

JD ORGOCHEM LTD.

(Formerly known as JAYSYNTH DYECHEM LTD.)

Annual Report 2006-07

BOARD OF DIRECTORS

Shri Sharadchandra S. Kothari Chairman & Managing Director

Shri Shrikant K. Kothari Whole - Time Director

Shri Mahendra K. Kothari

Shri Phool Chand Rai

Shri Umesh T. Chandan

Shri Jay K. Manek

COMPANY SECRETARY

Mr. Ravindra C. Tolat

AUDITORS

M/s. Maganlal & Ajay Mehta Chartered Accountants

PRINCIPAL BANKERS

HDFC Bank Limited Union Bank of India

SUBSIDIARY COMPANIES

Jaysynth Anthraquinones Limited Jaysynth (Europe) Limited

REGISTERED OFFICE

301, Sumer Kendra, Near Mahindra Towers Pandurang Budhkar Marg, Worli, Mumbai - 400 018.

PLANTS

Plot Nos. D-55, 54/2, 54/3 & 56 Trans Thane Creek Industrial Area, Thane Belapur Road, Turbhe, Dist. Thane - 400 701. Maharashtra

Plot Nos. A-4/2, M.I.D.C. Industrial Area, Patalganga, Dist. Raigad - 410 220.

REGISTRAR & TRANSFER AGENTS Sharepro Services (India) Pvt. Limited

Satam Estate, 3rd Floor, Above Bank of Baroda, Chakala, Andheri (East), Mumbai - 400 099.

912, Raheja Center, Free Press Journal Marg, Nariman Point, Mumbai - 400 021.

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JD ORGOCHEM LTD.

NOTICE

NOTICE is hereby given that the Thirtythird Annual General Meeting of the Company will be held on Friday the 28th day of September, 2007 at 10.00 a.m. at "RUBY HALL", Hotel Kohinoor Park, Kohinoor Corner, Veer Savarkar Marg, Prabhadevi, Mumbai-400025 to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
- 2. To appoint Director in place of Shri P. C. Rai, who retires by rotation and being eligible offers himself for reappointment.
- 3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

- 4. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
 - "RESOLVED THAT pursuant to Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby approves the appointment of and the terms of appointment of Shri Shrikant K. Kothari as a Whole-time Director for a period of two years with effect from 01/10/2007 upon principal terms and conditions set out in the Explanatory statement annexed to the Notice convening this meeting with liberty and power to the Board of Directors (hereinafter referred to as "the Board" which expression shall also include the principal Remuneration Committee of the Board), in the exercise of its discretion, to grant increment and to alter and vary from time to time the terms and conditions of the said appointment.
 - "RESOLVED FURTHER THAT the board be and is hereby authorized to do all such act, deeds and matters and things as may be necessary, proper expedient or desirable to give effect to this Resolution and/or to make modification as may be deemed to be in the best interest of the Company."
- To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
 - "RESOLVED THAT pursuant to Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby approves the appointment and the terms of appointment of Shri Sharadchandra S. Kothari as Managing Director for a period of two years with effect from 01/10/2007 upon principal terms and conditions set out in the Explanatory statement annexed to the Notice convening this meeting with liberty and power to the Board of Directors (hereinafter referred to as "the Board" which expression shall also include the principal Remuneration Committee of the Board), in the exercise of its discretion, to grant increment and to alter and vary from time to time the terms and conditions of the said appointment."

"RESOLVED FURTHER THAT the board be and is hereby authorized to do all such act, deeds and matters and things as may be necessary, proper expedient or desirable to give effect to this Resolution and/or to make modification as may be deemed to be in the best interest of the Company."

