



JD ORGOCHEM LTD.

Annual Report 2008-09

BOARD OF DIRECTORS

Shri. Sharadchandra S. Kothari
Chairman & Managing Director

Shri. Shrikant K. Kothari
Whole-Time Director

Shri. Mahendra K. Kothari

Shri. Umesh T. Chandan
[Resigned w.e.f. 16/03/2009]

Shri Jay K. Manek

Shri Lalit Chaudhari

Shri Dinkar M. Naik
[Appointed w.e.f. 15/04/2009]

COMPANY SECRETARY

Mr. Ravindra C. Tolat

AUDITORS

M/s. Maganlal & Ajay Mehta
Chartered Accountants

SUBSIDIARY COMPANIES

Jaysynth Anthraquinones Limited
Jaysynth (Europe) Limited

REGISTERED OFFICE

301, Sumer Kendra,
Pandurang Budhkar Marg,
Worli,
Mumbai - 400 018

PLANT :

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

REGISTRAR & TRANSFER AGENTS

Sharepro Services (India) Pvt. Ltd.
13AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai - 400 072.

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

PRINCIPAL BANKERS

HDFC Bank Limited
Union Bank of India

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NOTICE

NOTICE is hereby given that the Thirty-Fifth Annual General Meeting of the Company will be held on Wednesday the 30th day of September, 2009 at 10.00 a.m. at the Registered Office of the Company situated at 301, Sumer Kendra Pandurang Budhkar Marg, Worli, Mumbai- 400 018 to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 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 re-appoint Shri. Jay Kulin Manek who retires by rotation and being eligible offers himself for re-appointment.
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 the provision of Section 260 of the Companies Act, 1956 Shri. Dinkar M. Naik, who was appointed as an Additional Director w.e.f. 15th April 2009 by the Board of Directors of the Company and holds office up to the date of ensuing Annual General Meeting of the Company in respect of whom the Company has received a notice in writing from the member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. 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 one year with effect from 01/10/2009 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."

6. 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 one year with effect from 01/10/2009 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."

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

"RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956 (hereinafter called "the Act"), the Company hereby approves that the registers of members, Indices of members, copies of all annual returns prepared by the company under Section 159 of the Act together with copies of certificates and documents required to be annexed thereto under Section 161 of the Act or any one or more of them shall, with effect from, be kept at the offices of M/s. Sharepro Services (India) Pvt. Ltd., the Registrars and Share Transfer Agent, at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072 instead of at the registered office of the Company.

RESOLVED FURTHER THAT the Registers, Indices, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection by the members and/or any persons entitled thereto under the Act, be kept open for such inspection, at the place where they are kept, to the extent, in the manner and on payment of the fees, if any, specified in the Act between the hours of 11.00 a.m. and 1.00 p.m. on any working day (excluding Saturday) and except when the registers and books are closed under the provisions of the Act or the Articles of Association of the Company."

MUMBAI : 31st August, 2009

BY ORDER OF THE BOARD

REGISTERED OFFICE :

301, "SUMERKENDRA"
PANDURANG BUDHKAR MARG,
WORLI, MUMBAI - 400 018.

R. C. TOLAT
COMPANY SECRETARY

NOTES :-

1. **MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE 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.**
2. The explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business of the above notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 24th September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive).
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 of (India) Ltd., 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.
5. Members are requested to quote folio numbers/client ID and DP ID numbers in all their correspondence.
6. Members are requested to intimate change in their address immediately to the Company's Registrar and Share Transfer Agent M/s. Sharepro Services (India) Pvt. Ltd., 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 along with relevant share certificates to the Company's Registrar and Share Transfer Agent M/s. Sharepro Services (India) Pvt. Ltd., at any of their addresses given below.
8. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
9. In terms of Section 109A of the Companies Act, 1956, the shareholder(s) of the Company may nominate a person. Shareholder(s) desires of availing this facility may submit nomination Form 2B to the Company's Registrar and Share Transfer Agent M/s. Sharepro Services (India) Pvt. Ltd. at any of their addresses given below.
10. In terms of 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, therefore, advised to dematerialise their shareholding to avoid inconvenience in future.
11. Members are requested to bring their copies of Balance Sheet at the Annual General Meeting.
12. The Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
13. Pursuant to the recommendation of SEBI committee on Corporate Governance for re-appointment of retiring directors, the relevant details of the concerned director, are provided in the report on Corporate Governance forming part of the annual report.
14. **Please, note that in terms of SEBI Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009, it is mandatory for the transferee(s) to submit copies of their PAN card along with request for transfer of shares of listed Companies in physical form. Accordingly, all transferees are requested to submit self-attested copies of their PAN card along with their request for transfer of shares of the Corporation in physical form to the ISD in compliance with the above circular, failing which their request for transfer of shares will be returned under objection.**

