

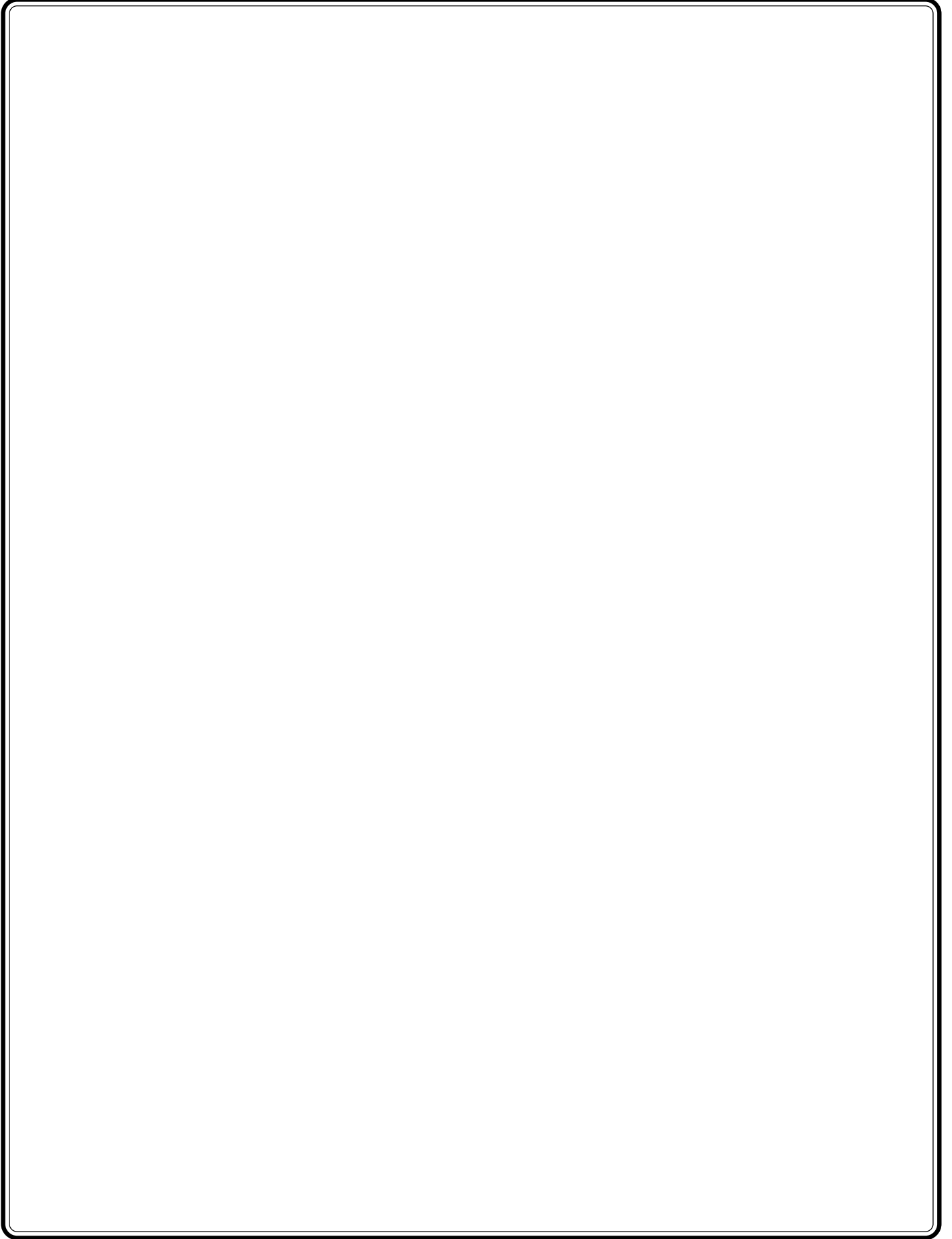


**ORGANIC  
COATINGS LIMITED**

(AN ISO 9001 COMPANY)

**44th ANNUAL REPORT  
2008 - 2009**

# ORGANIC COATINGS LIMITED



**BOARD OF DIRECTORS**

<b>MR. A. S. MEHENDALE</b>	Chairman
<b>MR. R. K. SHAH</b>	Vice Chairman & Managing Director
<b>MR. VIMAL C. MEHRA</b>	Managing Director
<b>MR. ABHAY R. SHAH</b>	Joint Managing Director
<b>MR. DHAVAL J. NANAVATI</b>	Executive Director
<b>MR. AJAY R. SHAH</b>	Whole Time Director
<b>MR. MANOJ V. MEHTA</b>	Whole Time Director
<b>JUSTICE S. C. PRATAP (RETD.)</b>	Director
<b>MR. V. B. TRIVEDI</b>	Director
<b>MR. VILAS K. SHAH</b>	Director
<b>MR. SUDHIR R. SHAH</b>	<b>Company Secretary</b>

**REGISTERED OFFICE**

Akal Co-op. Hsg. Scy. Ltd.,  
Bldg. No. A/2, Flat No. 1,  
Bamanpuri Village, J. B. Nagar,  
Andheri (East), Mumbai – 400 059.  
Email for investors' grievances :  
**organic-coatings@organic-coatings.com**

**FACTORY**

S. V. Road,  
Ghodbunder Village,  
Post : Mira Road,  
Dist. Thane – 401 104.

**BANKERS**

Bank of Maharashtra  
S. P. Road Branch,  
Mumbai – 400 004.

**LEGAL ADVISORS**

Manilal Kher Ambalal & Co.

**Soman Uday & Co.**

Chartered Accountants

**REGISTRAR & TRANSFER AGENT**

Link Intime India Pvt. Ltd.  
(Formerly Intime Spectrum Registry Ltd.)  
C/13, Pannalal Silk Mills Compound,  
L.B.S.Marg, Bhandup (W),  
Mumbai – 400 078.  
Tel : 2596 3838 Fax : 2594 6969

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\* \* \* \* \*

44<sup>th</sup> Annual General Meeting will be held on  
Friday, the 28<sup>th</sup> August, 2009 at 4.30 p.m. at  
Vishal Hall, Andheri –Kurla Road, Near Andheri  
Railway Station, Andheri (East), Mumbai – 400 069.

# ORGANIC COATINGS LIMITED

## NOTICE

Notice is hereby given that the 44<sup>th</sup> Annual General Meeting of Organic Coatings Limited will be held at Vishal Hall, Vishal Shopping Centre, Andheri-Kurla Road, Near Andheri (East), Mumbai – 400 069 on Friday, the 28<sup>th</sup> August, 2009 at 4.30 p.m. to transact the following business:

### Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Manoj V. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Justice (Rtd.) S.C.Pratap who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vilas K. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors and fix their remuneration

### Special Business :

6. Appointment of Mr. Vimal C. Mehra as a Director of the Company.

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), Mr. Vimal C. Mehra, who was appointed as an additional director of the Company who ceases to hold office as per the provisions of Section 260 of the act, at the ensuing annual general meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director as per the provisions of Section 257 of the act, be and is hereby appointed as a director of the Company, liable to retire by rotation “.

7. **Appointment of Mr. Dhaval J. Nanavati as a Director of the Company**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), Mr. Dhaval J. Nanavati, who was appointed as an additional director of the Company, who ceases to hold office as per the provisions of Section 260 of the act at the ensuing annual general meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of director as per the provisions of Section 257 of the act, be and is hereby appointed as a director of the Company, liable to retire by rotation “.

8. **Increase in remuneration of Mr. R.K.Shah, Vice Chairman & Managing Director**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, approval of the shareholders of the company be and is hereby granted for the increase/revision in the remuneration of Mr. R.K.Shah, Vice Chairman & Managing Director of the Company for the residual period from 1<sup>st</sup> December, 2008 to 30<sup>th</sup> September, 2009 as set out in the explanatory statement and as per the terms and conditions laid down in the supplemental agreement entered into with him by the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### **9. Increase in remuneration of Mr. Abhay R. Shah, Joint Managing Director**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, approval of the shareholders of the company be and is hereby granted for the increase/revision in the remuneration of Mr. Abhay R. Shah, Joint Managing Director of the Company for the residual period from 1<sup>st</sup> December, 2008 to 30<sup>th</sup> September, 2009 as set out in the explanatory statement and as per the terms and conditions laid down in the supplemental agreement entered into with him by the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### **10. Increase in remuneration of Mr. Manoj V. Mehta, Wholetime Director**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, approval of the shareholders of the company be and is hereby granted for the increase/revision in the remuneration of Mr. Manoj V. Mehta, Wholetime Director of the Company for the residual period from 1<sup>st</sup> December, 2008 to 30<sup>th</sup> September, 2009 as set out in the explanatory statement and as per the terms and conditions laid down in the supplemental agreement entered into with him by the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### **11. Increase in remuneration of Mr. Ajay R. Shah, Wholetime Director**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, approval of the shareholders of the company be and is hereby granted for the increase/revision in the remuneration of Mr. Ajay R. Shah, Wholetime Director of the Company for the residual period from 1<sup>st</sup> December, 2008 to 30<sup>th</sup> September, 2009 as set out in the explanatory statement and as per the terms and conditions laid down in the supplemental agreement entered into with him by the Company.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### **12. Appointment of Mr. Vimal C. Mehra as Managing Director of the Company**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

# ORGANIC COATINGS LIMITED

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of Members of the Company be and is hereby accorded to the appointment and payment of remuneration to Mr. Vimal Mehra as a Managing Director of the Company for a period of 5 years from 1<sup>st</sup> December, 2008 to 30<sup>th</sup> November, 2013 on the terms and conditions as set out in the explanatory statement and as per the terms and conditions laid down in the agreement entered into with him by the Company”.

“RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the aforesaid Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Managing Director remuneration by way of salary, bonus, allowances and perquisites as set out in the Explanatory Statement and the agreement entered into with him by the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### **13. Appointment of Mr. Dhaval J. Nanavati as Executive Director of the Company**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of members of the Company be and is hereby accorded to the appointment and payment of remuneration to Mr. Dhaval J. Nanavati as an Executive Director of the Company for a period of 5 years from 1<sup>st</sup> December, 2008 to 30<sup>th</sup> November, 2013 as set out in the explanatory statement and as per the terms and conditions laid down in the agreement entered into with him by the Company”.

“RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the aforesaid Executive Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Executive Director remuneration by way of salary, bonus, allowances and perquisites as set out in the Explanatory Statement and the agreement entered into with him by the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### **14. Re-appointment of Mr. Rajnikant K. Shah as Vice Chairman & Managing Director of the Company**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of members of the Company be and is hereby accorded to the re-appointment and payment of remuneration to Mr. Rajnikant K. Shah as a Vice Chairman & Managing Director of the Company for a period of 5 years from 1<sup>st</sup> October, 2009 to 30<sup>th</sup> September, 2014 as set out in the explanatory statement and as per the terms and conditions including remuneration laid down in the draft agreement, placed before this meeting initialed by the Chairman, to be entered into between the company and Mr. Rajnikant K. Shah, a draft whereof is hereby specifically sanctioned”.

“RESOLVED FURTHER THAT wherein any financial year during the currency of the tenure of the aforesaid Vice Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Vice Chairman & Managing Director remuneration by way of salary, bonus, allowances and perquisites as set out in the Explanatory Statement and as per the draft agreement”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### 15. Re-appointment of Mr. Abhay R. Shah as a Joint Managing Director of the Company

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of members of the Company be and is hereby accorded to the re-appointment of Mr. Abhay R. Shah as a Joint Managing Director of the Company for a period of 5 years from 1<sup>st</sup> October, 2009 to 30<sup>th</sup> September, 2014 as set out in the explanatory statement and as per the terms and conditions including remuneration laid down in the draft agreement, placed before this meeting, initialed by the Chairman, to be entered into between the company and Mr. Abhay R. Shah, the draft whereof is hereby specifically sanctioned”.

“RESOLVED FURTHER THAT wherein any financial year during the currency of the tenure of the aforesaid Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Joint Managing Director remuneration by way of salary, bonus, allowances and perquisites as set out in the Explanatory Statement and as per the draft agreement, placed before this meeting, to be entered into with him by the Company”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### 16. Re-appointment of Mr. Manoj V. Mehta as a Wholetime Director of the Company

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of members of the Company be and is hereby accorded to the re-appointment of Mr. Manoj V. Mehta as a Wholetime Director of the Company for a period of 5 years from 1<sup>st</sup> October, 2009 to 30<sup>th</sup> September, 2014 as set out in the explanatory statement and as per the terms and conditions including remuneration laid down in the draft agreement, placed before this meeting, initialed by the Chairman, to be entered into between the company and Mr. Manoj V. Mehta, the draft whereof is hereby specifically sanctioned”.

“RESOLVED FURTHER THAT wherein any financial year during the currency of the tenure of the aforesaid Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Wholetime Director remuneration by way of salary, bonus, allowances and perquisites as set out in the Explanatory Statement and as per the draft agreement, placed before this meeting”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

### 17. Re-appointment of Mr. Ajay R. Shah as a Wholetime Director of the Company

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of members of the Company be and is hereby accorded to the

# ORGANIC COATINGS LIMITED

re-appointment of Mr. Ajay R. Shah as a Wholetime Director of the Company for a period of 5 years from 1<sup>st</sup> October, 2009 to 30<sup>th</sup> September, 2014 as set out in the explanatory statement and as per the terms and conditions including remuneration laid down in the draft agreement, placed before this meeting, initialed by the Chairman, to be entered into between the company and Mr. Ajay R. Shah, the draft whereof is hereby specifically sanctioned”.

