



**ANNEXURE- II -TO THE DIRECTORS' REPORT  
CORPORATE GOVERNANCE REPORT**

**1. THE COMPANY'S PHYLOSOPHY ON CORPORATE GOVERNANCE:**

The company's philosophy on Corporate Governance is aimed at safeguarding and adding value to the interest on the various stakeholders, lenders, employees and public at large. The management of the Company is committed to good Corporate Governance to ensure that all functions of the Company are discharged in the professionally sound competent manner.

**2. BOARD OF DIRECTORS:**

**2.1 Composition of Board:**

The board of directors has six directors consisting of four non-executive directors who account for sixty seven percent of the Board's strength. The Company has a Non Executive Director who belongs to promoter group. The non-executive directors are persons with experience in business and industry, finance and administration. Shri Sharadchandra S. Kothari - is the chairman and managing director, who heads the board.

**2.2 Number of Board Meetings and Attendance:**

During the year under review, five board meetings were held on 14<sup>th</sup> May, 2010, 13<sup>th</sup> August, 2010, 24<sup>th</sup> September, 2010, 9<sup>th</sup> November, 2010 and 7<sup>th</sup> February, 2011. The maximum gap between two meetings did not exceed four months as stipulated under Clause 49 of the Listing Agreements.

**2.3 Details of the Directors of the Company:**

The composition of the Board of directors and details of other limited companies directorship and Committee membership/ Chairmanship\*

NAME OF DIRECTOR	CATEGORY	NO. OF OTHER DIRECTORSHIP	DIRECTORSHIP & COMMITTEE MEMBERSHIPS / CHAIRMANSHIP		NO.OF BOARD MEETING ATTENDED	ATTENDANCE AT LAST AGM
			COMMITTEE MEMBER-SHIP	COMMITTEE CHAIRMANSHIP		
Shri Shradchandra S. Kothari	Promoter Executive Director	—	—	—	5	YES
Shri Mahendra K. Kothari	Promoter Non-Executive Director	—	—	—	5	YES
**Shri Shrikant K. Kothari	Promoter Executive Director	—	—	—	5	YES
Shri Jay K. Manek	Independent Non-Executive Director	—	—	—	5	YES
Shri Lalit K. Chaudhari	Independent Non-Executive Director	—	—	—	5	YES
Shri Dinkar M. Naik	Independent Non-Executive Director	—	—	—	5	YES

\* Excludes directorships contemplated under Section 278 of the Companies Act,1956.

\*\* Shri Shrikant K. Kothari has resigned as a Whole-time Director of the Company w.e.f. 11/08/2011, but continue to be a Director on the Board of the Company.

**Note : This includes information in respect of other companies membership/ chairmanship in committees referred to in Clause 49 of the listing agreement, viz. audit committee, and Investors grievances committee.**

As per the disclosures made to the company none of the director of the company is a member in more than 10 committees nor have they acted as chairman of more than five committees across all companies in which he is director.

Note: Shri Mahendra K. Kothari and Shri Shrikant K. Kothari are being brothers related to each other. None of the other directors are related to any of the directors of the Company.

**2.4 Brief Profile of directors seeking appointment/re- appointment at the forthcoming Annual General Meeting:**

**i. Shri Sharadchandra S. Kothari -**

Shri Sharadchandra Shoorji Kothari is B.A., B.Com. ,LL.B. from University of Bombay. He is a director of the company since 05.10.1973 (since incorporation). He has over 55 years of wide and varied experience in the field of finance, manufacturing, marketing and export of dyes, dye intermediates and chemicals. He has contributed immensely to the research & development projects of the Group. He is well conversant with the industry, commerce and trade. He is on the board of Jaysynth Polychem Pvt. Ltd.

**ii. Shri Jay Kulinkant Manek -**

Shri Jay Manek is a Director of the Company since 26/04/2006. He is M.B.A. in finance management. He is a partner in M/s. Jay Agro Industries. He is also works as "export-executive" in M/s. Nathubhai Kuvorji & Sons.

**2.5 Review of Compliance Reports by the Board of Directors:**

A compliance certificate confirming the due compliance with the statutory requirements is placed at the board meeting for the review by the board of directors. Instances of non-compliance, if any, are also separately reported to the Board.

**2.6 Code of Conduct:**

The company has framed a code of conduct for the members of the board of directors and Senior Management personnel. All the board members and senior management personnel have affirmed their compliance with the code of conduct. A declaration signed by the managing director of the company forms part of this Report.

