



JD ORGOCHEM LTD.

Annual Report 2010-11

**JD ORGOCHEM LIMITED****BOARD OF DIRECTORS**

Shri Sharadchandra S. Kothari
(Chairman & Managing Director)

Shri Shrikant K. Kothari
(Whole-Time Director upto 11/08/2011)

Shri Mahendra K. Kothari

Shri Jay K. Manek

Shri Lalit K. Chaudhari

Shri Dinkar M. Naik

COMPANY SECRETARY

Mr. Ravindra C. Tolat

AUDITORS

M/s. Maganlal & Ajay Mehta
Chartered Accountants

PRINCIPAL BANKERS

HDFC Bank Limited
Union Bank of India

REGISTERED OFFICE

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

PLANTS

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.

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NOTICE

NOTICE is hereby given that the thirty-seventh annual general meeting of the company will be held on Friday the 30th day of December, 2011 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 2011 and the Profit and Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To re-appoint a Director in place of Shri.Jay Kulinkant 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 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 01/10/2011 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 : November 25, 2011

BY ORDER OF THE BOARD

REGISTERED OFFICE :

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

R. C. TOLAT
Company Secretary

NOTES: -

1. **Members entitled to attend and vote is entitled to appoint a proxy to attend and vote for himself and proxy need not be a member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms etc. must be supported by the appropriate resolution/authority as applicable, issued on behalf of the nominating organization.**
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 Monday, the 26th December, 2011 to Friday, the 30th December, 2011 (both days inclusive).
4. The shares of the company are listed on The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 021, and 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.



JD ORGOCHEM LIMITED

5. Members are requested to quote Folio Numbers /Client ID and DP ID numbers in all their correspondence.
6. Members are requested to send all their documents and communications pertaining to shares to the Company's Registrar and Share Transfer Agents Sharepro Services (India) Pvt. Ltd. at any of their addresses given herein below.
7. Members are requested to intimate change in their address immediately to the Company's Registrar and Share Transfer Agents at any of their addresses given herein below.
8. 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 Agents at any of their addresses given herein below.
9. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
10. 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 Agents at any of their addresses given herein below.
11. 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 dematerialize their shareholding to avoid inconvenience in future.
12. Members are requested to bring their copies of Balance Sheet at the Annual General Meeting.
13. The members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
14. Members are requested to quote Ledger Folio Number/ Client ID Number and DP Number in all their correspondence.
15. Pursuant to the recommendation of SEBI Committee on Corporate Governance for reappointment of retiring Directors, the relevant details of the concerned Director, are provided in the Report on Corporate Governance forming part of the Annual Report.
16. **The Securities and Exchange Board of India ("SEBI") has vide its circulars Ref. No. MRD/DoP/Cir-05/2009 dated 20th May, 2009 and Ref. No. SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010 specified that for securities market transactions and off-market/private transactions involving transfer/transmission of shares, deletion of name of deceased shareholder(s) and transposition of names in respect of shares held in physical form of listed companies, it shall be mandatory for the transferee(s)/ shareholder(s) to furnish copy of PAN card to the Company/Registered Transfer Agent (RTAs) for registration of such transfer/transmission of shares or other requests, as aforesaid. All shareholder(s) desirous of lodging physical shares for any of the aforesaid should therefore invariably furnish copy of their copy of their PAN card at the time of lodging requests for such matters together with all requisite documents to the Company/RTA for necessary action, to avoid inconvenience.**

**REGISTRAR & TRANSFER AGENTS :
SHAREPRO SERVICES (INDIA) PVT. LTD.
(UNIT: JD ORGOCHEM LTD.)**

- | | |
|--|---|
| 1. 13AB, SAMHITA WAREHOUSING COMPLEX,
2ND 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:

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 24th September, 2010 as a managing director of the company for a period of one year w.e.f. 1st October, 2010. Shri S.S. Kothari's term of office as a managing director of the company expired on 30th September 2011, at the meeting of the board of directors held on 11th August, 2011, 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, 2011 and members' approval is sought for his re-appointment. The terms and conditions of his appointment are as detailed in para "A" below.