MUMBAI: 08th August, 2007 REGD.OFFICE: 301, Sumer Kendra, P.B. Marg, Worli, Mumbai - 400 018. BY ORDER OF THE BOARD

R. C. TOLAT COMPANY SECRETARY

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JD ORGOCHEM LIMITED

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 25th September, 2007 to Friday, the 28th September, 2007 both days inclusive.
- 3. Members desirous of getting any information about the accounts of the Company are requested to send their quarries so as to reach at least ten days before the meeting at the Company's Registered Office at 301, SUMER KENDRA, P.B.MARG, WORLI, MUMBAI 400 018, so that the information required can be made readily available at the meeting.
- 4. The Shares of the Company are listed with The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 021, and on The National Stock Exchange, Exchange Plaza, 5th Floor, Plot No.C/1 G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. The Company has paid the Annual Listing fees upto date, to the above Stock Exchanges.
- Consequent upon introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form 2B (which shall be made available on request) to the Company.
- Members are requested to intimate change in their address immediately to M/s. Sharepro Services (I) Pvt. Ltd. the Company's Registrar and Transfer Agents, at any of their addresses given below.
- 7. Members holding Shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios alongwith relevant Share Certificates to M/s. Sharepro Services (I) Pvt. Ltd., the Company's Registrar and Transfer Agents, at any of their addresses given below.
- 8. Members are requested to bring copies of Annual Report to the Annual General Meeting.
- 9. The Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
- 10. Members are requested to quote Ledger Folio Number/Client ID and DP ID numbers in all their correspondence.
- 11. In terms of the Notification issued by the Security and Exchange Board of India, Equity Shares of the Company are under compulsory demat trading by all investors. Shareholders are therefor, advised to dematerialise their shareholding to avoid inconvenience in future.

REGISTRAR & TRANSFER AGENTS:

M/S.SHAREPRO SERVICES (INDIA) PVT. LTD. (UNIT: JD ORGOCHEM LTD.)

 SATAM ESTATE, 3RD FLOOR, ABOVE BANK OR BARODA, CHAKALA, ANDHERI [EAST], MUMBAI - 400 099. 912, RAHEJA CENTRE, FREE PRESS JOURNAL MARG, NARIMAN POINT, MUMBAI - 400 021.

Explanatory statement pursuant to Section 173 of the Companies Act,1956.

Item No. 4:

As the members of the Company are aware Shri S.K.Kothari is on the Board of Directors of the Company since 09/11/1985. Shri S.K.Kothari was re-appointed at the Annual General Meeting of the Company held on 29th September, 2005 as a Whole-Time Director of the Company for a period of two years w.e.f. 1st October, 2005. Shri S.K. Kothari's term of office as a Whole-Time Director of the Company will be expired on 30th September, 2007 and at the meeting of the Board of Directors held on 8th August 2007, Shri S.K.Kothari is re-appointed as a Whole-Time Director of the Company for a period of two years w.e.f. 1st October, 2007 and members' approval is sought for his re-appointment.

The terms and conditions of his appointment are as detailed in para "A" below.

A. The terms of appointment and remuneration of Shri S.K.Kothari as a Whole-Time Director contains following terms and conditions: - Salary: He will not get any salary.

The draft Agreement between the Company and Shri S.K.Kothari inter alia also contain the following terms and conditions:-

- (a) Shri S.K.Kothari shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors. Shri S.K.Kothari shall not be liable to retire by rotation.
- (b) If at any time Shri S.K.Kothari cease to be Director of the Company for any reason whatsoever, he shall ceased to be Whole-Time Director.
- (c) Shri S.K.Kothari shall not be entitled to supplement his earnings with any buying or selling commission. He shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

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- (d) Shri S.K.Kothari shall be provided a car with driver and also telephone facility for the use at his residence but personal long distance telephone calls will be billed by the Company.
- (e) The Agreement may be terminated by either party giving the other party three months' notice.
- (f) The draft Agreement also sets out the mutual rights and obligations of the Company and of Shri S.K.Kothari. In compliance with the provisions of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in Annual General Meeting for their approval. The Board commends the Resolution for acceptance by the members.

The draft of the Agreement to be entered into by the Company with Shri S.K.Kothari is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company excluding Public holiday.

Shri S.K.Kothari, may be deemed to be concerned or interested in the resolution. Shri M.K.Kothari as relative of Shri S.K.Kothari may also concerned or interested in the resolution. None of the other Directors are concerned or interested in the Resolution.

