

**CORPORATE GOVERNANCE REPORT****1. Company's Philosophy on Code of Governance :**

Your Company is fully committed to the principles of transparency, integrity and accountability in all spheres of its operations and has been practicing the principles of good corporate governance over the years. In keeping with this commitment, your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings and continuously endeavours to review strengthen and upgrade its systems and procedures so as to bring in transparency and efficiency in its various business segments.

Your Board of Directors present the Corporate Governance Report for the year 2008-09 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on 31<sup>st</sup> March 2009

**2. Board of Directors :**

On 31-03-2009 the Board of Directors comprises of a Non Executive Chairman, Two Non Executive Directors and 3 Independent Directors. During the year 5 (Five) Board Meetings were held on 30/04/2008, 29/07/2008, 29/08/2008, 23/10/2008 and 28/01/2009. The attendance of the Directors in the Board Meetings and last Annual General Meeting is given here below.

| <b>Name</b>           | <b>Category and Designation</b> | <b>No. of Board Meetings attended during the year 2008-09</b> | <b>Whether attended last AGM</b> | <b>No. of Directorship in other Companies</b> | <b>No. of Membership of other committee</b> | <b>No. of Chairmanship of other Committee</b> |
|-----------------------|---------------------------------|---|----------------------------------|---|---|---|
| Shri S. B. Somani     | <b>NEC</b>                      | <b>5</b>  | <b>Yes</b>                       | <b>2</b>                                      | <b>Nil</b>                                  | <b>Nil</b>                                    |
| Shri K. L. Mundra     | <b>NED</b>                      | <b>5</b>  | <b>Yes</b>                       | <b>2</b>                                      | <b>Nil</b>                                  | <b>Nil</b>                                    |
| Shri M. S. Vyas       | <b>NED</b>                      | <b>5</b>  | <b>Yes</b>                       | <b>Nil</b>                                    | <b>Nil</b>                                  | <b>Nil</b>                                    |
| Shri G. K. Joshi      | <b>ID</b>                       | <b>5</b>  | <b>Yes</b>                       | <b>3</b>                                      | <b>2</b>                                    | <b>2</b>                                      |
| Shri R. M. Khandelwal | <b>ID</b>                       | <b>5</b>  | <b>No</b>                        | <b>2</b>                                      | <b>2</b>                                    | <b>Nil</b>                                    |
| Shri. K. P. Patil     | <b>ID</b>                       | <b>5</b>  | <b>Yes</b>                       | <b>1</b>                                      | <b>1</b>                                    | <b>Nil</b>                                    |

**NEC – Non-Executive Chairman**

**ID – Independent Director**

**NED- Non-Executive Director**

**Particulars of Re-appointed Director:**

Name : Shri M. S. Vyas  
 Designation : Non-Executive Director  
 Age : 51 Years  
 Experience : Commerce Graduate from Rajasthan University has about 10 years of experience in Marketing.  
 Other Directorship : Nil

**Board Committees**

The Board has constituted the following Committees of Directors:

**(a) Audit Committee:**

**i. Terms of Reference**

The role and terms of reference of Audit Committee covers areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

**ii. Composition**

The Audit Committee comprises of the following Members

|    |                       |          |
|----|-----------------------|----------|
| 1. | Shri G. K. Joshi      | Chairman |
| 2. | Shri K. P. Patil      | Member   |
| 3. | Shri R. M. Khandelwal | Member   |

The Audit Committee held meetings 5 (Five) times during 2008-2009 on 30/04/2008, 29/07/2008, 29/08/2008, 23/10/2008 and 28/01/2009. The attendances of members are as follows:

| Name                  | Category | Meetings during the year 2008-09 |          |
|-----------------------|----------|----------------------------------|----------|
|                       |          | Held                             | Attended |
| Shri G. K. Joshi      | Chairman | 5                                | 5        |
| Shri K. P. Patil      | Member   | 5                                | 5        |
| Shri R. M. Khandelwal | Member   | 5                                | 5        |

**(b) Shareholders/ Investors Grievance Committee :****i. Terms of Reference :**

- To scrutinize and approve registration of transfer of shares/ debentures/ warrants issued / to be issued by the Company.
- To exercise all powers conferred on the Board of Directors under Article 43 of the Article of Association.
- To decide all questions and matters that may arise in regard to transmission of shares / debentures / warrants issued / to be issued by the Company.
- To approve and issue duplicate shares / debentures / warrants certificates in lieu of those reported lost,
- To refer to the Board and any proposal of refusal of registration of transfer of shares / debentures / warrants for their consideration.
- To look into shareholders and investors complaints like transfer of shares, non-receipt of annual reports, non-receipt of declared dividends, etc., and
- To delegate all or any of its powers of Officers/ Authorized Signatories of the Company.

