

ANNEXURE - A TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement with the Mumbai Stock Exchange)

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The objective of your Company is not only to meet the statutory requirements of the code but to go well beyond it by instituting such systems and procedures as are in accordance with the latest global trend of making management completely transparent and institutionally sound.

Your Company has always believed in the concept of good Corporate Governance involving transparency, empowerment, accountability and integrity with a view to enhance stake holder value. The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

2. BOARD OF DIRECTORS

(a) Composition

The Company has a combination of Executive and Non-Executive Directors. The Company has an Executive Chairman. The number of Independent Directors is 50% of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(IV)(B)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions occupied by them in other companies.

The Company's Board at present has 6 Directors comprising one Executive Chairman, one Executive Director and four Non-Executive Directors.

The number of independent directors or the number of non-executive directors is as per the revised clause 49 of the Listing Agreement with the Stock Exchange.

(b) Attendance at Board Meetings and details of Membership of Directors in other Boards & Board Committees.

The Board met six times on the following dates during the financial year 2007 - 2008 and the gap between two meetings did not exceed four months:

Date of the Meeting	Total Strength	No. of Directors present
31 st May 2007	6	5
31 st July 2007	6	6
1 st September 2007	6	3
30 th October 2007	6	5
28 th November 2007	6	2
25 th January 2008	6	6

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and

Committee positions as held by them in other public limited companies as on 31st March, 2008 are given below:

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					No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. Vinod Saraf (Chairman & Managing Director)	Promoter, Not-Independent Executive	6	Yes	1	-	-
Mr. Girish M. Dave (Director)	Independent Non-Executive	3	Yes	7	1	6
Mr. C.B. Gokhale (Director)	Independent Non-Executive	4	No	-	-	-
Mr. A.A. Krishnan (Director)	Independent Non-Executive	5	No	3	-	-
Mr. Sunil Saraf Director	Promoter, Not-Independent Non - Executive	4	Yes	1	-	-
Ms. Vinati Saraf Mutreja Executive Director	Promoter, Not-Independent Executive	5	Yes	1	-	-

(c) Code of Conduct

The Company has laid down a Code of Conduct for all its Board members and Senior Management personnel for avoidance of conflicts of interest. It has received from all of them the necessary declarations affirming compliance with the Code of Conduct for the year 2008. There were no material financial and commercial transactions in which the Senior Management personnel had personal interest, which could lead potential conflict of interest of the Company during the year. The Code of Conduct is available on Company's website.

3. AUDIT COMMITTEE

(d) Constitution

The Audit Committee, which was constituted on 31st January 2001 pursuant to the provisions contained in section 292A of the Companies Act, 1956 was reconstituted as per Clause 49 of Listing Agreement for Corporate Governance on 24th January 2002 and was reconstituted on 20th May 2006. The terms of reference of the Audit Committee as stipulated by the Board are in accordance with all the items listed in Clause 49(II)(D) of the Listing Agreement and Section 292A of the Companies Act, 1956.

(e) Composition

The Audit Committee of the Company as on 31st March, 2008 comprised the following 3 Directors of the Company:

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1. Mr. Girish M. Dave : Independent Director
2. Mr. C.B. Gokhale : Independent Director
3. Mr. A.A. Krishnan : Independent Director

All members of audit Committee have good exposure to finance as well as general management.

(f) Meetings & Attendances

The Audit Committee met four times on the following dates during the last financial year.

Date of the Meeting	Total Strength	No. of Directors present
31 st May 2007	3	3
31 st July 2007	3	3
30 th October 2007	3	2
25 th January 2008	3	3

The necessary quorum was present at the meetings.

Mr. G.S. Singhi being the Company Secretary Cum Finance Controller of the Company acts as the Secretary to the Committee.

(g) Terms of reference

The Statutory Auditors, Internal Auditors of the Company and the Cost Auditors are invited to join the Audit Committee Meetings. The Audit Committee holds discussions with the Statutory Auditors on the 'Limited Review' of the half-yearly accounts, quarterly accounts, the yearly Audit Plan, matters relating to compliance of Accounting Standards, their observations arising from the annual audit of the Company's accounts and other related matters. The Committee discusses with the Cost Auditor about his observations in the Annual Cost Audit Reports and allied matters.

