

CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd.)

ANNEXURE – 'B' DIRECTORS' REPORT



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

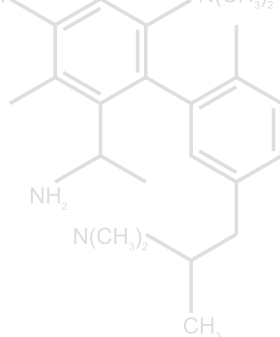
The Company has a combination of Executive and Non-Executive Directors. The Company has Non-Executive Chairman. The number of Independent Directors is 1/3rd of the total number of Directors i.e. 3.

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 9 Directors comprising one Non-Executive Chairman, one Managing Director, one Executive Director, one Director – Corporate Strategy and five Non-Executive Directors.

None of the directors are disqualified under section 274 (1) (g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under section 274 (1) (g) of the Companies Act, 1956) Rules, 2003.

Mr. Anandkumar Tibrewala and Mr. Mohit Mutreja, Directors' retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.



(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 2009 - 2010 and the gap between two meetings did not exceed four months:

Date of the Meeting	Total Strength	No. of Directors present
19th May 2009	7	6
18th June 2009	9	3
24th July 2009	9	8
21st October 2009	9	8
23rd January 2010	9	9
12th March 2010	9	3

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, 2010 are given below:

Name	Category	No. of Board Meetings Attended during 2009-10	Whether attended AGM held on 19th Sep. 2009	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. Vinod Saraf (Managing Director)	Promoter, Non-Independent Executive	6	Yes	1	-	-
Mr. Girish M. Dave (Chairman – Non-Executive)	Independent Non-Executive	4	Yes	6	1	7
Mr. C.B. Gokhale (Director)	Independent Non-Executive	4	No	-	-	-
Mr. A.A. Krishnan (Director)	Independent Non-Executive	3	No	1	-	-
Mr. Sunil Saraf (Director)	Promoter, Non-Independent Non-Executive	5	No	1	-	-
Ms. Vinati Saraf Mutreja (Executive Director)	Promoter, Non-Independent Executive	5	No	1	-	-
Ms. Viral V. Saraf (Director – Corporate Strategy)	Promoter, Non-Independent Executive	6	Yes	-	-	-
Mr. Mohit Mutreja (Director)	Non-Independent Non-Executive	2	No	-	-	-
Mr. Anandkumar Tibrewala (Director)	Non-Independent Non-Executive	3	No	-	-	-

(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 2010. There were no material financial and commercial transactions in which the Senior Management personnel had personal interest, which could lead to a potential conflict of interest with the Company during the year. The Code of Conduct is available on the Company's website.

(d) Non-executive directors were paid only sitting fees during the year. The details are as under:

Sr. No.	Name of Directors – Non-executive	Rs. in Lacs
1.	Mr. Girish M. Dave	0.40
2.	Mr. C. B. Gokhale	0.30
3.	Mr. A. A. Krishnan	0.15
4.	Mr. Sunil Saraf	0.35
5.	Mr. Anandkumar Tibrewala	0.30
6.	Mr. Mohit Mutreja	0.10

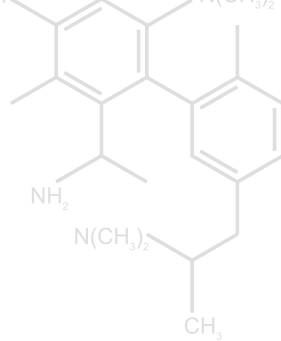
(e) Shareholdings of Directors as on 31.03.2010 are as under:

Sr. No.	Name of Directors	No. Equity Shares
1.	Mr. Vinod Banwarilal Saraf	79,37,250
2.	Ms. Vinati Saraf Mutreja	6,07,335
3.	Ms. Viral Vinod Saraf	4,57,500
4.	Mr. Sunil Banwarilal Saraf	3,750
5.	Mr. Anandkumar Tibrewala	750

(f) Additional Directors appointed during the year:

Mr. Anandkumar Tibrewala, Mr. Mohit R. Mutreja & Ms. Viral V. Saraf are appointed during the year as Additional Directors pursuant to Section 260 of the Companies Act, 1956.





3. AUDIT COMMITTEE

(a) 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 and again it was reconstituted on 18th June 2009. 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.

(b) Composition

The Audit Committee of the Company as on 31st March, 2010 comprised the following 3 Directors of the Company:

1. Mr. Girish M. Dave : Independent Director
2. Mr. C.B. Gokhale : Independent Director
3. Mr. Anandkumar Tibrewala : Non-Independent Director

All members of audit Committee have good exposure to finance as well as general management. Mr. Girish M. Dave is Chairman of the Committee.

