

Quarterly Compliance Report on Corporate Governance.

Annexure – I B

Name of the Company : JAYANT AGRO-ORGANICS LIMITED

Quarter Ending on : 30<sup>th</sup> June, 2014

Particulars	Clause of Listing Agreement	Compliance Status (Yes / No)	Remarks
1	2	3	4
<b>I Board of Directors</b>	49 I		
(A) Composition of Board	49 (IA)	Yes	Annexure A  Annexure B
(B) Non-executive Directors' compensation and disclosures.	49 (I B)	Yes	
(C ) Other provisions as to Board and Committees	49 (IC)	Yes	
(D) Code of Conduct	(49 (ID)	Yes	
<b>II. Audit Committee</b>	49 II		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee		Yes	
(C ) Powers of Audit Committee 49 (IIC)	49 (IIB)	Yes	
(D) Role of Audit Committee	49 II (D)	Yes	
(E) Review of Information by Audit Committee	49 II(E)	Yes	
<b>III. Subsidiary Companies</b>	49 (III)	Yes	
<b>IV. Disclosures</b>	49 (IV)		
(A) Basis of related party transactions	49 (IV A)	Yes	
(B) Disclosures of Accounting treatment	49 (IV B)	Yes	
(C) Board Disclosures-(Risk Management)	49 (IV) C	Yes	
(D ) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Yes	
(E) Remuneration of Directors	49 (IV E)		For F.Y.2012-13 complied at the AGM in the Annual Report 2012-13  For F.Y.2013-14 Will be complied with at the AGM in the Annual Report 2013-14
(F) Management	49 (IV F)		
(G) Shareholders	49 (IV G)		
<b>V. CEO/CFO Certification</b>	49 (V)		
<b>VI. Report on Corporate Governance</b>	49 (VI)		
<b>VII. Compliance</b>	49 (VII)		



Note :

- 1) The details under each head shall be provided to incorporate all the information required as per the provisions of the Clause 49 of the Listing Agreement.
- 2) In the column No.3, compliance or non-compliance may be indicated by Yes/No/N.A. For example, if the Board has been composed in accordance with the Clause 49 I of the Listing Agreement, "Yes" may be indicated. Similarly, in case the company has no related party transactions, the words "N.A" may be indicated against 49 (IV A).
- 3) In the remarks column, reasons for non-compliance may be indicated, for example, in case of requirement related to circulation of information to the shareholders, which would be done only in the AGM/EGM, it might be indicated in the "Remarks" column as – "will be complied with at the AGM". Similarly in respect of matters which can be complied with only where the situation arises, for example, "Report on Corporate Governance" is to be a part of Annual Report only, the words "will be complied in the next Annual Report" may be indicated.

**1 (A) Board of Directors – Vide Annexure 'A'**

**Annexure 'B'**

**(B) Non-Executive Director's compensation & disclosures -**

Non-Executive directors and independent directors mentioned in item I, Board of Directors of Clause 49(A) above, are being paid the sitting fees @ Rs.7,500/- (Sitting fees were revised pursuant to the resolution passed by the Board at its meeting held on 20<sup>th</sup> January, 2012 with immediate effect, Prior to this, sitting fees of Rs.2500/- was being paid) for attending to each Board Meeting and/or Committee meeting. The sitting fees were approved by the Board. It was also approved by the Shareholders at the AGM held on 29-9-2005. The payment of sitting fees is within the limit prescribed under the Companies Act, 1956. No other compensation is being paid to them. Stock option is not granted to non-executive directors, including independent directors.

**(C) Other provisions as to Board and Committees.**

- (i) During the quarter ended on 30<sup>th</sup> June, 2014, the Board met on 17<sup>th</sup> May, 2014 with a maximum time gap of not more than four months between any two meetings, as last Board Meeting during the quarter ended 31<sup>st</sup> March, 2014 was held on 10<sup>th</sup> March, 2014. The minimum information was made available to the Board as per Annexure I A to Clause 49 of Listing Agreement.
- (ii) No director of the Company is a member in more than 10 Committees and no Director acts as Chairman of more than five Committees, across all companies in which he is a Director. The Committees in which a Director is a member or a Chairman are as under:-

**(1) Audit Committee of Jayant Agro-Organics Ltd.**

1. Mr. Jayasinh V. Mariwala - Chairman
2. Mr. Deepak V. Bhimani - Member
3. Mr. Vijay Kumar Bhandari - Member
4. Mr. Mukesh C. Khagram - Member, and
5. Mr. Abhay V. Udeshi - Member



(2) **Share Transfers and Investors/Shareholders' Grievance Committee of Jayant Agro-Organics Ltd.**

- |                             |   |             |
|-----------------------------|---|-------------|
| 1. Mr. Vijay Kumar Bhandari | - | Chairman    |
| 2. Mr. Hemant V. Udeshi     | - | Member      |
| 3. Mr. Abhay V. Udeshi      | - | Member, and |
| 4. Dr. Subhash V. Udeshi    | - | Member      |

The Company Secretary regularly places quarterly Compliance Report at the Board Meetings.