The above may be treated as an extract of the terms of appointment between the Company and Shri S.K.Kothari pursuant to Section 302 of the Companies Act, 1956.

Item No. 5:

As the members of the Company are aware Shri S.S.Kothari is on the Board of Directors of the Company since in-corporation. Shri S.S.Kothari was re-appointed at the Annual General Meeting of the Company held on 29th September, 2005 as a Managing Director of the Company for a period of two years w.e.f. 1st October, 2005. Shri S.S. Kothari's term of office as a Managing Director of the Company will expire on 30th September 2007 and at the meeting of the Board of Directors held on 8th August, 2007, Shri S.S.Kothari is re-appointed as a Managing Director of the Company for a period of two years w.e.f. 1st October, 2007 and members' approval is sought for his re-appointment.

The terms and conditions of his appointment are as detailed in para "A" below.

A. The terms of appointment and remuneration of Shri S.S.Kothari as a Managing Director contains following terms and conditions: Salary: He will not get any salary.

The draft Agreement between the Company and Shri S.S.Kothari inter alia also contain the following terms and conditions

- (a) Shri S.S.Kothari shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors. Shri S.S.Kothari shall not be liable to retire by rotation.
- (b) If at any time Shri S.S.Kothari cease to be Director of the Company for any reason whatsoever, he shall ceased to be Managing Director.
- (c) Shri S.S.Kothari shall not be entitled to supplement his earnings with any buying or selling commission. He shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.
- (d) Shri S.S.Kothari shall be provided a car with driver and also telephone facility for the use at his residence but personal long distance telephone calls will be billed by the Company.
- (e) The Agreement may be terminated by either party giving the other party three months' notice.
- (f) The draft Agreement also sets out the mutual rights and obligations of the Company and of Shri S.S.Kothari. In compliance with the provisions of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in Annual General Meeting for their approval. The Board commends the Resolution for acceptance by the members.

The draft of the Agreement to be entered into by the Company with Shri S.S.Kothari is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day of the Company excluding Public holiday.

Shri S.S.Kothari, may be deemed to be concerned or interested in the resolution. None of the other Directors are concerned or interested in the Resolution.

The above may be treated as an extract of the terms of appointment between the Company and Shri S.S.Kothari pursuant to Section 302 of the Companies Act, 1956.

MUMBAI: 08th August, 2007

REGD.OFFICE:

301, Sumer Kendra, P.B. Marg, Worli, Mumbai - 400 018.

BY ORDER OF THE BOARD

R. C. TOLAT COMPANY SECRETARY

ANNEXURE TO NOTICE DATED AUGUST 8, 2007

Details of Directors Seeking Appointment/ Re-Appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

NAME	SHRI S.S.KOTHARI	SHRIS.K.KOTHARI .	SHRI P. C. RAI
Age (Years)	70	53	67
Date of Appointment on the Board	October 5, 1973	November 9, 1985	January 28, 2006
Experience	He is B.A., B.Com. and L.L.B. and is in charge of overall operations of the Company. He has over 51 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 B.Sc. having over 31 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 M.A. in Sociology from Gorakhpur University, M.A. in Personnel Management from Tata Institute of Social Sciences and L.L.B. from Mumbai University. He retired from HPCL as General Manager (P&A) and is practicing as consultant on Labour & HR matters.
Directorship held in other public companies (Excluding Foreign, Private and Section 25 Companies)	Nii	Nii	Nil
Membership / Chairmanship of committees across Public Company	Chairman Shareholders'/ Investors' Grievance Committee – JD Orgochem Ltd.	Nil	Chairman Remuneration Committee – JD Orgochem Ltd. Member Audit Committee & Shareholders'/. Investors' Grievance Committee – JD Orgochem Ltd.
Shareholding of Non-executive Directors	Not Applicable	Not Applicable	Nii

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DIRECTOR'S REPORT

To.

The Members,

Your Directors hereby present their Thirty third Report together with the audited statement of Accounts for the Year ended March, 31 2007.

