

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:

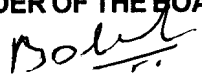
"RESOLVED THAT pursuant to Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the company hereby approves the appointment 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 acts, 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

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

BY ORDER OF THE BOARD


R. C. TOLAT
Company Secretary

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.

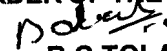
The above may be treated as an extract of the terms of appointment between the company and Shri S.S.Kothari pursuant to Section 302 of the Companies Act, 1956.

Shri Sharadchadra 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.

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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.
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 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.
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 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,
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:

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 (hereinafter called Shri 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

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 in charge 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 is export-executive with M/s. Nathubhai Kuvorji & Sons..
Directorship held in other Public	NIL	NIL
Committee position held in other Companies	Chairman Shareholders'/Investors' Grievance Committee - JD Orgochem Ltd.	Member 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)

Particulars	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 (ZCD), 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.13 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.14 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(I)(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), a 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 and 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 dated 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

A handwritten signature in black ink, appearing to read 'S. S. Kothari', is written over a horizontal line.

S. S. KOTHARI

Chairman & Managing Director

Place : Mumbai

Dated : November 25th , 2011

ANNEXURE I TO THE DIRECTORS' REPORT

Information in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 & forming part of the Directors Report for the year ended March 31, 2011.

Form A: Form for Disclosure of particulars with respect to Conservation of Energy.

A: Power & Fuel Consumption:

1. Electricity :	2010-11	2009-10
a) Purchased:		
Total Amount (Rs. In Lacs)	0.00	0.00
b) Own Generation:		
Through Diesel Generator Units (in KWH)	-	-
Units per litre of Diesel Oil	-	-
Cost/Unit (Rs.)	-	-
2. Furnace Oil & LDO		
Quantity (K. Litres)	-	-
Total Amount	-	-
Average Rate (Rs./Litre)	-	-
3. OTHER/INTERNAL GENERATION	-	-

B: Consumption per unit of production :

There was no production during the year.

Form B: Form of Disclosure of Particulars with respect to absorption of Technology & Research & Development (R&D).

Research & Development :

Nil

I. Specific areas in which R & D was carried out by the Company :

Nil

II. Benefits derived as a result of above R & D:

Nil

III. Future plan of Action :

Nil

IV. Expenditure on R & D:

Nil

V. Technology, Absorption, Adaptation & Innovation :

Nil

VI. Foreign Exchange Earnings & Outgo :

The Company has neither received any Foreign Exchange nor spent any Foreign Exchange during the year under review.

ANNEXURE- II -TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

1. THE COMPANY'S PHYLOSOPHY ON CORPORATE GOVERNANCE:

The company's philosophy on Corporate Governance is aimed at safeguarding and adding value to the interest on the various stakeholders, lenders, employees and public at large. The management of the Company is committed to good Corporate Governance to ensure that all functions of the Company are discharged in the professionally sound competent manner.

2. BOARD OF DIRECTORS:

2.1 Composition of Board:

The board of directors has six directors consisting of four non-executive directors who account for sixty seven percent of the Board's strength. The Company has a Non Executive Director who belongs to promoter group. The non-executive directors are persons with experience in business and industry, finance and administration. Shri Sharadchandra S. Kothari - is the chairman and managing director, who heads the board.

2.2 Number of Board Meetings and Attendance:

During the year under review, five board meetings were held on 14th May, 2010, 13th August, 2010, 24th September, 2010, 9th November, 2010 and 7th February, 2011. The maximum gap between two meetings did not exceed four months as stipulated under Clause 49 of the Listing Agreements.

2.3 Details of the Directors of the Company:

The composition of the Board of directors and details of other limited companies directorship and Committee membership/ Chairmanship*

Name of Director	Category	No. of Other Directorship	Directorship & Committee Memberships/ Chairmanship		No. of Board Meeting Attended	Attendance at Last AGM
			Committee Membership	Committee Chairmanship		
Shri Shradchandra S.Kothari	Promoter Executive Director	-	-	-	5	Yes
Shri Mahendra K. Kothari	Promoter Non-Executive Director	-	-	-	5	Yes
**Shri Shrikant K. Kothari	Promoter Executive Director	-	-	-	5	Yes
Shri Jay K. Manek	Independent Non-Executive Director	-	-	-	5	Yes
Shri Lalit K. Chaudhari	Independent Non-Executive Director	-	-	-	5	Yes
Shri Dinkar M. Naik	Independent Non-Executive Director	-	-	-	5	Yes

- * Excludes directorships contemplated under Section 278 of the Companies Act, 1956.
- ** Shri Shrikant K. Kothari has resigned as a Whole-time Director of the Company w.e.f. 11/08/2011, but continue to be a Director on the Board of the Company.

Note : This includes information in respect of other companies membership/ chairmanship in committees referred to in Clause 49 of the listing agreement, viz. audit committee, and Investors grievances committee.

As per the disclosures made to the company none of the director of the company is a member in more than 10 committees nor have they acted as chairman of more than five committees across all companies in which he is director.

Note: Shri Mahendra K. Kothari and Shri Shrikant K. Kothari are being brothers related to each other. None of the other directors are related to any of the directors of the Company.

2.4 Brief Profile of directors seeking appointment/re- appointment at the forthcoming Annual General Meeting:

i. Shri Sharadchandra S. Kothari -

Shri Sharadchandra Shoorji Kothari is B.A., B.Com. ,LL.B. from University of Bombay. He is a director of the company since 05.10.1973 (since incorporation). He has over 55 years of wide and varied experience in the field of finance, manufacturing, marketing and export of dyes, dye intermediates and chemicals. He has contributed immensely to the research & development projects of the Group. He is well conversant with the industry, commerce and trade. He is on the board of Jaysynth Polychem Pvt. Ltd.

ii. Shri Jay Kulinkant Manek :-

Shri Jay Manek is a Director of the Company since 26/04/2006. He is M.B.A. in finance management. He is a partner in M/s. Jay Agro Industries. He is export-executive with M/s. Nathubhai Kuvarji & Sons. He is not a director in any other Company.

2.5 Review of Compliance Reports by the Board of Directors:

A compliance certificate confirming the due compliance with the statutory requirements is placed at the board meeting for the review by the board of directors. Instances of non-compliance, if any, are also separately reported to the Board.

2.6 Code of Conduct:

The company has framed a code of conduct for the members of the board of directors and Senior Management personnel. All the board members and senior management personnel have affirmed their compliance with the code of conduct. A declaration signed by the managing director of the company forms part of this report.

3. COMMITTEES OF THE BOARD:

3.1 Audit Committee:

Terms of Reference:

Terms of reference of audit committee are in accordance with those specified in Clause 49 of the Listing Agreement with the Stock Exchange and Section 292A of the Companies Act, 1956. The audit committee is empowered to investigate any activity within its terms of reference and to seek information it requires from any employee.

Composition, Meetings and attendance thereat:

The audit committee consists of three directors, viz, Shri Mahendra K. Kothari as chairman with Shri Lalit K. Chaudhari and Shri Jay K. Manek as members. Two thirds of the members are Independent directors. The quorum for an audit committee meeting is two members personally present. All members of the committee are financially literate within the meaning of Explanation I of clause 49II (A) (ii) of the Listing Agreement.

The audit committee met on four occasions during Financial Year ended 31st March 2011 held on 14th May, 2010, 13th August, 2010, 9th November, 2010 and 7th February, 2011. Shri Mahendra K. Kothari, Shri Jay K. Manek and Shri Lalit K. Chaudhari attended all four meetings. Such of the executives and directors as considered appropriate are invited to attend audit committee meetings.

Representatives of the statutory auditors are permanent invitees to the audit committee meetings. Internal Audit officials and such of the executives and directors as considered appropriate are invited to attend audit committee meetings. No employee of the company has been denied access to audit committee.

Shri Ravindra C. Tolat, Company Secretary acts as a secretary to the committee.

3.2 Share Transfer/Investors' Grievances Committee:

Terms of Reference:

The committee monitors the company's response to investor complaints. It has also been authorized to approve the issue of duplicate share certificates in lieu of those lost, misplaced, mutilated or destroyed. The committee's meetings are held as often as required to consider all matters concerning transfer and transmission of shares, Issue of share certificates, splitting and consolidation of share certificates. The committee also looks into the Investors complaints on transfer of shares, non-receipt of company's balance sheet, non-receipt of declared dividends etc. and redressal thereof.

The committee comprises of Shri Sharadchandra S. Kothari, Shri Mahendra K. Kothari and Shri Lalit K. Chaudhari. Shri Ravindra C. Tolat, company secretary is the compliance officer.

Meeting and attendance during the period under review:

During the year ended 31st March 2011 the committee held 15 Meetings. Shri Sharadchandra S. Kothari, Shri Mahendra K. Kothari and Shri Lalit K. Chaudhari attended all 15 meetings.

During the period under review 2 complaints were received from shareholders and all are resolved. All valid share transfers in respect of physical shares received during the year under review have been acted upon and no such transfer is pending as on March 31, 2011. Similarly, there were no pending rematerialisation request as on March 31, 2011.

3.3 Directors' Remuneration Committee:

Terms of Reference:

A remuneration committee has been constituted to review and recommend payment of sitting fees for attending the board meeting and meeting of committee/sub-committee appointed by the Board payable to directors and reimbursement of actual expenses incurred by the directors for attending the board meeting or meeting of any committee/ sub-committee appointed by the board of directors and to determine the remuneration, including commission, payable to managing / whole-time directors; subject to the provisions of the Companies Act, 1956 and the notifications, if any, issued there under.

While approving the remuneration, the committee to take into account financial position of the company, trend in the industry, qualification, experience, past performance, past remuneration of the candidate and to strike balance of interest of the company and shareholders while determining the remuneration package.

Composition:

The committee comprised of three independent directors, namely Shri Lalit K. Chaudhari, Shri Jay K. Manek. and Shri Dinkar M. Naik

The committee has met once during the year under review.

Remuneration paid to directors during the year ended 31st March, 2011 is as under:

Name of Director	Sitting Fees	Salaries & Perquisites	Contribution to Provident Fund	Other Perquisites	Total
Shri Sharadchandra S. Kothari	-	-	-	-	-
Shri Mahendra K. Kothari	9,000	-	-	-	9,000
Shri Shrikant K. Kothari	-	-	-	-	-
Shri Jay K. Manek	10,000	-	-	-	10,000
Shri Lalit K. Chaudhari	10,000	-	-	-	10,000
Shri Dinker M. Naik	6,000	-	-	-	6,000

4. SUBSIDIARY COMPANIES:

The company has one subsidiary company viz. Jaysynth Anthraquinones Ltd.

The revised Clause 49 defines a "material non-listed Indian Subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth exceeds 20% of the consolidated turn over or net worth respectively of the listed holding company and its subsidiaries in the immediately proceeding accounting year.

The company does not have a "material non-listed Indian Subsidiary" within the meaning of the above definition. The audit committee reviews the investments made by the unlisted subsidiary companies, if any.

5. GENERAL BODY MEETINGS:

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

Date	Venue	Time	No. of Special Resolution Passed
34TH 30th AGM September, 2008	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai – 400 018.	10.00 a.m.	NIL
35TH 29th AGM September, 2009	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai – 400 018.	10.00 a.m.	The Resolution was passed to keep documents required to keep under Section 159 of the Company's Act, 1956 at the new office premises of M/s. Sharepro Services India Pvt. Ltd. at 13AB, Samhita Warehousing Complex, Second Floor, off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai-400072 pursuant to Section 163 of the Company's Act, 1956
36TH 24th AGM September, 2010	301, Sumer Kendra, Pandurang Budhkar Marg, Worli, Mumbai – 400 018.	10.00 a.m.	The Resolution was passed to seek voluntary delisting of the equity shares of the Company from The National Stock Exchange of India Ltd., Mumbai

No special resolution was put through postal ballot at any of the above annual general meetings. At the ensuing annual general meeting, special resolution is proposed to be passed through postal ballot.

6. DISCLOSURES:

(I) Related Party Transactions:

- A summary of transactions with related parties, in the ordinary course of business, is placed before the audit committee.
- There were no material individual transaction during the financial year ended 31st March, 2011. with related parties that were not in the ordinary course of business.
- All material transaction during the financial year ended 31st March, 2011 either with related parties or others were at arms length.
- There were no material significant transactions during the financial year ended 31st March, 2011 with related parties such as promoters, directors, key managerial personnel, relatives or subsidiaries that could have potential conflict with the company.
- The mandatory disclosure of transactions with related parties in compliance with the Accounting Standard (AS-18) is part of this annual report is given in Schedule 'R' (Note No.10) of the notes forming part of annual accounts.

(II) Compliances by the Company:

The company has complied with the requirements of the Stock Exchanges. SEBI and other statutory authorities on all matters related to capital markets during last three years. There are no penalties or strictures imposed on the company by the Stock Exchange. or SEBI or any other statutory authority relating to the above. There were no instances of non- compliance of any matter related to the capital market during the last three years.