(D) **Code of Conduct:**

The Board has on 5<sup>th</sup> December, 2005 formulated and adopted a Code of Conduct for all Board Members and Senior Management of the Company and the Code of Conduct is posted on the website of the Company.

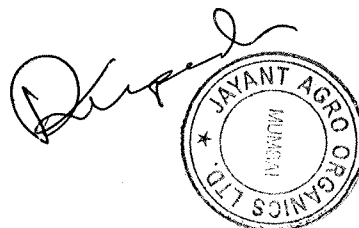
All Board members and Senior Management Personnel affirm compliance with the Code on an annual basis, i.e. in the month of April.

II. **Audit Committee :**

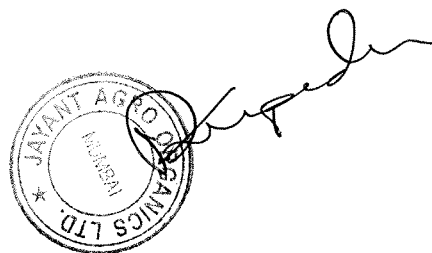
(A) **Qualified and Independent Audit Committee.**

A qualified and independent Audit Committee was constituted on 27-10-2001 and further reconstituted on 28-1-2006 & 30-05-2013 giving terms of reference, pursuant to Clause 49 of the Listing Agreement and also Section 177 of the Companies Act, 2013 corresponding Section 292A of the Companies Act, 1956. The present Audit Committee members are:-

Sr. No.	Names of Directors	Qualifications	Category	Remarks
			Independent/ Non-Independent	
1.	Mr. Jayasinh V. Mariwala	Chartered Accountant.	Independent	Vide explanation to Sr.No.4 to 7 of
2.	Mr. Deepak V. Bhimani	Graduation and Post Graduation from Lowell Technological Institute, Lowell, Massachusetts in USA in the field of Textile Chemistry	Independent	



3	Mr. Vijay Kumar Bhandari	Chartered Accountant	Independent	49 (I) (A) Composition of Board - Annexure 'A'
4	Mr. Mukesh C. Khagram	Masters in Financial Management (from the Jamnalal Bajaj Institute Management Studies University of Bombay. B. Chem Engg. (from Dept. of Chemical Technology, University of Bombay) M. S. Chem. Engg. (from State University of N.Y. and Buffalo).	Independent	
5.	Mr. Abhay V. Udeshi	B. E. (Chemical Engineering) with 1 <sup>st</sup> Class Distinction from M.S. University, Baroda.	Non-Independent	



There are five members on the Audit Committee and four of them are Independent Directors.

All members of the Audit Committee are financially literate and the Chairman of the Audit Committee possesses accounting and related financial management expertise.

The Chairman, Mr. Jayasinh V. Mariwala is an Independent Director.

The Audit Committee invites a representative of the Statutory Auditor, Internal Auditor and also CFO of the Company. The Company Secretary acts as the Secretary to the Committee.

**(B) Meeting of the Audit Committee :**

The Audit Committee met on 17.05.2014 during the quarter ended 30-06-2014

**(C) Power of Audit Committee :**

The power of Audit Committee are as stipulated in II (C) of Clause 49 on Corporate Governance of Listing Agreement, and also as prescribed in Sub-section (7) of Section 292-A of the Companies Act, 1956.

**(D) Role of Audit Committee :**

The Role of the Audit Committee includes the matters mentioned in sub-clause II (D) of Clause 49 of the Listing Agreement.

**(E) Review of Information by Audit Committee :**

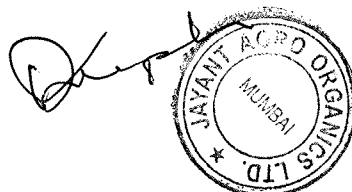
The Audit Committee reviewed the information in respect of items mentioned in sub-clause II(E) of Clause 49, before finalization of Annual Report, for the year ending 31<sup>st</sup> March, 2014

**III. Subsidiary Companies :**

There are Three subsidiaries to the Company, viz. 1) Ihsedu Agrochem Pvt. Ltd., 2) Ihsedu Coreagri Services Pvt. Ltd., and 3) Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd., which are non-listed Indian Subsidiary Companies, but Ihsedu Coreagri Services Pvt. Ltd. and Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd., are not material non-listed Indian subsidiary, because turnover or net worth as on 31<sup>st</sup> March, 2014 of Ihsedu Coreagri Services Pvt. Ltd. and Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd., did not exceed 20% of the consolidated turnover or net worth of the Holding Company,