(c) 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
19th May 2009	3	2
24th July 2009	3	3
21st October 2009	3	2
23rd January 2010	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.

(d) 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.

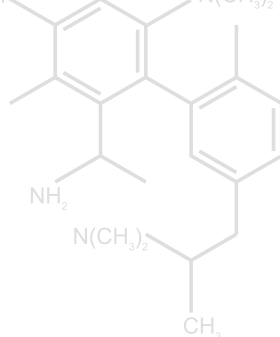
The terms of reference includes (a) power of the Audit Committee, (b) role of the Audit Committee and (c) review of information by the Audit Committee

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, Managing Director
- (ii) Ms. Vinati Saraf Mutreja, 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 2009-2010 for approving transfers, transmissions etc. All transfers & transmissions etc. were approved and share certificates were dispatched within 30 days and requests for dematerialisation were confirmed within 21 days.



5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

(a) Terms of Reference

The Company has an independent Shareholders' Grievance Committee, which was constituted on 24th January 2002 and reconstituted on 20th May 2006 and 12th March 2010 to look into redressal of investor's complaints and requests like delay in transfer of shares, non-receipt of dividend, annual report, etc.

(b) Composition

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

1. Mr. A. A. Krishnan : Chairman - Independent
2. Mr. Vinod Saraf : Member - Managing Director
3. Ms. Vinati Saraf Mutreja : Member - Executive Director

(c) 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
31st March 2010	3	3

A total number of 21 complaints were received and all of which were, redressed by the Company during the year 2009 - 2010.

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 2010.

Managerial Remuneration:

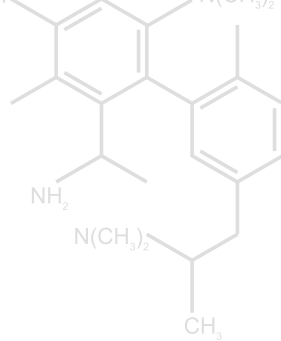
Name	(Rs in Lacs)		
	Salary & Allowances	Contribution to PF	Other Perquisites
Mr. Vinod Saraf Managing Director	27.65	3.30	1.10
Ms. Vinati Saraf Mutreja Executive Director	26.96	2.48	1.29
Ms. Viral V. Saraf Director – Corporate Strategy	13.70	1.25	0.00
Total	68.31	7.03	2.39

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
18th AGM 2007	Regd. Office, B/12 & B-13/1, MIDC Indl. Area, Mahad – 402 309, Dist. Raigad, Maharashtra.	29/09/2007	Saturday	03.00 p.m.	Nil
19th AGM 2008	- do -	27/09/2008	Saturday	12.30 p.m.	Nil
20th AGM 2009	- do -	19/09/2009	Saturday	12.30 p.m.	Nil

None of the special resolutions were put through postal ballot.



8. DISCLOSURES

(a) 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. 8(b) of schedule 19 to the Accounts in Annual report.

(b) 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.

(c) 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.

(d) No personnel have been denied access to Audit Committee. The Board periodically reviews risk assessment and minimisation and procedure through properly defined framework

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.bseindia.com & www.nseindia.com.

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

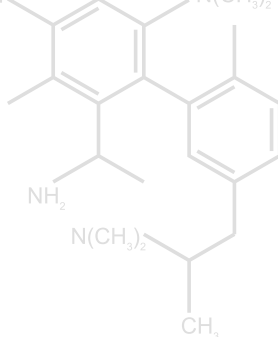
Mr. Gunvant S. Singhi, Company Secretary Cum Finance Controller is the Compliance Officer.

12. GENERAL SHAREHOLDER INFORMATION

(a) Annual General meeting	: 24th July 2010 at 12.30 P.M. at Regd. Office,
Date and Time	at B/12 & B-13/1, MIDC Indl. Area,
Venue	Mahad – 402 309, Dist. Raigad, Maharashtra

(b) Financial Calendar

Annual General Meeting	: 24th July '10
Unaudited results for the quarter ending June 2010	: 4th week of July '10
Unaudited results for the quarter / half year ending September 30, 2010	: 4th week of Oct ' 10
Unaudited results for the quarter ending December 31, 2010	: 4th week of Jan ' 11
Unaudited results for the quarter ending March 31, 2011	: 4th week of April ' 11
Date of book Closure	: 15th July 2010 to 24th July 2010.
Dividend payment date	: 29th July 2010



(c) Listing on Stock exchange

The Company's Securities are listed on the following stock exchanges in India:

Bombay Stock Exchange Ltd.