REGISTRAR & TRANSFER AGENT :
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. | 2. 912, RAHEJA CENTRE,
FREE PRESS JOURNAL ROAD,
NARIMAN POINT,
MUMBAI - 400 021. |
|--|---|

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

Item No. 4 :

Shri. Dinkar M. Naik, was appointed as an Additional Director on 15th April, 2009, pursuant to Section 260 of the Companies Act, 1956. He holds office as a Director up to the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit, proposing the candidature of Shri. Dinkar M. Naik, for the office of Director under the provisions of Section 257 of the Companies Act, 1956. Shri Dinkar M. Naik, was also appointed as a member of the Company's Remuneration Committee w.e.f 15th April, 2009. Brief profile of the director is given in the annexure to the notice in pursuance of Clause 49 of the Listing Agreement. None of the directors, except Shri Dinkar M. Naik himself, are concerned or interested in the Ordinary Resolution.

Item No. 5 :

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 28th September, 2007 as a Whole-Time Director of the Company for a period of two years w.e.f. 1st October, 2007. Shri S.K. Kothari's term of office as a Whole-Time Director of the Company will be expired on 30th September, 2009 and at the meeting of the Board of Directors held on 31st August 2009, Shri S.K.Kothari is re-appointed as a Whole-Time Director of the Company for a period of one year w.e.f. 1st October, 2009 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 :-
- 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 be liable to retire by rotation.
 - If at any time Shri S.K.Kothari ceases to be Director of the company for any reason whatsoever, he shall ceased to be Whole-Time Director.
 - 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.
 - Shri S.K.Kothari shall be provided a car with driver and also telephone facility for the use at your residence but personal long distance telephone calls will be billed by the Company.
 - The agreement may be terminated by either party giving the other party three months' notice.
 - 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 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.K.Kothari pursuant to Section 302 of the Companies Act, 1956.

Item No. 6 :

As the members of the Company are aware Shri S.S.Kothari is on the Board of Directors of the Company since incorporation of the Company. Shri S.S.Kothari was re-appointed at the Annual General Meeting of the Company held on 28th September, 2007 as a Managing Director of the Company for a period of two years w.e.f. 1st October, 2007. Shri S.S. Kothari's term of office as a Managing Director of the Company will expire on 30th September 2009 and at the meeting of the Board of Directors held on 31st August, 2009, Shri S. S. Kothari is re-appointed as a Managing Director of the Company for a period of one year w.e.f. 1st October, 2009 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 ceases 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 your 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.

Item No. 7:

The shareholders of the Company at their Twenty Sixth Annual General Meeting held on December 30, 2000 passed Special Resolution for keeping the Registers of Members, Indices of Members, copies of all Annual Returns prepared by the Company under Section 159 of the Companies Act, 1956 together with copies of Certificates and Documents required to be annexed thereto under Section 161 of the Companies Act, 1956 or any one or more of them at Satam Industrial Estate, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (East), Mumbai - 400 099 i.e. office of Registrar and Transfer agent M/s. Sharepro Services (India) Pvt. Ltd.

M/s. Sharepro Services (India) Pvt. Ltd., is the Registrar and Transfer Agent of the Company. Since the building from which the operation were carried out by them is under redevelopment, they have shifted their operations to a bigger premises at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072.

It is, therefore, proposed that the Registers of Members, Indices of Members, copies of Annual Returns together with the copies of the Certificates and Documents requiring to be annexed thereto be kept at the office of M/s. Sharepro Services (India) Pvt. Ltd., the Registrars and Share Transfer Agent, at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072. The approval of shareholders by Special Resolutions is sought to the proposed arrangement under Section 163 of the Companies Act, 1956.

M/s. Sharepro Services (India) Pvt. Ltd. Shall make arrangement for receipt of shareholders complaint and dispatch of dividend warrant at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai – 400 021.

The Special Resolution also specified the time of inspection of the books and documents of the Company by its members and others, namely, between the hours 11.00 a.m. and 1.00 p.m. on any working day (excluding Saturday) and except when the Registers and Books are closed under the provisions of the Act or the Articles of Association of the Company.