(III) Accounting Standards:

The company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable, in preparation of the financial statements.

(IV) Risk Management:

The company has laid down procedure to inform the board about the risk assessment and minimization procedures.

7. MEANS OF COMMUNICATION:

- (a) at present, the half-yearly report is not being sent to each household of the shareholders.
- (b) annual reports in respect of each financial year are mailed to all shareholders as soon as it is ready for dispatch. Each annual report contains the annual accounts in respect of that financial year, director's report with annexures and auditors' reports. Also included in each annual report is the notice convening the annual general meeting, corporate governance report, management discussion and analysis and cash flow statement together with the corresponding reports of the auditors, the consolidated accounts and the auditor's report on the consolidated accounts.
- (c) the quarterly results are usually published in the Free Press Journal (English), Mumbai as well as Navshakti (Marathi) Mumbai. The information of quarterly results is sent to stock exchanges to enable them to put it on their web sites. During the year ended 31st March 2011, no presentation has been made to the investors/analysts. The company do not display official news releases.
- (d) the management discussion and analysis report forms part of the directors' report.
- (e) Pursuant to newly inserted Clause 54 of Listing Agreement functional website of the Company www.idorgochem.com is operative. The website contains the basic information about the Company.

8. CERTIFICATE BY CEO:

Shri Sharadchandra S. Kothari, managing director & CEO issued a certificate to the board of directors as prescribed under sub-clause V of Clause 49 of the Listing Agreement. The said certificate was placed before the board meeting held on November 25, 2011 in which the accounts for the financial year ended March 31, 2011 were considered and approved.

9. SHAREHOLDERS INFORMATION:

(i) Annual General Meeting: 37th

Date and Time: Friday the 30th December, 2011 at 10.00 a.m.

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

(ii) Financial Calendar 2010-2011:

Annual General Meeting: 30th December, 2011.

Adoption of Unaudited Financial Results for four-quarters for FY 2011 -12

Quarter ended 30th June	- by 15 th August,2011
Quarter ended 30th Sept.	- by 15 th November,2011
Quarter ended 31st Dec.	- by 15 th February,2012
Quarter ended 31 st March	- by 30 th May,2012

(iii) Book Closure Date:

26th December, 2011 to 30th December, 2011 (both days inclusive)

(iv) Dividend payment Date:

No dividend has been recommended by the board of directors in view of accumulated losses.

(v) Listing on the Stock Exchanges:

Shares of the company are listed on two Stock Exchanges:

- i The Bombay Stock Exchange Ltd. Code No. 524592
- ii The National Stock Exchange of India Ltd. Code No. JDORGOCHEM

The listing fee for the Year 2011-2012 has been paid to both the Stock Exchanges where the company's shares are listed.

The ISIN No of the company's share is **INE263B01022**

Up-to date listing fees has been paid to The Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd.

(vi) Share Transfer System:

The board of directors has constituted share transfer/ investor's grievances committee as already mentioned earlier and has delegated the power of share transfer to this committee. The committee holds its meetings regularly as and when required to consider all matters concerning transfer and transmission of shares. The company's shares are in compulsory Demat Mode and they are available for trading in the depository systems of both the

National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd.(CDSL).

Liquidity - The shares of the company are traded on both, The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

(vii) Outstanding GDRs/ADRs etc.:

The company has not issued any global depository receipt / American depository receipt / warrant or any convertible instruments pending conversion or any other instrument likely to impact the equity capital share capital of the Company.

(viii) Dematerialisation of Shares:

As on 31st March 2011 1,24,02,630 equity shares of the company stand dematerialized forming 93.60% of company's issued and subscribed equity capital.

(ix) Registrar & Transfer Agents:

SHAREPRO SERVICES (INDIA) PVT. LTD.

R.O.: 13AB,samhita Warehousing complex,
Second floor,Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai – 400 072.

Investor Relation Centre:

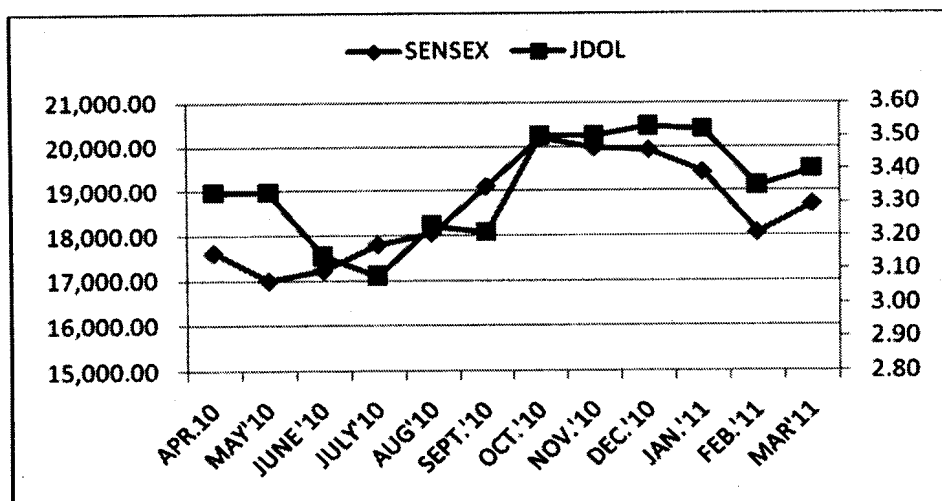
912, Raheja Centre,
Free Press Journal Marg,
Nariman Point,
Mumbai – 400 021

(x) Stock Price Performance - JD Orgochem Ltd. Vs. BSE Sensex April 2010 to March 2011:

Note: Based on the monthly average of High and Low price of JD Orgochem Ltd. and BSE Sensex.

Market Price Data:

Month	High	Low
APRIL'10	3.78	3.00
MAY ' 10	3.72	2.95
JUNE'10	3.41	2.88
JULY'10	3.45	2.88
AUG.'10	3.52	2.95
SEPT.'10	3.61	2.81
OCT.' 10	4.18	2.91
NOV.' 10	3.94	3.20
DEC.' 10	4.00	3.11
JAN.' 11	3.74	3.07
FEB.' 11	3.74	2.96
MAR.' 11	3.20	2.67



(xi) Shareholding pattern as on March 31, 2011:

Sr. No.	Particulars	No. of shares held	% of shares held
1.	Promoters	7,349,068	55.46
2.	Mutual Funds & UTI	5,300	0.04
3.	Banks Financial Institutions & Insurance Companies	42,857	0.32
4.	Foreign Institutional Investor	8,500	0.06
5.	Foreign Financial Bank	800	0.01
6.	Private Corporate Bodies	693,209	5.23
7.	Indian Public	4,760,412	35.93
8.	NRIs/OCBs	59,005	0.45
9.	Any Others-(Non-promoter Director & Relatives of Directors)	1,800	0.01
10.	Trust	329,049	2.48
	TOTAL	13,250,000	100.00%

(xii) Distribution of Shareholding as on March 31, 2011:

No. of shares	No. of shareholders	% of total shareholders	Total No. of Shares	% of Total shares
UPTO - 500	9030	88.96	1,273,610	9.61
501 - 1,000	545	5.37	468,340	3.54
1,001 - 2,000	254	2.50	396,145	2.99
2,001 - 3,000	95	0.94	246,554	1.86
3,001 - 4,000	45	0.44	155,437	1.17
4,001 - 5,000	52	0.51	247,206	1.87
5,001 - 10,000	59	0.58	433,557	3.27
10,001 - above	71	0.70	10,029,151	75.69
TOTAL	10151	100.00	13,250,000	100.00

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

Sr. No.	Name of Directors	No. of shares
1	* Shri Mahendra K. Kothari	NIL
2	* Shri Shrikant K Kothari	NIL
3	Shri Jay K. Manek	NIL
4	Shri Lalit K. Chaudhari	300
5	Shri Dinkar M. Naik	NIL

*** Shri M.K. Kothari & Shri S.K. Kothari have sold 40,205 i.e 0.30% each shares by Mode of Inter Se Transfer on 18th November, 2010.**

(xiv) **Plant Location :** Plot No. A-4/2
M.I.D.C. Industrial Area,
Patalganga Dist. Raigad,
Maharashtra - 410 220.

(xv) **Address for Correspondence :**

The Shareholders may address their communications/grievances/ queries to:

Contact Person :

Ms. Indira Karkera – Vice President
M/s. Sharepro Services (India) Pvt. Ltd.
UNIT : JD ORGOCHEM LTD.

1) 13AB,samhita Warehousing complex,
Second floor,Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East),
Mumbai – 400 072.
Tele. Nos. 67720300/67720334
Fax No. 28591568
E-MAIL : Sharepro@shareproservices.com

2) Investor Relation Centre:
912, Raheja Centre,
Free Press Journal Marg,
Nariman Point,
Mumbai – 400 021.

OR

The Secretary,
JD Orgochem Ltd.,
301, Sumerkendra, P.B.Marg,
Worli, Mumbai 400 018.

Tel. No. 022-30423048-49, Fax No. 022-30423433/34

E-Mail Address: info@jaysynth.com Investors' Complaint: jsec@jaysynth.com

Details of compliance with mandatory requirements and extents of compliance with non-mandatory requirements:

1.Compliance with mandatory requirements:

The company has complied with the mandatory requirements of the code of corporate governance as stipulated under Clause 49 of the Listing Agreement with The Bombay Stock Exchange Ltd.

2. Extent of Compliance with non-mandatory requirements:

The company has complied with the following non- mandatory requirements:

I. Remuneration Committee.

II. Moving towards unqualified financial statements.

The company does not comply with other non-mandatory requirements.

3. Certificate from the Statutory Auditors:

Certificate from the statutory auditors of the company M/s. Maganlal & Ajay Mehta Chartered Accountants, Mumbai regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement is attached.

Declaration of compliance with the Code of Conduct:

I hereby confirm that as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd., where the shares of the company are listed, all directors and senior management personnel have affirmed compliance with JD Orgochem Ltd. Code of conduct for the year ended March 31, 2011.

A handwritten signature in black ink, appearing to read 'S S Kothari', is written over a long, slightly curved horizontal line.

S. S. Kothari
Chairman & Managing Director

ANNEXURE-III TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

OVERVIEW –

The global economic situation is under stress. Recent numbers coming out from the US economy show that the recovery has been slower than what was anticipated earlier. In case of Euro Area, the sovereign debt crises is keeping everyone on tenterhooks. The outlook for the global economy is not too benign. Industrial activity in Japan is still reeling under the impact of multiple natural calamities. The International Monetary Fund (IMF) in its assessment brought out in September 2011, has underlined this trend. IMF has projected world output to grow by 4 % in 2011 & 2012. These projections make downward revision by 0.3 % and 0.5% in 2011 & 2012 that were released in June 2011.

In India the growth momentum too has been slowing down given adverse external development as well as persistent rise in policy rates by the Reserve Bank of India, slowdown in growth, slackening pace of reforms and persistent inflationary trend. The Prime Minister's Advisory council has again raised downwards its growth projection for 2011-2012, with latest estimates pegging growth in current fiscal at less than 8%.

INDUSTRY OVERVIEW-

Dyestuff is a broad term which includes dyes and pigments. They are largely used by the textile, paper and leather industry, with textile accounts for over 80% in India, hence dyestuff industry fortune is linked to that of textile industry.

The Indian dyestuff industry is valued at around 3 billion US\$ with export to US of about 1 billion US\$. The per capita consumption of dyestuff is one of the lowest in India at 50gms as compared to average global consumption of dyestuff at 400 gms. At present, India's share of the dye output globally stands at 5% , with a manufacturing capacity of 1,50,000 tons per annum.

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.

Revenue for the year ended 31st March 2011 is registered at Rs.218.03 lacs as against Rs.199.06 lacs during the previous year. The expenditure for the year under review was of Rs. 580.64 lacs as against Rs. 888.19 lacs for the previous year. There was extra ordinary income of Rs.714.88 lacs during previous year ended 31.3.2010 due to write back on account of one time settlement of debt with secured & unsecured creditors. As a result of this there was a profit of Rs.714.88 during that year. There is a loss from operations for the year under review of Rs.362.62 lacs.

OPPORTUNITIES AND THREATS –

Based on the unprecedented fiscal measures taken by the governments and central banks of all major world economies, the world is expecting the tides to turn. However all the major economic forecasts are portraying a gloomy economic scenario.

Pollution control is strictly monitored and some units may face closure in the event of non conforming to pollution norms set by authorities. High interest rate coupled with inflationary trend and high energy costs are likely to hamper growth in dye industry. Industry is facing stiff competition from China in the international market.

