

ANNEXURE- II -TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's Corporate Governance policy encompasses not only regulatory and legal requirements but also strives at safeguarding and adding value to the interest of 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 strength of board of directors was six members with Shri Sharadchandra S. Kothari as Chairman & Managing Director. There are five non-executive directors who account for eighty three percent of the Board's strength, out of which two non executive directors belong to promoter group. The non-executive directors are persons with experience in business and industry, finance and administration.

2.2 Number of Board Meetings and Attendance:

During the year under review, six board meetings were held on 13th May, 2011, 11th August, 2011, 14th November, 2011, 25th November, 2011, 30th December, 2011 and 10th February, 2012. 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
		Public	Private	Committee Membership	Committee Chairmanship		
Shri Shradchandra S.Kothari	Promoter Executive Director	-	2	-	-	6	Yes
Shri Mahendra K. Kothari	Promoter Non-Executive Director	-	2	-	1	6	Yes
Shri Shrikant K. Kothari	Promoter Non-Executive Director	-	-	-	-	6	Yes
Shri Jay K. Manek	Independent Non-Executive Director	-	-	2	-	6	Yes
Shri Lalit K. Chaudhari	Independent Non-Executive Director	-	-	2	1	6	Yes
Shri Dinkar M. Naik	Independent Non-Executive Director	-	1	1	-	6	Yes

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

Note: This includes information in respect of other company's 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.

Board appointments are made by the issue of formal letter of appointment.

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 56 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., and Jay Instruments & Systems Pvt. Ltd.

ii. Shri Shrikant K. Kothari -

Shri Shrikant Krushnakumar Kothari is having bachelor degree in science from the University of Bombay. He is a director of the company since 09.11.1985. He is having over 36 years of wide and varied experience in manufacturing of dyes, dyes intermediates and chemicals. He is well conversant with the industry, commerce and trade. He is not a director in any other Company.

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 there at:

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 49 II(A) (ii) of the Listing Agreement.

The audit committee met on five occasions during Financial Year ended 31st March 2012 held on 13th May, 2011, 11th August, 2011, 14th November, 2011, 25th November, 2011 and 10th February, 2012. Shri Mahendra K. Kothari, Shri Jay K. Manek and Shri Lalit K. Chaudhari attended all five meetings. 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.

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 31st March 2012 the committee held 13 Meetings. Shri Sharadchandra S. Kothari, Shri Mahendra K. Kothari and Shri Lalit K. Chaudhari attended all 13 meetings.

During the period under review three complaints were received from shareholders, which were attended and 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, 2012. Similarly, there were no pending rematerialisation requests as on March 31, 2012.

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 met once during the year under review.

Remuneration paid to directors during the year ended 31st March, 2012 is as under:

Name of Director	Sitting Fees	Salaries & Perquisites	Contribution to Provident Fund	Other Perquisites	Total
Shri Sharadchandra S. Kothari	-	-	-	-	-
Shri Mahendra K. Kothari	18,000	-	-	-	18,000
Shri Shrikant K. Kothari	8,000	-	-	-	8,000
Shri Jay K. Manek	19,000	-	-	-	19,000
Shri Lalit K. Chaudhari	19,000	-	-	-	19,000
Shri Dinker M. Naik	11,000	-	-	-	11,000

4. GENERAL BODY MEETINGS:

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

Date	Venue	Time	No. of Special Resolution Passed
35 th 29 th AGM 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 Company's 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 (East), Mumbai-400072 pursuant to Section 163 of the Company's Act, 1956.
36 th 24 th AGM 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
37 th 30 th AGM December, 2011	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai – 400 018.	10.00 A.M.	NIL

No special resolution was put through postal ballot. No special resolution is propose to be passed at the ensuing Annual General Meeting.

5. 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 was no material individual transaction during the financial year ended 31st March, 2012 with related parties that were not in the ordinary course of business.
- iii) All material transaction during the financial year ended 31st March, 2012 either with related parties or others were at arm's length.
- iv) There were no material significant transactions during the financial year ended 31st March, 2012 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 Note 30 of the notes forming part of the 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.

6. 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.

- (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 websites. The quarterly results are also displayed on the Company's website – www.idorgochem.com. During the year ended March 31, 2012 no presentation has been made to the investors/analysts. The company does not display official news releases.
- (d) the management discussion and analysis report forms part of the directors' report.
- (e) The website contains the basic information about the Company. The website also displays several other details/information of interest to various stakeholders.

7. 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 August 13, 2012 in which the accounts for the financial year ended March 31, 2012 were considered and approved.

8. SHAREHOLDERS INFORMATION:

(i) 38th Annual General Meeting:

Date and Time: Friday the 28th September, 2012 at 10.00 a.m.

Venue : 301, "Sumer Kendra" 3rd Floor,
Pandurang Budhkar Marg, Worli,
Mumbai 400 018.