On the recommendations of the Remuneration Committee, the Board, vide resolution passed on 11th August, 2011 approved the terms and conditions of the re-appointment of Shri S.S. Kothari as a Managing Director, subject to the approval of the shareholders at the ensuing General Meeting. The approval of the members is being sought to the terms, conditions and stipulations for the appointment of Shri S.S. Kothari as a Managing Director and the remuneration payable to him.

As required under Section 302 of the Companies Act, 1956 (the Act), an abstract of the main terms and conditions of the appointment of Shri S.S. Kothari as Managing Director together with the Memorandum of concern or interest, is given below :

1. Term:

Shri Kothari shall hold office and act as Managing Director of the Company for the further period of one year with effect from 1st October 2011 till 30th September 2012.

2. Nature of Duties:

- (a) Shri Kothari shall be in overall charge of business and administration of the Company and carry out such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and any other executive body or any committee of the Company.
- (b) Shri Kothari undertakes to employ the best of his skill and ability to make his utmost endeavors to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

3. Remuneration:

- (a) Salary:
No Salary shall be paid.
- (b) Provident Fund and Superannuation Fund, Etc:
The Company shall contribute to Provident Fund to the extent not taxable under the Income Tax Act, 1961 as per company's rule.
- (c) Shri Kothari shall not receive any buying or selling commission and he shall not become interested 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 Kothari is entitled to retain all fees and commission which may be received by him as a Director of any other Company or as a Trustee of any Fund or any association or as a Trustee for the holders of debentures or debenture stocks issued by any other Company.
- (e) Shri Kothari shall not be entitled to sitting fees for attending meetings of the Board or Committee thereof. He shall however, be reimbursed the actual traveling expenses incurred by him for attending meetings of the Board of Directors and/or Committee thereof.
- (f) Shri Kothari shall be entitled to the reimbursement of expenses actually and properly incurred for the business of the Company.



4. Other Terms:

1. All Personnel Policies of the Company and the related Rules, which are applicable to other employees of the Company, shall also be applicable to Shri Kothari, unless specifically provided otherwise.
2. The terms and conditions of appointment of Shri Kothari also include clauses pertaining to adherence with the Company's Code of Conduct, intellectual property, non-competition, no conflict of interest with the Company and maintenance of confidentiality.
3. Shri Kothari shall not be liable to retire by rotation as a Director subject to the provisions of Section 256 of the Companies Act, 1956.
4. The terms and conditions of the appointment of Shri Kothari may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule XIII to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and Shri Kothari, subject to such approvals as may be required.
5. This appointment may be terminated by giving three months' notice on either side or as may be mutually agreed upon.
6. In the event Shri Kothari is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate the contract on such terms as the Board may consider appropriate in the circumstances.
7. Upon the termination by whatever means of Shri Kothari's employment:

(a) Shri Kothari shall immediately tender his resignation from office as a Director of the Company and from such other offices held by him in any subsidiaries and associated companies and other entities without claim for compensation for loss of office and in the event of his failure to do so the Company is hereby irrevocably authorized to appoint some person in his name and on his behalf to sign and deliver such resignation or resignations to the Company and to each of the subsidiaries and associated companies of which Shri Kothari is at the material time a Director or other officer;

(b) Shri Kothari shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries and associated companies.

8. If and when the appointment expires or is terminated for any reason whatsoever, Shri Kothari will cease to be the Managing Director and also cease to be a Director. If at any time Shri Kothari ceased to be a Director of the Company for any reason whatsoever, he shall cease to be the Managing Director and the Appointment shall forthwith terminate.

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.

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.