1. FINANCIAL RESULTS:

PARTICULARS	YEAR ENDED MARCH 31, 2007 [Rs.in millions]	18 MONTHS PERIOD ENDED MARCH 31, 2006 [Rs.in millions]
Gross Sales	14.85	103.37
Other Income	2.71	9.64
Total Income	17.56	113.01
Loss before extraordinary items and depreciation	(383.32)	(561.92)
Impairment of Assets	· — .	(213.52)
Write off pursuant to Court Scheme	`	(99.00)
Depreciation	<u>(61.15)</u>	(102.32)
Net Profit/(Loss)	(444.47)	(976.76)
Previous Year Adjustment	0.48	(1.24)
Fringe Benefit Tax	(0.16)	(0.16)
Opening Balance in Profit & Loss A/c.	(3067.78)	(2089.62)
Balance carried to Balance Sheet	(3511.93)	(3067.78)

2. DIVIDEND:

In view of the loss incurred during the year under review, your Directors are unable to recommend any dividend for the year under review. (Previous year NIL)

3. PERFORMANCE:

The Company's plant at Turbhe remained closed for the most part of the year and Company's plant at Patalganga remained closed for the entire year and under review.

Your Company has recorded gross sales of Rs.14.85 million during the year under review as against Rs.103.37 million during the previous eighteen month period.

The Company has incurred net loss of Rs.444.47 million during the year under review, as against loss of Rs.976.76 million during the previous eighteen month period. During the year under review your Company produced 653 Kgs. of fungicides and 9216 Kgs. of Dyes.

4. FUTURE PLANS:

A revival scheme is prepared by the Company with the help and support of Asset Reconstruction Company (India) Ltd/ Stressed. Asset Stabilization Fund (ARCIL/SASF), which, is approved in principal by majority of secured creditors. The Scheme is aimed at revival of operations through induction of fresh equity capital, sale of surplus assets to retire a part of the unsustainable debt and reorganization of the remaining debt burden to sustainable level through a comprehensive restructuring-cum-waivers of liabilities.

5. PROVISIONS OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985:

Asset Reconstruction Company (India) Ltd (ARCIL) and Stressed Asset Stabilization Fund (SASF) in exercise of power granted under Section 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) has taken possession of all movable and immovable assets of Turbhe Plant of the Company on 29.12.2006. Upon application made by Asset Reconstruction Company (India) Ltd Hon'ble Board of Industrial Finance and Restructuring (BIFR) have vide their order dated 05/02/2007 under the third proviso of Section 15 (1) of SICA abated the reference filed by the Company as "Sick Industrial Company".

6. DEBENTURES:

Because of stringent financial conditions experienced by the Company, debenture redemption amounts have remained outstanding against privately placed Non-convertible Debentures (Series VI) besides default in payment of interest on the said Debentures.

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JD ORGOCHEM LIMITED

7. FINANCE:

Due to cash losses over the years, the Company continues to default in payment of interest and installments to the Secured Creditors.

As mentioned in para 4 above, the revival scheme is worked out for suitable restructuring of its financial obligations.

8. DIRECTORS:

Shri Phool Chand Rai retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

The Board of Directors at its meeting held on 8th August 2007 has re-appointed Shri Sharadchandra S. Kothari as Managing Director of the Company and Shri Shrikant K. Kothari as Whole-time Director of the Company for the period of two years with effect from 01.10.2007 to 30.09. 2009 subject to approval of Shareholders in General Meeting and such other approvals as may be required. The Resolutions proposing re-appointment of Shri Sharadchanra S. Kothari as Managing Director of the Company and that of Shri Shrikant K. Kothari as Whole-time Director of the Company is incorporated in the Notice conveying Annual General Meeting.

9. AUDITORS:

The Company's Auditors M/s. Maganlal & Ajay Mehta, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

10. QUALIFICATION IN AUDITORS' REPORT:

The Auditors, in their Report for the financial year under review, have under Serial no.3(v)(a) mentioned that no provision has been made of additional interest and liquidity damages payable for non/delayed payment of interest/installments/lease rentals to the Financial Institutions/Banks/Debenture holders as the same cannot be quantified.