4. SHARE TRANSFER COMMITTEE

The Share Transfer Committee was constituted on 25th January 2008 for approving transfers, transmission etc. It comprises of following Directors:

- (i) Mr. Vinod Saraf, Chairman & Managing Director
- (ii) Ms. Vinati Saraf, Executive Director
- (iii) Mr. Sunil Saraf, Director

Mr. G.S. Singhi being the Company Secretary cum Finance Controller of the Company acts as the secretary to the Committee. The Committee met 12 times during the year 2007-2008 for approving transfers, transmissions etc. All transfers & transmissions etc. were approved and share certificates were dispatched within 30 days and requests for dematerialization were confirmed within 21 days.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

(h) Terms of Reference

The Company has an independent Shareholders' Grievance Committee, which was constituted on 24th January 2002 and reconstituted on 20th May 2006 to look into redressal of investor's complaints and requests like delay in transfer of shares, non-receipt of dividend, annual report, etc.

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(i) Composition

The Shareholders'/Investors' Grievance Committee of the Company comprises of the following 3 Directors of the Company:

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|-----------------------------|---|---------------------------------------|
| 1. Mr. Girish M. Dave | : | Chairman - Independent Director |
| 2. Mr. Vinod Saraf | : | Member - Chairman & Managing Director |
| 3. Ms. Vinati Saraf Mutreja | : | Member - Executive Director |

(j) Meetings & Attendances

The Shareholders'/Investors' Grievance Committee met on the following dates during the last financial year.

Date of the Meeting	Total Strength	No. of Directors present
31 st March 2008	3	3

A total number of 4 complaints were received and all of which were, redressed by the Company during the year 2007 - 2008.

Mr. G.S. Singhi being the Company Secretary Cum Finance Controller of the Company acts as the Secretary to the Committee.

6. DETAILS OF REMUNERATION PAID / PAYABLE TO THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2008.

Managerial Remuneration:

Name	Salary & Allowances (Rs.)	Contribution to PF (Rs.)	Other Perquisites (Rs.)
Mr. Vinod Saraf Chairman & Managing director	1880000	212400	84445
Ms. Vinati Saraf Mutreja Executive Director	1465016	135232	15872
Total:	3345016	347632	100317

7. GENERAL BODY MEETING

Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Day	Time	No. of Special resolutions passed
16 th AGM 2005	Regd. Office, B/12 & B-13/1, MIDC Indl. Area, Mahad - 402 309, Dist. Raigad, Maharashtra.	30.09.2005	Friday	03.00 p.m.	Nil

17 th AGM 2006	- do -	23.09.2006	Saturday	03.00 p.m.	Nil
18 th AGM 2007	- do -	29.09.2007	Saturday	03.00 p.m.	Nil

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None of the special resolutions were put through postal ballot.

8. DISCLOSURES

(k) Related Party Transactions

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management or relatives, which may have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in note No.7(b) of schedule 18 to the Accounts in Annual report.

(l) Statutory Compliance, Penalties and strictures

There have been no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authorities relating to capital market and listing.

(m) Compliance with mandatory / Non-mandatory requirements:

The Company has complied with all the applicable mandatory requirements of the revised Clause 49 of the listing Agreement.

9. MEANS OF COMMUNICATION

The quarterly results, half yearly and annual financial results are published in leading English and Marathi Newspapers.

The financial results, shareholding pattern & code of conduct are displayed on www.sebiedifar.nic.in

10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The discussion on financial performance with respect to the operational performance, review of operations, exports and prospects have been covered in the Director's Report.

The Company has adequate internal control system with regard to purchase of stores, raw materials including components, plant & machinery, equipments, sale of goods and other assets. The internal control system is supplemented by well documented policies and guidelines and the internal audit report are periodically reviewed by the top management.