**3. COMMITTEES OF THE BOARD:**

**3.1 Audit Committee:**

**Terms of Reference:**

Terms of reference of audit committee are in accordance with those specified in Clause 49 of the Listing Agreement with the Stock Exchange and Section 292A of the Companies Act, 1956. The audit committee is empowered to investigate any activity within its terms of reference and to seek information it requires from any employee.

**Composition, Meetings and attendance thereat:**

The audit committee consists of three directors, viz, Shri Mahendra K. Kothari as chairman with Shri Lalit K. Chaudhari and Shri Jay K. Manek as members. Two thirds of the members are Independent directors. The quorum for an audit committee meeting is two members personally present. All members of the committee are financially literate within the meaning of Explanation I of clause 49II (A) (ii) of the Listing Agreement.

The audit committee met on four occasions during Financial Year ended 31<sup>st</sup> March 2011 held on 14<sup>th</sup> May, 2010, 13<sup>th</sup> August, 2010, 9<sup>th</sup> November, 2010 and 7<sup>th</sup> February, 2011 . Shri Mahendra K. Kothari, Shri Jay K. Manek and Shri Lalit K. Chaudhari attended all four meetings. Such of the executives and directors as considered appropriate are invited to attend audit committee meetings.

Representatives of the statutory auditors are permanent invitees to the audit committee meetings. Internal Audit officials and such of the executives and directors as considered appropriate are invited to attend audit committee meetings. No employee of the company has been denied access to audit committee.

Shri Ravindra C. Tolat, Company Secretary acts as a secretary to the committee.

**3.2 Share Transfer/Investors' Grievances Committee:**

**Terms of Reference:**

The committee monitors the company's response to investor complaints. It has also been authorized to approve the issue of duplicate share certificates in lieu of those lost, misplaced, mutilated or destroyed. The committee's meetings are held as often as required to consider all matters concerning transfer and transmission of shares, Issue of share



certificates, splitting and consolidation of share certificates. The committee also looks into the Investors complaints on transfer of shares, non-receipt of company's balance sheet, non-receipt of declared dividends etc. and redressal thereof.

The committee comprises of Shri Sharadchandra S. Kothari, Shri Mahendra K.Kothari and Shri Lalit K. Chaudhari. Shri Ravindra C. Tolat, company secretary is the compliance officer.

**Meeting and attendance during the period under review:**

During the year ended 31<sup>st</sup> March 2011 the committee held 15 Meetings. Shri Sharadchandra S. Kothari, Shri Mahendra K. Kothari and Shri Lalit K. Chaudhari attended all 15 meetings.

During the period under review 2 complaints were received from shareholders and all are resolved. All valid share transfers in respect of physical shares received during the year under review have been acted upon and no such transfer is pending as on March 31, 2011. Similarly, there were no pending rematerialisation request as on March 31, 2011.

**3.3 Directors' Remuneration Committee:**

**Terms of Reference:**

A remuneration committee has been constituted to review and recommend payment of sitting fees for attending the board meeting and meeting of committee/sub-committee appointed by the Board payable to directors and reimbursement of actual expenses incurred by the directors for attending the board meeting or meeting of any committee/ sub-committee appointed by the board of directors and to determine the remuneration, including commission, payable to managing / whole-time directors; subject to the provisions of the Companies Act,1956 and the notifications, if any, issued there under.

While approving the remuneration, the committee to take into account financial position of the company, trend in the industry, qualification, experience, past performance, past remuneration of the candidate and to strike balance of interest of the company and shareholders while determining the remuneration package.

**Composition:**

The committee comprised of three independent directors, namely Shri Lalit K. Chaudhari, Shri Jay K. Manek. and Shri Dinkar M. Naik

The committee has met once during the year under review.

Remuneration paid to directors during the year ended 31<sup>st</sup> March, 2011 is as under:

NAME OF DIRECTORS	SITTING FEES	SALARIES & PERQUISITES	CONTRIBUTION TO PROVIDENT FUND	OTHER PERQUISITES	TOTAL
Shri Sharadchandra S. Kothari	-	-	-	-	-
Shri Mahendra K. Kothari	9,000	-	-	-	9,000
Shri Shrikant K. Kothari	-	-	-	-	-
Shri Jay K. Manek	10,000	-	-	-	10,000
Shri Lalit K. Chaudhari	10,000	-	-	-	10,000
Shri Dinker M. Naik	6,000	-	-	-	6,000

**4. SUBSIDIARY COMPANIES:**

The company has one subsidiary company viz. Jaysynth Anthraquinones Ltd.