Government has given more important to infrastructure development which is likely to be of great benefit to the industry as a whole. Developed economies are looking at outsourcing dyes from developing countries. This is likely to give boost to Indian dyestuff industry.

RISKS AND CONCERNS -

Indian dyes and textile chemicals industry is not insulated from the global meltdown. According to industry sources, the export of Indian dyestuff is expected to go down in the near future, due to global meltdown and tough competition from China.

The Government requires to take steps to meet the challenges posed by the legislation viz. Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) proposed by European Union. Under this proposed legislation, exporters of chemicals to European Union Countries are required to register their products with complete safety data.

INTERNAL CONTROL SYSTEMS -

Your company has appropriate internal control system for the business process, with regard to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibilities down the line have been laid down. Regular internal audit and checks are in effect. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for them as and when required.

HUMAN RESOURCES -

The company had 5 employees as on 31st March 2011 i.e. same as on - 31st March 2010. It is the policy of the company to engage employees with qualification and experience that matches the job requirement.

CAUTIONARY NOTE -

Statements made in this report describing the Company's objectives projections estimates expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company may operate changes in the Government regulations, tax laws and other statutes and incidental factors.

AUDITORS' REPORT

TO THE MEMBERS OF JD ORGOCHEM LIMITED

We have audited the attached Balance Sheet of **JD ORGOCHEM LIMITED** as at March 31, 2011 and also the annexed Profit & Loss Account of the Company for the year ended on that date and the Cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter referred to as "the Order") issued by the Central Government in terms of section 227 (4A) of the companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments referred to in Para (2) above, we report that :-
 - i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of audit.
 - ii) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of the books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance sheet, Profit & Loss Account and Cash flow statement dealt with by this Report are in compliance with the Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for our comments in para (v) below:
 - v) ***a) Adequacy of the provision made for meeting workers liability cannot be ascertained as referred to in note no.13 of Schedule 'R'.
b) No provision has been made in the accounts for the diminution in the value of investments in the shares of Jaysynth Anthraquinones Limited and Jaysynth Polychem Private Limited as well as of advances given as referred to in note no. 14 of Schedule 'R' resulting into the understatement of accumulated losses by Rs.1330.16 lacs.***
 - vi) ***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.***
 - vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and subject to our remarks given in paragraph 3 (v) above and read

together with other notes and their overall impact (to the extent ascertainable) present a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Balance Sheet, of the state of affairs of the company as at March 31, 2011;
- b) In the case of Profit & Loss Account, of the Loss of the company for the year ended March 31, 2011 on that date; and
- c) In case of Cash flow statement, of the Cash flows for the year ended on that date.

For Maganlal & Ajay Mehta

Chartered Accountants

Firm Registration No. -105730W



(Maganlal Thacker)

Partner

Membership No. 4549

Place : Mumbai

Date : November 25, 2011

ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF JD ORGOCHEM LIMITED

1. (a) The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
(b) As informed to us, the company had verified part of its fixed assets in regular programme of periodical verification during the year. According to the information and explanations given to us, the extent of discrepancies noticed on physical verification and the extent of un-reconciled differences for years prior to 31st March 1992, which are not material, are not yet been finally determined, since the same continue to be under scrutiny by the company. As explained to us, adjustments necessary on these counts will be made only after the said scrutiny is completed and reconciled with the book records.
(c) The accounts of the company have been prepared on the basis that the company is a going concern. The company has fixed assets at its unit at Patalganga. The Hon'ble High Court of Bombay on 20/06/2008 has approved the Scheme of Compromise/ Arrangement between Secured Creditors and equity shareholders and the scheme has been effective from 04/07/2008. The company's plant at Patalganga was partially restarted in earlier year. However no manufacturing activity is carried out during the year under reference and hence we are still unable to express any opinion about the company's ability to continue as a going concern in the foreseeable future.
2. (a) As informed to us, inventories have been physically verified during the year by the management.
(b) As explained to us, the procedures followed by the management for physical verification of inventories are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records of the company, we are of the opinion that the company is maintaining proper records of its inventory. Discrepancies that were noticed on physical verification of inventories as compared to book records have been properly dealt with in the books of accounts.
3. (a) The company has granted interest-free unsecured loan in earlier years to two parties listed in the register maintained under Section 301 of the Companies Act, 1956, the amount aggregates to Rs. 45,991,234/- for which, as informed to us, no terms of repayment has been stipulated and hence overdue amount cannot be ascertained. The entire amount of Rs. 45,991,234/- due as above is considered doubtful of recovery for which no provision has been made in the accounts as referred to note no. 14 of Schedule 'R'.
(b) The company has taken interest-free unsecured loan in earlier years from a party listed in the register maintained under Section 301 of the Companies Act, 1956, whose outstanding balance at the year end is Rs. 10,204,460/- for which, as informed to us, no terms of repayment has been stipulated and hence overdue amount cannot be ascertained.
(c) In our opinion, the other terms and conditions of the loans granted and received are, prima facie, not prejudicial to the interest of the company.
4. In our opinion, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the company carried out in accordance with the auditing standards generally accepted in India, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
5. (a) On the basis of the Audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the transactions in which directors were interested and which were required to be entered into the register maintained under section 301 of the companies Act, 1956 have been entered.

- (b) According to the information and explanation given to us and excluding certain transactions of purchase and sale of goods and material of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, where each of such transactions is in excess of Rupees Five Lakhs in respect of any party, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time and other relevant circumstances.
6. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public except from the agents and inter-corporate deposit. Therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules thereunder are not applicable to the company.
7. In our opinion, the company has an internal audit system which is commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the central government for the maintenance of cost records under section 209(1)(d) of the companies Act, 1956 in respect of the company's products to which the said rules are made applicable and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate and / or complete.
9. (a) As per records of the Company, undisputed statutory dues of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues other than mentioned in (b) below have generally been regularly deposited with the appropriate authorities.
- (b) As per records of the Company, the following undisputed statutory dues were outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

Nature of Dues	Period to which the amount relates	Amount(Rs.)
Power (Electricity)	01.05.2001 to 28.02.2002	11,169,845
Sales Tax	01.06.2001 to 31.03.2004	9,289,619
Gram Panchayat Tax	01.04.2000 to 31.03.2011	10,576,212

- (c) As per records of the company, the following disputed dues have not been deposited.

Nature of Dues	Forum where dispute is Pending	Amount (Rs.)
Custom Duty (Shown as contingent liability)	Commissioner of Customs – Mumbai	51,099,633
Custom Duty	Central Excise & Gold Appellate Tribunal (CEGAT) - Mumbai	5,399,121

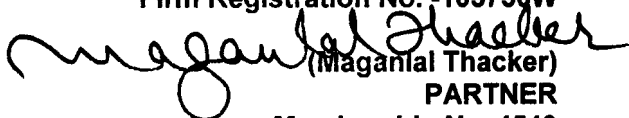
10. As per the accounts of the company, the company has accumulated losses of Rs.727,189,621/- at the end of the financial year and the accumulated losses of the company are not less than fifty percent of its net worth.

As per the accounts of the company, the company has incurred cash loss of Rs. 6,908/- during the year under reference and in the immediately preceding financial year, the company has incurred cash loss of Rs.34,043,767/- before accounting of an extra ordinary income of Rs.71,488,491/-.

11. The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
12. In our opinion, considering the nature of activities carried on by the company during the year, the provisions of any special statute applicable to Chit Fund, nidhi / mutual benefit fund/ societies are not applicable to it.

13. (a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper record of the transactions and contracts of dealing in shares, securities and debentures and other investments during the year and timely entries have been made in these records.
- (b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and securities have been held by the Company in its own name.
14. In our opinion, the term loans have been applied for the purpose for which they were raised.
15. On the basis of an overall examination of the Balance Sheet of the company, in our opinion, there are no funds raised on a short-term basis, which have been used for long-term investment and vice versa.
16. Based on our examination of records and information provided to us by the management, we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
17. The company has issued letter of allotment for issue of Zero Coupon Non-Convertible Debentures as per the scheme of compromise/arrangement by Bombay High Court order dated 20th June 2008 which is secured by first paripassu charge on all the existing asset of the company situated at Patalganga Unit. However, the company has not issued debenture certificates for the same & has so far not created charges in respect of these debentures.
18. The company has not raised money by Public Issue during the year.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year nor have we been informed of such case by the management.

For MAGANLAL & AJAY MEHTA
Chartered Accountants
Firm Registration No. -105730W


(Maganlal Thacker)
PARTNER

Membership No. 4549

Place : Mumbai
Date : November 25, 2011

JD ORGOCHEM LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

<u>Schedule</u>		<u>As At</u>		<u>As At</u>	
		<u>March 31, 2011</u>		<u>March 31, 2010</u>	
		<u>Rs.</u>		<u>Rs.</u>	
I. Sources of Funds					
1. Shareholders' Funds:					
i) Share Capital	A	13,250,000		13,250,000	
ii) Share Application Money		50,000,000		50,000,000	
iii) Reserves & Surplus	B	<u>544,810,626</u>	<u>608,060,626</u>	<u>544,810,626</u>	<u>608,060,626</u>
2. Loan Funds:					
i) Secured Loans	C	366,680,000		366,680,000	
ii) Unsecured Loans	D	<u>10,805,545</u>	<u>377,485,545</u>	<u>11,686,718</u>	<u>378,366,718</u>
			<u>985,546,171</u>		<u>986,427,344</u>
II. Application of Funds					
1. Fixed Assets:					
i) Gross Block (net of impairment loss)	E	871,552,714		874,070,976	
ii) Less: Depreciation		<u>690,973,546</u>		<u>656,424,615</u>	
iii) Net Block			<u>180,579,168</u>		<u>217,646,361</u>
2. Investments					
	F		<u>114,171,259</u>		<u>115,793,499</u>
3. Current Assets, Loans & Advances:					
i) Inventories	G	5,270,873		5,270,873	
ii) Sundry Debtors	H	-		162,739	
iii) Cash & Bank Balances	I	7,412,147		7,006,317	
iv) Loans & Advances	J	<u>58,848,985</u>		<u>96,843,047</u>	
		<u>71,532,005</u>		<u>109,282,976</u>	
4. Current Liabilities & Provisions:					
i) Liabilities	K	100,634,201		140,581,859	
ii) Provisions	L	<u>7,291,681</u>		<u>6,640,639</u>	
		<u>107,925,882</u>		<u>147,222,498</u>	
Net Current Assets			(36,393,877)		(37,939,522)
5. Profit & Loss Account			<u>727,189,621</u>		<u>690,927,006</u>
			<u>985,546,171</u>		<u>986,427,344</u>
Notes forming part to the accounts		R			

As per our report of even date attached

FOR MAGANLAL & AJAY MEHTA

Chartered Accountants

Firm Registration No. -105730W

Maganlal Thacker

MAGANLAL THACKER
Partner

Membership No : 4549

Place : Mumbai

Date : November 25, 2011

S.S. Kothari

S. S. KOTHARI

Chairman & Managing Director

S.K. Kothari

S. K. KOTHARI

Director

R.C. Tolat

R. C. TOLAT

Secretary

JD ORGOCHEM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>Schedule</u>	<u>Year Ended</u>	<u>Year Ended</u>
		<u>March 31, 2011</u>	<u>March 31, 2010</u>
Income		Rs.	Rs.
Sales		14,588,994	9,055,345
Other income	M	7,213,528	10,850,292
Total Income		21,802,522	19,905,637
Expenditure			
Raw materials written off	N	-	10,505,204
Material purchased		13,075,190	8,115,746
Manufacturing and other expenses	O	8,682,404	7,870,220
Interest & finance charges	P	50,774	68,339
Depreciation	E	36,255,707	36,508,653
		58,064,075	63,068,162
Add : Decrease in stock	Q	-	25,750,591
		58,064,075	88,818,753
Loss before extraordinary income		(36,261,553)	(68,913,116)
Add : Extra ordinary income(net)		-	71,488,491
Profit/(Loss) for the year		(36,261,553)	2,575,375
Short provision of Fringe benefit tax of earlier years		(1,062)	(3,420)
Prior period adjustments		-	(1,635,884)
Balance brought forward		(690,927,006)	(691,863,077)
Balance carried to balance sheet		(727,189,621)	(690,927,006)
Notes forming part of the accounts	R		