“RESOLVED FURTHER THAT wherein any financial year during the currency of the tenure of the aforesaid Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Wholetime Director remuneration by way of salary, bonus, allowances and perquisites as set out in the Explanatory Statement and as per the draft agreement, placed before this meeting”.

“RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to take all such steps, as may be necessary, proper or expedient and to do such acts, deeds, matters and things to give effect to this resolution”.

**By Order of the Board of Directors**

**Sudhir R. Shah**  
**Company Secretary**

Date : June 13, 2009

Registered Office  
Flat No. 1, Bldg. No. A/2,  
Akal Co-op. Hsg. Scy. Ltd.,  
J. B. Nagar, Andheri (East),  
Mumbai - 400 059.

## **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialized form are requested to write their client ID and DPID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. The Register of Members and the Share Transfer Books of the Company will be closed from 24/08/2009 to 28/08/2009 both days inclusive, for the purpose of the Annual General Meeting.
8. Explanatory statement under section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting is annexed hereto and shall be forming part of the notice. The relevant details in respect of the Directors, seeking appointments/re-appointments, required to be provided pursuant to Clause 49 of the Listing Agreement are also annexed hereto.



## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMS PART OF THE NOTICE OF ANNUAL GENERAL MEETING

### Item 6 & 12

Mr. Vimal C. Mehra was appointed as an additional director of the Company by the Board of Directors on 12<sup>th</sup> November, 2008. He holds office upto the date of this annual general meeting pursuant to Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company.

The Board is of the view that Mr. Vimal C. Mehra's enriched knowledge and experience will be of immense benefit and value to the Company. The Board of Directors of the Company has also appointed Mr. Vimal Mehra as Managing Director (Marketing) w.e.f. 1<sup>st</sup> December, 2008 for a period of 5 years, subject to the approval of the shareholders of the Company at the Annual General Meeting on the following terms and conditions and remuneration. His designation was changed to Managing Director at the meeting of the Board of Directors held on 29<sup>th</sup> January, 2009.

1) PERIOD OF APPOINTMENT : 5 YEARS FROM 1<sup>ST</sup> DECEMBER, 2008.

2) REMUNERATION

Particulars	Amount per month (Rs.)
Basic	67200
Bonus (Fixed)	2084
<b>Perquisites</b>	
HRA	32800
Medical Reimbursement	1250
LTA (reimbursement for self & family max. upto 1 month basic)	5600
Club Fees *	2 Club fees
Personal Accident Insurance	167
Electricity (Fixed Allowance)	10000
Telephone	See note below
Gas (Fixed Allowance)	4000

### Notes :

- 1) \* Club Fees : The Managing Director shall be entitled to reimbursement of fees towards membership of 2 clubs. However, he shall not be entitled to reimbursement of any admission and/or fees payable towards life membership.
- 2) Telephone : The Managing Director shall be entitled for telephone and broadband expenses incurred at his residence as well as mobile phones for local calls and long distance calls.
- 3) Provident Fund : The Managing Director shall be entitled to company's contribution towards provident fund as per the rules of the Company.
- 4) Gratuity: The Managing Director shall be entitled to payment of gratuity wherever applicable as per the payment of Gratuity Act, 1972 and amended from time to time as per the rules of the company.
- 5) Leave Encashment : The Managing Director shall be entitled for leave encashment of accumulated leave (at the rate of basic salary), standing to his credit encashable at the end of his tenure, which shall not lapse during his tenure.
- 6) Car : The Managing Director shall be provided chauffeur driven car by the Company for official purpose.
- 7) He shall not be entitled to any sitting fees for attending the meetings of the Board of Directors of the Company or any Committee or committees thereof.
- 8) He shall not so long as he functions as such, become interested or otherwise concerned directly or through his wife/minor children in any selling agency of the Company in future without the prior approval of the appropriate authority under the Companies Act, 1956.

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## MINIMUM REMUNERATION

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the aforesaid Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Managing Director remuneration by way of Salary, Bonus, Perquisites and Allowances as specified above.

## TERMINATION

The agreement with the aforesaid Managing Director can be terminated by giving 6 months notice in writing by either party.

The above remuneration are well within the limits specified in Sections 198, 309 and Schedule XIII to the Companies Act, 1956.

In compliance with the requirements of Section 302 of the Companies Act, 1956 an abstract of the terms and conditions of the appointment was sent to the members.

## MEMORANDUM OF INTEREST

None of the directors of the Company except Mr. Vimal Mehra is in any way concerned or interested in the above appointment.

The copy of the agreement for the appointment of Mr. Vimal Mehra as a Managing Director of the Company is open for inspection by the members at the registered office of the Company on any working days between 11.00 a.m. and 1.00 p.m.

The Board recommends his appointment to the shareholders.

## Item 7 & 13

Mr. Dhaval J. Nanavati was appointed as an additional director of the Company by the Board of Directors on 12<sup>th</sup> November, 2008. He holds office upto the date of this annual general meeting pursuant to Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company.

The Board is of the view that Mr. Dhaval J. Nanavati's enriched knowledge and experience will be of immense benefit and value to the Company. The Board of Directors of the Company has appointed Mr. Dhaval Nanavati as Wholetime Director w.e.f. 1<sup>st</sup> December, 2008 for a period of 5 years, subject to the approval of the shareholders of the Company at the Annual General Meeting on the following terms and conditions and remuneration. His designation was changed to Executive Director at the meeting of the Board of Directors held on 29<sup>th</sup> January, 2009.

1) Period of appointment : 5 years from 1<sup>st</sup> December, 2008.

2) Remuneration :

Particulars	Amount per month
Basic	60000
Bonus (Fixed)	2084
<b>Perquisites</b>	
HRA	32800
Medical Reimbursement	1250
LTA (reimbursement for self & family max. upto 1 month basic)	5000
Club Fees *	2 Club fees
Personal Accident Insurance	167
Electricity (Fixed Allowance)	10000
Telephone	See note below
Gas (Fixed Allowance)	4000

## **Notes :**

- 1) \* Club Fees : The Executive Director shall be entitled to reimbursement of fees towards membership of 2 clubs. However, he shall not be entitled to reimbursement of any admission and/or fees payable towards life membership.
- 2) Telephone : The Executive Director shall be entitled for telephone and broadband expenses incurred at his residence as well as mobile phones for local calls and long distance calls.
- 3) Provident Fund : The Executive Director shall be entitled to company's contribution towards provident fund as per the rules of the Company.
- 4) Gratuity : The Executive Director shall be entitled to payment of gratuity wherever applicable as per the payment of Gratuity Act, 1972 amended from time to time as per the rules of the company.
- 5) Leave Encashment : The Executive Director shall be entitled for leave encashment of accumulated leave (at the rate of basic salary), standing to his credit encashable at the end of his tenure, which shall not lapse during his tenure.
- 6) Car : The Executive Director shall be provided with chauffeur driven car by the Company for official use.
- 7) He shall not be entitled to any sitting fees for attending the meetings of the Board of Directors of the Company or any Committee or committees thereof.
- 8) He shall not so long as he functions as such, become interested or otherwise concerned directly or through this wife/minor children in any selling agency of the Company in future without the prior approval of the appropriate authority under the Companies Act, 1956.

## **MINIMUM REMUNERATION**

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the aforesaid Executive Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Executive Director remuneration by way of Salary, Bonus, Perquisites and Allowances as specified above.

## **TERMINATION**

The agreement with the aforesaid Executive Director can be terminated by giving 6 months notice in writing by either party.

The above remuneration are well within the limits specified in Sections 198, 309 and Schedule XIII to the Companies Act, 1956.

In compliance with the requirements of Section 302 of the Companies Act, 1956 an abstract of the terms and conditions of the appointment was sent to the members.

## **MEMORANDUM OF INTEREST**

None of the directors of the Company except Mr. Dhaval Nanavati is in any way concerned or interested in the above appointment.

The copy of the agreement for the appointment of Mr. Dhaval Nanavati as an Executive Director of the Company is open for inspection by the members at the registered office of the Company on any working days between 11.00 a.m. and 1.00 p.m.

The Board recommends his appointment to the shareholders.

## **Item 8, 9, 10 & 11**

Mr. R.K.Shah was appointed as Chairman & Managing Director/Wholetime Director of the Company for a period of 5 years from 1<sup>st</sup> October, 2004 and his appointment and remuneration has been approved by the members in the Annual General Meeting held on 28<sup>th</sup> August, 2004. Mr. R.K.Shah relinquished his position of Chairman and was appointed as Vice Chairman & Managing Director of the Company w.e.f. 12<sup>th</sup> November, 2008 by the Board of Directors. He relinquished his position of Vice Chairman on 3<sup>rd</sup> December, 2008 and he continued as Managing Director of the Company. The Board of Directors of the company at its meeting held on 29<sup>th</sup> January, 2009 re-designated Mr. R.K.Shah as Vice Chairman & Managing Director of the company.

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Mr. Abhay R. Shah was appointed as Joint Managing Director/Wholetime Director of the Company for a period of 5 years from 1<sup>st</sup> October, 2004 and his appointment and remuneration has been approved by the members in the Annual General Meeting held on 28<sup>th</sup> August, 2004.

Mr. Manoj V. Mehta was appointed as Wholetime Director of the Company for a period of 5 years from 1<sup>st</sup> October, 2004 and his appointment and remuneration has been approved by the members in the Annual General Meeting held on 28<sup>th</sup> August, 2004.

Mr. Ajay R. Shah was appointed as Wholetime Director of the Company for a period of 5 years from 1<sup>st</sup> October, 2004 and his appointment and remuneration has been approved by the members in the Annual General Meeting held on 28<sup>th</sup> August, 2004.

In terms of the authority given to the Board of Directors, as per the aforesaid resolutions passed by the shareholders of the Company at the Annual General Meeting held on 28<sup>th</sup> August, 2004, the Board has resolved to revise/raise the remuneration payable to Mr. R.K.Shah, Mr. Abhay R. Shah, Mr. Manoj V. Mehta and Mr. Ajay R. Shah for a residual period from 1<sup>st</sup> December, 2008 to 30<sup>th</sup> September, 2009 subject to the approval of the shareholders in the Annual General Meeting.

The existing monthly remuneration upto 30<sup>th</sup> November, 2008 of the Managing Director, Joint Managing Director and Wholetime Directors are as under:

Particulars	Mr. R. K. Shah (Rs. p. m.)	Mr. Abhay R. Shah (Rs. p. m.)	Mr. Manoj V. Mehta (Rs. p.m.)	Mr. Ajay R. Shah (Rs. p.m.)
Basic	52752	46554	29780	29780
Bonus	2083	2083	2083	2083
<b>Perquisites</b>				
HRA	31651	27933	17868	17868
Medical Reimbursement	5229	4713	3315	3315
LTA	4396	3880	2482	2482
Club Fees	2 Club fees	2 Club fees	2 Club fees	2 Club fees
Personal Accident Insurance	333	333	333	333
* Electricity	5000 or actual whichever is lower	5000 or actual whichever is lower	10% of the salary or actual whichever is lower	10% of the salary or actual whichever is lower
** Telephone	See note below	See note below	See note below	See note below
Gas	2000	2000	2000	2000

## Notes:

- \* Electricity - In the case of Mr. Ajay R. Shah subjected to him sharing the same accommodation with Mr. R.K.Shah, the reimbursement of electricity shall be restricted to 10% of his own salary plus Rs. 5,000/- or actual monthly electricity bill whichever is less.
- \*\* Telephone – The Managing Director, Joint Managing Director and Wholetime Directors are entitled towards reimbursement of telephone bill at residence and mobile.

An amount equivalent to Rs. 200/- per month towards personal calls shall be recovered on adhoc basis from Mr. R.K.Shah and Mr. Abhay R. Shah.

An amount equivalent to 10% of the bill amount towards personal calls shall be recovered on adhoc basis from Mr. Manoj V. Mehta and Mr. Ajay R. Shah.

- The above Managing Director, Joint Managing Director and Wholetime Directors are entitled to company's contribution towards provident fund as per the rules of the company.
- The above Managing Director, Joint Managing Director and Wholetime Directors are entitled to payment of gratuity wherever applicable as per the payment of Gratuity Act, 1972 and amended from time to time as per rules of the company.
- Leave Encashment - The above Managing Director, Joint Managing Director and Wholetime Directors are entitled to encashment of accumulated leave to their credit which shall not lapse during their tenure.

- 6) Car - The above Managing Director, Joint Managing Director and Wholetime Directors have been provided cars by the company.