A revival scheme is worked out for suitable restructuring of its financial obligations and these amounts may be waived by respective lenders. Therefore, no provision has been made for the said amounts in the accounts.

The Auditors in their report under Serial no. 3(v)(b) have mentioned that adequacy of the provisions made for meeting the workers' liabilities cannot be ascertained, as referred to in Note No.16 of Schedule 'S'.

Dues payable to the workers on account of retrenchment and resignations were provided in the accounts in earlier years on estimated basis. The litigation in the matter is still going on in the Court. Therefore, financial liability on this account cannot be ascertained at this stage and, therefore, no additional provision has been made subsequently.

The Auditors, in their Report at Sr.No.3(v)(c), have mentioned that no provision has been made in the accounts for the diminution in the value of investments in the Shares of Jaysynth Anthraquinones Ltd., (JAL) and Jaysynth Polychem Pvt. Ltd. (JPL) as well as of advances given as referred to in Note No.14 of Schedule 'S' resulting into the understatement of losses by Rs.156.52 Million.

JAL has filed a Reference with the Hon'ble BIFR and a Scheme for Rehabilitation of the Company shall be prepared by the Operating Agency, in due course of time. The exact provision in respect of the same shall be made upon formulation of the Rehabilitation Scheme and approval of the Scheme by the BIFR during the current Financial Year.

The Auditors, in their Report at Sr.No.3(vi), have mentioned that the Accounts of the Company have been prepared on the basis that the Company is a going concern. However, pending finalization of the Rehabilitation Scheme, they are unable to express any opinion presently in this regard.

As mentioned earlier, your Company is hopeful of an early revival of its financial conditions. Accordingly, the accounts have been prepared on a going concern basis.

The Auditors in their report at Serial no. 3(vii) have mentioned that Shri S.S.Kothari and Shri M.K.Kothari are disqualified from being appointed as Directors in terms of Clause (g) of the sub-section (1) of section 274 of the Companies Act, 1956.

Shri S.S.Kothari and Shri M.K.Kothari are not re-appointed as Directors at the ensuing Annual General Meeting as they are not due for re-appointment. Shri S.S.Kothari and Shri M.K.Kothari are permanent Directors as provided in Article 132(a) of Articles of Association.

11. CONSOLIDATED FINANCIAL STATEMENT:

The Directors are please to enclose consolidated financial statements of the Company which consolidate and present the results of the Company, with its wholly owned subsidiaries as a single economic entity, prepared in accordance with the Accounting Standard (AS-21). The aforesaid Consolidated Financial Statements form part of this Annual Report.

12. DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217 (2AA) of the Companies Act, 1956, the Directors would like to state that:

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- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the Annual Accounts on a going concern basis.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:

The information required under Section 217 (I)(e) of the Companies Act,1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of this Report. There are no foreign exchange earnings & outgoings during the year under review.

14. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance with Auditor's Certification compliance of conditions of Corporate Governance and a Management Discussion and Analysis Report have been attached to form part of the Annual Report.

15. SUBSIDIARY COMPANIES:

The information required under Section 212 of the Companies Act, 1956 relating to subsidiary Companies is attached.

16. MANAGEMENT DISCUSSION AND ANALYSIS:

A separate report is appended herewith.

17. PARTICULARS OF EMPLOYEES:

The Company has no employees covered under provisions of Section 217(2A) of the Companies Act. 1956 read with Companies (Particulars of Employees) Rules. 1975.

18. FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposit from the public during the year under review.

19. INDUSTRIAL RELATION:

As regards Turbhe Unit, the case of retrenched workmen is still pending before Industrial Tribunal, Thane. As regards transfer of employees of Turbhe Unit to Viramgam Unit, the writ petition is still pending before the Hon'ble High Court Bombay and the stay on Industrial Court is continuing. As the workers did not report at Viramgam despite of order from the said Hon'ble High Court their services were terminated. The dispute regarding Termination of their service is also pending before Industrial Tribunal, Thane. As mentioned in para 5 above, Asset Reconstruction Company (India) Ltd (ARCIL) and Stressed Asset Stabilization Fund (SASF) in exercise of power granted under Section 13(4) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) have taken possession of all movable and immovable assets of Turbhe Plant of the Company since 29.12.2006.