As per our report of even date attached

FOR MAGANLAL & AJAY MEHTA

Chartered Accountants

Firm Registration No. -105730W

Maganlal Thacker

MAGANLAL THACKER

Partner

Membership No : 4549

Place : Mumbai

Date : November 25, 2011

S. S. Kothari
S. S. KOTHARI

Chairman & Managing Director

S. K. Kothari

S. K. KOTHARI

Director

R. C. Tolat
R. C. TOLAT

Secretary

Schedules forming part of the Balance Sheet

	As At March 31, 2011 Rs.	As At March 31, 2010 Rs.
Schedule - A		
Share Capital		
Authorised:		
3,00,000,000 Equity Shares of Re. 1/- each	300,000,000 <u>300,000,000</u>	300,000,000 <u>300,000,000</u>
Issued subscribed & paid up:		
13,250,000 Equity Shares of Re. 1/-each fully paid up out of the above	13,250,000	13,250,000
a) 169,000 shares were issued and allotted for consideration other than cash to the shareholders of erstwhile Jay Phthalocyanines Pvt.Ltd, Jay Ethyl Organics Pvt.Ltd. & N. A. Chemicals Pvt.Ltd. pursuant to the Scheme of Amalgamation.		
b) 8,209,960 Shares were issued as fully paid up Bonus Shares out of Share Premium , Capital Redemption Reserve & General Reserve.	<u>13,250,000</u>	<u>13,250,000</u>
Schedule - B		
Reserves and Surplus		
Share Premium account		
As per last balance sheet	385,560,626	385,560,626
Debenture Redemption reserve		
As per last balance sheet	40,000,000	40,000,000
Capital Reserve	119,250,000	119,250,000
(Consequent to the reduction of Share Capital)		
Special Capital Incentive		
As per last balance sheet	-	2,500,000
Less Repaid during the year	-	2,500,000
	<u>544,810,626</u>	<u>544,810,626</u>
Schedule - C		
Secured Loans		
Zero Coupon Loan (ZCL)	114,600,000	114,600,000
Zero Coupon Non Convertible Debentures(ZCD)	160,400,000	160,400,000
(1,604,000 Debentures of Rs 100/- each)		
	91,680,000	91,680,000
Secured Loan	<u>366,680,000</u>	<u>366,680,000</u>
NOTES:-		
1 The Zero Coupon Loan (ZCL) shall be repaid in five equal quarterly installments commencing from March 30,2014 and ending on March 30,2015.		
2 The Zero Coupon Non Convertible Debentures (ZCD) shall be redeemable at a premium of 50% in ten equal quarterly installment commencing from June 30,2015 and ending on September 30, 2017. Letter of allotment has been issued but debenture certificate is yet to be issued.		
3 The secured loan aggregating to Rs.916.80 Lacs shall be converted into 91,680,000 Equity shares of Re. 1/- each at par as per scheme of compromise & restructuring sanctioned by High Court of Bombay and after obtaining necessary approvals.		
4 The abovementioned Secured loans shall be secured by first paripassu charge on all the existing asset of the company situated at Patalganga Unit, and upon creation of such security ,the existing security/securities/existing personal guarantees of directors and charges shall stand satisfied and released without any further act on part of secured creditors.		
5 All the guarantors of the company shall jointly and severally, provide an irrevocable and unconditional guarantee cum shortfall undertaking in favour of the secured creditors to make good the shortfall, if any, in the event realisation to Secured Loan from the sale of Patalganga Unit is less than Rs. 1,200 lacs.		
Schedule - D		
Unsecured Loans		
From a Director	10,204,460	10,229,460
From others (agents) (Including interest accrued & due	601,085	1,457,258
Rs.42,715 /-; previous year Rs.151,281/-)	<u>10,805,545</u>	<u>11,686,718</u>

Schedules forming part of the Balance Sheet

Schedule-E
Fixed Assets

Description	Gross block			Depreciation				Net Block	
	As at April 1,2010	Deduction	As at March 31,2011	Upto March 31,2010	For the year	Deduction	Upto March 31,2011	As at March 31,2011	As at March 31,2010
Leasehold land	701,950	-	701,950	201,526	7,602	-	209,128	492,822	500,424
Factory Building	222,620,574	-	222,620,574	122,688,406	7,019,083	-	129,707,489	92,913,085	99,932,168
Plant & machinery	622,004,277	1,460,000	620,544,277	508,941,488	28,481,144	793,716	536,628,916	83,915,361	113,062,789
Elec. Installation	1,354,592	-	1,354,592	1,180,871	55,585	-	1,236,456	118,136	173,721
Furniture & fixtures	6,178,877	-	6,178,877	5,762,443	24,890	-	5,787,333	391,544	416,434
Equipments	14,605,069	-	14,605,069	11,854,020	597,164	-	12,451,184	2,153,885	2,751,049
Patents	300	-	300	300	-	-	300	-	-
Computers	2,867,258	-	2,867,258	2,691,293	-	-	2,691,293	175,965	175,965
Vehicles	2,562,675	1,058,262	1,504,413	2,137,533	14,407	913,060	1,238,880	265,533	425,142
Books	1,175,404	-	1,175,404	966,735	55,832	-	1,022,567	152,837	208,669
Total	874,070,976	2,518,262	871,552,714	656,424,615	36,255,707	1,706,776	690,973,546	180,579,168	217,646,361
Previous Year	875,093,293	1,022,317	874,070,976	620,715,591	36,508,653	799,629	656,424,615	217,646,361	254,377,702

Schedules forming part of the Balance Sheet

Schedule - F :-
INVESTMENT (AT COST)

	Face value <u>Per Share</u>	No.& Class <u>of Shares</u>	<u>As At</u> <u>March 31,</u> <u>2011</u> <u>Rs.</u>	<u>As At</u> <u>March 31,</u> <u>2010</u> <u>Rs.</u>
1. Government Securities				
6 Years National Savings Certificates			1,000	1,000
2. Shares of Companies				
<u>i) Subsidiary Companies</u>				
Unquoted - Fully paid up:				
Jaysynth Anthraquinones Ltd.	100	540,000 *	63,600,000	63,600,000
Jaysynth Anthraquinones Ltd.	100	10,000 @	1,000,000	1,000,000
Jaysynth (Europe) Ltd.	1 £	500,000 *		26,740,000
<u>ii) Trade Investments :</u>				
Quoted - Fully paid up:				
Jaysynth Dyestuff (I) Ltd.	1	162,224 *	-	1,622,240
Galore Prints Ltd.	10	2,100 *	21,000	21,000
Ocean Knit Ltd.	10	32,400 *	324,000	324,000
Mafatlal Finance Ltd.	10	1,100 *	55,759	55,759
Unquoted - Fully paid up:				
Jaysynth Polychem Pvt Ltd.	100	224,250 *	22,425,000	22,425,000
Raghuvanshi Co-op Bank Ltd.	25	180 *	4,500	4,500
Jaysynth (Europe) Ltd.	1 £	500,000 *	26,740,000	
			<u>114,171,259</u>	<u>115,793,499</u>
Aggregate value of unquoted investments			113,770,500	87,030,500
Aggregate value of quoted investments			400,759	2,022,999
Market value of quoted investments			-	1,875,309

* Equity Shares

@ 9% Redeemable Cumulative Preference Shares

£ Sterling Pound

Schedules forming part of the Balance Sheet

	As At March 31, 2011	As At March 31, 2010
Schedule - G		
Inventories	Rs.	Rs.
As taken, valued & certified by directors (refer note 1F of Schedule 'R')		
i) Raw materials	1,167,244	1,167,244
ii) Finished goods	1,386,259	1,386,259
iii) Work in progress	1,474,754	1,474,754
iv) Stores & spares	1,242,616	1,242,616
	5,270,873	5,270,873
Schedule - H		
Sundry Debtors		
(Unsecured-considered good, except otherwise stated-for which the company holds no security other than the debtors personal security)		
Due over six months	-	162,739
Schedule - I		
Cash and Bank Balances		
i) Cash and cheques on hand	362,991	352,915
ii) Balances with scheduled banks		
a) In current accounts	859,222	637,898
b) In margin money	6,181,856	5,556,588
c) In deposit account	8,078	458,916
	7,412,147	7,006,317
Schedule - J		
Loans and Advances		
(Unsecured-considered good, except otherwise stated-for which the company holds no security other than the debtors personal security)		
i) Advances recoverable in cash or in kind or for value to be received.(see note no. 15 of Sch.'R')	57,291,365	95,153,161
ii) Balances with excise and customs authorities	193,726	193,726
iii) Loans & advances to employees	578,476	632,476
iv) Income tax (including T.D.S.)	727,785	762,989
v) Fringe benefit tax	57,633	100,695
	58,848,985	96,843,047
Schedule - K		
Current Liabilities		
Sundry creditors	1,448,061	10,530,248
Advance payment received for value to be given	18,114,500	48,457,228
Other liabilities	81,071,640	81,594,383
	100,634,201	140,581,859
Schedule - L		
Provisions		
Provision for unutilised leaves	1,894,267	1,880,375
Provision for gratuity	4,996,655	4,580,574
Provision for fringe benefit tax	-	32,000
Provision for diminution in value of investments	400,759	147,690
	7,291,681	6,640,639

Schedules annexed to and forming part of the Profit & Loss Account

	Year Ended	Year Ended
	March 31, 2011	March 31, 2010
Schedule - M		
Other Income	Rs.	Rs.
Interest (Net)	336,078	386,872
Professional & Consultancy Charges	4,350,520	-
Profit on sale of investments	671,607	-
Profit (Loss) on sale of assets	1,168,513	(52,688)
Foreign exchange difference	164,788	3,988,507
Sundry balances written back (net)	522,022	6,527,601
	<u>7,213,528</u>	<u>10,860,292</u>
Schedule - N		
Raw Materials written off		
Opening stock	1,167,244	11,672,448
Less : Closing stock	<u>1,167,244</u>	<u>1,167,244</u>
	<u>-</u>	<u>10,505,204</u>
Schedule - O		
Manufacturing and other expenses		
Repairs and maintenance	25,362	-
Insurance	148,027	149,616
Packing materials	-	107,918
Stores & Spares	-	1,775,508
Power, fuel and water	130,603	324,629
Excise duty	1,317,678	(348,641)
Other manufacturing expenses	684,841	687,303
Salaries, wages, bonus & allowances	1,750,334	2,102,101
Contribution to provident & other funds	90,616	80,118
Workmen & staff welfare expenses	21,192	26,902
Travelling, conveyance and vehicle expenses	8,869	58,789
Rates and taxes	1,289,433	1,266,247
Advertisement and sales promotion	49,729	55,251
Legal & professional charges	2,428,981	1,783,069
Miscellaneous expenses	483,670	784,487
Diminution in value of investments	<u>253,069</u>	<u>(983,077)</u>
	<u>8,682,404</u>	<u>7,870,220</u>
Schedule - P		
Interest and finance charges		
Bank charges, commission & other finance charges	<u>50,774</u>	<u>68,339</u>
	<u>50,774</u>	<u>68,339</u>
Schedule - Q		
Decrease in stock		
A. Opening stock		
Finished goods	1,386,259	13,864,054
Work in progress	<u>1,474,754</u>	<u>14,747,550</u>
		28,611,604
B. Closing stock		
Finished goods	1,386,259	1,386,259
Work in progress	<u>1,474,754</u>	<u>1,474,754</u>
		2,861,013
C Decrease in stock (A - B)	<u>-</u>	<u>25,750,591</u>

SCHEDULE : R

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 :

1 Disclosure of Significant Accounting Policies

A) METHOD OF ACCOUNTING

- i) The Financial Statements are prepared under the historical cost convention method.
- ii) The Company generally follows the mercantile system of accounting and recognises income and expenditure on accrual basis and for this purpose certain items of income such as insurance claims, overdue interest from debtors, etc. are considered to the extent the amount is ascertainable/accepted by the parties.

B) FIXED ASSETS

Fixed Assets are stated at cost (net of modvat availed) which includes all expenses for commissioning / putting the assets into use. Financing cost relating to borrowed funds, adjustment arising consequent to fluctuation in foreign exchange rate & other expenses attributable to acquisition of fixed assets are capitalised and included in the gross book value of fixed assets to which they relate. Impairment loss, if any, are reduced from the gross block of the assets.

C) DEPRECIATION

- i) Lease hold Land is amortised over the period of lease.
- ii) In respect of the assets, for which loss on account of impairment is accounted, depreciation is provided on Straight Line method at revised rates so as to allocate the reduced carrying amount of these assets over their remaining useful life. In respect of other assets, the depreciation is provided on Straight Line method at the rates prescribed under Schedule XIV of the Companies (Amendment) Act. 1988.

D) IMPAIRMENT OF FIXED ASSETS

An asset is treated as impaired, if the carrying amount of fixed assets exceeds the recoverable amount on the reporting date and in such case the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by present value of estimated future cash flows.

E) INVESTMENT

- i) Investments are stated at cost inclusive of all expenses incidental to their acquisition.
- ii) Investments in shares of companies registered outside India are stated at cost by converting the rate of exchange prevalent at the time of acquisitions thereof.
- iii) Appropriate provision has been made in the accounts for diminution in the value of investments in accordance with AS-13 issued by the Institute of Chartered Accountants of India.