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001, Maharashtra

National Stock Exchange of India Ltd.

Exchange Plaza, Plot No. C/1, 'G' Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051, Maharashtra.

(d) Stock Code:

Bombay Stock Exchange Ltd. : 524200

National Stock Exchange of India Ltd. : VINATIORGA

Demat ISIN in NSDL and CDSL for Equity Shares : INE410B01029

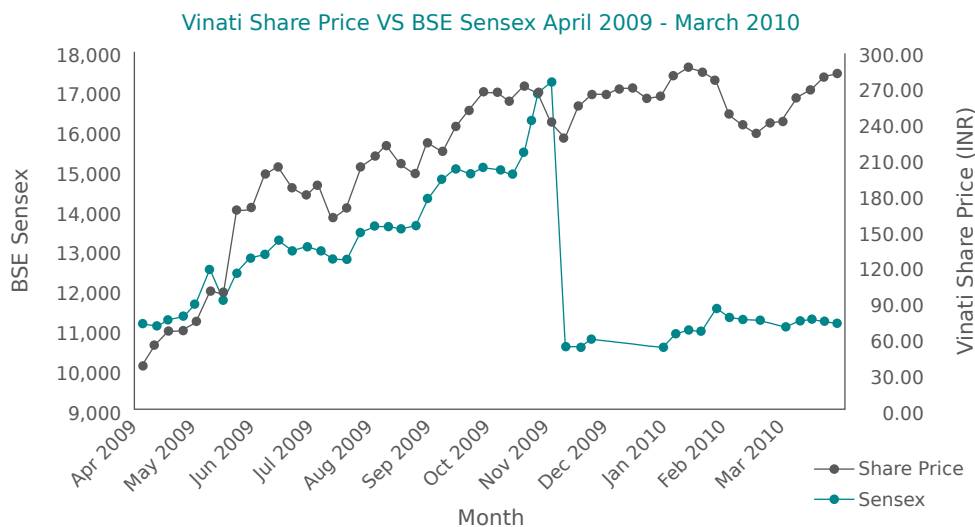
(e) Market Price Data

(in Rs.)

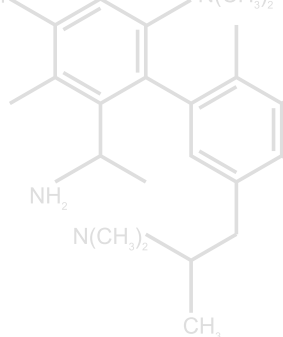
Month & Year	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High	Low	High	Low
Apr – 2009	95.00	67.60	N. A.	N. A.
May – 2009	134.90	86.10	N. A.	N. A.
Jun – 2009	150.25	124.00	N. A.	N. A.
Jul – 2009	169.85	118.50	170.00	146.10
Aug – 2009	207.40	144.10	207.20	147.70
Sep – 2009	230.00	178.10	231.80	178.30
Oct – 2009	290.10	54.05*	290.10	190.30
Nov – 2009	62.50	51.35	62.50	51.50
Dec – 2009	70.20	53.50	70.45	52.70
Jan – 2010	97.50	66.00	97.75	66.25
Feb – 2010	82.30	69.25	82.20	69.25
Mar – 2010	81.50	71.00	81.70	71.05

The price is for the share having the face value of Rs.2 each.

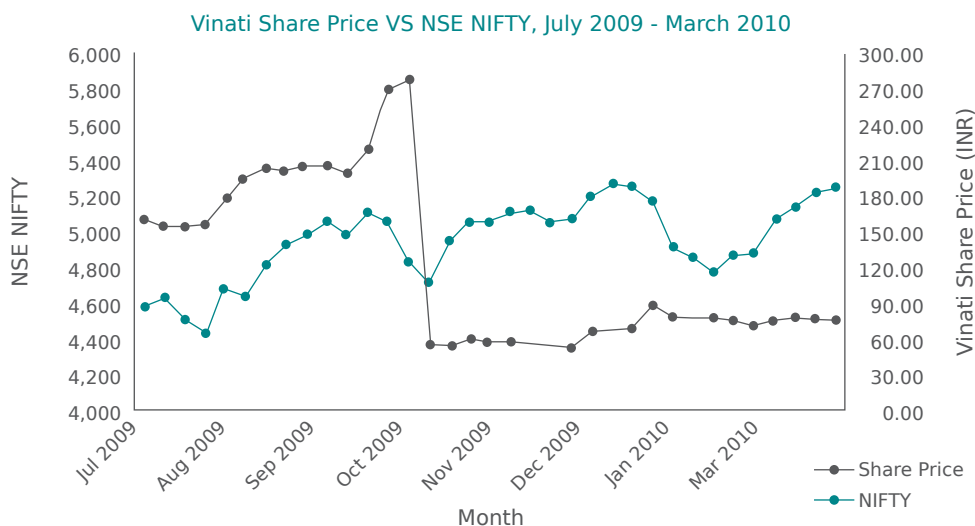
(f) * The performance of the Company's shares relating to the BSE Index for the year 2009-2010 is given below:



The Equity shares of face value of Rs.10/- each has been split into face value of Rs.2/- each on 3rd November 2009.



(g) The performance of the Company's shares relating to the NSE Index for the year 2009-2010 is given below:



The Equity shares of face value of Rs.10/- each has been split into face value of Rs.2/- each on 3rd November 2009. The equity shares of the Company was listed on NSE from 28th July 2009.

(h) Share Registrars and Transfer Agents – Sharex Dynamic (India) Pvt. Ltd.

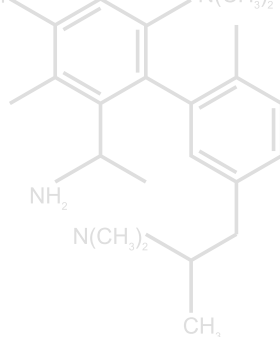
17/B, Dena Bank Bldg.,	Tel	: 2270 2485 / 2264 1376
2nd Floor, Horniman Circle,	Fax	: 22641349
Fort, Mumbai – 400 001.	E-mail	: sharexindia@vsnl.com
Maharashtra.	Website	: www.sharexindia.com
Business Hours		: 11.00 a.m. to 1.00 p.m. & 2.00 p.m. to 4.00 p.m. (Monday to Friday)

(i) 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 dematerialisation are confirmed within 15 days.

(j) Distribution of Shareholding as on 31st March 2010

Category No. of Shares	No. of share holders	% of holders	Total Shares	% of Shares
1 To 100	2,147	18.23	130,545	0.26
101 To 200	858	7.29	148,604	0.30
201 To 500	1,636	13.89	618,054	1.25
501 To 1000	5,464	46.40	4,146,439	8.40
1001 To 5000	1,415	12.02	3,182,899	6.45
5001 To 10000	133	1.13	947,544	1.92
10001 To 100000	98	0.83	2,425,602	4.91
100001 and above	24	0.20	37,772,813	76.51
Total	11,775	100.00	49,372,500	100.00



(k) **Categories of shareholders as on 31st March 2010.**

Category	No. of share holders	Voting strength (%)	No. of ordinary shares
Individuals	11,279	22.88	11,298,038
Promoters	19	74.88	36,967,670
Other Companies	347	2.01	995,157
Non-Resident Individuals	126	0.19	93,635
Nationalised Banks, Mutual funds and trusts	4	0.04	18,000
Total	11,775	100.00	49,372,500

(l) **Dematerialisation of shares and liquidity**

14151920 (Total shares demated with NSDL is 12214808 & CDSL is 1937112) of the Company's share capital is dematerialised as on 31.03.2010. The Company's shares are regularly traded on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. as indicated in the Table containing market information.

(m) **Address of Registered Office**

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

(n) **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.

(o) **Investor's Correspondence Address:**

Mr. Gunvant S. Singhi

Shiv – Ashish, 2nd Floor, Andheri – Kurla Road, Sakinaka, Mumbai – 400 072.

CEO / CFO Certificate

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31.03.2010 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee.
- (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Mumbai
19th May, 2010

Vinod Saraf
Chief Executive Officer

N.K Goyal
Chief Financial Officer

DECLARATION

I, Vinod Saraf, Managing Director of Vinati Organics 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, 2010.

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 2010.

On behalf of the Board of Directors

Mumbai
19th May, 2010

Vinod Saraf
Managing Director



ANNEXURE – ‘C’ DIRECTORS’ REPORT AUDITORS’ CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

VINATI ORGANICS LIMITED

We have examined the compliance of conditions of Corporate Governance by VINATI ORGANICS LIMITED, for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

192, Dr. D. N. Road
Mumbai - 400001
Dated: 19th May, 2010

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
Firm Regn. No. 104863W
(Shashikant Gupta)
Partner
Membership No. 045629