**ii. Composition:**

The Shareholder Grievance Committee comprises of the following Members –

|    |                       |          |
|----|-----------------------|----------|
| 1. | Shri G. K. Joshi      | Chairman |
| 2. | Shri K. P. Patil      | Member   |
| 3. | Shri R. M. Khandelwal | Member   |

The constitution and terms of reference of the Share Transfer & Shareholders'/Investors' Grievance Committee is in agreement with the guideline prescribed under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The committee (i) approves and monitors transfers, transmission, splitting and consolidation of securities and issue of duplicate certificates by the Company; (ii) looks into various issues relating to shareholders, including the redressal of Shareholders' and

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investors' complaints like transfer of shares, non-receipt of Balance Sheet, dividend etc; and (iii) carries out the functions envisaged under the Code of Conduct for Prevention of Insider Trading adoption in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading adopted in terms of Regulation 12(1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Share Transfer & Shareholders' / Investors' Grievance Committee met 5 (Five) times during the Year on the following dates: 30/04/2008, 29/07/2008, 29/08/2008, 23/10/2008 and 28/01/2009. The attendances of the members are as follows:

| Name                  | Category | Meetings during the year 2008-09 |          |
|-----------------------|----------|----------------------------------|----------|
|                       |          | Held                             | Attended |
| Shri G. K. Joshi      | Chairman | 5                                | 5        |
| Shri K. P. Patil      | Member   | 5                                | 5        |
| Shri R. M. Khandelwal | Member   | 5                                | 5        |

**Name & designation of Compliance Officer :**

Shri N. K. Pareek is Compliance Officer and also Authorized Signatory for share transfer on behalf of the Company.

**Detail of Complaints :**

- No. of Shareholder's Complaints received during the year : Nil
- No. of Complaints not resolved to the satisfaction of shareholders : Nil
- No. of pending share transfer : Nil

**3. General Body Meetings:**

(a) Location and time where last three Annual General Meetings were held :

**Annual General Meetings**

| Financial Year | Date       | Time       | Location                          |
|----------------|------------|------------|-----------------------------------|
| 2007-2008      | 26/09/2008 | 11:00 A.M. | At Regd. Office, Saravali, Kalyan |
| 2006-2007      | 28/09/2007 | 11:00 A.M. | At Regd. Office, Saravali, Kalyan |
| 2005-2006      | 29/09/2006 | 11:00 A.M. | At Regd. Office, Saravali, Kalyan |

- (b) Whether Special Resolution were put through postal ballot last year : No  
(c) Are votes proposed to be conducted through postal ballot this year : No

**4. Other disclosures:****(a) Related Party Transactions**

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company at large.

**(b) Disclosure of Accounting Treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

**(c) Disclosure on Risk Management**

The Company has not laid down Risk Assessment and Minimization procedures and in absence of such procedure the Board Members have not reviewed periodically the Risks to which the Company was exposed.

**(d) Code of Conduct**

The Board has not laid down a Code of Conduct for all the Board Members and Senior Management of the Company.

- (e)** Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years  
: None

**5. CEO/CFO Certification:**

Since Company has no CEO / CFO, the requirement of Clause 49(V) of the Listing Agreement has not been complied with.

**Means of communication:****1. Quarterly Results:**

The Company has not submitted Unaudited Quarterly Result to the Bombay Stock Exchange.

**2. Newspapers wherein normally published: No****3. Whether Management Discussion & Analysis Report is a part of Annual Report: Yes****6. General Shareholder information:**

- (a) AGM date, time and venue :** Annual General Meeting will be held on Thursday 24<sup>th</sup> September, 2009, at 11 A. M. at Plot No. 5, MIDC Estate, Kalyan Bhivandi Road, P. O. Saravali Village, Maharashtra.

**(b) Financial Calendar for 2009-2010  
Tentative Schedule**

|   |                    |
|---|--------------------|
| Unaudited Results for quarter ending June 30, 2009      | :End July, 2009    |
| Unaudited Results for quarter ending September 30, 2009 | :End October, 2009 |
| Unaudited Results for quarter ending December 31, 2009  | :End January, 2009 |
| Unaudited Results for year ending March 31, 2010        | : End April, 2010  |
| Audited Annual Accounts for year ending March 31, 2010  | : End July, 2010   |

- (c) Date of Book Closure:** Share Transfer Register will be closed from 17<sup>th</sup> September, 2009 to 24<sup>th</sup> September, 2009 (both days inclusive)

- (d)** Dividend payment date: Not Applicable

- (e)** Company's Shares are listed in Bombay Stock Exchange. Presently the trading in the shares of the Company is suspended.