Ihsedu Agrochem Pvt. Ltd., is a material non-listed Indian subsidiary, because its Net worth and/or turnover as on 31.03.2014 exceeded 20% of the consolidated net worth and/or turnover respectively of the holding Company,

The working results as at 31-3-2014 are:



**Consolidated turnover or networth of holding / subsidiary Company – Jayant Agro-Organics Ltd./ Ihstedu Agrochem Pvt. Ltd. / Ihstedu Coreagri Services Pvt. Ltd. and Ihstedu Itoh Green ChemicalsMarketing Pvt. Ltd – as on 31.3.2014**

**(I) Jayant Agro Organics Limited:**

**(a) Consolidated Net Worth:**

Paid-up Capital	=	Rs. 07.50 Crore
Free Reserves	=	Rs. 203.37 Crore
Total .		<u>Rs 210.87 Crore</u>
20% of Rs.210.87 Crore	=	Rs. 42.17 Crore.

<b>(b) Consolidated turnover</b>	=	<u>Rs. 1537.80 Crore</u>
20% of Rs. 1537.80 Crore	=	Rs. 307.56 Crore.

**(II) Ihstedu Agrochem Pvt. Ltd.**

**(i) Net worth :**

Paid-up Capital	=	Rs. 7.32 Crore
Free Reserves	=	Rs. 50.15 Crore
Total		<u>Rs 57.47 Crore</u>

<b>(ii) <u>Turnover</u></b>	-	<u>Rs. 931.38 Crore</u>
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**(III) Ihstedu Coreagri Services Pvt. Ltd.**

**(i) Net worth :**

Paid-up Capital	=	Rs. 0.05 Crore
Free Reserves	=	Rs. 0.24 Crore
Total		<u>Rs. 0.29 Crore</u>

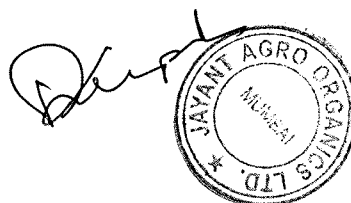
<b>(ii) <u>Turnover</u></b>		<u>Rs 1.26 Crore</u>
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**(iv) Ihstedu Itoh Green Chemicals Marketing Pvt. Ltd.**

**(i) Net worth :**

Paid-up Capital	=	Rs. 1.25 Crore
Free Reserves	=	Rs. 0.12 Crore
Total		<u>Rs. 1.37 Crore</u>

<b>(ii) <u>Turnover</u></b>		<u>Rs 0.08 Crore</u>
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The net worth or turnover of the subsidiaries – Ihsedu Coreagri Services Pvt. Ltd., and Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd. as on 31-3-2014 did not exceed 20% of consolidated net worth or turnover of Holding Company – Jayant Agro-Organics Ltd.

Therefore, Ihsedu Coreagri Services Pvt. Ltd and Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd., are not a material non-listed Indian subsidiary companies, and hence, at present one independent director of the holding company – Jayant Agro-Organics Ltd. is not required to be on the Board of Ihsedu Coreagri Services Pvt. Ltd. and Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd.

All Significant transaction and/or arrangement entered into by the Unlisted Subsidiary Company is periodically being placed at the Board Meeting of Holding Company- Jayant Agro-Organics Ltd

The Net worth or Turnover of the subsidiary–Ihsedu Agrochem Pvt. Ltd as on 31-3-2014 exceeds 20% of the consolidated Net worth or Turnover respectively of holding Company – Jayant Agro-Organics Ltd., therefore, Ihsedu Agrochem Pvt. Ltd is a material non-listed Indian subsidiary company, and hence, the provisions of Sub Clause III of Clause 49 of the listing agreement, for subsidiary companies are at present attracted and the Company has appointed Mr. Mukesh C. Khagram, an Independent Director of Jayant Agro Organics Limited, Holding Company as an Independent Director on the Board of Ihsedu Agrochem Pvt. Limited, Subsidiary Company, w.e.f 19<sup>th</sup> September, 2010

- (i) The Audit Committee of Jayant Agro-Organics Ltd. reviewed the financial statements, including investments made by the subsidiary companies, at the time of adoption of audited Financial Results for the Year ended 31<sup>st</sup> March, 2014.
- (ii) The minutes of the Board Meetings of Ihsedu Agrochem Pvt. Ltd., Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd and Ihsedu Coreagri Services Pvt. Ltd. subsidiaries of Jayant Agro-Organics Ltd., were placed at the Board Meeting of the Company held on 17<sup>th</sup> May, 2014.
- (iii) A statement of all significant transactions and arrangements, entered into by Ihsedu Agrochem Pvt. Ltd., Ihsedu Coreagri Services Pvt. Ltd., and Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd., unlisted subsidiary company, were placed at the time of adoption of Audited Annual Accounts of Jayant Agro-Organics Limited for the year ended 31<sup>st</sup> March, 2014.