The revised Clause 49 defines a "material non-listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth exceeds 20% of the consolidated turn over or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The company does not have a "material non-listed Indian Subsidiary" within the meaning of the above definition. The audit committee reviews the investments made by the unlisted subsidiary companies, if any.

**5. GENERAL BODY MEETINGS:**

Details of last three annual general meetings are as under:-

DATE	VENUE	TIME	NO. OF SPECIAL RESOLUTION PASSED
<b>34TH AGM</b> 30 <sup>th</sup> September, 2008	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai - 400 018.	10.00 A.M.	NIL
<b>35TH AGM</b> 29 <sup>th</sup> September, 2009	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai - 400 018.	10.00 A.M.	The Resolution was passed to keep documents required to keep under Section 159 of the Companies Act, 1956 at the new office premises of M/s. Sharepro Services (India) Pvt. Ltd. at 13AB, Samhita Warehousing Complex Second Floor, off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai-400072 pursuant to Section 163 of the Companies Act, 1956.
<b>36TH AGM</b> 24 <sup>th</sup> September, 2010	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai - 400 018.	10.00 A.M.	The Resolution was passed to seek voluntary delisting of the equity shares of the Company from "The National Stock Exchange of India Ltd., Mumbai.

No special resolution was put through postal ballot at any of the above annual general meetings. At the ensuing annual general meeting, special resolution is proposed to be passed through postal ballot.

**6. DISCLOSURES:**

**(i) Related Party Transactions:**

- i) A summary of transactions with related parties, in the ordinary course of business, is placed before the audit committee.
- ii) There were no material individual transaction during the financial year ended 31<sup>st</sup> March, 2011. with related parties that were not in the ordinary course of business.
- iii) All material transaction during the financial year ended 31<sup>st</sup> March, 2011 either with related parties or others were at arms length.
- iv) There were no material significant transactions during the financial year ended 31<sup>st</sup> March, 2011 with related parties such as promoters, directors, key managerial personnel, relatives or subsidiaries that could have potential conflict with the company.
- v) The mandatory disclosure of transactions with related parties in compliance with the Accounting Standard (AS-18) is part of this annual report is given in Schedule 'R' (Note No.10) of the notes forming part of annual accounts.

**(ii) Compliances by the Company:**

The company has complied with the requirements of the Stock Exchanges. SEBI and other statutory authorities on all matters related to capital markets during last three years. There are no penalties or strictures imposed on the company by the Stock Exchange. or SEBI or any other statutory authority relating to the above. There were no instances of non- compliance of any matter related to the capital market during the last three years.

**(iii) Accounting Standards:**

The company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable, in preparation of the financial statements.

**(iv) Risk Management:**

The company has laid down procedure to inform the board about the risk assessment and minimization procedures.



**7. MEANS OF COMMUNICATION:**

- (a) at present, the half-yearly report is not being sent to each household of the shareholders.
- (b) annual reports in respect of each financial year are mailed to all shareholders as soon as it is ready for dispatch. Each annual report contains the annual accounts in respect of that financial year, director's report with annexures and auditors' reports. Also included in each annual report is the notice convening the annual general meeting, corporate governance report, management discussion and analysis and cash flow statement together with the corresponding reports of the auditors, the consolidated accounts and the auditor's report on the consolidated accounts.
- (c) the quarterly results are usually published in the Free Press Journal (English), Mumbai as well as Navshakti (Marathi) Mumbai. The information of quarterly results is sent to stock exchanges to enable them to put it on their web sites. During the year ended 31<sup>st</sup> March 2011, no presentation has been made to the investors/analysts. The company do not display official news releases.
- (d) the management discussion and analysis report forms part of the directors' report.
- (e) Pursuant to newly inserted Clause 54 of Listing Agreement functional website of the Company [www.jdorgochem.com](http://www.jdorgochem.com) is operative. The website contains the basic information about the Company.

**8. CERTIFICATE BY CEO:**

Shri Sharadchandra S. Kothari, managing director & CEO issued a certificate to the board of directors as prescribed under sub-clause V of Clause 49 of the Listing Agreement. The said certificate was placed before the board meeting held on November 25, 2011 in which the accounts for the financial year ended March 31, 2011 were considered and approved.

**9. SHAREHOLDERS INFORMATION:**

**(i) Annual General Meeting : 37<sup>th</sup>**

**Date and Time** : Friday the 30<sup>th</sup> December, 2011 at 10.00 a.m.

**Venue** : 301, "Sumer Kendra" 3<sup>rd</sup>.Floor,  
Pandurang Budhkar Marg, Worli,  
Mumbai 400 018.

**(ii) Financial Calendar 2010-2011:**

Annual General Meeting: 30<sup>th</sup> December, 2011.