F) INVENTORIES

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence and deterioration, if any. Cost of semi finished goods and finished goods comprises of chemical cost (weighted average) plus overheads wherever applicable and that of trading finished goods comprises of cost of purchase. Excise duty on manufactured finished goods lying in the inventory is included as a part of valuation of finished goods as per Accounting standard - 2 (Revised). Cost Formulae used are 'first in first out', 'average cost' or 'specific identification', as applicable.

G) RECOGNITION OF INCOME

- i) Sales turnover includes sale value of goods, excise duties and other recoveries, such as insurance, transport and packing charges excluding VAT / CST
- ii) Scrap sale is accounted for on sale basis. No inventory is taken as the amount is not material.

H) EXCISE DUTY

- i) Excise duties recovered are included in the sale of products. Excise duty paid on dispatches is shown separately as an item of manufacturing expenses.
- ii) The Modvat Credit is accounted by crediting the amount to cost of purchases on receipt of goods and is used on dispatch by debiting Excise Duty Account.

I) EMPLOYEE BENEFITS

- i) Short term employee benefits are recognised as an expense at the undiscounted amount in the Profit & Loss account in the year in which the related services are rendered.
- ii) Contribution to Provident Fund & Employee Pension Scheme are accounted on accrual basis.
- iii) Provision for gratuity liability is made based on actuarial valuation as at the balance sheet date which is in accordance with Accounting Standard No. 15 issued by the Institute of Chartered Accountants of India.
- iv) Company's liabilities towards compensated absences to employees are determined on the basis of valuations as at balance sheet date carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains & losses comprise experience adjustments and the effect of changes in actuarial assumptions are recognised immediately in the profit and loss Account.

J) FOREIGN CURRENCY TRANSACTIONS

- i) Transactions denominated in foreign currency are converted into Indian rupees at the exchange rate prevailing on the date of transaction.
- ii) Gains and losses on settlement of the transaction are recognised in profit and loss account.
- iii) Monetary assets or liabilities in foreign currencies at the year end are restated in Indian currency at the exchange rate prevailing on the date of balance sheet and the resultant gain or loss is recognised in profit and loss account
- iv) Investments in shares of foreign subsidiary company is stated in Indian currency at the rate of exchange prevailing at the time when the original investments was made.

K) PROVISIONS & CONTINGENT LIABILITIES

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if :

- a) the Company has a present obligation as a result of a past event
- b) a probable outflow of resources is expected to settle the obligation
- c) the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of :

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- b) a present obligation when no reliable estimate is possible
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote

Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

L) TAXATION

- i) Current Taxation : Provision for current tax is made on the basis of estimated tax liability as per applicable provisions of the Income Tax Act, 1961. No provision for taxation is made in view of brought forward losses.
- ii) Deferred Taxation : Deferred Tax Assets are recognised to the extent there is reasonable certainty that these assets can be realised in future. In absence of virtual certainty of sufficient future taxable income, deferred tax has not been recognised as a matter of prudence.

M) EARNING PER SHARE

The basic and diluted earnings per share is computed by dividing the net profit/(loss) after tax attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year. The EPS is calculated both before & after the extraordinary income.

2 Contingent Liabilities not provided for

- a) Inland Guarantee : Rs. 4,530,959/- (Previous year Rs.4,530,959/-).
- b) Claims against the company not acknowledged as debts of Rs.511 lacs (Previous year Rs.511 lacs).
- c) Sales tax assessment dues for accounting year 2003-04 of Rs 66 lacs is not provided as debts as the matter is under appeal with Dy Commissioner of Sales Tax.

	<u>As at</u> <u>31.03.2011</u> Rs.	<u>As at</u> <u>31.03.2010</u> Rs.
3 Advances recoverable in cash or in kind or for value to be received includes		
a) Due from Jaysynth Anthraquinones Ltd. a Subsidiary company	28,191,234	68,291,234
b) Due from Jaysynth Polychem Pvt Ltd a Company in which directors are interested.	17,800,000	17,800,000
	<u>2010-11</u>	<u>2009-10</u>
4 Auditors' Remuneration		
Audit fees	125,000	125,000
Income Tax Matters	30,000	30,000
Tax Audit Fees	17,500	17,500
Service Tax	17,768	17,768
	<u>190,268</u>	<u>190,268</u>

5 Information pursuant to the provisions of paragraph 3 to 4D of Part II of Schedule VI of the Companies Act, 1956 with other notes:

	<u>2 0 1 0 - 1 1</u>	<u>2 0 0 9 - 1 0</u>
a) TURNOVER :		
CLASS OF PRODUCTS	Qty.(Kgs) Rs.	Qty.(Kgs) Rs.
Others *	85,200 14,588,994	56,875 9,055,345
	<u>14,588,994</u>	<u>9,055,345</u>

* Represents Sale of raw material items

b) RAW MATERIALS WRITTEN OFF :		
I T E M	Qty.(Kgs) Rs.	Qty.(Kgs) Rs.
Others *	- -	- 10,505,204
	<u>-</u>	<u>10,505,204</u>

* Represents stock written off which has become obsolete and substandard due to deterioration over last few years.

c) RAW MATERIAL PURCHASE :		
I T E M	Qty.(Kgs) Rs.	Qty.(Kgs) Rs.
Others	85,200 13,075,190	56,875 8,115,746

d) CAPACITIES, PRODUCTION & STOCKS :

i) * Licensed Capacity :

Dyes & Pigments

Dye Intermediates

Auxiliaries

Fungicides (Technical Grade)

N.A

N.A

N.A

30 MT

N.A

30 MT

ii) * Installed Capacity :

Dyes & Pigments

Dye Intermediates

Fungicides (Technical Grade)

4200 MT

300 MT

30 MT

4200MT

300 MT

30 MT

* As certified by Directors and relied upon by the Auditors, being a technical matter.

iii) Production :

Qty.(Kgs)

Dyes & Pigments

Fungicides

-

-

Qty.(Kgs)

-

-

iv) Captive Consumption :

Dyes & Pigments

-

31.03.2011

31.03.2010

v) Opening Stock of Finished Goods:

Qty.(Kgs)

Rs.

Qty.(Kgs)

Rs.

ITEM

Dyes & Pigments

Auxiliaries

Fungicides

Dye Intermediates

(Included in Closing Work In Progress)

83,938

1,285,534

1,040

4,520

898

96,205

143,223

1,470,930

83,938

12,851,576

1,040

45,417

898

967,061

143,223

14,709,307

1,386,259

13,864,054

vi) Closing stock of Finished Goods :

Qty.(Kgs)

Rs.

Qty.(Kgs)

Rs.

ITEM

Dyes & Pigments

Auxiliaries

Fungicides

Dye Intermediates

(Included in Opening Work In Progress)

83,938

1,285,534

1,040

4,520

898

96,205

143,223

1,470,930

83,938

1,285,534

1,040

4,520

898

96,205

143,223

1,470,930

1,386,259

1,386,259

- 6 Interest received as shown in the schedule of Other Income is net of interest paid Rs. 88,581/- (Previous year Rs. 154,333/-) TDS on Interest Income received is Rs. 37,938/- (Previous year Rs. 73,143/-).
- 7 The Company is in the process of identifying suppliers falling under the Micro, Small and Medium Enterprises Development Act, 2006. However, no confirmation as regards to the status has been received by the Company.
- 8 In the opinion of Board and to the best of their knowledge and belief, the realisable value, in the ordinary course of business, of Current Assets, Loans & Advances will not be less than the amount at which they are actually stated in the Balance Sheet unless otherwise stated elsewhere in the notes and the provision for all known and determined liabilities are adequate and not in excess of the amount reasonably required.
- 9 The summarised position of post-employment benefits & long term employee benefits recognized in the Profit & Loss Account and Balance Sheet are as under :-

	(Rs. in Lacs)	
	Gratuity funded	Leave Encashment Unfunded
a) Expenses recognised in the statement of Profit & Loss		
Current Service Cost	4.41	0.03
Interest Cost	3.98	0.09
Expected Return on plan assets	-	-
Net Actuarial gain (loss) recognised in the year	(4.23)	0.01
Past Service Cost	-	-
Expenses recognised in the statement of Profit & Loss	4.16	0.14
b) Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial gain (loss) plan assets	0.28	-
Actual return on plan assets	0.28	-

c) Balance Sheet recognition		
Present value of obligation	54.25	1.32
Fair value of plan assets	(4.28)	-
Liability (assets)	49.97	1.32
Unrecognised past service cost	-	-
Liability (asset) recognised in the Balance Sheet	49.97	1.32
d) Changes in the present value of the Obligation		
Present value of obligation as on 31st March 2010	49.81	1.18
Interest cost	3.98	0.09
Current service cost	4.41	0.03
Past service cost	-	-
Benefits paid	-	-
Actuarial (gain) loss on obligation	(3.95)	0.01
Present value of obligation as on 31st March 2011	54.25	1.32
e) Changes in the fair value of the assets		
Fair value of plan assets as on 31st March 2010	4.00	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gain (Loss) plan assets	0.28	-
Fair value of plan Assets as on 31st March 2011	4.28	-
Total actuarial gain (loss) recognised during the year	4.23	(0.01)
f) Actuarial assumptions		
Discount rate	8% p.a.	8% p.a.
Expected return on plan assets	8% p.a.	N/A
Future salary increases	5% p.a.	5% p.a.
Attrition	5% p.a.	5% p.a.
Retirement	58 yrs	58 yrs
Mortality	L.I.C 1994-96 ULTIMATE	

10 Related party disclosure under Accounting Standard -18 :-

a) The list of related parties as identified by the management are as under:

Subsidiary

i) Jaysynth Anthraquinones Ltd.

Associates / Companies / Firms :-

i) Jaysynth Dyestuff (India) Ltd.

ii) Jaysynth (Europe) Ltd. (Subsidiary upto 21.3.2011)

iii) Jaysynth Impex Ltd.

iv) Jaysynth Polychem Pvt.Ltd.

v) Shoorji Trikamdas Investment Company Pvt. Ltd

vi) Jay Pesticides Pvt Ltd.

vii) R P Trading Co.

Key Management Personnel

i) Shri S.S.Kothari.

ii) Shri M.K.Kothari.

iii) Shri S.K.Kothari.

b) The following transactions were carried out with the related parties

(Rs. in Lakhs)

Particulars	Subsidiaries		Associates		Key Management Personnel	
	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>
i) O/s Balance	Dr.281.91	Dr.527.59	Cr 322.00	Cr 479.41	-	-
ii) Receipt / Payment (Net)	(401.00)	(28.50)	117.55	(303.59)	-	-
iii) Sale of Goods / Services	-	-	196.69	94.18	-	-
iv) Exchange Difference	-	17.81	(1.50)	-	-	-
v) Sitting Fees	-	-	-	-	0.35	0.42

11 Earning per share : -

	<u>Year ended</u> <u>31.03.2011</u>	<u>Year ended</u> <u>31.03.2010</u>
Number of Shares used in Computing Earning per Share	13,250,000	13,250,000
Face value per share (Rs.)	1	1
Loss before Extra Ordinary Income (Rs. in lakhs)	(362.62)	(705.52)
Earning per Share - Basic & Diluted (Rs.)-Before Extra ordinary Income	(2.74)	(5.32)
Profit as per Profit & Loss Account (Rs. in lakhs)	(362.62)	9.36
Earning per Share - Basic & Diluted (Rs.)-After Extra ordinary Income	(2.74)	0.07

12 Segment Reporting :**a) Primary Segment**

The operation of the Company relates to one business segment i.e. trading of Dyes and Pigments.

b) Secondary Segment

Entire business operations relates to domestic market.

- 13** Dues payable to the workers on account of retrenchment & retirements were provided in the accounts in earlier years on estimated basis. The litigation in the matter is going on in the court. Therefore, final liability on this account cannot be ascertained at this stage. Hence, adequacy of the provision made in this regard in earlier years cannot be ascertained at this stage.

- 14 a)** Investments include investment of Rs. 64,600,000/- made in earlier years in Jaysynth Anthraquinones Limited (JAQL), a wholly owned subsidiary of the Company, which comprises of 540,000 Equity Shares of Rs. 100/- each at a cost of Rs.63,600,000/- and 10,000 Preference Shares of Rs. 100/- each at the cost of Rs. 1,000,000/-. These shares are not listed. The Company has also advanced in earlier years unsecured loans whose balance outstanding as on 31.3.2011 is Rs.28,191,234/-

The network of JAQL was fully eroded as on March 31, 2002 and the secured loans are more than Book value of the Assets as on date of the last audited accounts, i.e., March 31, 2011. Pursuant to the Order dated 06.12.2005 passed by the Board for Industrial & Financial Reconstruction (BIFR) JAQL has been declared as a 'Sick Industrial Company' within the meaning of clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

In view of the above, the realisable value of above investments may be considered as Nil and the Unsecured Loan may be considered as doubtful of recovery. However, no provision has been made in the accounts for loss of Rs. 92,791,234/- in the value of these Investments and Unsecured Loan. JAQL has forwarded Draft Rehabilitation Scheme (DRS) to ICICI Bank Ltd., the Operating Agency (OA), appointed by BIFR and the OA has submitted the DRS with its recommendation to BIFR. The DRS interalia proposes amalgamation of JAQL with Jaysynth Impex Ltd. with effect from 1st April, 2010. The said DRS was circulated by Hon'ble BIFR in July, 2011 and 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.