The industrial relations during the year continued to be cordial. The Company is committed to provide necessary human resource development and training opportunities to equip them with the required modern skill and knowledge.

11. COMPLIANCE OFFICER

Mr. Guntant S. Singhi, Company Secretary Cum Finance Controller is the Compliance Officer.

12. GENERAL SHAREHOLDER INFORMATION

(n) Annual General meeting Date and Time Venue	:	27 th September 2008 at 12.30 P.M. at Regd. Office, at B/12 & B-13/1, MIDC Indl. Area, Mahad - 402 309, Dist. Raigad, Maharashtra.
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(o) Financial Calendar		
Annual General Meeting	:	27 th September ' 08
Unaudited results for the quarter ending June 2008	:	4 th week of July '08
Unaudited results for the quarter / half year ending September 30, 2008	:	4 th week of Oct ' 08
Unaudited results for the quarter ending December 31, 2008	:	4 th week of Jan ' 09
Unaudited results for the quarter ending March 31, 2009	:	4 th week of April ' 09

Date of book Closure	:	18 th September 2008 to 27 th September 2008.
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Dividend payment date	:	17 th October 2008
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(p) Listing on Stock exchange	:	The company's Securities are listed on the following Stock exchange in India The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001, Maharashtra.
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(q) Stock Code: The Stock Exchange, Mumbai (Physical Segement) Demat ISIN in NSDL and CDSL for Equity Shares	:	524200 INE410B01011
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(r) Market Price Data

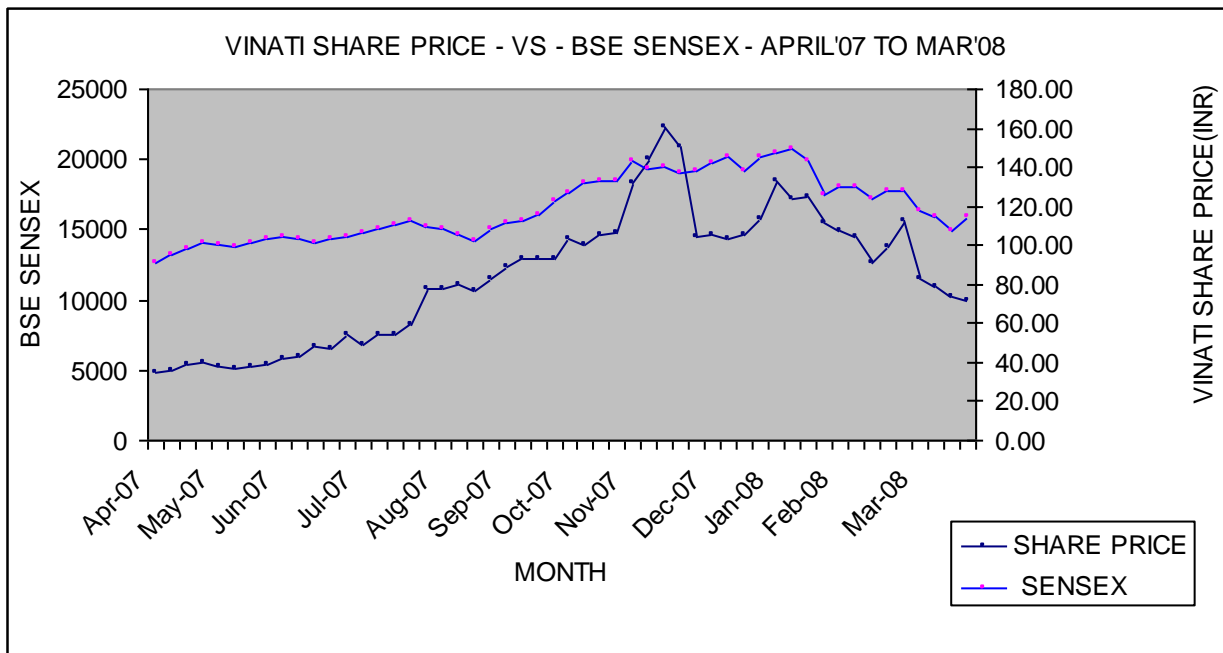
	Bombay Stock Exchange (in Rs.)	
	High	Low
Apr - 2007	43.00	35.00
May - 2007	41.00	35.60
Jun - 2007	58.50	42.10
Jul - 2007	80.20	47.00
Aug - 2007	90.00	70.00
Sep - 2007	99.00	83.00
Oct - 2007	131.60	94.20
Nov - 2007	183.00	100.00
Dec - 2007	128.55	100.00