Adoption of Unaudited Financial Results for four quarters for FY 2011 -12

Quarter ended 30<sup>th</sup> June - by 15<sup>th</sup> August, 2011  
Quarter ended 30<sup>th</sup> Sept. - by 15<sup>th</sup> November, 2011  
Quarter ended 31<sup>st</sup> Dec. - by 15<sup>th</sup> February, 2012  
Quarter ended 31<sup>st</sup> March - by 30<sup>th</sup> May, 2012

**(iii) Book Closure Date:**

26<sup>th</sup> December, 2011 to 30<sup>th</sup> December, 2011 (both days inclusive)

**(iv) Dividend payment Date:**

No dividend has been recommended by the board of directors in view of accumulated losses.

**(v) Listing on the Stock Exchanges:**

Shares of the company are listed on two Stock Exchanges:

- i) The Bombay Stock Exchange Ltd. Code No. 524592
- ii) The National Stock Exchange of India Ltd. Code No. JDORGOCHEM

The listing fee for the Year 2011-2012 has been paid to both the Stock Exchanges where the company's shares are listed.

The **ISIN** No of the company's share is **INE263B01022**

Up-to date listing fees has been paid to The Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd.

**(vi) Share Transfer System:**

The board of directors has constituted share transfer/ investor's grievances committee as already mentioned earlier and has delegated the power of share transfer to this committee. The committee holds its meetings regularly as and when required to consider all matters concerning transfer and transmission of shares. The company's shares are in compulsory Demat Mode and they are available for trading in the depository systems of both the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd.(CDSL).

**Liquidity** - The shares of the company are traded on both, The Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

**(vii) Outstanding GDRs/ADRs etc.:**

The company has not issued any global depository receipt / American depository receipt / warrant or any convertible instruments pending conversion or any other instrument likely to impact the equity capital share capital of the Company.

**(viii) Dematerialisation of Shares:**

As on 31<sup>st</sup> March 2011 1,24,02,630 equity shares of the company stand dematerialized forming 93.60% of company's issued and subscribed equity capital.

**(ix) Registrar & Transfer Agents:**

**SHAREPRO SERVICES (INDIA) PVT. LTD.**

**R.O.:** 13AB,samhita Warehousing complex,  
Second floor,Sakinaka Telephone Exchange Lane,  
Off. Andheri Kurla Road, Sakinaka,  
Andheri (East), Mumbai – 400 072.

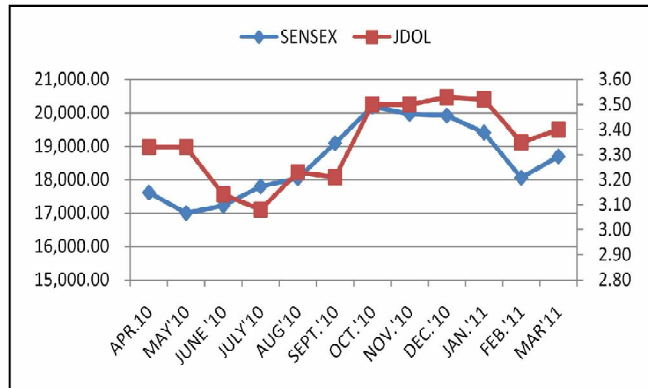
**Investor Relation Centre:**

912, Raheja Centre,  
Free Press Journal Marg,  
Nariman Point, Mumbai – 400 021.

**(x) Stock Price Performance - JD Orgochem Ltd. Vs. BSE Sensex April 2010 to March 2011:**

Note: Based on the monthly average of High and Low price of JD Orgochem Ltd. and BSE Sensex.  
Market Price Data:

MONTH	HIGH	LOW
APRIL ' 10	3.78	3.00
MAY ' 10	3.72	2.95
JUNE ' 10	3.41	2.88
JULY ' 10	3.45	2.88
AUG. ' 10	3.52	2.95
SEPT. ' 10	3.61	2.81
OCT. ' 10	4.18	2.91
NOV. ' 10	3.94	3.20
DEC. ' 10	4.00	3.11
JAN. ' 11	3.74	3.07
FEB. ' 11	3.74	2.96
MAR. ' 11	3.20	2.67



