SEBI/BSE/NSE)

### 17.3 Book Closure:

The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, 15<sup>th</sup> September, 2017 till Friday, 22<sup>nd</sup> September, 2017 (both days inclusive) for the purpose of 30<sup>th</sup> Annual General Meeting.

### 17.4 Listing of Shares and Other Securities:

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

### 17.5 Listing Fees:

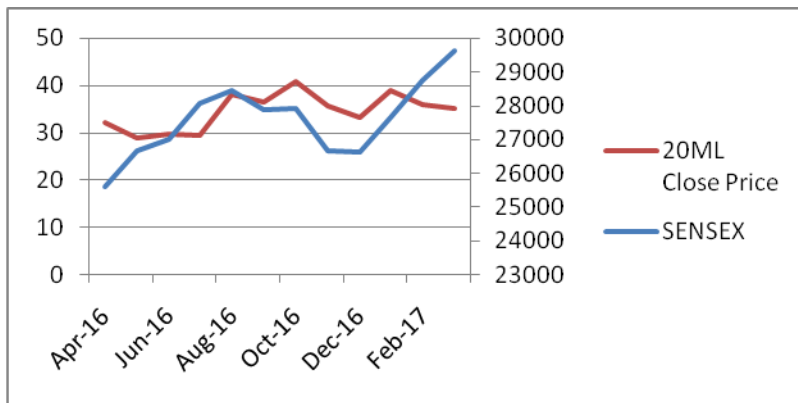
The Company has paid listing fees up to 31st March, 2018 to the Bombay Stock Exchange and National Stock Exchange of India Ltd. where Company's shares are listed.

### 17.6 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 2016-17 are given hereunder:

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High Price	Low Price	Close Price	High Price	Low Price	Close Price
Apr-16	36	27.75	32.05	36	27.5	31.7
May-16	34.8	28	28.75	34.8	27.7	28.55
Jun-16	30.95	27.5	29.65	30.6	27.5	29.7
Jul-16	31	28	29.4	31.2	28	29.3
Aug-16	44.4	28.85	38.15	45	28.5	38.2
Sep-16	41	33.7	36.5	40.95	33.05	36.45
Oct-16	41.9	33.3	40.9	42	30.6	40.65
Nov-16	47	31.95	35.65	46.9	31.4	35.7
Dec-16	37	31.7	33.05	37.1	31.2	32.95
Jan-17	43.6	33.1	38.85	43.6	31.3	38.75
Feb-17	43.1	35.7	35.95	43.6	35.55	36.05
Mar-17	38.25	34.05	35.1	38.4	34	35

### 17.7 Performance in comparison to broad based indices:



### 17.8 Share Transfer Agents:

The following are the details and contacts of the Registrars and Transfer Agents of the company:

CAMEO CORPORATE SERVICES LIMITED  
 SUBRAMANIAN BUILDING, NO. 1, CLUB HOUSE ROAD,  
 CHENNAI – 600 002.

TELE FAX: +91 044 28460395/0390

EMAIL : [narasimhan@cameoindia.com](mailto:narasimhan@cameoindia.com)

### 17.9 SHARE TRANSFER SYSTEM

The company's shares are traded on stock exchanges in de-mat mode only. Those transfers are effected through depositories i.e. NSDL and CDSL.

In physical mode, the transfer of shares are processed and approved and returned to the transferee within fifteen days from the date of lodgment of the same, subject to documents being valid and complete in all respects.