Shri Sharadchandra S. Kothari himself and Shri Shrikant K. Kothari and Shri Mahendra K. Kothari as a relative of Shri Sharadchandra S. Kothari are deemed to be concerned or interested in his appointment. No other Director is concerned or interested.

REGISTERED OFFICE :

301,"SUMER KENDRA"
PANDURANG BUDHKAR MARG,
WORLI, MUMBAI – 400 018.

MUMBAI : November 25th, 2011

BY ORDER OF THE BOARD

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 JAY MANEK
Date of Birth	22/11/1936	31/01/1984
Date of Appointment	October 05, 1973	April 26, 2006
Qualification	B.A., B.Com. L.L.B.	M. B. A. in Finance Management
Experience	He is incharge of overall operations of the company. He has over 55 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 a Partner in M/s. Jay Agro Industries. He also works as "EXPORT-EXECUTIVE" in M/s. Nathubhai Kuvarji & Sons.
Directorship held in other Public	NIL	NIL
Committee position held in other Companies	<u>Chairman</u> Shareholders'/Investors' Grievance Committee - JD Orgochem Ltd.	<u>Member</u> 1. Audit Committee 2. Remuneration Committee - JD Orgochem Ltd.
Shares held in the Company		
a) Own	4,43,049 Equity Shares (3.34%)	NIL
b) For others on beneficial basis	NIL	NIL

**DIRECTORS' REPORT**

To,
The Members,

Your directors hereby present their 37th Annual Report along with the audited statement of accounts of the Company for the year ended March 31, 2011.

1. FINANCIAL RESULTS:**(Rs. In Lacs)**

PATICULARS	YEAR ENDED MARCH 31, 2011	YEAR ENDED MARCH 31, 2010
Gross sales	145.89	90.55
Other income	72.14	108.50
Total Income	218.03	199.05
Loss before depreciation, taxes and extraordinary item	(0.06)	(324.04)
Depreciation	(362.56)	(365.09)
Loss before extraordinary income	(362.62)	(689.13)
Extraordinary Income	-	714.88
Profit/ (Loss)	(362.62)	25.75
Short provision of fringe benefits tax	(0.01)	(0.03)
Prior period adjustments	-	(16.36)
Opening balance of profit & (loss) a/c	(6909.27)	(6918.63)
Balance carried to balance sheet	(7271.90)	(6909.27)

2. DIVIDEND:

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

3. PERFORMANCE:

Your company has recorded gross sales of Rs.145.89 lacs during the year under review as against Rs.90.55 lacs during the previous year.

The company incurred operating loss of Rs.362.62 lacs during the year under review, as against profit of Rs.25.75 lacs during the previous year, after extraordinary income.

4. FINANCE:

The redemption period of 16,04,000 Zero Coupon Debentures, redeemable at 50% premium is altered. The said Debentures will now be redeemed in ten quarterly installments commencing from 30th June, 2015 and ending on 30th September, 2017. Repayment schedule of Zero Coupon Loan (ZCL) of Rs.1146 Lacs is also altered and will now be repaid in five quarterly installments commencing from 30th March, 2014 and ending on 30th March, 2015.

5. DIRECTORS:

Shri Jay Manek who retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

6. 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

7. QUALIFICATION IN AUDITORS' REPORT:

The auditors, in their report for the financial year under review, have under Serial No. 3(v)(a) mentioned that "Adequacy of the provisions made for meeting the workers' liabilities cannot be ascertained, as referred to in Note No.14 of Schedule 'R'."

Dues payable to the workers on account of retrenchment and resignations/terminations are provided in the accounts since 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 under Serial No. 3(v)(b) have mentioned that "No provision has been made in the accounts for the deterioration in the value of investment in the shares of Jaysynth Anthraquinones Limited and Jaysynth Polychem Private Limited as well as of advances given as referred in note no.15 of Schedule 'R' resulting into the understatement of accumulated losses by Rs.1330.16 Lacs."