- b) i)** Investments also include investment of Rs. 22,425,000/- made in earlier years in Jaysynth Polychem Pvt. Ltd. (JPPL), an Associate Concern of the Company comprising of 224,250 Equity Shares of Rs. 100/- each. These shares are not listed.

The network of JPPL was fully eroded as on March 31, 2006 and hence the realisable value of above investments may be considered as Nil. However, no provision has been made in the accounts for loss of Rs 22,425,000/-.

- ii)** As regards advances of Rs.17,800,000/- recoverable from JPPL, the same has been considered doubtful of recovery for which no provision is made in the accounts during the year ended 31.03.2011.

- c) i)** Investments also include investment of Rs. 26,740,000/- made in earlier years in Jaysynth (Europe) Ltd. (JEL), an Associate Concern of the Company comprising of 500,000 Equity Shares of 1£ each. These shares are not listed. In the previous year JEL was the 100% subsidiary of the company but now it ceases to be a subsidiary wef 22.3.2011 as the ownership interest of the company has been reduced to 42.55% (Previous year 100%) on account of further issue of shares by JEL.

- 15** Balance of loans & advances, sundry debtors, sundry creditors including unsecured creditors & deposits are subject to adjustment, reconciliation and confirmation by the parties.

- 16** Previous year's figures have been regrouped, readjusted, reworked and reclassified wherever necessary.

As per our report of even date attached

FOR MAGANLAL & AJAY MEHTA

Chartered Accountants

Firm Registration No. -105730W

MAGANLAL THACKER

Partner

Membership No. - 4549

Place : Mumbai

Date : November 25, 2011

S. S. Kothari

Chairman & Managing Director

S. K. Kothari

Director

R. C. Tolat

Secretary

Cash flow statement for the year ended March 31, 2011

	Year Ended		Year Ended	
	March 31, 2011		March 31, 2010	
	Rs.		Rs.	
A. Cash flow from operating activities				
Net profit before tax and extraordinary items	(36,261,553)		(68,913,116)	
Adjustment for :				
Depreciation	36,255,707		36,508,653	
(Profit) on Sale of Fixed Assets	(1,168,513)		(22,312)	
(Profit) on Sale of Investments	(671,607)		-	
Interest & Finance charges	50,774		68,339	
Prior Period Adjustments	-	34,466,361	(1,635,884)	34,918,796
Operating profit before working capital changes		(1,795,192)		(33,994,320)
Trade and other receivables	38,078,535		10,851,303	
Inventories	-		38,463,850	
Trade Payables	(39,264,617)	(1,186,082)	13,295,794	62,610,947
Cash generated from operations		(2,981,274)		28,616,627
Interest & Finance charges paid (Net)	(50,774)		(68,339)	
Direct Taxes(paid) /refund	45,204	(5,570)	(91,204)	(159,543)
Cash flow before extraordinary items		(2,986,844)		28,457,084
Extraordinary Items				71,488,491
Waivers & compromise by Secured Creditors				-
Net cash from operating activities		(2,986,844)		99,945,575
B. Cash flow from investing activities :				
Sale of Fixed Assets		1,980,000		245,000
Sale of Investments		2,293,847		-
Net cash from investing activities		4,273,847		245,000
C. Cash flow from financing activities :				
Proceeds from Borrowings (Net of Repayments)		(881,173)		(30,707,071)
Write back off Secured Creditors on account of waiver, compromise & restructuring		-		(10,720,000)
Write back off Unsecured Creditors on account of waiver, compromise & restructuring		-		(27,000,000)
Write back off Interest on account of waivers, compromise & restructuring by Unsecured Creditors		-		(33,768,492)
Net cash from financing activities		(881,173)		(102,195,563)
Net (decrease)/increase in cash and cash equivalents		405,830		(2,004,988)
Cash and Cash Equivalents as at 01/04/2010 (Opening Balances)	7,006,317		9,011,305	
Cash and Cash Equivalents as at 31/03/2011 (Closing Balances)	7,412,147	405,830	7,006,317	(2,004,988)

As per our report of even date attached

FOR MAGANLAL & AJAY MEHTA

Chartered Accountants

Firm Registration No. -105730W

MAGANLAL THACKER

Partner

Membership No : 4549

Place : Mumbai

Date : November 25, 2011

To,

The Board of Directors

JD ORGOCHEM LIMITED

Mumbai

Chairman & Managing Director

S. S. KOTHARI

S. K. KOTHARI

Director

R. C. TOLAT

Secretary

We have examined the above cash flow statement of JD ORGOCHEM LIMITED for the year ended March 31, 2011. The statement has been prepared by the Company and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

FOR MAGANLAL & AJAY MEHTA

Chartered Accountants

Firm Registration No. -105730W

MAGANLAL THACKER

Partner

Membership No : 4549

Place : Mumbai

Date : November 25, 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO THE SUBSIDIARY COMPANIES.**

JAYSYNTH ANTHRAQUINONES LIMITED -

1. Period of the Company ended on	Year Ended March 31, 2011
2. Fully paid shares of the subsidiary company held by JD Orgochem Limited	
(a) Number of equity shares (Face value of Rs. 100/- each)	540,000
(b) Extent of holding	100%
(c) Number of 9% Redeemable Cumulative Preference Shares (Face value of Rs. 100/- each)	10,000
(d) Extent of Holding	100 %
3. The Net aggregate amount, so far as it concern the members of JD Orgochem Limited, the holding company and is not dealt With in the Company's accounts, of the Subsidiarys' profit after Deducting its losses :	
(a) For the Financial year of the Subsidiary	(1,102,289)
(b) For the previous financial year/ years of the Subsidiary since it became the Subsidiary.	(231,206,042)
4. The Net aggregate amount of the Subsidiarys' profit after deducting Its losses, so far as these profits are dealt with or provision is made For these losses in the companys' accounts :	
(a) For the finaical year of the Subsidiary	Nil
(b) For the previous financial year / years of the Subsidiary since became the Subsidiary	Nil


S. S. KOTHARI
Chairman & Managing Director


S. K. KOTHARI
Director


R. C. TOLAT
Secretary

PLACE : Mumbai
DATE : November 25th, 2011

JD ORGOCHEM LIMITED**Balance Sheet Abstract and Company's General Business Profile****I. REGISTRATION DETAILS**

Registration No.	16908	State Code	11
Balance Sheet Date	31-03-11		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS OF FUNDS (AMOUNT RS. IN THOUSAND)

Total Liabilities	985,546	Total Assets	985,546
Sources of Funds		Application of Funds	
Paid-Up Capital	13,250	Net Fixed Assets	180,579
Reserves & Surplus	544,811	Investments	114,171
Share Application Money	50,000	Net Current Assets	(36,394)
Secured Loans	366,680	Misc. Expenditure	NIL
Unsecured Loans	10,805	Accumulated Losses	727,190

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (including other income & Extra Ordinary Income)	21,802	Total Expenditure	58,064
Profit / (Loss) before Tax	(36,262)	Profit /(Loss) after Tax	(36,262)
Earning Per Share (in Rs.)	(2.74)	Dividend %	NIL

V. Generic Names of Three Principal Products / Services of Company

ITEM CODE NO.(ITC CODE)

PRODUCT DESCRIPTION

3204.16

REACTIVE DYES

3204.11

DISPERSE DYES

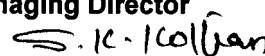
NIL

DYES INTERMEDIATES.

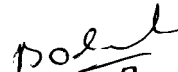
For and on behalf of the Board



S. S. KOTHARI
Chairman & Managing Director



S. K. KOTHARI
Director



R. C. TOLAT
Secretary

PLACE : MUMBAI

DATE : November 25, 2011

REPORT OF THE AUDITORS TO THE DIRECTORS OF JD ORGOCHEM LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JD ORGOCHEM LIMITED AND ITS SUBSIDIARY

We have examined the attached consolidated Balance Sheet of **JD ORGOCHEM LIMITED**, the Parent Company, and its subsidiary, namely, Jaysynth Anthraquinones Limited (collectively referred to as the group), as at 31st March, 2011, the consolidated Profit & Loss Account and consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the management of the Parent Company. Our responsibility is to express an opinion on these financial statements based on our audit.


1. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from any material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We have audited the financial statements of an Indian subsidiary viz. Jaysynth Anthraquinones Limited referred to in Note 1 b) to the Consolidated Financial Statements for the year ended 31st March 2011 whose financial statements of 12 months prepared for consolidation reflect total assets of Rs. 2,366.39 lakhs as at 31st March, 2011 and total revenue of Rs.0.72 lakhs for the year ended on that date.
3. We report that the consolidated financial statements have been prepared by the parent company in accordance with the requirements of Accounting Standard AS-21 - Consolidated Financial Statements and Accounting Standard AS-23 – Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the parent company and its subsidiary companies included in the consolidated financial statements.
4.
 - a) ***Adequacy of the provision made by the parent company, JD Orgochem Limited for meeting workers liability cannot be ascertained as referred to in note no. 10 of Schedule 'R'.***
 - b) ***No provision has been made by the parent company, JD Orgochem Limited in the accounts for the diminution in the value of investments in the shares of Jaysynth Polychem Private Limited as well as advances given as referred to in note no. 11 (b) of Schedule 'R' resulting into the understatement of accumulated losses by Rs. 402.25 lakhs.***
 - c) ***No provision has been made in the accounts for the write off of goodwill as shown in Schedule of Fixed Assets of Rs. 96 lakhs no more realisable as referred to in note no. 11 (a) of Schedule 'R' resulting into the understatement of accumulated losses by Rs. 96 lakhs.***
 - d) ***No provision of Rs. 2.97 lakhs for the Gram Panchayat Tax payable for the year ended 31th March 2011 has been made by a subsidiary company Jaysynth Anthraquinones Limited resulting into understatement of accumulated losses to that extent as referred to in note no. 9(i) of Schedule 'R'.***
5. The accounts of the parent company viz. JD Orgochem Limited have been prepared on the basis that the company is a going concern. The company has fixed assets at its unit at Patalganga. The Hon'ble High Court of Bombay on 20/06/2008 has approved the Scheme of Compromise/ Arrangement between Secured Creditors and equity shareholders and the scheme has been effective from 04/07/2008. The company's plant at Patalganga was partially restarted in earlier year. However no manufacturing activity is carried out during

the year under reference and hence we are still unable to express any opinion about the company's ability to continue as a going concern in the foreseeable future.

6. The accounts of subsidiary company viz. Jaysynth Anthraquinones Ltd. have been prepared on the basis that company is a going concern. However, the Company has been declared as a 'Sick Industrial Company' within the meaning of clause (O) of subsection (I) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 pursuant to the order dated 6th December 2005 passed by the Board for Industrial & Financial Reconstruction (BIFR), hence we are unable to express any opinion presently in this regard.
7. Subject to above and on the basis of information and explanations given to us, we are of the opinion that except for the effect, if any on account of possible adjustments stated above, the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in case of the Consolidated Balance Sheet, of state of affairs of the group as at 31st March, 2011;
 - b) in case of the Consolidated Profit and Loss Account, of the consolidated loss of the group for the year ended on that date; and
 - c) in case of the Consolidated Cash Flow Statement, of the consolidated Cash Flows for the year ended on that date.

**For Maganlal & Ajay Mehta
Chartered Accountants**

Firm Registration No. -105730W



(Maganlal Thacker)

Partner

Membership No. 4549

Place : Mumbai.

