

38th
ANNUAL REPORT
2011-2012

JD ORGOCHEM LIMITED

BOARD OF DIRECTORS

Shri. Sharadchandra S. Kothari
(Chairman & Managing Director)
Shri. Mahendra K. Kothari
Shri. Shrikant 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

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,
Second Floor, Sakinaka Telephone
Exchange Lane, Off.Andheri Kurla Rd,
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-eighth annual general meeting of the company will be held on Friday the 28th day of September, 2012 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 March 31, 2012 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.Shrikant K. Kothari, 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 01/10/2012 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, 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 : August 13, 2012

Registered Office :
301, "Sumer Kendra",
Pandurang Budhkar Marg,
Worli, Mumbai – 400 018.

BY ORDER OF THE BOARD



R. C. TOLAT
Company Secretary

NOTES: -

- 01. 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.**
- 02. 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.**
- 03. The Register of Members and Share Transfer books of the company will remain closed from Monday, the 24th September, 2012 to Friday, the 28th September, 2012 (both days inclusive).**
- 04. 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.**
- 05. Members are requested to quote Folio Numbers /Client ID and DP ID numbers in all their correspondence.**
- 06. 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.**
- 07. 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.**
- 08. 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.**
- 09. 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 /Registrar & 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 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.

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 30th December, 2011 as a managing director of the company for a period of one year w.e.f. 1st October, 2011. Shri S.S. Kothari's term of office as a managing director of the company will expire on 30th September 2012 and at the meeting of the board of directors held on 13th August, 2012, 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, 2012 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 13th August, 2012 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 Annual General Meeting. The approval of the members are 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 S.S. Kothari shall hold office and act as Managing Director of the Company for the further period of one year with effect from 1st October 2012 till 30th September 2013.

2. Nature of Duties:

- (a) Shri S.S. 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 S.S. 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 S.S. 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 S.S. 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 S.S. 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 S.S. 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 S.S. Kothari, unless specifically provided otherwise.
2. The terms and conditions of appointment of Shri S.S. 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 S.S. 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 S.S. 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 S.S. 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 S.S. 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 S.S. Kothari's employment:

(a) He 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 entitles 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 he is at the material time a Director or other officer;

(b) He 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 S.S. Kothari will cease to be the Managing Director and also cease to be a Director. If at any time. Shri S.S. 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 S.S. Kothari is interested in this resolution, since it relates to his own appointment. No other Director is concerned or interested.

REGISTERED OFFICE :

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

MUMBAI : August 13, 2012

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 S. K. Kothari
Date of Birth	22/11/1936	12/06/1959
Date of Appointment	October 05, 1973	November 09, 1985
Qualification	B.A., B.Com. L.L.B.	B.Sc.
Experience	He is in charge of overall operations of the company. He has over 56 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 36 years of wide and varied experience in manufacturing of dyes, dye intermediates & chemicals. He is well conversant with the industry, commerce and trade.
Directorship held in other Public Companies	NIL	NIL
Committee position held in other Companies	<u>Chairman</u> Shareholders'/Investors' Grievance Committee - JD Orgochem Ltd.	NIL
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 38th Annual Report along with the audited statement of accounts of the Company for the year ended March 31, 2012.

1. FINANCIAL RESULTS:

(₹ in Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Gross sales	0.24	132.71
Other income	122.06	71.39
Total Income	122.30	204.10
Profit /(Loss) before depreciation, taxes and extraordinary item	10.77	(0.06)
Depreciation	(352.09)	(362.56)
Loss before extraordinary income	(341.32)	(362.62)
Tax expenses related to prior year	(0.01)	(0.01)
Loss for the year	(341.33)	(362.63)

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 ₹0.24 lacs during the year under review as against ₹132.71 lacs during the previous year.

The company incurred operating loss of ₹341.32 lacs during the year under review, as against loss of ₹362.62 lacs during the previous year.

4. FINANCE:

Repayment schedule of Zero Coupon Loan (ZCL) of ₹ 1146 lacs is altered and will now be repaid ten equal installments commencing from 30th March, 2012 and ending on 30th March, 2015. First such installment of ₹114.60 lacs is paid during the year under review.

5. SUBSIDIARY COMPANY:

As already reported, M/s. Jaysynth Anthraquinones Limited (JAL), wholly owned subsidiary of the Company was declared a sick industrial company u/s 3 (1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) vide Hon'ble Board for Industrial and Financial Reconstruction (BIFR) order dated 6.12.2005. Draft Rehabilitation Scheme (DRS) was submitted to Hon'ble BIFR which inter alia envisaged amalgamation of JAL with M/s. Jaysynth Impex Limited.,(JIL).

Subsequently, Hon'ble BIFR vide its Order dated 25th January, 2012 approved the Rehabilitation Scheme. Accordingly, JAL is amalgamated with JIL. Pursuant to amalgamation your Company has been allotted 2,75,000 shares of ₹ 1/- each of JIL.

6. DIRECTORS:

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

7. 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.

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 "Adequacy of the provisions made for meeting the workers' liabilities cannot be ascertained, as referred to in Note No.7.1 & 8.1 of Notes to Financial Statement."

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 Courts. 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 diminution in the value of investment in the shares of M/s. Jaysynth Polychem Private Limited as referred to in note no.13.2 of Notes to Financial Statement as well as of advance given as referred to in note no. 14.1 of Notes to Financial Statement resulting into the understatement of accumulated losses by ₹402.25."

During the current year the management will make assessment of amounts to be realized from the investment and the advance and loss, if any, will be provided for.

The auditors', in their report under Serial No. 3(vi) have mentioned that "No provision has been made of ₹12.91 lacs for Gram Panchayat Tax payable for the year under reference resulting into understatement of the losses to that extent.

The Company has made application to Vadgaon Gram Panchayat for waiver of the Gram Panchayat Tax. Hence, the provision has not been made.

The auditor's, in their Report at Serial No. 3(vii) have mentioned that on the basis of written representation received from all the directors of the company as on March 31, 2012 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, 2012 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 is Director on the Board of any other Limited Company; according to information given by the respective director.