None of the Directors of the Company is concerned or interested in the above resolution.

MUMBAI : 31st August, 2009

BY ORDER OF THE BOARD

REGISTERED OFFICE :
301,"SUMERKENDRA"
PANDURANG BUDHKAR MARG,
WORLI, MUMBAI - 400 018.

R. C. TOLAT
COMPANY SECRETARY

ANNEXURE TO THE NOTICE

Details of the Directors seeking appointment / re-appointment at the forth coming, Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Name of Director	SHRI S.S. KOTHARI	SHRI S.K. KOTHARI	SHRI JAY MANEK	SHRI DINKAR M. NAIK
Date of Birth	22/11/1936	12/06/1959	31/01/1984	25/11/1948
Date of Appointment	October 05, 1973	November 09, 1985	April 26, 2006	April 15, 2009
Qualification	B.A., B.com. L.L.B.	B.Sc.	M.B.A. in Finance Management.	B.Sc. Diplomaholder in Management studies and financial Management and also having Master degree in Administrative Management from the University of Bombay.
Experience	He is incharge of overall operations of the company. He has over 53 years of wide and varied experience in the field of finance, manufacturing, marketing and export of dyes, dye intermediates & chemicals. He has contributed immensely to the Research & Development projects of the Group.	He is having over 33 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 a Senior Manager in a Private Sector Bank.	He is having more than 25 years of wide and varied experience of administration and marketing of dyes, intermediates and chemicals. He is well conversant with trade and industries.
Directorship held in other Public Companies	NIL	NIL	NIL	NIL
Committee position held in other Companies	Chairman Shareholders' Investors' Grievance Committee - JD Orgochem Ltd.	NIL	Member 1.Audit committee 2.Remuneration Committee - JD Orgochem Ltd.	Member Remuneration Committee, - JD Orgochem Ltd.
Shares held in the Company				
a) Own	3,11,850 Equity Shares (2.35%)	40,205 Equity Shares (0.30%)	NIL	NIL
b) For others on beneficial basis	4,43,049 Equity Shares(3.35%)	36,040 Equity Shares (0.27%)	NIL	NIL

DIRECTORS' REPORT

To,
The Members,

Your Directors hereby present their 35th Report together with the Audited Statement of Accounts for the year ended March 31, 2009.

1. FINANCIAL RESULTS :

(Rs. in Lacs)

PARTICULARS	YEAR ENDED MARCH 31, 2009	YEAR ENDED MARCH 31, 2008
Gross Sales	13.11	121.73
Other Income	3.61	81.89
Total Income	16.72	203.62
Loss before depreciation, taxes and extraordinary item	(161.90)	(153.23)
Depreciation	(365.58)	(369.97)
Net Loss before extraordinary item	(527.48)	(523.20)
Extraordinary item	27693.19	1555.08
Net Profit/ (Loss)	27165.71	1031.88
Short provision of Fringe Benefits Tax	(0.14)	-
Prior period adjustment	-	(0.90)
Fringe Benefits Tax	(0.32)	(0.60)
Revaluation Reserve transferred from Profit & Loss a/c.	-	5.08
Opening Balance of Profit & Loss a/c	(34083.88)	(35119.34)
Balance carried to Balance Sheet	(6918.63)	(34083.88)

2. DIVIDEND :

In view of accumulated losses, your directors do not propose any dividend for the year under review.

3. SCHEME OF COMPROMISE/ARRANGEMENT :

As already reported, a Scheme of Compromise/Arrangement between Secured Creditors & Equity Share Holders is approved by the Hon'ble High Court of Bombay on 20th June, 2008. However, the workers union had filed appeal against the order of Hon'ble High Court before division bench of Hon'ble High Court. The said appeal was dismissed by division bench of Hon'ble High Court on 22nd June, 2009. According to said Scheme of Compromise /Arrangement Secured Loans & Debentures and Share Capital of the Company are restructured. The Share Capital of the Company is reduced by 90% and face value of equity shares is reduced from Rs. 10/- to Re.1/- each.

4. PERFORMANCE :

Your Company has recorded Gross Sales of Rs. 13.11 lacs during the year under review as against Rs.121.73 lacs during the previous year.

The company incurred Operating Loss of Rs. 527.48 lacs during the year under review, as against loss of Rs. 523.20 lacs during the previous year. However, accounting of Extraordinary Income amounting to Rs. 27,693.19 lacs, arising due to write back of Secured Debt, pursuant to Scheme of Compromise/Arrangement approved by the Hon'ble High Court of Bombay, the net result is profit of Rs. 27,165.71 lacs during the year under review.