The revised/increased remuneration, perquisites and benefits of the aforesaid Managing Director, Joint Managing Director and Wholetime Directors for the residual period of their tenure w.e.f. 1<sup>st</sup> December, 2008 to 30<sup>th</sup> September, 2009 are as under :

Particulars	Mr. R. K. Shah (Rs. p. m.)	Mr. Abhay R. Shah (Rs. p. m.)	Mr. Manoj V. Mehta (Rs. p.m.)	Mr. Ajay R. Shah (Rs. p.m.)
Basic	70000	60000	35000	35000
Bonus	2083	2083	2083	2083
<b>Perquisites</b>				
HRA	37750	32800	20000	20000
Medical Reimbursement	1250	1250	1250	1250
LTA *	5834	5000	2917	2917
Club Fees **	2 Club fees	2 Club fees	2 Club fees	2 Club fees
Personal Accident Insurance	367	167	292	292
Electricity	5350	10000	5000	5000
Telephone	See note below	See note below	See note below	See note below
Gas	2300	4000	2800	2800

**Notes :**

- 1) \* LTA : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to reimbursement of actual leave travel expenses once in a year for themselves and their family to any destination in India by air/rail/road, however which shall not exceed one month's basic salary respectively.
- 2) \*\* Club Fees : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to reimbursement of fees towards membership of 2 clubs. However, they shall not be entitled to reimbursement of any admission and/or fees payable towards life membership.
- 3) Telephone : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled for telephone and broadband expenses incurred at their residences as well as mobile phones for local calls and long distance calls.
- 4) Provident Fund : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to company's contribution towards provident fund as per the rules of the Company.
- 5) Gratuity : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to payment of gratuity, wherever, applicable as per the payment of Gratuity Act, 1972 and amended from time to time as per the rules of the company.
- 6) Leave Encashment : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled for leave encashment of accumulated leave (at the rate of basic salary), standing to their credit encashable at the end of their tenure, which shall not lapse during their tenure.
- 7) Car : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors will be provided with chauffeur driven cars by the Company, which shall be used by them for official purposes only.
- 8) The aforesaid Managing Director, Joint Managing Director and Wholetime Directors shall not be entitled to any sitting fees for attending the meetings of the Board of Directors of the Company or any Committee or committees thereof.
- 9) The aforesaid Managing Director, Joint Managing Director and Wholetime Directors shall not so long as they function as such, become interested or otherwise concerned directly or through their wives/minor children in any selling agency of the Company in future without the prior approval of the appropriate authority under the Companies Act, 1956.

# ORGANIC COATINGS LIMITED

## MINIMUM REMUNERATION

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the aforesaid Managing Director, Joint Managing Director and the Wholetime Directors, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Managing Director, Joint Managing Director and the Wholetime Directors remuneration by way of Salary, Bonus, Perquisites and Allowances as specified above.

## TERMINATION

The agreements with the aforesaid Managing Director, Joint Managing Director and the Wholetime Directors can be terminated by giving 6 months notice in writing.

The increased remuneration as above are well within the limits specified in Sections 198, 309 and Schedule XIII to the Companies Act, 1956.

## MEMORANDUM OF INTEREST

Mr. R.K.Shah is the father of Mr. Abhay R. Shah and Mr. Ajay R. Shah. Accordingly, each of them may be deemed to be interested or concerned in the resolutions at Item No. 8, 9 & 11.

Mr. Manoj V. Mehta alone is interested or concerned in the resolution at Item No. 10.

The copies of the supplemental agreements for the increase in the remuneration thereof with Mr.R.K.Shah, Mr. Abhay R. Shah, Mr. Manoj V. Mehta and Mr. Ajay R. Shah are open for inspection by the members at the registered office of the Company on any working days between 11.00 a.m. and 1.00 p.m.

In compliance with the requirements of Section 302 of the Companies Act, 1956, an abstract of the revision in the terms of the remunerations of the above Managing Director, Joint Managing Director and Wholetime Directors was sent to the members.

## Item 14, 15, 16 & 17

The Board of Directors of the Company at its meeting held on 13<sup>th</sup> June, 2009 re-appointed Mr. R.K.Shah as Vice Chairman & Managing Director, Mr. Abhay R. Shah as Joint Managing Director, Mr. Manoj V. Mehta as Wholetime Director and Mr. Ajay R. Shah as Wholetime Director for a period of 5 years from 1<sup>st</sup> October, 2009 to 30<sup>th</sup> September, 2014 subject to approval of the shareholders of the Company at the Annual General Meeting on the following remuneration and other terms and conditions :

Particulars	Mr. R. K. Shah (Rs. p. m.)	Mr. Abhay R. Shah (Rs. p. m.)	Mr. Manoj V. Mehta (Rs. p.m.)	Mr. Ajay R. Shah (Rs. p.m.)
Basic	70000	60000	35000	35000
Bonus	2083	2083	2083	2083
<b>Perquisites</b>				
HRA	37750	32800	20000	20000
Medical Reimbursement ~	1250	5000	2917	2917
LTA *	5834	5000	2917	2917
Club Fees **	2 Club fees	2 Club fees	2 Club fees	2 Club fees
Personal Accident Insurance	367	167	292	292
Electricity ***	5350	10000	5000	5000
Telephone	See note below	See note below	See note below	See note below
Gas	2300	4000	2800	2800

The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors will be given minimum annual increment of 5% of the basic salary. However, the Board of Directors will have discretion to consider on merit basis, higher increment taking into account the company's performance and subject to ceiling of 10% of the basic salary which shall be within the overall limits prescribed under Schedule XIII to the Companies Act, 1956 as amended.

## Notes :

- 1) ~ Medical : Mr. Abhay R. Shah, Mr. Manoj V. Mehta and Mr. Ajay R. Shah shall be entitled to reimbursement of medical expenses incurred by them subject to overall limit of one months basic salary in a year.
- 2) \* LTA : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to reimbursement of actual leave travel expenses once in a year for themselves and their family to any destination in India by air/rail/road, however which shall not exceed one month's basic salary respectively.
- 3) \*\* Club Fees : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to reimbursement of fees towards membership of 2 clubs. However, they shall not be entitled to reimbursement of any admission and/or fees payable towards life membership.
- 4) \*\*\* Electricity : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to reimbursement of actual expenses incurred by them or the amount specified above against their respective names whichever is lower.
- 5) Telephone : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled for telephone and broadband expenses incurred at their residences as well as mobile phones for local calls and long distance calls.
- 6) Provident Fund : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to company's contribution towards provident fund as per the rules of the Company.
- 7) Gratuity : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled to payment of gratuity wherever applicable as per the payment of Gratuity Act, 1972 and amended from time to time as per the rules of the company.
- 8) Leave Encashment : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors shall be entitled for leave encashment of accumulated leave (at the rate of basic salary), standing to their credit encashable at the end of their tenure, which shall not lapse during their tenure.
- 9) Car : The aforesaid Managing Director, Joint Managing Director and the Wholetime Directors will be provided with chauffeur driven cars by the Company, which shall be used by them for official purposes only.
- 10) The aforesaid Managing Director, Joint Managing Director and Wholetime Directors shall not be entitled to any sitting fees for attending the meetings of the Board of Directors of the Company or any Committee or committees thereof.
- 11) The aforesaid Managing Director, Joint Managing Director and Wholetime Directors shall not so long as they function as such, become interested or otherwise concerned directly or through their wives/minor children in any selling agency of the Company in future without the prior approval of the appropriate authority under the Companies Act, 1956.

## MINIMUM REMUNERATION

Notwithstanding anything to the contrary contained herein, where in any financial year during the currency of the tenure of the aforesaid Managing Director, Joint Managing Director and the Wholetime Directors, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Managing Director, Joint Managing Director and the Wholetime Directors remuneration by way of Salary, Bonus, Perquisites and Allowances as specified above.

The above remunerations are well within the limits specified in Sections 198, 309 and Schedule XIII to the Companies Act, 1956.

In terms of Sub – Clause (c)(ii) of part I of Schedule XIII to the Companies Act, 1956, the resolution regarding the re-appointment of Mr. R.K.Shah as Vice Chairman & Managing Director is proposed by way of special resolution since he has attained age of more than 70 years.

## MEMORANDUM OF INTEREST

Mr. R.K.Shah is the father of Mr. Abhay R. Shah and Mr. Ajay R. Shah. Accordingly, each of them may be deemed to be interested or concerned in the resolutions at Item No. 14, 15 & 17.

Mr. Manoj V. Mehta alone is interested or concerned in the resolution at Item No. 16.

The copies of the draft agreements for the re-appointments and payment of remuneration thereof with Mr.R.K.Shah, Mr. Abhay R. Shah, Mr. Manoj V. Mehta and Mr. Ajay R. Shah are open for inspection by the members at the registered office of the Company on any working days between 11.00 a.m. and 1.00 p.m.

This may also be treated as an abstract under the provisions of Section 302 of the Companies Act, 1956 as amended.

# ORGANIC COATINGS LIMITED

## Details of Directors seeking appointments/reappointments at the Annual General Meeting pursuant to Clause 49 of the Listing Agreement

Name of the Director	Mr. Manoj V. Mehta	Justice S.C.Pratap (Rtd.)	Mr. Vilas K. Shah
Date of Birth	12/12/1960	01/07/1930	01/12/194
Date of Appointment	01/10/1994	21/08/1995	20/12/2005
Expertise in specific functional areas	Production of the Company.	Retired Chief Justice of the Andhra Pradesh High Court and is one of the two legal luminaries on the Board.	Senior Chartered Accountant practicing in Mumbai for more than three decades. He has to his credit wide experience in the field of taxation and management consultancy services.
Qualifications	H.S.C.	B.A. (Hons) LLB	M.Com, LLB (Gen) FCA
No. of shares held in Organic Coatings Ltd.	81,500 (1.22%)	NIL	NIL
Directorship in other Companies	NIL	NIL	East Coast Steel Ltd.

### Membership of Committees in other Public Limited Companies:

Name of the Director	Mr. Manoj V. Mehta	Justice S.C.Pratap (Rtd.)	Mr. Vilas K. Shah
Audit Committee	NIL	NIL	NIL
Shareholders'/Investors' Grievance	NIL	NIL	NIL

Name of the Director	Mr. Vimal C. Mehra	Mr. Dhaval J. Nanavati	Mr. R. K. Shah
Date of Birth	24/03/1950	18/12/1971	26/06/1935
Date of Appointment	01/12/2008	01/12/2008	22/04/1965
Expertise in specific functional areas	Work experience in the field of printing inks starting from state level and reaching to global sales responsibility including international experience of 7 years in USA, establishing distribution network	Wide experience in the field of operations, commercial, supply , chain sales and marketing	He is associated with the Company for last 45 years as a promoter Director. He has to his credit wide experience in the field of Marketing and much of the competence that OCL has achieved during all these years could be attributed to his untiring zeal, efforts and constant search for new innovations in the field of marketing. He has extensive experience in all areas of practice of the firm and at present he is the Vice Chairman & Managing Director of OCL. He was conferred upon Life Time Achievement Award by All India Federation Master Printers (AIFMP). The award comprised of a commemorative gold medal and Plaque, presented to him by the Hon'ble Mr. Arun Gujarathi, then the Speaker, Maharashtra Legislative



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			<p>Assembly on 26<sup>th</sup> September, 2003. He is also the Vice President of All India Printing Ink Manufacturers Association Ltd. He has been traveling worldwide, attending conferences, exhibitions, coatings shows thus keeping stride with upgrading technology. He is also responsible for holding international conferences related to printing inks in India.</p> <p>He is one of the pioneer members of the Company. He has to his credit glorious achievement for his contribution in the field of printing technology</p>
Qualifications	<p>a) Graduate from Mumbai University in Economics b) Diploma in Marketing from XLRI Jamshedpur</p>	<p>a) BE (Industrial Engnn.) from Saurashtra University b) MBA from Nirma Institute of Management c) Advance Management from Kellogg Institute of Management Industrialists</p>	
No. of shares held in Organic Coatings Ltd.	3,50,000 (5.24%)	3,51,000 (5.26%)	7,23,524 (11.59%)
Directorship in other Companies	NIL	Dhan Color Pvt. Ltd.	NIL

### Membership of Committees in other Public Limited Companies:

Name of the Director	Mr. Vimal C. Mehra	Mr. Dhaval J. Nanavati	Mr. R. K. Shah
Audit Committee	NIL	NIL	NIL
Shareholders'/Investors' Grievance	NIL	NIL	NIL

Name of the Director	Mr. Abhay R. Shah	Mr. Ajay R. Shah
Date of Birth	13/07/1966	21/04/1968
Date of Appointment	01/10/1994	01/08/1998
Expertise in specific functional areas	Marketing and production planning.	Accounts & Finance functions of the Company
Qualifications	B.Sc	Diploma in Computer Engnn.
No. of shares in Organic Coatings Ltd.	2,50,250 (3.75%)	4,13,413 (6.20%)
Directorship in other Companies	NIL	NIL

### Membership of Committees in other Public Limited Companies:

Name of the Director	Mr. Abhay R. Shah	Mr. Ajay R. Shah
Audit Committee	NIL	NIL
Shareholders'/Investors' Grievance	NIL	NIL

# ORGANIC COATINGS LIMITED

## DIRECTORS' REPORT

### TO THE MEMBERS OF ORGANIC COATINGS LIMITED

Your directors have pleasure in presenting their annual report together with audited statement of accounts of the Company for the year ended 31<sup>st</sup> March, 2009.