Dues of the worker at Patalganga Unit were settled pursuant to the consent order passed by the High Court. However, some of the workers filed appeal against the Consent Order before the Division Bench which was also dismissed. They have, preferred an appeal before Hon'ble Supreme Court which is still pending.

20. RESEARCH AND DEVELOPMENT:

As Company's Plants at Navi Mumbai as well as at Patalganga are closed no Research and Development activity is carried out during the year under review.

21. ACKNOWLEDGMENTS:

Your Directors would like to express their grateful appreciation for the assistance and co-operation extended by the Company's Bankers and Financial Institutions during this difficult period.

ON BEHALF OF THE BOARD OF DIRECTORS

S. S. KOTHARI CHAIRMAN & MANAGING DIRECTOR

ANNEXURE II TO THE DIRECTORS' REPORT COPORATE GOVERNANCE REPORT

1. THE COMPANY'S PHYLOSOPHY ON CORPORATE GOVERNANCE:

The Company's Corporate Governance Policy aims towards attainment of the high level of transparency, integrity, accountability and fairness in all facets of its operations. The Corporate Governance Policy is dedicated towards the welfare of the Company's all stakeholders, including its employees, shareholders, consumers and community at large. Good corporate governance contributes to a sustainable economic development of corporations by enhancing their performance and increasing shareholders' value.

2.1 BOARD OF DIRECTORS:

The Board of Directors comprised of five members during the financial year under review, consisting of four Non-executive Directors who account for sixty seven percent of the Board's strength as against requirement of fifty percent as per the listing agreement. The Non-executive Directors are persons with experience in business and industry, finance and administration. The composition of the Board of Directors and details of other limited companies Directorship and Committee membership/ Chairmanship as on 31st March, 2007 are given below. #

Name of Director	Designation	No. of Other Directorship	No. of Committee Membership / Chairmanship in other Companies Committee Committee	
			Committee Membership	Chairmanship
Shri Sharadchandra	Promotor Executive			
S. Kothar	Director			
Shri Mahendra K. Kothari	Promotor Non-Executive		•	•
	Director	, '		 ·
Shri Shrikant K. Kothari	Promotor Executive			
	Director	·. —		_
Shri P. C. Rai	Non-Executive			
	Independent Director		_	
Shri Umesh Chandan	Non-Executive			
	Independent Director			-
Shri Jay K. Manek *	Non-Executive		•	
	Independent Director			_

This does not include Private Companies, Section 25 Companies and Foreign Companies. Membership/ Chairmanship in committees relates to Committees referred to in clause 49 of the Listing Agreement, viz. Audit Committee and Investor Grievance Committee. This also includes Remuneration Committee which is not to be considered for purpose of computing maximum limits under clause 49.

* Shri Jay K. Manek was appointed as additional Director w.e.f. 26.04.2006, and at the A.G.M. held on 29th September, 2006 he was appointed as Director of the Company.

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: No Director is related to any other Director on the Board, except Shri Mahendra K. Kothari and Shri Shrikant K. Kothari who are brothers.

2.2 MEETINGS AND ATTENDANCE

During the year under review, six Board Meetings were held on 26th April, 2006, 31st July, 2006,22nd August, 2006, 29th September 2006, 27th October, 2006, and 29th January, 2007.

The members of the Board have been provided with the requisite information required as per listing agreement and the same were dealt with appropriately.

Name of Director	No. of Board Meeting Attended	Whether Attended the A.G.M.
Shri S. S. Kothari	6	Yes
Shri M. K. Kothari	5	Yes
Shri S. K. Kothari	5	Yes
Shri P. C. Rai	6	Yes
Shri Umesh Chandan	6	Yes
Shri Jay K. Manek	6	Yes