**JD ORGOCHEM LIMITED****(xi) Shareholding pattern as on March 31, 2011:**

SR.NO.	PARTICULARS	NO. OF SHARES HELD	% OF SHARES HELD
1.	Promoters	7,349,068	55.46
2.	Mutual Funds & UTI	5,300	0.04
3.	Banks Financial Institutions & Insurance Companies	42,857	0.32
4.	Foreign Institutional Investor	8,500	0.06
5.	Foreign Financial Bank	800	0.01
6.	Private Corporate Bodies	693,209	5.23
7.	Indian Public	4,760,412	35.93
8.	NRIs/OCBs	59,005	0.45
9.	Any Others-(Non-promoter Director & Relatives of Directors)	1,800	0.01
10.	Trust	329,049	2.48
	<b>TOTAL</b>	<b>13,250,000</b>	<b>100.00%</b>

**(xii) Distribution of Shareholding as on March 31, 2011:**

NO. OF SHARES	NO. OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	TOTAL NO. OF SHARES	% OF TOTAL SHARES
UPTO - 500	9030	88.96	1,273,610	9.61
501 - 1,000	545	5.37	468,340	3.54
1,001 - 2,000	254	2.50	396,145	2.99
2,001 - 3,000	95	0.94	246,554	1.86
3,001 - 4,000	45	0.44	155,437	1.17
4,001 - 5,000	52	0.51	247,206	1.87
5,001 - 10,000	59	0.58	433,557	3.27
10,001 - above	71	0.70	10,029,151	75.69
<b>TOTAL</b>	<b>10151</b>	<b>100.00</b>	<b>13,250,000</b>	<b>100.00</b>

**(xiii) Following Non-Executive Directors held shares of the Company as under:**

SR. NO.	NAME OF DIRECTORS	NO. OF SHARES
1.	* Shri Mahendra K. Kothari	NIL
2.	* Shri Shrikant K Kothari	NIL
3.	Shri Jay K. Manek	NIL
4.	Shri Lalit K. Chaudhari	300
5.	Shri Dinkar M. Naik	NIL

- Shri M.K. Kothari & Shri S.K. Kothari have sold 40,205 i.e 0.30% each shares by Mode of Inter Se Transfer on 18<sup>th</sup> November, 2010.

(xiv) **Plant Location :** Plot No. A-4/2  
M.I.D.C. Industrial Area,  
Patalganga Dist. Raigad,  
Maharashtra - 410 220.

(xv) **Address for Correspondence :**

The Shareholders may address their communications/grievances/ queries to:

**CONTACT PERSON :**

MS. INDIRA KARKERA – VICE PRESIDENT

**M/S. SHAREPRO SERVICES (INDIA) PVT.LTD.**

**UNIT : JD ORGOCHEM LTD.**

1) 13AB,samhita Warehousing complex,  
Second floor,Sakinaka Telephone Exchange Lane,  
Off. Andheri Kurla Road, Sakinaka,  
Andheri (East),  
Mumbai – 400 072.  
Tele. Nos. 67720300/67720334  
Fax No. 28375646  
E-MAIL : Sharepro@shareproservices.com

2) Investor Relation Centre:  
912, Raheja Centre,  
Free Press Journal Marg,  
Nariman Point,  
Mumbai – 400 021.

OR

The Secretary,  
JD Orgochem Ltd.,  
301, Sumerkendra, P.B.Marg,  
Worli, Mumbai 400 018.

**Tel. No.** 022-30423048-49, **Fax No.** 022-30423433/34

**E-Mail Address:** info@jaysynth.com **Investors'Complaint:** jsec@jaysynth.com

**Details of compliance with mandatory requirements and extents of compliance with non-mandatory requirements:**

**1. Compliance with mandatory requirements:**

The company has complied with the mandatory requirements of the code of corporate governance as stipulated under Clause 49 of the Listing Agreement with The Bombay Stock Exchange Ltd.

**2. Extent of Compliance with non-mandatory requirements:**

The company has complied with the following non- mandatory requirements:

- I. Remuneration Committee.
- II. Moving towards unqualified financial statements.

The company does not complied with other non-mandatory requirements.

**3. Certificate from the Statutory Auditors:**

Certificate from the statutory auditors of the company M/s. Maganlal & Ajay Mehta Chartered Accountants, Mumbai regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement is attached.

**Declaration of compliance with the Code of Conduct:**

I hereby confirm that as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. and the National Stock Exchange Ltd., where the shares of the company are listed, all directors and senior management personnel have affirmed compliance with JD Orgochem Ltd. Code of conduct for the year ended March 31, 2011.

**S. S. Kothari**  
Chairman & Managing Director