#### 1) Financial Results

(Rs. In Lacs)

	<u>2008-09</u>	<u>2007-08</u>
Profit before Depreciation and Tax	161.24	136.43
Less: Depreciation	95.29	80.31
	-----	-----
Profit for the year before tax	65.95	56.12
Add : Prior year's Income Tax Adjustment	—	4.12
	-----	-----
Profit after adjustment	65.95	60.24
Less : Provision for Taxation		
Current	6.25	4.35
Deferred	21.56	13.75
Fringe Benefit Tax	5.20	4.84
	-----	-----
Profit after tax	32.94	37.30
Previous Year's balance b/f	91.31	54.01
	-----	-----
Balance carried forward	124.25	91.31
	-----	-----

#### 2) Dividend

In order to conserve the resources for the Company's financial needs, the directors do not recommend any dividend for the year under report.

#### 3) Operations

During the year under report, the Company achieved a net turnover of Rs. 3720.32 lacs as compared to Rs. 3676.97 lacs in the previous year registering an increase of about 1.17%. The operating profit before depreciation and taxation for the year under review has gone up to Rs. 161.23 lacs as against Rs. 136.43 lacs in the previous year, an increase of about 18%.

#### 4) Issue and allotment of equity shares and share warrants

In terms of the approval of the shareholders of the Company granted pursuant to Section 81(1A) of the Companies Act, 1956 and guidelines for Preferential Issues contained in the SEBI (Disclosure and Investor Protection) Guidelines, 2000 at an Extra Ordinary General Meeting held on 10<sup>th</sup> November, 2008, the Board of Directors of the Company has allotted on 12<sup>th</sup> November, 2008, 7,00,000 Equity Shares of the face value of Rs. 10/- each at a price of Rs. 14/- per share aggregating to Rs. 98.00 Lacs and 10,00,000 Share Warrants with a option to apply for 1 Equity Share each at a price not less than Rs. 14/- per share each of the aggregate value of Rs. 1.40 Crores against which application money of Rs. 19 lacs has been received till date.

#### 5) Expansion

To meet the increasing demand of the Company's products, the Board of Directors has approved the proposal for increasing the capacity to manufacture additional quantity of printing inks at its existing plant at Ghodbunder Village, Post Mira, Dist. Thane - 401 104.

#### 6) Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended, the directors confirm that:

- i) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2009, the applicable accounting standards have been followed;

- ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March 2009 and of the profit for the year ended on that date;
- iii) proper and sufficient care has been taken 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 for year ended 31<sup>st</sup> March, 2009, have been prepared on a going concern basis.

The above statements have been noted by the Audit Committee at its meeting held on 13<sup>th</sup> June, 2009.

### **7) Directors**

Mr. Manoj V. Mehta, Justice S.C.Pratap and Mr. Vilas K. Shah retire by rotation and being eligible offer themselves for re-appointment at the ensuing annual general meeting.

Mr. Vimal C. Mehra and Mr. Dhaval J. Nanavati were appointed as additional Directors of the Company by the Board of Directors effective 12<sup>th</sup> November, 2008 and they hold the office until the date of the ensuing Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and being eligible they offer themselves for the appointments as Directors of the Company. Mr. Vimal C. Mehra has been appointed as Managing Director of the Company and Mr. Dhaval J. Nanavati has been appointed as Executive Director of the Company w.e.f. 1<sup>st</sup> December, 2008 for a period of 5 years. The necessary resolutions for their appointments and payment of remuneration are proposed at the ensuing Annual General Meeting for the approval of the shareholders of the Company.

Mr. R.K.Shah relinquished his position as a Chairman and was appointed as a Vice Chairman & Managing Director of the Company on 12<sup>th</sup> November, 2008 and Mr. Avinash Mehendale, Non-Executive Independent Director has been appointed as Chairman of the Company. Mr. R.K.Shah relinquished his position as Vice Chairman and continued as Managing Director effective 3<sup>rd</sup> December, 2008. Mr. R.K.Shah was re-designated as Vice Chairman & Managing Director of the Company at the Board Meeting held on 29<sup>th</sup> January, 2009.

The remuneration of Mr. R. K. Shah - Vice Chairman & Managing Director, Mr. Abhay R. Shah - Joint Managing Director, Mr. Manoj V. Mehta - Wholetime Director and Mr. Ajay R. Shah - Wholetime Director have been revised for the residual period from 1<sup>st</sup> December, 2008 to 30<sup>th</sup> September, 2009. Mr. R.K.Shah, Mr. Abhay R. Shah, Mr. Manoj V. Mehta and Mr. Ajay R. Shah have been re-appointed as Vice Chairman & Managing Director, Joint Managing Director and Wholetime Directors respectively for a period of 5 years from 1<sup>st</sup> October, 2009. The necessary resolutions for the revision in remunerations and their re-appointments and payment of remuneration to them are proposed at the ensuing Annual General Meeting for the approval of the shareholders of the Company.

The Board of Directors recommends the above appointments/re-appointments.

### **8) Corporate Governance Report and Management Discussion and Analysis Statement**

The report on Corporate Governance including Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement with Stock Exchange, forms part of the Annual Report is annexed.

A certificate of the auditors of the Company, Soman Uday & Co., Chartered Accountants, confirming compliance of the conditions of corporate governance as stipulated in Clause 49 is annexed.

### **9) Fixed Deposits**

The Company has not accepted any deposits from the public during the year.

### **10) Industrial Relations**

The Company is happy to have extremely cordial industrial relations with the workers and the staff.

### **11) Conservation of energy, technology absorption, foreign exchange earnings and outgo**

Information as required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is given in Annexure 'A' forming part of this report.

# ORGANIC COATINGS LIMITED

## 12) Particulars of Employees

The Company does not have any employee whose particulars are required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## 13) Auditors

M/s. Soman Uday & Co, Chartered Accountants retire as Auditors at the forthcoming annual general meeting and being eligible offer themselves for re-appointment. The members are requested to consider reappointing them as Auditors and to fix their remuneration.

## 14) Social responsibility

As part of our social responsibility towards the society as well as printing fraternity, the Company invited around 150 students from Printing School, Pune and T.Y.B.Sc students from Mumbai for a training session in the factory to help them understand the basic norms followed in the manufacturing industry. All the students gained tremendous knowledge due to the exposure.

## 15) Acknowledgements

During the year a visit of our shareholders was organized to see the manufacturing plant. We are grateful to all those shareholders who took time out for this visit and show their support to the company.

Your directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, Bank of Maharashtra and other bankers, regulatory bodies and other business constituents during the year under review.

Your directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers, staff and workers.

On behalf of the Board of Directors

Managing Director

Joint Managing Director

Place : Mumbai

Date : June 13, 2009

## ANNEXURE A

## FORM 'A'

Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo-Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:**

	Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
A. Power Consumption		
1 Electricity		
(a) Purchased Unit	14,40,024	12,72,648
Total Amount (Rs.)	1,19,55,520	97,57,289
Rate / Unit (Rs.)	8.30	7.67
(b) Own Generated Units	28	116
Total Amount (Rs.)	4,108	3,560
Rate / Unit (Rs.)	146.71	30.68
2 Coal	Not Applicable	Not Applicable
3 Furnace Oil + Light Diesel Oil	Not Applicable	Not Applicable
4 Others / Internal Generation	Not Applicable	Not Applicable
5 Consumption per unit of Production (Rs.)	5.51	3.77

Since the Company manufactures several inks and having regard to the records and other books maintained by the Company, it is impracticable to apportion the utilities.

## FORM 'B'

**DISCLOSURE OF PARTICULARS WITH RESPECT TO RESEARCH,  
DEVELOPMENT (R&D) AND ABSORPTION OF TECHNOLOGY**

**B 1. Specific areas in which R&D carried out by the Company:**

- Development of four Colour Process Inks for Perfecta Sheetfed Machine (8 Color).
- Development of Pantone Basic Colors for computerized Matching Centre.
- Development of water-based Label Inks for latest high speed machine.
- Development of UV Flexo Inks for labels for narrow web printing application.

**2. Benefits derived as a result of the above R&D:**

Company has successfully developed above products to give high quality performance inks for different applications to increase the business.

**3. Future plan of action:**

The Company is continuously developing new products and process to offer superior quality inks.

**4. Expenditure on R&D**

- Capital Rs. Rs. NIL
- Recurring Rs. Rs. 88241.00
- Total Rs. Rs. 88241.00
- Total R&D expenditure as a percentage of total turnover 0.02

**5. Technology absorption, adaptation and innovation:**

The efforts in developing new products have resulted in increasing overall business, maintaining quality standards with cost effectiveness.

Continuous upgradation in ink manufacturing process has helped in increasing the production capacity.

**C. Foreign Exchange earned & used**

The company has earned Rs. 365.59 lacs in Foreign Exchange & used Rs. 681.68 lacs of Foreign Exchange.

# ORGANIC COATINGS LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49 of the Listing Agreement, a Report on Management Discussion and Analysis is given below:

### **Industry Structure and Development and Challenges:**

Printing Ink industry in general and graphic art industry in particular is heavily dependent on fluctuations affecting prices of crude oil. The year under review saw unprecedented increase and fluctuation in the prices of crude oil which affected the entire graphic art industry but more so the ink manufacturers. Your company was no exception. The company took some bold steps in planning its future course by adopting newer technologies and also looking for alternate source of raw material for manufacturing inks. Lot of efforts were put in to ensure that the manufacturing processes are also altered which would result in saving power cost. The company has embarked upon a process of backward integration which would again help the company in controlling its costs as well as improving the final products being offered to the customers. India as a country has earned tremendous respect of the developed world. It is a right time to take advantage of our superior managerial as well as technological edge. The company has taken a very positive step forward in going in for export of our inks to the global printing markets. These exports in turn would again help the company in import of certain critical raw material at subsidized duties.

### **Resources:**

During the year under review, the Company has raised funds through preferential issue and allotment of 7,00,000 Equity Shares of the face value of Rs. 10/- each at a price of Rs. 14/- per share aggregating to Rs. 98.00 lacs and 10,00,000 Share Warrants at a price of Rs. 14/- each of the aggregate value of Rs. 1.40 Crores and an aggregate amount of Rs. 112.00 lacs were utilized for the purposes of Working Capital, Capital Expenditure and General Corporate Purposes.

During the year the Company's working capital facilities with Bank of Maharashtra were increased from Rs. 1300.00 lacs to Rs. 1390.00 lacs and also Term Loan of Rs. 24.00 lacs (outstanding as on 31/03/2009) from the said Bank for purchase of Plant & Machinery.

### **Opportunities & Threats:**

World economy was severely impacted by the global financial crisis, with its contagion effect across countries. Global trade was affected with reduced exports from Developing & Emerging (D & E) countries like India and China.

India was one of the few large economies that registered a robust growth in GDP at 7% for 2008-09. Country benefited from a near normal monsoon, reflecting in agriculture growing by 2.6%. Rural economy was also buoyed by Government spendings, employment schemes and higher food prices. While services sector continued to grow at a healthy rate, industrial production registered significant slow down, impacted by the global recession. Country's GDP growth for the second half of 2008-09 was lower compared to the first half.

Talking about the printing ink in particular, India emerged as the choice source for import of various intermediates as well as finished printing inks. This basically happened due to them not able to meet quality as well as supply line. Olympics impacted China's manufacturing capabilities severely and the various countries order from China were left to look for alternate source. With the Chinese internal consumption increasing, the opportunity seem to continue for the current and near future.

Slow down was witnessed in capital goods, consumer durables, automotives, aviation and the like.

Your company's performance for the year 2008-09 has to be seen in the context of above economic background.

With the concentrated efforts by marketing department, Company was able to achieve higher turnover.

The Company sees good growth opportunities in each of its existing business areas and new business areas.

Entry of multinational companies in the field of ink manufacturing in India has increased the competition in the industry thereby posing normal business threat to the company.

### **Segmentwise or productwise performance:**

The Company has one segment and one product, hence furnishing of the information for segmentwise or productwise performance is not applicable.

## **Outlook, Risks and Concerns:**

With the return of a strong Government at the centre and its focus on improving the economic slow down, the printing and packaging industry is definitely going to gain a short term growth. Company's plans for growth and capabilities to meet the challenges of industry requirements will succeed tremendously. Your company is poised to take advantage of this growth prospect and will reach near heights in the next few years.

OCL is exposed to certain risks that are particular to its businesses and the environment within which it operates, including interest rate volatility, economic cycle, market risks and credit risks. OCL manages these risks by maintaining conservative financial profile and by following prudent business and risk management practices.

## **Internal control systems and their adequacy:**

The Company has carried out an internal audit covering all key areas and has in place adequate internal controls.

## **Financial performance:**

Organic Coatings Ltd's (OCL's) net turnover for the financial year ended 31<sup>st</sup> March, 2009 has increased marginally by 1.17% to Rs. 3720.32 lacs from Rs. 3676.97 lacs in the previous year.

The operating profit (PBDIT) of the Company increased to Rs. 161.24 lacs during the year from Rs. 136.43 lacs in the previous year.

Interest expenses for the year increased to Rs. 148.08 lacs from Rs. 140.04 lacs in the previous year due to increase in working capital facilities and increase in rate of interest by the Bank.

Depreciation was at Rs. 95.28 lacs as against Rs. 80.31 lacs in the previous year.

Provision for taxation during the year was Rs. 33.02 lacs (including excess provision written back, deferred tax and fringe benefit tax) as against Rs. 18.83 lacs in the previous year.