### 17.10 DISTRIBUTION OF SHAREHOLDING

The distribution of shareholding of the company as on 31st March, 2017 is as follows:

SLNO	HOLDING	NUMBER OF HOLDERS	% OF TOTAL	SHARES	% OF TOTAL
1	between 1 and 1000	4760	54.62	422195	1.20
2	between 1001 and 5000	2792	32.04	1452916	4.12
3	between 5001 and 10000	471	5.41	763111	2.16
4	between 10001 and 20000	259	2.97	777913	2.20
5	between 20001 and 30000	170	1.95	855676	2.42
6	between 30001 and 40000	45	0.52	322536	0.91
7	between 40001 and 50000	51	0.59	490106	1.30
8	between 50001 and 100000	66	0.76	953419	2.70
9	> 100000	100	1.15	29248630	82.89
<b>TOTAL</b>		<b>8714</b>	<b>100.00</b>	<b>35286502</b>	<b>100.00</b>

### 17.11 Shareholding Pattern:

The shareholding of different categories of the shareholders as on 31st March, 2017 is given below:-

SLNO	CLIENT TYPE	NO. OF SHARES	% OF HOLDINGS
1	Promoters	7381002	20.92
2	Corporate Body	15015606	42.55
3	Resident	10907434	30.91
4	FI	6715	00.02
5	NRI	1927656	5.46
6	Clearing Member	22297	00.06
7	Trusts	206	00.00
8	Bank	5352	00.02
9	Employees	20234	00.06
	<b>Total</b>	<b>35286502</b>	<b>100.00</b>

#### 17.12 Dematerialization of Shares:

About 98% of total equity share capital is held in dematerialized form with NSDL and CDSL as on 31st March, 2017.

#### 17.13 Reconciliation of Share Capital Audit:

As stipulated by Securities and Exchange Board of India, a qualified practicing Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital. No discrepancies were noticed during these audits.

#### 17.14 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 and 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](mailto:investors@20microns.com)

#### 17.15 Registered Office:

9/10, GIDC INDUSTRIAL ESTATE,  
WAGHODIA – 391760  
DIST. VADODARA  
GUJARAT, INDIA  
TEL: +91-2668-292297  
FAX: +91-2668-264003

#### 18. Subsidiary Companies

There is no material non listed Indian subsidiary Company. The requirements of the Regulation 24 of Listing Regulation, 2015 with regard to subsidiary companies have been complied with.

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### Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

#### The Board of Directors 20 Microns Limited

Dear Members of the Board,

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, 2017 and that to the best of our knowledge and belief :
  - 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, 2017, 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) There are no Significant changes in the internal control over financial reporting during the year;
- ii) There are no Significant changes in accounting policies during the year and
- iii) There are no instances of significant fraud of which we have become aware.
5. We have provided protection to Whistle Blower from unfair termination and other unfair or prejudicial employment practices.
6. We further declare that all Board Members and Senior Management Personnel have affirmed compliance with code of conduct and ethics for the year covered by this report.

**Place: Waghodia**  
**Date: 25.05.2017**

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

**Rajesh C. Parikh**  
**CEO and Managing Director**

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## **AUDITORS' CERTIFICATE FOR COMPLIANCE OF CORPORATE GOVERNANCE**

**To,**  
**The Members of**  
**20 MICRONS LIMITED**

### **Auditors' Certificate on Corporate governance**

We have examined the relevant records of 20 Microns Limited (the Company) for the year ended March 31, 2017 relating to compliance of conditions of Corporate Governance as stipulated in regulations 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of schedule V of Securities and Exchange Board of India ( Listing obligations and Disclosure requirements) Regulation, 2015(Listing Regulation) for the Financial Year 01<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017.

### **Management's responsibility**

The company's management takes full responsibility of the compliance of conditions of Corporate Governance as stipulated in the regulations above.

### **Auditors' responsibility**

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.

We conducted our engagement in accordance with the 'Guidance Note on audit Reports and Certificates for Special purposes' issued by Institute of Chartered Accountants of India. Our responsibility is to certify based on work done.

### **Conclusion**

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of schedule V of the Listing regulations as applicable.

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.



**Restrictions on use**

This Certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

**For Manubhai & Shah LLP**  
**Chartered Accountants**  
**ICAI Firm Regn. No.**  
106041W/W100136

**Place:** Ahmedabad

**(G. R. Parmar)**  
**Partner**

**Date:** May 25, 2017

**Membership No.**121462