The company has already approached Bombay Stock Exchange (BSE Ltd.) for revocation of suspension in trading of shares and compliances for this purpose has been substantially made

(f) **Stock code:** 506365(g) **The Register and Share Transfer Agents:**

M/s Sharex Dynamic (India) Pvt. Ltd.  
2<sup>nd</sup> Floor, Dena Bank Building No. II,  
Harniman Circle, Fort,  
Mumbai – 400 023

(h) **Share transfer system with number of Shares Transferred:**

Shares transfers in physical form are registered and returned within a period of 15-20 days from the date of receipt, in case documents are completed in all respects. The Share Transfer & Shareholders'/Investors' Grievance Committee meets periodically. The total number of shares transferred during the financial year under review were as below:

|              | <b>No. of transfers</b> | <b>No. of Shares</b> |
|--------------|-------------------------|----------------------|
| Transfer     | 2                       | 14570                |
| Other cases  |                         |                      |
| Deletion     | -                       | -                    |
| Transmission | -                       | -                    |
| <b>Total</b> | <b>2</b>                | <b>14570</b>         |

(i) Dematerialization of shares and liquidity: No

(j) Outstanding GDRs/Warrants, Convertible Bonds, conversion date and its impact on equity: Nil

(k) (i) **Distribution of Shares as on 31/03/2009:**

| <b>No. of Shares</b> | <b>No. Shareholders</b> | <b>% of Holding</b> |
|----------------------|-------------------------|---------------------|
| Up to 500            | 5945                    | 96.47               |
| 501-1000             | 147                     | 2.39                |
| 1001-5000            | 58                      | 0.94                |
| 5001-10000           | 7                       | 0.11                |
| 10001-100000         | 5                       | 0.08                |
| Above 100001         | 1                       | 0.02                |
| <b>Total</b>         | <b>6163</b>             | <b>100.00</b>       |

(ii) **Category of Shareholders As on 31/03/2009:**

| <b>Category</b>                                 | <b>No. of Shares</b> | <b>% of Holdings</b> |
|---|----------------------|----------------------|
| Promoters, Relatives and Associates             | 524041               | 34.94                |
| Financial Institutions / Banks                  | 7883                 | 0.53                 |
| Mutual Funds                                    | --                   | --                   |
| Foreign Institutional Investors                 | --                   | --                   |
| Non Resident Indian / Overseas Corporate Bodies | 387                  | 0.03                 |
| Body Corporate                                  | 20700                | 1.38                 |
| General Public                                  | 946989               | 63.13                |
| <b>Total</b>                                    | <b>1500000</b>       | <b>100.00</b>        |

(l) **Address for Correspondence:**

The shareholders should be addressed either to Registered Office at above address or Registrar Share Transfer Agents or Administrative Office at following address:

**Chemo Pharma Laboratories Ltd.**

3<sup>rd</sup> Floor, Empire House, 214, Dr. D. N. Road, Mumbai – 400 001

1. **Office of the Chairman of the Board:**  
The Company does not defray the secretarial expenses of the Chairman's office.
2. **Remuneration Committee:**  
The Company has not constituted Remuneration Committee.
3. **Shareholder rights-furnishing of half yearly results:**  
The Company's Quarterly results are published not in newspapers and are, therefore, sent to the shareholders.

**Postal Ballot:**

The Company will comply with the requirements of postal ballot as and when such matter arises requiring approval of the shareholders by such process in terms of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Adoption of other non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

**ON BEHALF OF THE BOARD**

**PLACE: MUMBAI**  
**DATE: 1<sup>ST</sup> SEPTEMBER, 2009**

**K. L. MUNDRA**  
**DIRECTOR**

**CERTIFICATE OF CORPORATE GOVERNANCE REPORT**

To The Members of **Chemo Pharma Laboratories Ltd.**

Empire House, 3<sup>rd</sup> Floor, 214 Dr. D. N. Road,  
Fort, Mumbai – 400 001

We have examined the compliance of conditions of Corporate Governance by **CHEMO PHARMA LABORATORIES LIMITED** for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of 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 conditions of Corporate Governance as stipulated in the above mentioned listing Agreement(s), except the following :

- 1) Company has not complied with Revised Accounting Standards AS-15 for Gratuity and Leave Encashment as the same are being accounted for on Cash Basis.
- 2) The Company has not complied with Clause 49(V) of the Listing Agreement as there is no CEO and CFO in the Company.

We further 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.

**FOR S. K. JAIN & COMPANY  
PRACTICING COMPANY SECRETARIES**

**(S. K. JAIN)  
Partner  
C.P. NO. 3076**

**PLACE : MUMBAI  
DATED : 1<sup>ST</sup> SEPTEMBER, 2009**