Net profit for the year decreased to Rs. 32.94 lacs as against net profit of Rs. 37.30 lacs in the previous year.

The Company's net worth as on 31<sup>st</sup> March, 2009 stood at Rs. 1596.83 lacs against Rs. 1453.26 lacs in the last year.

Material developments in human resources/internal relations front including number of people employed:

There are no significant developments to report on human resources development. The employee strength of the Company as on 31<sup>st</sup> March, 2009 was 130. The Company enjoys harmonious relationship with its employees and workmen.

## **Cautionary note:**

Certain statements in above report may be forward looking and are stated as required by the legislations in force. The actual results may be affected by many factors (force majeure) that may be different from what directors/management envisage in terms of future performance and outlook.

## **REPORT ON CORPORATE GOVERNANCE**

**Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:**

### **A. MANDATORY REQUIREMENTS**

#### **1) Company's Philosophy**

Your Company believes that the Corporate Governance is a powerful medium to serve the long term interest of all stakeholders. Corporate Governance strengthens investors' trust and ensures a long term partnerships, which helps your Company in fulfilling its quest for achieving significant growth and profits. A sound Governance process consists of a combination of business practices, which results in enhanced shareholder value and enable the Company to fulfill its commitment to customers, employees, lenders and society in general. Your Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability and independent monitoring.

#### **2) Board of Directors**

Composition, attendance at the Board Meetings and the last Annual General Meeting :

# ORGANIC COATINGS LIMITED

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 27/09/2008	No. of other Companies in which Director	No. of Committees (other than Organic Coatings Limited) in which member
Mr. R.K.Shah Vice Chairman & Managing Director	Promoter	10	Yes	NIL	NIL
Justice S.C.Pratap	Independent *NED	9	Yes	NIL	NIL
Mr. A.S.Mehendale Chairman	Independent *NED	9	Yes	1	NIL
Mr. Vikram B. Trivedi	Independent *NED	10	Yes	2	NIL
Mr. Abhay R. Shah	+ED	10	Yes	NIL	NIL
Mr. Manoj V. Mehta	+ED	9	Yes	NIL	NIL
Mr. Ajay R. Shah	+ED	10	Yes	NIL	NIL
Mr. Vilas K. Shah	Independent *NED	10	Yes	1	1
** Mr. Vimal C. Mehra	Managing Director	2	N. A.	NIL	NIL
** Mr. Dhaval J. Nanavati	+ED	2	N. A.	1	NIL

+ ED = Executive Director

\* NED = Non-Executive Director

\*\* Appointed as Director w.e.f. 12/11/08

## Board's Functioning & Procedure

The Company holds a minimum of four Board Meetings in a year, one each per quarter. Additional Board Meetings are convened as and when necessary to address the specific needs of the Company. The Board also approves urgent matters by passing resolutions by circulations. The Meetings of the Board are held at the Company's registered office or its factory at Ghodbunder Village or at a hall in South Mumbai depending on the circumstances.

Agenda papers are circulated to the directors in advance and all material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the Meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting. In special and exceptional circumstances, additional or supplementary items on Agenda are permitted.

The information as required under Annexure I to Clause 49 of the Listing Agreement is made available to the Board in every meeting.

## Meetings of the Board of Directors

During the year 2008-2009, ten Board Meetings were held on 16/05/08, 28/06/08, 29/07/08, 27/09/08, 03/10/08, 13/10/08, 31/10/08, 12/11/08, 03/12/08 and 29/01/09.

### 3) Audit Committee

The Company continued to derive immense benefit from the deliberations of the Audit Committee comprising of Mr. A.S.Mehendale, Justice S.C.Pratap, Mr. Vikram Trivedi and Mr. Vilas K. Shah all being Independent Directors. Mr. Vilas K. Shah who has financial and accounting knowledge has been appointed as a Chairman of the Audit Committee in place of Mr. A.S.Mehendale w.e.f. 29<sup>th</sup> January, 2009 since Mr. A.S.Mehendale took over responsibility of Chairman of the Company.

### Terms of Reference

The role and terms of reference of this Committee are wide enough to cover the matters specified for the Audit Committee under Clause 49 of the listing agreement as well as in Section 292 A of the Companies Act, 1956 and are as follows:



- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b) To review with Management the financial statements at the end of a quarter, half year and the annual financial statements before submission to the Board for approval, focusing particularly on:
  - (i) matters required to be included in the Director's Responsibility Statement which form part of the Board's reporting in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
  - (ii) changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) significant adjustments made in the financial statements arising out of audit findings;
  - (v) compliance with listing and other legal requirements relating to financial statements;
  - (vi) disclosure of any related party transactions; and
  - (vii) qualifications in the draft audit report
- c) to consider the appointment or re-appointment of the statutory auditors, the audit fee, any questions of resignation or dismissal and payment to statutory auditors for any other services rendered by them;
- d) to discuss with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern (in absence of management, wherever necessary);
- e) reviewing with management, performance of statutory and internal auditors, adequacy of the internal control systems and discuss the same periodically with the statutory auditors, prior to the Board making its statement thereon;
- f) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- g) discussion with internal auditors on any significant findings and follow up thereon.
- h) reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- i) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- j) to review the functioning of the Whistle Blower Mechanism, in case the same is existing;
- k) to review the external auditors' audit reports and presentations and management's response thereto;
- l) to ensure co-ordination between the internal and external auditors, and to request internal audit to undertake specific audit projects, having informed management of their intentions;
- m) to consider any material breaches or exposure to breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;
- n) to review policies and procedures with respect to directors' and officers' expense accounts, including their use of corporate assets, and consider the results of any review of these areas by the internal auditors or the external auditors;
- o) to consider other topics, as defined by the Board;
- p) to review the following information:
  - i) Management discussion and analysis of financial condition and results of operations;
  - ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - iii) Management letter/letters of internal control weaknesses issued by the statutory auditors;
  - iv) Internal audit reports relating control weaknesses; and
  - v) The appointment, removal and terms of remuneration of the Internal Auditor.

Details of attendance at the meetings of Audit Committee:

Sr. No.	Name of the members	No. of meetings held	No. of meetings attended
1)	Mr. A. S. Mehendale	6	6
2)	Justice S.C.Pratap	6	5
3)	Mr. Vikram Trivedi	6	6
4)	Mr. Vilas K. Shah	6	6

During the year 2008-2009, six Audit Committee Meetings were held on 16/05/08, 28/06/08, 29/07/08, 27/09/08, 31/10/08 and 29/01/09.

# ORGANIC COATINGS LIMITED

## 4) Remuneration Committee (Non-Mandatory) :

The Remuneration Committee comprises of Justice S.C.Pratap, Mr. A.S.Mehendale, Mr. Vikram Trivedi and Mr. Vilas K. Shah all being Independent Directors. Justice S.C.Pratap is the Chairman of the Remuneration Committee. The Remuneration Committee of the Board is constituted to formulate and recommend to the Board from time to time, a compensation structure for Managing Directors/Whole-time Directors and Managerial Personnel of the Company.

During the year 2008-09, two meetings of Remuneration Committee were held on 12/11/08 and 31/12/08.

## 5) a) Details of remuneration paid to Managing Directors / Whole Time Directors during the year

Name of Director	Salary & Allowances (Rs.)	Perqui-sites (Rs.)	LTA (Rs.)	Bonus (Rs.)	Medical (Rs.)	P. F. Cont. (Rs.)	Club fees (Rs.)	Total (Rs.)
Mr. R.K.Shah	1106224	63001	168088	25000	52965	84240	—	<b>1499518</b>
Mr. Abhay R. Shah	945496	60720	60000	25000	48679	79980	—	<b>1219875</b>
Mr. Ajay R. Shah	601184	60000	—	25000	29780	51884	33800	<b>801648</b>
Mr. Manoj V. Mehta	601184	48140	64780	25000	37013	54048	26100	<b>856265</b>
Mr. Vimal C. Mehra	400000	—	—	8332	—	—	—	<b>408332</b>
Mr. Dhaval J. Nanavati	371200	—	—	8332	—	28800	—	<b>408332</b>
<b>Total</b>	<b>4025288</b>	<b>231861</b>	<b>292868</b>	<b>116664</b>	<b>168437</b>	<b>298952</b>	<b>59900</b>	<b>5193970</b>

## b) Details of Sitting Fees paid during the year

The sitting fees are paid to Non-Executive and Independent Directors for attending meetings of the Board of Directors and its Committees:

Name of Director	Amount (Rs.)
Justice S.C.Pratap	400000.00
Mr. A.S.Mehendale	420000.00
Mr. Vikram Trivedi	460000.00
Mr. Vilas K. Shah	460000.00
<b>Total</b>	<b>1740000.00</b>

c) **Stock options details** - Company does not have scheme of stock options.

d) **Service Contract** - 6 months' notice or salary in lieu thereof.

## 6) Shareholders Committee

i) Name of non-executive director heading the Committee – Mr. Vikram B. Trivedi is the Chairman of the Committee. During the year the Committee met five times mainly to look into the status of investor grievances reported by Link Intime India Pvt. Ltd. (formerly known as Intime Spectrum Registry Ltd.) Registrar & Transfer Agent and proper minutes of the meetings were kept and signed by the Chairman.

ii) Name and designation of Compliance Officer –  
Mr. Sudhir R. Shah, Company Secretary

iii) Details of attendance at the meetings of Shareholders Committee :

Sr. No.	Name of the members	No. of meeting held	No. of meetings attended
1)	Mr. Vikram B. Trivedi	5	5
2)	Mr. Abhay R. Shah	5	5
3)	Mr. Manoj V. Mehta	5	5
4)	* Justice S.C.Pratap	5	4
5)	* Mr. Avinash S. Mehendale	5	5
6)	* Mr. Vilas K. Shah	5	5

\* Appointed at the Board Meeting held on 17<sup>th</sup> January, 2008

During the year 2008-2009, five Shareholders Committee Meetings were held on 28/06/08, 29/07/08, 27/09/08, 31/10/08 and 29/01/09.

- iv) No. of shareholders complaints received during the year - 6
- v) No. of complaints not solved to the satisfaction of the shareholders - NIL
- vi) No. of pending shareholders complaints - NIL

## 7) General Body Meetings

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2007 - 2008	Vishal Hall, Vishal Shopping Centre, Nr. Andheri Railway Station, Andheri (E), Mumbai – 400 069.	27/09/2008	4.30 p.m.
2006 – 2007	Vishal Hall, Vishal Shopping Centre, Nr. Andheri Railway Station, Andheri (E), Mumbai – 400 069.	28/09/2007	4.30 p.m.
2005 – 2006	Vishal Hall, Vishal Shopping Centre, Nr. Andheri Railway Station, Andheri (E), Mumbai – 400 069.	23/09/2006	4.00 p.m.

## Special Resolutions passed at the last three AGMs

- Year ended 31/03/2008 - No special resolution was passed.
- Year ended 31/03/2007 - No special resolution was passed.
- Year ended 31/03/2006 - Special Resolution pursuant to Section 163 of the Companies Act, 1956 for shifting the records to the new registrar and transfer agents.

## 8) Postal Ballot

During the year, no resolution was passed by Postal Ballot and no resolution is proposed to be passed through postal ballot.

## 9) Disclosures

- a) Materially significant related party transaction - NIL
- b) No penalties or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to capital markets during last three years.

## 10) Means of Communication

Unaudited quarterly financial results as well as yearly financial results are published in Free Press Journal and Navshakti within the time permitted by the Exchanges.

## 11) General Shareholder Information

- i) Annual General Meeting  
Day, Date, Time and Venue : Friday, 28<sup>th</sup> August, 2009 & 4.30 p.m.  
Vishal Hall, Vishal Shopping Centre, Andheri-Kurla Road,  
Near Andheri Railway Station, Andheri (E), Mumbai – 400 069.
- ii) Financial Calendar : 2009 – 2010  
First Quarter Results : July, 2009  
Second Quarter/Half Yearly Results : October, 2009  
Third Quarter Results : January, 2010

# ORGANIC COATINGS LIMITED

- iii) Date of Book Closure : 24/08/2009 to 28/08/2009  
both days inclusive
- iv) Listing on Stock Exchange  
Shares of the Company are listed at Bombay Stock Exchange Ltd., Mumbai.
- v) Stock Code - BSE Code No. 531157
- vi) Demat ISIN Numbers in NSDL & CDSL  
for Equity Shares : INE412E01011
- vii) Stock Price Performance at Bombay Stock Exchange Ltd., Mumbai:

Month	Rate (Rs.)	
	High	Low
April '08	16.15	12.65
May '08	15.75	11.60
June '08	15.90	11.40
July '08	13.88	9.55
Aug. '08	16.49	11.75
Sept '08	14.80	10.50
Oct. '08	15.30	9.00
Nov. '08	11.00	7.46
Dec. '08	10.90	8.55
Jan. '09	14.90	8.37
Feb. '09	10.23	8.62
Mar. '09	12.27	8.26

- viii) Share Transfer System - With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer to some of the Directors who are members of the Share Transfer Committee which attends to share transfer formalities. The shares for transfer received in physical form are transferred expeditiously, provided the documents are complete and the shares under transfer are not under any dispute. The share certificates duly endorsed are returned immediately to shareholders who prefer to retain the shares in the physical form. Confirmation in respect of the requests for dematerialization of shares is sent to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) expeditiously. These jobs are being handled by Link Intime India Pvt. Ltd. All requests for transfer are being received by them either directly or through the Company for processing. Approval of the Share Transfer Committee is being sought by them from time to time. The details of the shares transferred are reported to the Board of Directors from time to time.