#### IV Disclosures :-

##### (A) **Basis of Related party transactions** :-

The following transactions taken place during the quarter ended 31<sup>st</sup> March, 2014 were placed before the Audit Committee Meeting held on 17<sup>th</sup> May, 2014

- (i) Sales by Jayant Agro-Organics Ltd. (Holding Company) to Ihsedu Agrochem Pvt. Ltd. (Subsidiary Company) - Rs. 291.57 lacs
- (ii) Sales by Ihsedu Agrochem Pvt. Ltd., (Subsidiary Company) to Jayant Agro-Organics Ltd., (Holding Company) - Rs. 179.55 lacs  
and job work carried out of Rs. 446.94 lacs



- (iii) Services availed from Ihsedu Itoh Green Chemicals Marketing Pvt. Ltd. (Subsidiary Company) by Jayant Agro-Organics Ltd – Rs. 2.28 lacs.
- (iv) Services availed from Gokulmani Agricom Ltd. by Jayant Agro-Organics Ltd – Rs. 4.50 lacs.
- (v) Services availed from Relative of Key Managerial Personnel by Jayant Agro-Organics Ltd – Rs. 1.05 lacs.

**These transactions are in the ordinary course of business.**

**(B) Disclosure of accounting treatment.**

The Company's accounts are prepared as per the Accounting Standard.

**(C) Board Disclosures – Risk Management.**

The Company has laid down procedures to inform the Board Members about the Risk assessment and minimization procedure, which was circulated to all the Board members on 10<sup>th</sup> December 2005.

**(D) Proceeds from public issues, rights issues, preferential issues etc. :**

During the quarter ended, 30<sup>th</sup> June, 2014 no money was raised through any issue.

- |                                   |                             |
|-----------------------------------|-----------------------------|
| (E) Remuneration of Directors     | ) For F.Y. 2012-13          |
|                                   | ) complied in               |
| (F) Management                    | ) the Annual Report for the |
|                                   | ) year ended March 31, 2013 |
| (G) Shareholders                  | )                           |
|                                   | ) For F.Y. 2013-14          |
| V CEO/CFO Certification           | ) Will be complied with in  |
|                                   | ) the Annual Report for the |
|                                   | ) year ended                |
| VI Report on Corporate Governance | ) March 31, 2014            |
|                                   | )                           |
| VII Compliance                    | )                           |

For JAYANT AGRO-ORGANICS LTD.

  
  
**DINESH KAPADIA**  
**COMPANY SECRETARY**

Place: Mumbai.  
Dated: 12<sup>th</sup> July, 2014



## 49 I (A) Composition of Board

Sr.No.	Names of Directors	Category		Reasons for Being Independent or Non-Independent Directors
		Executive/ Non-Executive	Independent/ Non-Independent	
1	Mr. Abhay V. Udeshi Chairman	Executive	Non-Independent	He is an Executive and Promoter and hence he is a non-independent Director
2	Mr. Hemant V. Udeshi Managing Director	Executive	Non-Independent	- do -
3	Dr. Subhash V. Udeshi	Executive	Non-Independent	- do -
4	Mr. Jayasinh V. Mariwala	Non-Executive	Independent	<b>Explanation for Sr.Nos. 4 to 7.</b> i) Apart from receiving sitting fees for attending Board Meetings/Committee Meetings, these independent directors do not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding Company ,its subsidiary and associates. ii) They are not related to Promoters or persons occupying management positions at the Board Level or at one level below the Board. iii) They have not been executives of the Company in the immediately preceding three financial years ; iv) They are not partners or executives or were not partners or executives during the preceding three financial years, of any of the following:- The statutory audit firm - M/s T.P.Ostwal & Associates or internal audit firm - M/s K.C.Mehta & Co., and the legal firm (s)- M/s Tyabji Dayabhai & Co. & PDS Legal v) They are not material supplier, service provider or customer or lessor or lessee of the Company. vi) They are not shareholders of the Company and they are not less than 21 years of age. vii) They are not nominee directors appointed by an institution.
5	Mr. Vijay K. Bhandari	Non-Executive	Independent	- do -
6	Mr. Mukesh C. Khagram	Non-Executive	Independent	- do -
7	Mr. Deepak V. Bhimani	Non-Executive	Independent	- do -
<b>Note : Out of 7 Directors of the Board, 3 are non-Independent &amp; 4 are Independent Directors. The Chairman is a Executive Director. Hence, the Company has complied with the provisions of new Clause 49-(1A) - Composition of Board,</b>				