Jan - 2008	141.65	101.00
Feb - 2008	110.00	82.65
Mar - 2008	90.50	61.25

(s) The performance of the Company's shares relating to the BSE Index for the year 2007 - 2008 is given below:

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(t) Share Registrars and Transfer Agents - Sharex Dynamic (India) Pvt. Ltd.

17/B, Dena Bank Bldg., 2 nd Floor, Horniman Circle, Fort, Mumbai - 400 001. Maharashtra.	Tel Fax E-mail Website Business Hours	: 2270 2485 / 2264 1376 : 22641349 : sharexindia@vsnl.com : www.sharexindia.com : 11.00 a.m. to 1.00 p.m. & 2.00 p.m. to 4.00 p.m. (Monday to Friday)
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(u) **Share Transfer System:** The Company has appointed Common Agency, name and address of which is given in the report for electronic connectivity and to process share transfer in physical form. The transfers are normally processed and share certificates are dispatched within 30 days from the date of receipt if the documents are complete in all respects. Requests for dematerialization are confirmed within 15 days.

(v) Distribution of Shareholding as on 31st March 2008.

Category No. of Shares	No. of share holders	% of holders	Total Shares	% of Shares
1 To 100	1506	16.24	93505	0.95
101 To 200	5895	63.55	889491	9.01
201 To 500	1116	12.03	376868	3.82
501 To 1000	448	4.83	331517	3.36

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1001 To 5000	253	2.73	509180	5.16
5001 To 10000	27	0.29	196081	1.99
10001 To 100000	21	0.23	672349	6.81
100001 and above	10	0.11	6805509	68.92
Total	9276	100.00	9874500	100.00

(w) Categories of shareholders as on 31st March 2008.

Category	No. of share holders	Voting strength (%)	No. of Ordinary shares
Individuals	9083	25.03	2472715
Promoters	17	68.80	6793510
Other Companies	148	6.04	596380
Non-Resident Individuals	23	0.08	7367
Nationalized Banks, Mutual funds and trusts	5	0.05	4528
Total	9276	100.00	98,74,500

(x) Dematerialization of shares and liquidity

2659584 (Total shares demated with NSDL is 1824372 & CDSL is 835212) of the Company's share capital is dematerialized as on 31.03.2008. The Company's shares are regularly traded on the Stock Exchange, Mumbai as indicated in the Table containing market information.

(y) Address of Registered Office:

B/12 & B-13/1, MIDC Industrial Area,
Mahad - 402 309,
Dist. Raigad, Maharashtra.

(z) Address of Plant Locations:

Mahad Works:

B/12 & B-13/1, MIDC Industrial Area,
Mahad - 402 309, Dist. Raigad, Maharashtra.

Lote Works:

A-20, MIDC, Lote - Parashuram - 415 722,
Taluka - Khed, Dist. Ratnagiri, Maharashtra.

(aa) Investor's Correspondence Address:

Mr. Gunvant s. Singhi
Shiv - Ashish, 2nd Floor,
Andheri - Kurla Road, Sakinaka, Mumbai - 400 072.

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D E C L A R A T I O N

I, Vinod Saraf, Managing Director of Vinati Organic Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2008.

I confirm that the Company has in respect of the said financial year, received from the senior management team and the members of the board of the Company a declaration of compliance with the code of conduct as applicable to them.

For the purpose of this declaration, senior management team means the Chief Financial officer, Chief Operating Officer, Executive President and the Company Secretary as on 31st March 2008.

On behalf of the Board of Directors

Mumbai
Vinod Saraf
31st May 2008
Chairman & Managing Director