- ix) A) Distribution of shareholdings as on March 31, 2009 :

Shares held	No. of holders	%	No. of Shares	%
1 - 500	2,435	71.41	5,01,632	7.52
501 - 1000	503	14.75	4,50,753	6.75
1001 - 5000	361	10.59	8,52,601	12.77
5001 - 10000	52	1.52	3,94,513	5.91
10001 and above	59	1.73	44,75,101	67.05
<b>Total</b>	<b>3,410</b>	<b>100</b>	<b>66,74,600</b>	<b>100.00</b>

B) Categories of Shareholders as on March 31, 2009

Categories	No. of Shares	% in Capital
A. Promoters & Persons acting in concert	25,74,324	38.56
B. Financial Institutions, Banks etc.	50,000	0.75
C. Bodies Corporate	5,43,499	8.15
D. NRIs / OCBs	1,72,799	2.59
E. Indian Public	33,33,798	49.95
<b>Total</b>	<b>66,74,600</b>	<b>100.00</b>

C) Shareholders holding more than 1% of the share capital of the Company as at March 31, 2009:

Sr. No.	Name of the Shareholder	No. of shares Held	% to share capital
1	Mr. Rajnikant Kodarlal Shah	7,73,524	11.58
2	Mrs. Padmaja Rajnikant Shah	2,32,500	3.48
3	Mr. Abhay Rajnikant Shah	2,50,250	3.75
4	Mrs. Minal Abhay Shah	1,61,865	2.43
5	Mr. Ajay Rajnikant Shah	4,13,870	6.20
6	Mrs. Aparna Ajay Shah	1,91,815	2.87
7	Mr. Manoj Vasantlal Mehta	81,500	1.22
8	Mrs. Kanchan Vasantlal Mehta	2,98,000	4.46
9	Mr. Dhaval Janardan Nanavati	3,51,000	5.26
10	Mr. Vimal Chimalal Mehra	3,50,000	5.24
11	Premji & Sons Trading Pvt. Ltd.	2,63,300	3.94
12	Angel Broking Ltd.	77,93	1.17

- x) Dematerialization of Shares - The Shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on 31.03.2009, a total of 58,26,290 equity shares of the Company, forming 87.29 of the share capital of the Company, stand dematerialized (NSDL – 4657127 CDSL - 1169163).
- xi) Outstanding GDR/ADR/warrants - Share Warrants – 10,00,000 Share Warrants of the face value of Rs. 14/- each with a option to apply for one equity share at a price not exceeding Rs. 14/- per share.
- xii) Plant location - S.V.Road, Ghodbunder Village, Post Mira Road, Dist. Thane – 401 104.
- xiii) Address for correspondence - Akal Co-operative Hsg. Scy.Ltd., Bldg. No. A/2,  
Flat No. 1, J.B.Nagar, Andheri (East),  
Mumbai – 400 059.
- xiv) Compliance Certificate from Auditors of the Company – published elsewhere in this report.
- xv) Compliance with other mandatory requirements.
1. MANAGEMENT DISCUSSION AND ANALYSIS
- Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49(iv)(F) of the Listing Agreement is attached.
2. Disclosures
- 2.1 Related party Transactions
- The details of all transactions with related parties are placed before the audit committee.

# ORGANIC COATINGS LIMITED

## 2.2 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.

## 3. Code of Conduct

The Board has formulated a code of conduct for the Board members and senior management of the Company. The same has also been posted on the website of the Company. All board members and superior personnel have affirmed their compliance with code. A declaration to this effect signed by the Managing Director and Joint Managing Director of the Company is given elsewhere in the Annual Report.

## 4. CEO/CFO certification

A Certificate from Vice Chairman & Managing and Whole Time Director on the financial statements of the Company was placed before the Board.

## 5. Review of Directors' Responsibility statement

The Board in its report have confirmed that the annual accounts for the year ended 31<sup>st</sup> March, 2009 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

## NON-MANDATORY REQUIREMENTS

- |  |   |
|--|---|
| a) Any qualification in Auditors Report  | NIL   |
| b) Remuneration Committee  | Remuneration Committee has been constituted.  |
| c) Shareholder Rights  |   |
| The half yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders | The Company's Quarterly results are published in English and Marathi newspapers having wide circulation. In view of the above, the half yearly declaration of financial performance including summary of the significant events in the last six months are not sent. The audited Results for the financial year are communicated to the Shareholders through the Annual Report. |

The Board would review implementation of non-mandatory requirements of Corporate Governance code regarding Tenure of independent directors on the board, Training of Board Members, Mechanism for evaluating non-executive board members and Whistle Blower Policy at appropriate time.

## Declaration on compliance with code of conduct

The Board has formulated a code of conduct for the Board members and senior management of the Company, which has been posted on the web site of the Company.

It is hereby affirmed that all the Directors and Senior management personnel have complied with the code of conduct framed by the Company and a confirmation to that effect has been obtained from the directors and senior management.

On behalf of the Board of Directors

Managing Director

Place : Mumbai  
Date : June 13, 2009

Joint Managing Director

**To The Members of  
Organic Coatings Limited**

We have examined the compliance of the conditions of Corporate Governance by Organic Coatings Limited for the year ended 31<sup>st</sup> March, 2009, stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd., Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring compliance with 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, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrars of the Company to the Investor Grievance Committee, as on 31<sup>st</sup> March, 2009, there were no investor grievance matters against the Company remaining unattended/pending for more than thirty days.

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 Soman Uday & Co.**  
Chartered Accountants

**Uday Soman**  
Proprietor  
Membership No. 38870

Mumbai  
June 13, 2009

# ORGANIC COATINGS LIMITED

## TO THE MEMBERS OF ORGANIC COATINGS LIMITED

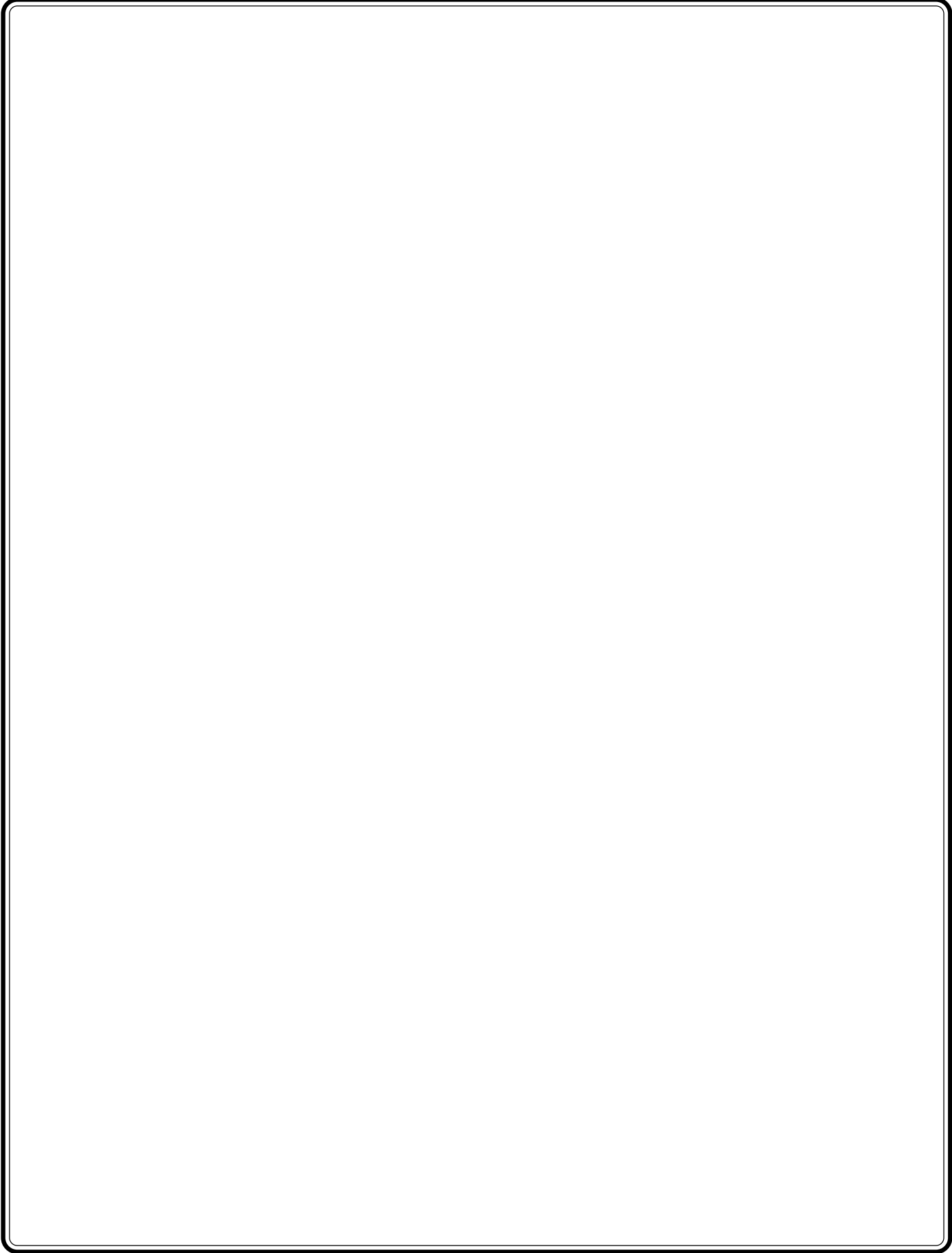
1. We have audited the attached Balance Sheet of ORGANIC COATINGS LIMITED as at 31st March 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 277 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act;
  - (v) On the basis written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
  - (vi) 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 give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
    - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
    - c) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.

Mumbai  
June 28, 2008

For Soman Uday & Co.  
Chartered Accountants

UDAY SOMAN  
Proprietor  
Membership No. 38870





# ORGANIC COATINGS LIMITED

## ANNEXURE TO THE AUDITORS REPORT (Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details an situation of fixed assets;
- (b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected;
- (ii) (a) As explained to us inventories have been physically verified by the management at regular intervals during the year;
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasnable and adequate in relation to the size of the Company and nature of its business;
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not mateiral, having regard to the size of the operations of the Company, and the same have been properly dealt with in the books of accounts;
- (iii) (a) The Company has taken loan form three parties covered in the register maintained under Section 301 of the Companies Act, 1956. The amount involved during the year was Rs. 2,20,000 and the year-end balance of loan taken from such other parties was Rs. 36,00,000. There are no Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 to whom the Company has granted loans;
- (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which the loans have been taken from other parties listed in the register maintatined under Section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company;
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business withregard to purchases of inventories and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls;
- (v) (a) To the best of our knowledge and belief and according to the informaiton and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered;
- (b) In our opinion and according to the explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 an exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available;
- (vi) In our opinion and according to the explanations given to us, the Company has not accepted deposits form the public during the period conved by our audit report;
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business;
- (viii) 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 clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts andrecords have been made and mainatined;
- (ix) (a) According to the information and explanation given to us, the Company is generally regular in depositing with appropriate undisputed statutory dues including provident fund, investor education and protection fund employee's state insurance, income tax, sales-tax, wealth tax, custom duty, excise duty, cess and other statutory dues and there are no undisputed amounts payable in respect of income tax, wealth tax, slaes tax, custom duty, excise duty, and cess, in arrears ad at 31st March 2009 for a period of morethat six months from the date they became payable.