(ii) Financial Calendar 2012-2013:

Annual General Meeting: 28th September, 2012.

Adoption of Unaudited Financial Results for four quarters for FY 2012 -13

Quarter ended 30th June	- by 15 th August, 2012
Quarter ended 30th Sept.	- by 15 th November, 2012
Quarter ended 31st Dec.	- by 15 th February, 2013
Quarter ended 31 st March	- by 30 th May, 2013

(iii) Book Closure Date:

24th September, 2012 to 28th September, 2012 (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 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 31st March 2012, 1,24,07,030 equity shares of the company stand dematerialized forming 93.64% 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:

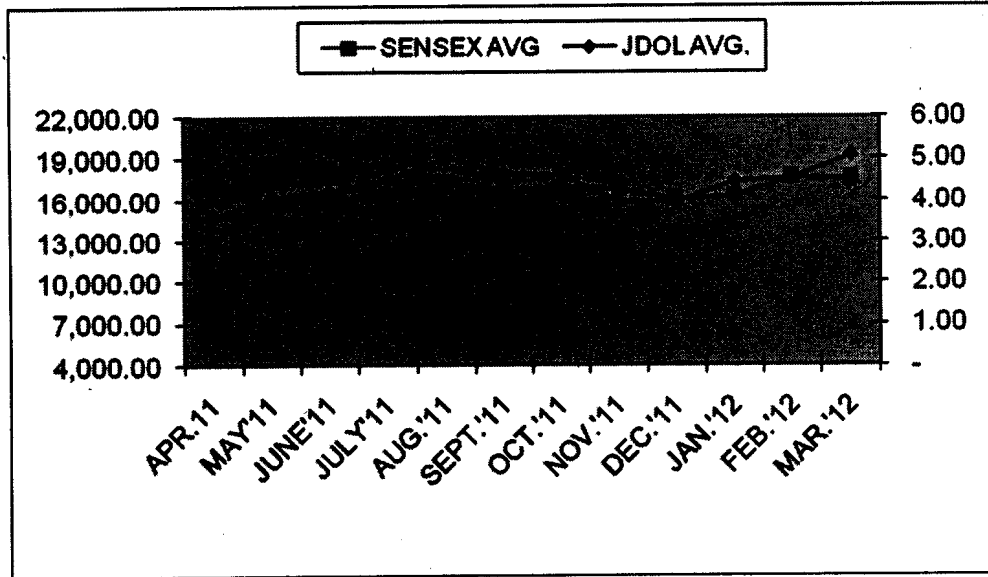
912, Raheja Centre,
Free Press Journal Marg,
Nariman Point,
Mumbai – 400 021

(x) Stock Price Performance - JD Orgochem Ltd. Vs. BSE Sensex April 2011 to March 2012:

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'11	4.12	3.15
May ' 11	4.51	3.45
June'11	4.76	3.80
July'11	5.38	3.80
Aug.'11	5.27	4.76
Sept.'11	5.00	4.10
Oct.' 11	5.50	3.88
Nov.' 11	4.70	3.18
Dec.' 11	4.40	3.47
Jan.' 12	4.75	3.90
Feb.' 12	5.06	3.69
Mar.' 12	6.07	4.71



(xi) Shareholding pattern as on March 31, 2012:

Sr. No.	Particulars	No. of Shares Held	% of Shares Held
1.	Promoters	7,760,669	58.57
2.	Mutual Funds & UTI	5,300	0.04
3.	Banks Financial Institutions & Insurance Companies	42,357	0.32
4.	Foreign Institutional Investor	8,500	0.06
5.	Foreign Financial Bank	800	0.01
6.	Private Corporate Bodies	717,187	5.41
7.	Indian Public	4,325,214	32.64
8.	NRIs/OCBs	58,824	0.45
9.	Any Others-(Non-promoter Director & Relatives of Directors)	2,100	0.02
10.	Trust	329,049	2.48
	TOTAL	13,250,000	100.00

(xii) Distribution of Shareholding as on March 31, 2012:

No. of Shares	No. of Shareholders	% of Total Shareholders	Total No. of Shares	% of Total Shares
UPTO - 500	8943	89.25	1,252,667	9.45
501 - 1,000	520	5.19	445,984	3.37
1,001 - 2,000	262	2.61	404,186	3.05
2,001 - 3,000	84	0.84	216,620	1.64
3,001 - 4,000	39	0.39	136,144	1.03
4,001 - 5,000	50	0.50	235,218	1.77
5,001 - 10,000	51	0.51	373,724	2.82
10,001 - above	71	0.71	10,185,457	76.87
TOTAL	10020	100.00	13,250,000	100.00

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

SR.NO.	NAME	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

(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. 28591568
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 comply 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., all directors and senior management personnel have affirmed compliance with JD Orgochem Ltd., code of conduct for the year ended March 31, 2012.



S. S. Kothari
Chairman & Managing Director

Mumbai, August 13, 2012