5. FINANCE :

As mentioned in para 4 above, all Secured Loans, including Debentures, stand restructured as per the Scheme of Compromise / Arrangement which has become operative. Necessary steps are being taken to implement the said Scheme for restructuring the Company's financial obligations.

However, the Company could not make repayment of restructured Zero Coupon Loan (ZCL), as envisaged in the scheme due to non operation and cash losses during the year.

6. DIRECTORS :

Shri Jay K. Manek, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Shri Umesh T. Chandan resigned as director w.e.f. 16th March, 2009

Shri. Dinkar M. Naik, who was appointed as an Additional Director w.e.f. 15th April, 2009 by the Board of Directors of the Company and holds office up to the date of ensuing Annual General Meeting of the Company. The Company has received a notice in writing from the member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company.

7. AUDITOR :

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.

8. 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 in the accounts for the deterioration in the value of old stock as referred to in note no.1(A) of Schedule 'R'.

Due to suspension of operations under lockout and problems faced by the Company due to opposition from workers, the management could not undertake the exercise to ascertain the extent of deterioration in stocks quality and its market value.

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.12 of Schedule 'R'.

Dues payable to the workers on account of retrenchment and resignations/terminations were provided in the accounts in earlier years on estimated basis. The litigation in the matter is still going on in the Court. Therefore, exact 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 Serial 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. (JPPL) as well as of advances given as referred to in Note No. 13 of Schedule 'R' resulting into the accumulated losses by Rs.1811.66 lacs.

JAL has been declared Sick Industrial Company by Hon'ble BIFR and a Scheme for Rehabilitation of the Company shall be prepared by the Operating Agency. The exact provision in respect of the same shall be made upon formulation of the Rehabilitation Scheme and approval of the same by BIFR.

The Auditors in their report at serial no. 3 (vi) have mentioned that on the basis of written representation received from all the Directors of the Company as on March 31, 2009 and taken on record by the Board of Directors and information about the Company's failure to on due date in earlier years and failure continued for more than one year, we report that all the Directors are disqualified as on March 31, 2009 from being appointed as a Director of any other Public Company in terms of clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.

None of the Directors of the Company are Directors on the board of any other Limited Company.

9. CONSOLIDATED FINANCIAL STATEMENT :

The Directors are pleased 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.

10. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- 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 have 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 March 31, 2009 and of the loss of the Company for the year ended on that date;

- iii. the director 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 Annual Accounts have been prepared on a going concern basis.
- 11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO :**
The information required under Section 217(1)(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.
- 12. CORPORATE GOVERNANCE :**
Pursuant to clause 49 of the Listing Agreements with the Stock Exchanges, a separate Section on Corporate Governance Practices followed by the Company together with a certificate from the Company's Auditors confirming compliance forms part of this Report.
- 13. SUBSIDIARY COMPANIES :**
The information required under Section 212 of the Companies Act, 1956 relating to Subsidiary Companies is attached.
- 14. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**
As per clause 49 of the Listing Agreements with the Stock Exchanges, a separate Section on Management Discussion and Analysis Report is appended to this report.
- 15. 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.
- 16. FIXED DEPOSITS:**
Your Company has not accepted any Fixed Deposit from the public.
- 17. 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 order is continuing. As the workers did not report at Viramagam despite of order from High Court their services were terminated. The dispute regarding termination of their services is also pending before Labour Court, Thane. As mentioned in para 3 above, the Asset Sales Committee (ASC) formed by Secured Creditors have sold and transferred the assets of Turbhe unit and entire sales proceeds were distributed amongst the Secured Creditors.
- Dues of the worker at Patalganga Unit were settled in 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 dismissed. Appeal filed by the workmen before Hon'ble Supreme Court also stands dismissed. However, worker union preferred to take up the matter before Asst. Labour Commissioners on the aspect of employment. The said matter is pending in conciliation.
- 18. RESEARCH AND DEVELOPMENT:**
As Company's plant at Patalganga was partially operating, no Research and Development Activity is carried out during the year under review.
- 19. ACKNOWLEDGMENTS:**
Your Directors would like to express their grateful appreciation for the assistance and co-operation extended by the Financial Institutions during this difficult period.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI
DATED : August 31, 2009

S. S. KOTHARI
CHAIRMAN & MANAGING DIRECTOR