No provision is made, as Jaysynth Anthraquinones Limited has submitted Draft Rehabilitation Scheme to Hon'ble BIFR for its sanction. The provision, if any, in respect of the same shall be made upon the sanction of the scheme by BIFR.

The auditor's, 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, 2011 and taken on record by the board of directors and information about the company's failure to redeem its debentures 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, 2011 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 Director of the Company are Directors on the Board of any other public limited company.

8. 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 as at March 31, 2011 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.

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

The information required under Section 217(l)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of board of directors) Rules, 1988, is not applicable as the Company did not have manufacturing activity during the year under review. There are no foreign exchange earnings & outgoings during the year under review.

10. CORPORATE GOVERNANCE:

A separate report on corporate governance along with General Shareholders' information as prescribed under Clause 49 of the Listing Agreement, is annexed as a part of this Report along with the Auditor's Certificate on corporate governance.

11. SUBSIDIARY COMPANIES & CONSOLIDATED FINANCIAL STATEMENT:

During the year under review M/s. Jaysynth (Europe) Ltd (JEL), a Wholly Owned Subsidiary of the Company, have increased its paid-up capital by issuing further 675,000 equity shares of £1/- at par for its long term working capital requirements. After this issue, the paid-up capital of JEL is increased to £11,75,000/- from £500,000/-. Your Company continues to hold 500,000 Equity shares of £1/- in that Company. After issue of additional share capital shareholding of the Company in JEL is reduced from 100% to 42.55% of paid-up capital of that Company. Accordingly, JEL has ceased to be a Subsidiary of the Company w.e.f. 22nd March, 2011.



As already reported, M/s. Jaysynth Anthraquinones Ltd. (JAL), the Wholly Owned Subsidiary of the Company, has submitted Draft Rehabilitation Scheme (DRS), prepared in consultation with ICICI Bank Ltd., the Operating Agency, appointed by Hon'ble Board for Industrial and Financial Reconstruction (BIFR), which inter alia proposes to amalgamate JAL with M/s. Jaysynth Impex Ltd., with effect from 1st April, 2010. The said DRS was circulated by Hon'ble BIFR in July, 2011 for inviting objections/suggestions, if any. The BIFR hearing for considering the objections/suggestions and approval of the DRS was held on 23rd November, 2011. The Order of Hon'ble BIFR will be received in due course.

The consolidated financial statements of the Company and its subsidiary, prepared in accordance with applicable Accounting Standards form part of the Annual Report. In terms of the General Circular No. 2/2011 dt.8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet Profit & Loss Account and other documents of the subsidiary company are not required to be attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the Subsidiary Company and the related documents to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the Subsidiary Company will also be kept open for inspection by any member of the Company at the Registered Office of the Company during working hours up to the date of Annual General Meeting.

12. 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.

13. 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.

14. FIXED DEPOSITS:

Your company has not accepted any Fixed Deposit from the public.

15. 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. With regards to the issue of lockout matter of the Turbhe Unit, the Hon'ble Industrial Court allowed the complaint filed by the Union. In appeal by Company, the Hon'ble High Court, stayed the order of the Hon'ble Industrial Court and the matter is pending for final hearing.

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 before Hon'ble Supreme Court of India by some of the workmen was withdrawn by the concerned employees. Thereafter, the workers union took up the same in conciliation before Asst. Commissioner Labour. On failure of conciliation, the Labour Commissioner referred the matter to Industrial Tribunal, Thane for adjudication. Company has challenged the order of adjudication passed by Labour Commissioner before the Hon'ble Division Bench, Bombay which is pending for hearing.

16. ACKNOWLEDGMENTS:

Your directors acknowledge and thank the customers, shareholders, dealers vendors, state government authorities, business associates, and banks for the support extended to the Company. Your Directors also record their appreciation for the commitment and dedication of the employees of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Mumbai

Dated : November 25, 2011

S. S. KOTHARI

Chairman & Managing Director