- (b) According to the information and explanation given to us, details of dues of Income Tax and Sales Tax which have not been deposited on account of any disputes are given below:

Financial years to which the matter pertains	Forum where dispute is pending	Amount in Rupees
Income Tax		
2003-04	Commissioner of Income Tax (Appeals) VIII – Mumbai	1,55,574
2005-06		8,98,310
2006-07		80,076

(x)

Mumbai  
June 28, 2008

UDAY SOMAN  
Proprietor  
Soman Uday & Co.  
Chartered Accountants  
Membership No. 38870

# ORGANIC COATINGS LIMITED

## BALANCE SHEET AS AT 31st MARCH 2009

	Schedule	As At 31st March 2009 Rupees	As At 31st March 2008 Rupees
<b>I SOURCES OF FUNDS</b>			
<b>1. Shareholders Funds :</b>			
(a) Share Capital	A	68,266,000	59,866,000
(b) Reserves & Surplus	B	92,838,287	86,976,582
<b>2. Loan Funds :</b>			
(a) Secured Loans	C	93,260,655	106,457,229
(b) Unsecured Loans	D	3,600,000	4,911,133
		96,860,655	111,368,362
<b>3. Deferred Tax Liability (Net)</b> (Refer Note No. 19 of Schedule L)		10,816,873	8,660,290
	Total	268,781,815	266,871,234
<b>II APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets :</b>			
(a) Gross Block	E	191,401,863	177,829,628
(b) Less Depreciation		84,247,344	74,624,048
(c) Net Block		107,154,519	103,205,580
<b>2. Current Assets, Loans &amp; Advances :</b>			
(a) Inventories	F	82,468,530	89,366,101
(b) Sundry Debtors		131,416,856	143,500,470
(c) Cash & Bank Balances		7,415,115	11,407,071
(d) Loans & Advances		18,302,984	24,981,139
		239,603,485	269,254,781
<b>Less : Current Liabilities &amp; Provisions</b>			
(a) Liabilities	G	77,957,265	105,573,156
(b) Provisions		18,924	15,971
		77,976,189	105,589,127
<b>Net Current Assets</b>	(F - G)	161,627,296	163,665,654
	Total	268,781,815	266,871,234
Notes to Accounts	L		

As per our report of even date

For **Organic Coatings Limited**

For Soman Uday & Co.  
Chartered Accountants

(**R. K. SHAH**)  
Vice Chairman & Managing Director

(**VIMAL MEHRA**)  
Managing Director

**UDAY SOMAN**  
Proprietor  
Membership No. 38870

(**ABHY R. SHAH**)  
Jt. Managing Director

(**DHAVAL NANAVATI**)  
Director

Mumbai  
June 13, 2009

(**AJAY R. SHAH**)  
Director - Finance

(**MANOJ V. MEHTA**)  
Director

(**SUDHIR R. SHAH**)  
Company Secretary

# 44th ANNUAL REPORT

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

	Schedule	Year ended 31st March 2009 Rupees		Year ended 31st March 2008 Rupees
<b>INCOME</b>				
Sales (Gross)		417,994,150		429,149,142
Less : Excise Duty		45,962,213		61,451,503
Sales (Net)		372,031,937		367,697,639
Other Income	H	4,856,550		670,527
	<b>(A)</b>	<b>376,888,487</b>		<b>368,368,166</b>
<b>EXPENDITURE</b>				
Materials Consumed	I	260,381,896		265,745,054
Manufacturing Expenses	J	17,514,362		12,117,692
Selling & Administrative Expenses	K	68,061,003		62,857,952
Financial Expenses		14,807,569		14,004,287
	<b>(B)</b>	<b>360,764,830</b>		<b>354,724,985</b>
<b>PROFIT BEFORE DEPRECIATION AND TAX</b>				
	<b>(A-B)</b>	16,123,657		13,643,181
Depreciation	9,623,296		8125860	
Transferred from Revaluation Reserve	95,100		95,101	
		9,528,196		8,030,759
<b>PROFIT BEFORE TAX</b>				
		<b>6,595,461</b>		<b>5,612,422</b>
Provision for Taxation				
Current Tax	625,000		435,000	
Deferred Tax	2,156,583		1,375,429	
Fringe Benefit Tax	520,026		484,376	
		3,301,609		2,294,805
Excess Provision for taxation written back		Nil		412,000
<b>PROFIT AFTER TAX</b>				
		3,293,852		3,729,617
Balance brought forward from previous year		9,130,969		5,401,352
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>				
		12,424,821		9,130,969
Balance carried forward		12,424,821		9,130,969
Earnings per Equity Share [ Refer Note no. 17 of Schedule L ] (Face Value of Rs. 10 per share)				
Basic		0.55		0.62
Diluted		0.49		0.62
Notes to Accounts	L			

As per our report of even date

For **Organic Coatings Limited**

For Soman Uday & Co.  
Chartered Accountants

(**R. K. SHAH**)  
Vice Chairman & Managing Director

(**VIMAL MEHRA**)  
Managing Director

**UDAY SOMAN**  
Proprietor  
Membership No. 38870

(**ABHY R. SHAH**)  
Jt. Managing Director

(**DHAVAL NANAVATI**)  
Director

Mumbai  
June 13, 2009

(**AJAY R. SHAH**)  
Director - Finance

(**MANOJ V. MEHTA**)  
Director

(**SUDHIR R. SHAH**)  
Company Secretary

# ORGANIC COATINGS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Amount in Rupees

PARTICULARS	For the Year 31st March 2009	For the Year 31st March 2008
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>		
PBDIT	6,595,461	5,612,422
Adjustments		
Exceptional Item (Bad Debt)	63,395	5,615,536
Foreign Exchange Loss	202,867	356,320
Depreciation	9,528,196	8,030,759
Interest	14,807,569	14,004,287
Interest Earned	(643,420)	(563,816)
P/L On Assets	Nil	18,736
<b>Operating Profit Berore Working Capital Changes</b>	<b>30,554,068</b>	<b>33,074,244</b>
Ajustments For:		
Loans And Advances(Assets):	9,567,972	(3,036,264)
Trade Payables & Provosions	(27,612,938)	28,635,826
Debtors	12,083,614	(303,385)
Bad Debt	(63,395)	(5,615,536)
Inventory	6,897,571	(15,069,191)
<b>Cash Generated From Operation</b>	<b>31,426,892</b>	<b>37,685,694</b>
<i>Less: Taxes Paid</i>	4,034,843	1,529,933
<b>NET CASHFROM OPERATION</b>	<b>27,392,049</b>	<b>36,155,761</b>
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase Of Fixed Assets	(13,572,235)	(26,167,605)
Sale Of Fixed Assets	Nil	345,448
Interest Income	643,420	563,816
<b>NET CASHFROM INVESTING ACTIVITIES</b>	<b>(12,928,815)</b>	<b>(25,258,341)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Investment		
Share Capital	11,062,953	Nil
Secured Loans	(13,196,574)	3,317,207
Unsecured Loans	(1,311,133)	(150,962)
Interest paid	(14,807,569)	(14,004,287)
<b>NET CASHFROM FINANCING ACTIVITIES</b>	<b>(18,252,323)</b>	<b>(10,838,042)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASHEQUIVALENTS (A+B+C)</b>	<b>(3,789,089)</b>	<b>59,378</b>
<b>OPENING CASH &amp; CASHEQUIVALENT</b>	11,407,071	11,704,013
<b>CLOSING CASH &amp; CASHEQUIVALENT</b>	7,415,115	11,407,071
NET INCREASE/(DECREASE)	(3,991,956)	(296,942)
Foreign Exchange Loss	(202,867)	(356,320)

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

	As At 31st March 2009 Rupees	As At 31st March 2008 Rupees
<b>SCHEDULE A : SHARE CAPITAL</b>		
<b>Authorised :</b>		
1,00,00,000 (Previous Year 1,00,00,000) Equity Shares of Rs. 10/- each	100,000,000	100,000,000
<b>Issued :</b>		
67,00,000 (Previous Year 60,00,000) Equity Shares of Rs. 10/- each	67,000,000	60,000,000
<b>Subscribed &amp; Paid Up :</b>		
66,74,600 Equity Shares of Rs. 10/- each fully paid up (Previous year 59,74,600 shares of Rs.10/- each fully paid up) (Refer Note No. 2(a) of Schedule L)	66,746,000	59,746,000
Less : Calls in Arrears	7,000	7,000
	66,739,000	59,739,000
Add : Amount paid-up on shares forfeited	127,000	127,000
	66,866,000	59,866,000
<b>Share Warrants Application Money :</b>		
10,00,000 (Previous Year Nil )Share Warrant of Rs.14/- each, Rs. 1.40/- paid up (Refer Note No.2(b) of Schedule L)	1,400,000	Nil
	68,266,000	59,866,000
<b>SCHEDULE B : RESERVES &amp; SURPLUS</b>		
<b>Securities Premium Account :</b>		
As per Last Balance Sheet	71,329,700	71,329,700
Add : Received during the year	2,800,000	-
Less : Preferential Share Issue Expenses	137,047	-
	73,992,653	71,329,700
<b>General Reserve :</b>		
As per Last Balance Sheet	5,000,000	5,000,000
	5,000,000	5,000,000
<b>Revaluation Reserve :</b>		
As per Last Balance Sheet	1,515,913	1,611,014
Less: Depreciation as per contra	95,100	95,101
	1,420,813	1,515,913
<b>Profit &amp; Loss Account :</b>		
Balance brought forward	12,424,821	9,130,969
	<b>92,838,287</b>	<b>86,976,582</b>
<b>SCHEDULE C : SECURED LOANS</b>		
From Banks :		
(i) For Working Capital	89,397,932	100,716,554
(ii) Term Loan for Plant & Machinery	1,768,524	3,649,163
(iii) Vehicles	2,094,199	2,091,512
(Refer Note No. 4(a) & 4(b) of Schedule L)	<b>93,260,655</b>	<b>106,457,229</b>
<b>SCHEDULE D : UNSECURED LOANS</b>		
Loan from Directors :	3,600,000	4,911,133
	<b>3,600,000</b>	<b>4,911,133</b>

# ORGANIC COATINGS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

### SCHEDULE E : FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01/04/2008 Rupees	Additions/ Adjustments Rupees	Deductions/ Adjustments Rupees	As at 31/03/2009 Rupees	For the year Rupees	Deductions/ Adjustments Rupees	As at 31/03/2009 Rupees	As at 31/03/2009 Rupees
Free Hold Land	9,324,070 (9,324,070)	Nil (Nil)	Nil (Nil)	9,324,070 (9,324,070)	Nil (Nil)	Nil (Nil)	Nil (Nil)	9,324,070 (9,324,070)
Buildings	22,729,358 (22,274,480)	737,679 (454,878)	Nil (Nil)	23,467,037 (22,729,358)	683,138 (677,717)	Nil (Nil)	8,284,684 (7,601,546)	15,182,353 (15,127,812)
Plant & Machinery	134,401,333 (109,849,806)	9,280,226 (24,680,650)	Nil (129,123)	143,681,559 (134,401,333)	7,923,332 (6,504,016)	Nil (19,663)	71,365,471 (63,442,139)	72,316,088 (70,959,194)
Furniture & Fixtures	2,292,471 (2,119,234)	2,431,437 (173,237)	Nil (Nil)	4,723,908 (2,292,471)	140,885 (111,665)	Nil (Nil)	1,456,055 (1,315,170)	3,267,853 (977,301)
Vehicles	8,406,136 (8,182,791)	1,122,893 (858,840)	Nil (635,495)	9,529,029 (8,406,136)	825,763 (782,283)	Nil (380,771)	2,965,578 (2,139,815)	6,563,451 (6,266,321)
Patents	676,260 (676,260)	Nil (Nil)	Nil (Nil)	676,260 (676,260)	50,178 (50,179)	Nil Nil	175,556 (125,378)	500,704 (550,882)
<b>Total</b>	<b>177,829,628</b> <b>(152,426,641)</b>	<b>13,572,235</b> <b>(26,167,605)</b>	<b>Nil</b> <b>(764,618)</b>	<b>191,401,863</b> <b>(177,829,628)</b>	<b>9,623,296</b> <b>(8,125,860)</b>	<b>Nil</b> <b>(400,434)</b>	<b>84,247,344</b> <b>(74,624,048)</b>	<b>107,154,519</b> <b>(103,205,580)</b>

- NOTE :**
- 1) Building includes Investment of Rs. 500/- in 10 Equity Shares of Rs. 50/- each (Previous year Rs. 500/-) representing ownership of office premises in Akal Co-op. Hsg. Scty. Ltd.,
  - 2) Figures in bracket are in respect of Previous year.



**SCHEDULES FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH 2009**

	As At 31st March 2009 Rupees	As At 31st March 2008 Rupees
<b>SCHEDULE F : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES:</b>		
(Refer Note No. 1(iii) of Schedule L)		
Consumable Stores	1,375,168	1,621,751
Raw Material	45,192,314	44,110,013
Packing Material	1,608,298	2,242,769
Work-in-progress	9,749,839	10,980,323
Finished Goods	24,542,911	30,411,245
	82,468,530	89,366,101
<b>SUNDRY DEBTORS</b>		
(Unsecured & considered good)		
Debts outstanding for a period exceeding six months	22,403,754	23,883,869
Other Debts	109,013,102	119,616,601
	131,416,856	143,500,470
<b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	61,256	201,665
Bank Balance with Scheduled Banks :		
In Current Accounts	1,259,824	5,681,341
In Fixed & Recurring Deposit Accounts	5,559,648	5,082,140
Interest Accrued on Bank Deposits	534,387	441,925
	7,415,115	11,407,071
<b>LOANS &amp; ADVANCES</b>		
<b>Unsecured and considered good</b>		
Advances recoverable in cash or in kind or for value to be received		
Sundry Deposits	791,430	733,680
Other Advances	5,405,818	1,702,323
Balance with Central Excise	5,354,030	17,925,792
Advance Tax( Net of Provisions)	6,751,706	4,619,344
	18,302,984	24,981,139
<b>SCHEDULE G : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Sundry Creditors	77,957,265	105,573,156
Provisions	18,924	15,971
	77,976,189	105,589,127