Date : November 25, 2011

JD ORGOCHEM LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Schedule</u>		<u>As At</u> <u>March 31, 2011</u>	<u>As At</u> <u>March 31, 2010</u>
			<u>Rs.</u>	<u>Rs.</u>
I. Sources of Funds				
1. Shareholders' Funds:				
i) Share capital	A	13,250,000	13,250,000	
ii) Share application money		50,000,000	50,000,000	
iii) Reserves & surplus	B	548,810,626	549,948,110	
iv) Capital Reserve on consolidation		-	7,276,500	620,474,610
			<u>612,060,626</u>	
2. Loan Funds:				
i) Secured loans	C	475,602,439	475,602,439	
ii) Unsecured loans	D	51,330,618	526,933,057	487,764,230
			<u>1,138,993,683</u>	<u>1,108,238,840</u>
II. Application of Funds				
1. Fixed Assets:	E			
i) Gross block (net of impairment loss)		1,017,260,781	1,021,164,284	
ii) Less: depreciation		821,479,898	787,748,966	
iii) Net block			<u>195,780,883</u>	233,415,318
2. Investments	F		49,581,259	24,463,499
3. Current Assets, Loans & Advances:				
i) Inventories	G	5,270,873	24,066,962	
ii) Sundry Debtors	H	-	41,062,547	
iii) Cash & Bank Balances	I	7,870,279	26,341,744	
iv) Loans & Advances	J	33,389,429	31,305,846	
		<u>46,530,581</u>	<u>122,777,099</u>	
4. Current Liabilities & Provisions:				
i) Liabilities	K	105,105,311	192,111,475	
ii) Provisions	L	7,291,681	6,640,639	
		<u>112,396,992</u>	<u>198,752,114</u>	
Net Current Assets			<u>(65,866,411)</u>	<u>(75,975,015)</u>
5. Profit & Loss Account			<u>959,497,952</u>	<u>926,335,038</u>
			<u>1,138,993,683</u>	<u>1,108,238,840</u>
Notes forming part to the accounts	R			

As per our report of even date attached

FOR MAGANLAL & AJAY MEHTA

Chartered Accountants

Firm Registration No. -105730W

MAGANLAL THACKER

Partner

Membership No : 4549

Place : Mumbai

Date : November 25, 2011

S.S.KOTHARI

Chairman & Managing Director

S.K.KOTHARI

Director

R.C.TOLAT

Secretary

JD ORGOCHEM LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<u>Schedule</u>	<u>Year Ended</u> <u>March 31, 2011</u>	<u>Year Ended</u> <u>March 31, 2010</u>
Income		Rs.	Rs.
Sales		14,588,994	123,132,263
Other income	M	7,219,395	14,543,720
Total Income		21,808,389	137,675,983
Expenditure			
Raw material written off	N	-	10,505,204
Material purchased		13,075,190	8,115,746
Finished goods purchased		-	100,922,533
Manufacturing and other expenses	O	9,456,150	15,310,253
Interest & finance charges	P	53,181	326,250
Depreciation	E	36,587,710	39,940,400
		59,172,231	175,120,386
Add : Decrease/(Increase) in stock	Q	-	36,766,892
Total Expenditure		59,172,231	211,887,278
Loss before extraordinary income		(37,363,842)	(74,211,295)
Add : Extra ordinary income(net)		-	71,488,491
Profit/(Loss) for the year		(37,363,842)	(2,722,804)
Excess provision of income tax of earlier years		(1,062)	(3,420)
Provision for tax		-	7,484
Prior period adjustments		-	(1,635,884)
Balance brought forward		(922,133,048)	(921,580,414)
Balance carried to balance sheet		(959,497,952)	(926,335,038)
Notes forming part of the accounts	R		

As per our report of even date attached

FOR MAGANLAL & AJAY MEHTA

Chartered Accountants

Firm Registration No. -105730W

MAGANLAL THACKER

Partner

Membership No : 4549

Place : Mumbai

Date : November 25, 2011

S/S.KOTHARI

Chairman & Managing Director

S.K.KOTHARI

Director

R.C.TOLAT

Secretary

Schedules forming part of the Balance Sheet as at March 31, 2011

Schedule - A

Share capital

Authorised:

300,000,000 Equity Shares Of Re. 1/- each

As At
March 31, 2011
Rs.

As At
March 31, 2010
Rs.

300,000,000
300,000,000

300,000,000
300,000,000

Issued subscribed & paid up:

13,250,000 Equity Shares Of Re. 1/-each fully paid up out of the above

13,250,000

13,250,000

a) 169,000 shares were issued and allotted for consideration other than cash to the shareholders of erstwhile Jay Phthalocyanines Pvt.Ltd, Jay Ethyl Organics Pvt.Ltd. & N. A. Chemicals Pvt.Ltd. pursuant to the Scheme of Amalgamation.,

b) 8,209,960 Shares were issued as fully paid up Bonus Shares out of Share Premium , Capital Redemption Reserve & General Reserve.

13,250,000

13,250,000

Schedule - B

Reserves and Surplus

Share Premium Account

As per last Balance Sheet

385,560,626

385,560,626

Debenture Redemption Reserve

As per last Balance sheet

40,000,000

40,000,000

Capital Reserve

119,250,000

119,250,000

Special Capital Incentive

As per last Balance Sheet

4,000,000

4,000,000

Currency Fluctuation Reserve - On Consolidation

-

1,137,484

548,810,626

549,948,110

Schedule - C

Secured loans

Zero Coupon Loan (ZCL)

114,600,000

114,600,000

Zero Coupon Non Convertible Debentures(ZCD)

160,400,000

160,400,000

(1,604,000 Debentures of Rs 100/- each)

Secured Creditors

91,680,000

91,680,000

Term Loan from Bharti Polytex Pvt. Ltd.

44,000,000

44,000,000

Interest accrued & due on above

64,922,439

64,922,439

475,602,439

475,602,439

NOTES:-

- 1 The Zero Coupon Loan (ZCL) shall be repaid in five equal quarterly installments commencing from March 30,2014 and ending on March 30,2015.
- 2 The Zero Coupon Non Convertible Debentures (ZCD) shall be redeemable at a premium of 50% in ten equal quarterly installment commencing from June 30,2015 and ending on September 30, 2017. Letter of allotment has been issued but debenture certificate is yet to be issued.
- 3 The secured loan aggregating to Rs.916.80 Lacs shall be converted into 91,680,000 Equity shares of Re. 1/- each at par as per scheme of compromise & restructuring sanctioned by High Court of Bombay and after obtaining necessary approvals.
- 4 The abovementioned Secured loans shall be secured by first pari passu charge on all the existing asset of the company situated at Patalganga Unit, and upon creation of such security ,the existing security/securities/existing personal guarantees of directors and charges shall stand satisfied and released without any further act on part of secured creditors.
- 5 All the guarantors of the company shall jointly and severally, provide an irrevocable and unconditional guarantee cum shortfall undertaking in favour of the secured creditors to make good the shortfall, if any, in the event realisation to Secured Loan from the sale of Patalganga Unit is less than Rs. 1,200 lacs.

Schedule - D

Unsecured loans

From Jaysynth Impex Ltd.

40,050,000

-

Sales tax deferred loan

475,073

475,073

From Directors

10,204,460

10,229,460

Others (from agents)

601,085

1,457,258

(Including Interest accrued & due Rs. 42,715 /-; previous year Rs. 151,281 /-)

51,330,618

12,161,791

Schedules forming part of the Balance Sheet as at March 31, 2011

Schedule-E

Fixed Assets

Description	Gross Block			Depreciation				Net Block	
	As At April 1,2010	Deduction	As At March 31,2011	Upto March 31,2010	For the year	Deduction	Upto March 31,2011	As At March 31,2011	As At March 31,2010
Goodwill - on consolidation	9,600,000	-	9,600,000	-	-	-	-	9,600,000	9,600,000
Leasehold land	1,223,253	-	1,223,253	340,625	13,458	-	354,083	869,170	882,628
Factory building	255,988,623	-	255,988,623	152,593,235	7,291,563	-	159,884,798	96,103,825	103,395,388
Buildings	540,152	-	540,152	98,467	8,811	-	107,278	432,874	441,685
Plant & machinery	722,377,564	1,460,000	720,917,564	607,977,709	28,481,144	793,716	635,665,137	85,252,427	114,399,855
Elec. installation	1,513,603	-	1,513,603	1,308,534	63,133	-	1,371,667	141,936	205,069
Furniture & fixtures	6,198,512	-	6,198,512	5,781,268	24,890	-	5,806,158	392,354	417,243
Equipments	15,511,659	-	15,511,659	12,494,227	634,472	-	13,128,699	2,382,960	3,017,432
Patents	300	-	300	300	-	-	300	-	-
Computers	3,087,298	-	3,087,298	2,900,331	-	-	2,900,331	186,967	186,967
Vehicles	2,562,675	1,058,262	1,504,413	2,137,533	14,407	913,060	1,238,880	265,533	425,142
Books	1,175,404	-	1,175,404	966,735	55,832	-	1,022,567	152,837	208,669
Total	1,019,779,043	2,518,262	1,017,260,781	786,598,964	36,587,710	1,706,776	821,479,898	195,780,883	233,180,078
Previous Year	1,022,186,601	1,022,317	1,021,164,284	748,608,195	39,940,400	799,629	787,748,966	233,415,318	273,578,405

Schedule - F

Investment (At Cost)	Face value <u>Per Share</u>	No. of Equity <u>Shares</u>	<u>As At</u> <u>March 31,</u> <u>2011</u> Rs.	<u>As At</u> <u>March 31,</u> <u>2010</u> Rs.
1. Government Securities				
6 Years National Savings Certificates			1,000	1,000
2. Shares of companies				
Trade Investments :				
Quoted - Fully paid up:				
Jaysynth Dyestuff (I) Ltd.	1	162,224	0	1,622,240
Galore Prints Ltd.	10	2,100	21,000	21,000
Ocean Knit Ltd.	10	32,400	324,000	324,000
Mafatla Finance Ltd.	10	1,100	55,759	55,759
Unquoted - Fully paid up:				
Jaysynth (Europe) Ltd.	1 £	500,000	26,740,000	-
Jaysynth Polychem Pvt. Ltd.	100	224,250	22,425,000	22,425,000
Raghuvanshi Co-op Bank Ltd.	25	180	4,500	4,500
Antop Hill Warehousing Co. Lt	1000	10	10,000	10,000
			49,581,259	24,463,499
Aggregate value of unquoted investments			49,180,500	22,440,500
Aggregate value of quoted investments			400,759	2,022,999
Market value of quoted investments			-	1,875,309

Schedules forming part of the Balance Sheet as at March 31, 2011

	As At March 31, 2011	As At March 31, 2010
Schedule - G		
Inventories	Rs.	Rs.
i) Raw materials	1,167,244	1,167,244
ii) Finished goods	1,386,259	20,182,348
iii) Work in progress	1,474,754	1,474,754
iv) Stores & spares	1,242,616	1,242,616
	5,270,873	24,066,962
Schedule - H		
Sundry Debtors		
(Unsecured-considered good, except otherwise stated-for which the company holds no security other than the debtors personal security)		
i) Due over six months	-	162,739
ii) Others	-	40,899,808
	-	41,062,547
Schedule - I		
Cash and Bank balances		
i) Cash and cheques on hand	394,797	381,945
ii) Balances with scheduled banks		
A) In current accounts	1,158,086	18,854,533
B) In margin money	6,181,856	5,556,588
C) In deposit account	135,540	1,548,678
	7,870,279	26,341,744
Schedule - J		
Loans and Advances		
(Unsecured-considered good, except otherwise stated-for which the company holds no security other than the debtors personal security)		
i) Advances recoverable in cash or in kind or for value to be received.(See Note No 12 Of Sch.R)	31,231,634	29,013,150
ii) Balances With Excise And Customs Authorities	695,768	695,768
iii) Loans & advances to employees	578,476	632,476
iv) Income tax (Including T.D.S.)	825,918	863,757
v) Fringe benefit tax	57,633	100,695
	33,389,429	31,305,846
Schedule - K		
Current Liabilities		
Sundry creditors	1,520,060	60,981,093
Advance payments received for goods to be supplied	19,007,054	33,826,972
Other liabilities	84,578,197	97,303,410
	105,105,311	192,111,475
Schedule - L		
Provisions		
Provision for unutilised leaves	1,894,267	1,880,375
Provision for gratuity	4,996,655	4,580,574
Provision for fringe benefit tax	-	32,000
Provision for diminution in value of Investments	400,759	147,690
	7,291,681	6,640,639

Schedules annexed to and forming part of the Profit & Loss Account for the year ended March 31, 2011

	<u>Year ended</u> <u>March 31, 2011</u>	<u>Year ended</u> <u>March 31, 2010</u>
	<u>Rs</u>	<u>Rs</u>
Schedule - M		
Other Income		
Interest	408,448	480,871
Sundry balances written back (net)	522,022	7,651,212
Professional & Consultancy Charges received	4,350,520	-
Profit / (Loss) on sale of assets	1,168,513	(52,688)
Profit on sale of investments	671,607	-
Foreign exchange difference (Net)	98,285	4,485,868
Miscellaneous	-	1,978,457
	<u>7,219,395</u>	<u>14,543,720</u>
Schedule - N		
Raw Material written off		
Opening stock	1,167,244	11,672,448
Less : Closing stock	<u>1,167,244</u>	<u>1,167,244</u>
	<u>-</u>	<u>10,505,204</u>
Schedule - O		
Manufacturing and other expenses		
Repairs and maintenance	456,009	44,156
Insurance	153,740	410,461
Packing materials	-	107,918
Stores & spares	-	1,775,508
Power, fuel and water	141,792	1,114,370
Excise duty	1,317,678	(348,641)
Other manufacturing expenses	684,841	687,303
Salaries, wages, bonus & allowances	1,750,334	5,782,346
Contribution to Provident & other funds	90,616	80,118
Workmen & staff welfare expenses	21,192	62,769
Travelling, conveyance and vehicle expenses	8,869	758,644
Rent rates and taxes	1,289,433	1,565,932
Advertisement and sales promotion	49,729	71,171
Legal & professional charges	2,428,981	2,034,383
Miscellaneous expenses	809,867	2,146,892
Diminution in value of investments	<u>253,069</u>	<u>(983,077)</u>
	<u>9,456,150</u>	<u>15,310,253</u>
Schedule - P		
Interest and Finance charges		
Bank charges, commission & other finance charges	<u>53,181</u>	<u>326,250</u>
	<u>53,181</u>	<u>326,250</u>
Schedule - Q		
Decrease in stock		
A. Opening stock		
Finished goods	1,386,259	43,676,444
Work in progress	<u>1,474,754</u>	<u>14,747,550</u>
B. Closing stock		
Finished goods	1,386,259	20,182,348
Work in progress	<u>1,474,754</u>	<u>1,474,754</u>
C (Increase)/Decrease in stock (A - B)	<u>-</u>	<u>36,766,892</u>

SCHEDULE : R**NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 :****1. Significant accounting policies**

- a) The consolidated Financial Statements have been prepared in accordance with the Accounting Standard - 21 on 'Consolidated Financial Statements' and the Accounting Standard - 23 on 'Accounting for Associates in Consolidated Financial Statements' issued by The Institute of Chartered Accountants of India.
- b) The subsidiary companies considered in these consolidated financial statements is:-
- | Name of the Subsidiary | Country of Incorporation | Ownership Interest |
|-------------------------------------|--------------------------|--------------------|
| Jaysynth Anthraquinones Ltd. (JAQL) | India | 100% |
- Jaysynth (Europe) Ltd. (JEL) which was 100% subsidiary of J D Orgochem Ltd. (the Parent company) ,ceases to be the subsidiary with effect from 22.03.2011 on account of further allotment of shares by JEL. The ownership interest of the parent company has now been reduced to 42.55%.
- c) In preparation of consolidated financial statements, the financial statement of the Company and its subsidiaries have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses subject to regrouping / reclassification wherever required. Impact of Inter company transactions has been eliminated on consolidation.
- d) The financial statements of the subsidiary used for consolidation are drawn upto the same reporting date as that of the holding
- e) The goodwill and capital reserve on consolidation has been recognised in the Consolidated Financial Statements.
- f) Consolidated Financial Statements have been prepared using uniform accounting policies in accordance with the generally accepted accounting policies.
- g) In case of Parent company Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence and deterioration, if any. Cost of semi finished goods and finished goods comprises of chemical cost (weighted average) plus overheads wherever applicable and that of trading finished goods comprises of cost of purchase. Excise duty on manufactured finished goods lying in the inventory is included as a part of valuation of finished goods as per Accounting standard - 2 (Revised). Cost Formulae used are 'first in first out', 'Average Cost' or 'specific identification', as applicable.
- h) Other significant Accounting Policies are set out in the 'Significant Accounting Policies and Notes on Accounts' of the Company and its subsidiary.

2. Contingent Liabilities

- a) All known liabilities are provided for in the accounts except liabilities of contingent nature which have been adequately disclosed in the
- b) Contingent Liabilities not provided for:
- I) Inland Guarantee : Rs. 4,530,959/- (Previous year Rs.4,530,959/-).
- II) Claims against the parent company not acknowledged as debts of Rs.511 lacs (Previous year Rs.511 lacs).

3 Advances recoverable in cash or in kind or for value to be received includes Rs. 17,800,000/- (P.Y. Rs.17,800,000/-) due from Jaysynth Polychem Pvt Ltd a Company in which directors are interested.

4 The Company is in the process of identifying suppliers falling under the Micro, Small and Medium Enterprises Development Act, 2006. However, no confirmation as regards to the status has been received by the Company.

5 In the opinion of Board and to the best of their knowledge and belief, the realisable value in the ordinary course of business of Current Assets, Loans & Advances will not be less than the amount at which they are actually stated in the Balance Sheet unless otherwise stated elsewhere in the notes and the provision for all known and determined liabilities are adequate and not in excess of the amount reasonably required.

6 Related party disclosure under Accounting Standard -18 :-

i) The list of related parties as identified by the management are as under:

Associate / Companies / Firms :-

1. Jaysynth Dyestuff (India) Ltd.
2. Jaysynth Impex Ltd.
3. Jaysynth Polychem Pvt.Ltd.
4. Jaysynth (Europe) Ltd. (JEL)
5. Shoorji Trikamdas Investment Company Pvt. Ltd.
6. Jay Pesticides Pvt Ltd.
7. R P Trading Co.

Key Management Personnel of the Company

1. Shri S.S.Kothari.
2. Shri M.K.Kothari.
3. Shri S.K.Kothari.
4. Shri R.K.Kothari.

ii) The following transactions were carried out with the related parties

(Rs. in Lakhs)

Sr. No.	Particulars	Associates		Key Management Personnel	
		31.03.2011	31.03.2010	31.03.2011	31.03.2010
1	O/s Bal.	Cr 722.5	Cr 479.41	--	--
2	Receipt / Payment (Net)	282.95	(303.59)	--	--
3	Sale of Goods / Services	196.69	94.18	--	--
4	Exchange Difference	(1.50)	--	--	--
5	Sitting Fees	--	--	0.44	0.57

7 Segment Reporting**a) Primary Segment**

The operation of the Company relates to one business segment i.e. trading of Dyes and Pigments.

b) Secondary Segment

Business operation of company relates to domestic market only.

8 Earning per share

	<u>Year ended</u> <u>31.03.2011</u>	<u>Year ended</u> <u>31.03.2010</u>
Number of Shares used in Computing Earning per Share	13,250,000	13,250,000
Face value per share (Rs.)	1	1
Loss as per Profit & Loss Account Before Extra-Ordinary Income(Rs. In Lacs)	(373.64)	(758.43)
Earning per Share - Basic & Diluted (Rs.) Before Extra-Ordinary Income	(2.82)	(5.72)
Profit/(Loss) as per Profit & Loss Account (Rs. in lacs)	(373.64)	(43.55)
Earning per Share - Basic & Diluted (Rs.) After Extra ordinary Income	(2.82)	(0.33)

9 In respect of JAQL, a Subsidiary Company

- I) Provision of Rs.296,560/- for the Gram Panchayat Tax payable for the year ended 31.03.2011 has not been made in the accounts.
- II) JAQL has forwarded Draft Rehabilitation Scheme (DRS) to ICICI Bank Ltd., the Operating Agency (OA), appointed by BIFR and the OA has submitted the DRS with its recommendation to BIFR. The DRS interalia proposes amalgamation of JAQL with Jaysynth Impex Ltd. with effect from 1st April, 2010. The said DRS was circulated by Hon'ble BIFR in July,2011 and 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.

10 Dues payable to the workers on account of retrenchment & retirements were provided in the accounts in earlier years on estimated basis. We have been informed that litigation in the matter is going on in the court. Therefore, final liability on this account cannot be ascertained at this stage. Hence, adequacy of the provision made in this regard in earlier years cannot be ascertained at this stage.**11 a) The Parent Company JD Orgochem Ltd. has made investment of Rs. 64,600,000/- in earlier years in Jaysynth Anthraquinones Limited (JAQL), a wholly owned subsidiary of the Company which comprises of 540,000 Equity Shares of Rs. 100/- each at a cost of Rs. 63,600,000/- and 10,000 Preference Shares of Rs. 100/- each at the cost of Rs. 1,000,000/- . These shares are not listed.**

The network of JAQL was fully eroded as on March 31, 2002 and the secured loans are more than Book value of the Assets as on date of the last audited accounts, i.e., March 31, 2011. Pursuant to the Order dated 06.12.2005 passed by the Board for Industrial & Financial Reconstruction (BIFR) JAQL has been declared as a 'Sick Industrial Company' within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

In view of the above, since the realisable value of above investments is Nil , the Goodwill of Rs 9,600,000/- shown in the Schedule of Fixed Assets in this regard is not realisable. However no provision for the same has been made in the accounts.

- b) I) Investments also include investment of Rs. 22,425,000/- made in earlier years in Jaysynth Polychem Private Limited (JPL), an Associate Concern of the Company comprising of 224,250 Equity Shares of Rs. 100/- each. These shares are not listed.

The network of JPL was fully eroded as on March 31, 2006 and hence the realisable value of above investments may be considered as Nil . However, no provision has been made in the accounts for loss of Rs. 22,425,000/-.

- II) As regards advances of Rs.17,800,000/- made to JPL, the same has been considered doubtful of recovery for which no provision is made in the accounts during the year ended 31.03.2011.

- III) Investments also include investment of Rs. 26,740,000/- made in earlier years in Jaysynth (Europe) Ltd. (JEL), an Associate Concern of the Company comprising of 500,000 Equity Shares of 1£ each. These shares are not listed. In the previous year JEL was 100% subsidiary of the company but now it ceases to be a subsidiary wef 22.3.2011 as the ownership interest of the company has been reduced to 42.55% on account of further allotment of shares by JEL.

12 Balances of loans & advances, sundry debtors, sundry creditors & deposits are subject to adjustment, reconciliation and confirmation by the parties.**13 Previous year's figures have been regrouped, readjusted, reworked and reclassified wherever necessary. However, they are not comparable as previous year figures includes figures of Jaysynth (Europe) Ltd. a subsidiary of company which ceases to be a subsidiary with effect from 21.3.2011.**

As per our report of even date attached

FOR MAGANLAL & AJAY MEHTA

Chartered Accountants

Firm Registration No. -105730W

MAGANLAL THACKER

Partner

Membership No. - 4549

Place : Mumbai

Date : November 25, 2011

S. S. Kothari

Chairman & Managing Director

S. K. Kothari

Director

R. C. Tolat

Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year Ended		Year Ended
	March 31, 2011		March 31, 2010
	Rs.		Rs.
A. Cash flow from operating activities			
Net Profit before tax and extraordinary items		(37,363,842)	(74,211,296)
Adjustment For :			
Depreciation	36,587,710		39,940,400
Profit on sale of fixed assets	(1,168,513)		(22,312)
Profit on sale of investments	(671,607)		-
Interest & finance charges	53,181		326,250
Prior period adjustments	-		(1,635,884)
Exchange difference foreign currency	-	34,800,771	(3,084,792)
Operating profit before working capital changes		(2,563,071)	(38,687,634)
Trade and other receivables	(2,001,744)		12,097,365
Inventories	-		49,480,150
Trade Payables	(39,187,267)	(41,189,011)	19,883,129
Cash generated from operations		(43,752,082)	42,773,010
Interest & Finance charges paid (Net)	(53,181)		(326,250)
Direct Taxes(paid) /refund	47,839	(5,342)	(101,204)
Cash flow before extraordinary items		(43,757,424)	42,345,556
Extraordinary Item			
Waivers & compromise by Secured Creditors		-	71,488,491
Net cash from operating activities		(43,757,424)	113,834,047
B. Cash flow from investing activities :			
Sale of Fixed Assets		1,980,000	245,000
Sale of Investments		2,293,847	-
Net cash from investing activities		4,273,847	245,000
C. Cash flow from financing activities :			
Proceeds from Borrowings (Net of Repayments)		39,168,827	(30,707,071)
Write back off Secured Creditors on account of waiver, compromise & restructuring		-	(10,720,000)
Write back off Unsecured Creditors on account of waiver, compromise & restructuring		-	(27,000,000)
Write back off Interest on account of waivers, compromise & restructuring by Unsecured Creditors		-	(33,768,492)
Net cash from financing activities		39,168,827	(102,195,563)
Net (Decrease)/Increase in cash and cash equivalents		(314,750)	11,583,484
Cash and Cash Equivalents as at 01/04/2010 (Opening Balances)	8,185,029		14,458,260
Cash and Cash Equivalents as at 31/03/2011 (Closing Balances)	7,870,279	(314,750)	26,341,744

As per our report of even date attached

For Maganlal & Ajay Mehta

Chartered Accountants

Firm Registration No. -105730W

Maganlal Thacker

Partner

Membership No : 4549

Place : Mumbai

Date : November 25, 2011

S.S.KOTHARI
Chairman & Managing Director

S.K.KOTHARI

Director

R.C.TOLAT

Secretary

To,

The Board of Directors

JD ORGOCHEM LIMITED

Mumbai

We have examined the above Cash Flow Statement of JD ORGOCHEM LIMITED for the year ended March 31, 2011. The statement has been prepared by the Company and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company.

For Maganlal & Ajay Mehta

Chartered Accountants

Firm Registration No. -105730W

Place : Mumbai

Date : November 25, 2011

Maganlal Thacker

Partner

Membership No : 4549