# ORGANIC COATINGS LIMITED

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Year ended 31st March 2009 Rupees	Year ended 31st March 2008 Rupees
<b>SCHEDULE H: OTHER INCOME</b>		
Interest Gross (Tax deducted at source Rs.89,843/- (Previous Year Rs. 79,933/-)	643,420	563,816
Profit on Sale of Assets	-	1,601
Miscellaneous Income	1,189,411	105,110
Insurance Claim Received	3,023,719	-
	4,856,550	670,527
<b>SCHEDULE I: CONSUMPTION OF MATERIALS</b>		
<b>Raw Materials Consumed</b>		
Opening Stock	44,110,013	36,815,984
Add : Purchases	234,076,712	259,207,058
	278,186,725	296,023,042
Less : Closing Stock	45,192,314	44,110,013
	232,994,411	251,913,029
<b>Packing Material Consumed</b>		
Opening Stock	2,242,769	1,743,550
Add : Purchases	19,654,196	21,457,187
	21,896,965	23,200,737
Less : Closing Stock	1,608,298	2,242,769
	20,288,667	20,957,968
<b>Increase / Decrease in :</b>		
<b>Work in Progress</b>		
Opening Stock	10,980,323	10,289,822
Less : Closing Stock	9,749,839	10,980,323
	1,230,484	(690,501)
<b>Finished Goods</b>		
Opening Stock	30,411,245	23,975,803
Less : Closing Stock	24,542,911	30,411,245
	5,868,334	(6,435,442)
	260,381,896	265,745,054

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2009**

	Year ended 31st March 2009 Rupees	Year ended 31st March 2008 Rupees
<b>SCHEDULE J : MANUFACTURING EXPENSES</b>		
Consumable Stores	1,532,251	1,139,996
Power & Fuel	13,753,628	10,285,846
Repairs to Machinery	2,228,483	691,850
	17,514,362	12,117,692
<b>SCHEDULE K : SELLING AND ADMINISTRATIVE EXPENSES</b>		
Rent, Rates & Taxes	1,180,074	1,127,169
Repairs to Building	215,354	183,117
Salaries, Wages & Bonus	19,944,030	18,306,838
Contribution to Provident Fund & Gratuity	1,668,538	2,495,621
Workmen & Staff Welfare Expenses	627,266	657,189
Insurance	1,063,422	771,972
Payment to Auditors (Refer Note No. 10 of Schedule L)	171,366	157,470
Travelling & Conveyance	3,848,896	3,092,128
Commission & Discount	6,497,200	4,440,567
Motor Car Expenses	2,530,185	2,286,779
Director's Remuneration	6,933,970	4,264,133
Freight	9,819,814	10,408,864
Loss on Sale of Assets	-	20,337
Bad Debts	63,395	5,615,536
Miscellaneous Expenses	13,497,493	9,030,232
	68,061,003	62,857,952

# ORGANIC COATINGS LIMITED

## SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET AS AT 31ST MARCH 2009

### SCHEDULE L : NOTES TO ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES :

##### i) Basis of Preparation of Financial Statement

- a) The financial statements have been prepared under the historical cost concept in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.
- b) The company follows mercantile system of accounting and recognises income and expenditure on accrual basis.

##### ii) Fixed Assets & Depreciation :

###### (A) Fixed Assets :

Fixed Assets are stated at cost of acquisition net of cenvat including any cost, directly attributable to bringing the assets to their working condition less accumulated depreciation, except for certain fixed assets, which have been revalued.

###### (B) Depreciation :

Depreciation has been provided on Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act 1956 *w.e.f.* 1<sup>st</sup> April 1994 in accordance with the Accounting Standard on Depreciation Accounting (Revised) (AS-6) issued by the Institute of Chartered Accountants of India. Prior to 1<sup>st</sup> April 1994 depreciation was charged on written down value method as per rates prescribed under the Income Tax Act, 1961.

###### (C) Impairment :

The carrying cost of assets is reviewed at each Balance Sheet date for any indication of impairment based on internal/external factors. An impairment loss is recognised whenever the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value at the weighted average cost of capital.

Post impairment depreciation is provided on the revised carrying value of the assets over its remaining useful life.

##### iii) Valuation of Inventories:

In terms of Accounting Standard "Valuation of Inventories" (Revised) (AS-2) issued by the Institute of Chartered Accountants of India, inventories are valued on First in First out Basis (FIFO). Inventories of Raw Materials, Consumable Stores, Packing Material, Work in Progress & Finished Goods are valued at lower of cost and net realizable value. Cost comprises all cost of purchase and other cost incurred in bringing inventories to their present location and condition. Work in progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Imported raw material, stock in transit and in Bond are valued at cost and custom duty thereon. Stock of traded goods is valued at lower of cost and net realizable value.

##### iv) Research & Development:

Revenue Expenditure on Research and Development is charged off fully in the Profit and Loss Account of the year in which it is incurred. Capital Expenditure on Research and Development is added to Fixed Assets and depreciation provided as stated.

**SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET  
AS AT 31ST MARCH 2009**

v) Foreign Currency Transactions :

Transaction in Foreign currency are recorded at the rate of exchange in force on the date of the transaction. Foreign currency Receivable/Liabilities are stated at the rate of exchange prevailing as on 31st March. All exchange differences arising on revenue transaction are charged to Profit & Loss Account. Exchange differences in respect of liability incurred to acquire fixed assets are adjusted in the carrying cost of such assets.

vi) Employee Benefit : In terms of Accounting Standard 15 "Accounting for Retirement Benefits in the financial statements of the employers issued by the Institute of Chartered Accountants of India;

Short term employee benefit obligations are estimated and provided for;

Post employment benefits and other long term employee benefits :-

Define contribution plans :

Company's contribution to provident fund, employees state insurance and other funds are determined under relevant schemes and are charged to revenue.

Define benefit plans and compensated absences :

Company's liability towards gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.

Terminal benefits are recognised as an expense as and when incurred.

vii) Provision for Taxation :

Income Tax including Fringe Benefit Tax is provided for as per the provisions of the Income Tax Act, 1961.

2. During the year, the Company, after obtaining the requisite approvals has on preferential basis, allotted the following securities in accordance with the provisions of Chapter XIII of the SEBI (disclosure and investment protection) guidelines 2000.

a) 7,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 4 per share, aggregating to Rs. 98,00,000/-.

b) 10,00,000 Share Warrants of Rs. 14 each, on which Rs. 1.40 (10%) is received as application money,

aggregating to Rs. 14,00,000/- and with a right to apply for one equity share of the company per warrant on payment of the balance price of 90% of the issued price on or before expiry of 18 months from 12<sup>th</sup> November, 2008 (date of allotment), in one or more tranches.

3. The company had revalued its Fixed Assets viz. Land, Factory Building, Plant & Machinery, Office Premises & Furniture Fixtures based on valuation reports of approved valuers as on 31<sup>st</sup> March, 1994. The difference between the fair market value and written down value as on 31<sup>st</sup> March, 1994 amounting to Rs. 3,70,68,059 - was credited to Revaluation Reserve.

4. (a) Term Loan for Plant & Machinery and Working Capital facilities from Bank of Maharashtra are secured by first charge against mortgage of Land & Building, Hypothecation of Plant & Machinery, Stock-in-trade and Book Debts and are further guaranteed by some of the Directors in their personal Capacities.

(b) Vehicle loans are secured by hypothecation of vehicles.

# ORGANIC COATINGS LIMITED

## SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET AS AT 31ST MARCH 2009

			Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
5.	Contingent Liabilities not provided for :			
	(a) Bank Guarantees		Nil	15,00,195
	(b) Against Capital Expenditure		Nil	4,05,000
	(c) Against Non-receipt of C & F Forms		4,89,660	7,08,749
	(d) Disputed Income Tax Demands		11,33,960	10,53,884
6.	(i) Loans and Advances includes -			
	Advances for Capital Expenditure		6,05,458	1,00,000
	(ii) Provision for Taxation includes:			
	Provision for Wealth Tax		18,924	15,971
	Provision for Fringe Benefit Tax		5,20,083	4,84,376
7.	Details of licensed capacity and installed capacity, production stock & turnover (as certified by management)			
	a) Class of goods manufactured : Printing Inks & Allied Products			
	b) Licenced capacity		Not Applicable	Not Applicable
	c) Installed capacity (in Kgs.)		43,46,000	43,46,000
	d) Actual production (in Kgs.) :			
	Printing Inks :		21,55,106	25,81,157
	Acrylic Polymer :		13,300	10,257
	Actual Production of Printing Inks excludes Captive			
	Consumption of Phenolic & Alkyd/Malic Resins		53,332	99,158
	Printing Inks :	(in Kgs.)	Rupees	(in Kgs.)
				Rupees
	Opening Stock	88,335	3,04,11,245	72,085
	Closing Stock	68,558	2,45,42,911	88,335
	e) Turnover :	(in Kgs.)	Rupees	(in Kgs.)
				Rupees
	(i) Finished Goods (including sale of Resin) :	21,88,183	41,78,13,341	25,75,16
	(ii) Trading :	1,525	1,30,500	36,347
				29,57,996

**SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET  
AS AT 31ST MARCH 2009**

	<b>Year ended 31st March 2009</b>		<b>Year ended 31st March 2008</b>	
<b>8. (a) Details of raw materials consumed :</b>	(in Kgs.)	Rupees	(in Kgs.)	Rupees
1. Chemicals	2,91,657	3,31,26,164	2,38,550	3,26,07,810
2. Pigment	3,90,678	6,55,89,879	3,60,243	6,65,65,610
3. Resins	5,31,622	5,26,79,325	6,77,067	5,71,47,219
4. Oils & Miscellaneous	10,17,125	8,15,99,043	13,51,650	9,55,92,390
		23,29,94,411		25,19,13,029
b) Raw Material Consumption includes cost of raw material sold		1,30,500		14,61,246
<b>9. Directors Remuneration includes:</b>				
a) Salaries			40,25,288	29,04,984
b) Perquisites			7,53,066	5,41,289
c) Contribution to Provident Fund			2,98,952	2,17,860
d) Siting Fees			17,40,000	5,00,000
e) Bonus			1,16,664	1,00,000
Statement showing computation of net profits in accordance with Section 349 of the Companies Act, 1956 with relevant details of the calculation of the commission payable by way of percentage of such profits to the Directors is not given as no commissions have been paid to the Directors.				
<b>10. Auditors Fees includes:</b>				
a) Audit Fees			90,000	90,000
b) Tax Audit			10,000	10,000
c) MVAT Audit			25,000	25,000
d) Reimbursement of service tax			12,875	15,450
e) Certification Charges			20,705	5,900
f) Income Tax / Other matters			10,000	10,000
g) Out of pocket expenses			2,786	1,120
<b>11. Expenditure in foreign currency (on payment basis)</b>				
Travelling expenses			2,82,770	2,56,400
<b>12. Value of imports calculated on C.I.F. basis (excluding imported materials purchased locally)</b>				
Raw Materials			6,53,21,229	7,74,01,825
Plant & Machinery			21,43,570	1,14,42,711
Components and Spare Parts			4,20,896	4,23,692
<b>13. Value of imported and indigenous raw materials, components and spare parts consumed:</b>				
	%		%	
1. Imported	32.79	7,64,16,241	31.83	8,01,84,170
2. Indigenous	67.21	15,65,78,170	68.17	17,17,28,859
	100.00	23,29,94,411	100.00	25,19,13,029

# ORGANIC COATINGS LIMITED

## SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET AS AT 31ST MARCH 2009

**Year ended**      **Year ended**  
**31<sup>st</sup> March 2009**    **31<sup>st</sup> March 2008**

14. Earnings in foreign exchange :  
Export of goods on F.O.B. basis 3,65,58,626 2,10,73,716
15. Under “The Micro, Small and Medium Enterprises Development Act, 2006”, the Company has not received any intimation from any of its suppliers regarding their status under the said Act.
16. The Company does not have different segments and hence segment wise reporting in terms of Accounting Standard Segment Reporting – (AS-17) issued by the Institute of Chartered Accountants of India is not applicable.
17. Basic and Diluted Earning per share

i) For the purpose of calculation of Basic Earning Per Share the following amounts are considered :

	Particulars	As At 31 <sup>st</sup> March 2009 (Rupees)	As At 31 <sup>st</sup> March 2008 (Rupees)
A	Amounts used as the numerators Net Profit/(Loss) after tax	32,93,852	37,29,617
B	Weighted average number of equity shares (Nos.)	59,74,600	59,74,60
C	Nominal Value of Shares (in Rs.)	10.00	10.00
D	Basic Earning Per Share (in Rs.)	0.55	0.62

ii) For the purpose of calculation of Diluted Earning Per Share the following amounts are considered :

	Particulars	As At 31 <sup>st</sup> March 2009 (Rupees)	As At 31 <sup>st</sup> March 2008 (Rupees)
A	Amounts used as the numerators Net Profit/(Loss) after tax	32,93,852	37,29,617
B	Weighted average number of equity shares (Nos.)	66,74,600	59,74,600
C	Nominal Value of Shares (in Rs.)	10.00	10.00
D	Basic Earning Per Share (in Rs.)	0.49	0.62



**SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET  
AS AT 31ST MARCH 2009**

18. In terms of Accounting Standard regarding Related Party Disclosures (AS-18) issued by the Institute of Chartered Accountants of India the Related Party transactions are as under:-

A. List of related parties :

- i) Parties where control exists : None
- ii) Other parties with whom the Company has entered into transactions during the year :
  - (a) Name of Associate Company : Organic Sales & Services Private Limited
  - (b) Key Management Personnel and their Relatives

Mr. Rajnikant K. Shah	Vice Chairman & Managing Director
Mr. Vimal C. Mehra	Managing Director
Mr. Abhay R. Shah	Joint Managing Director
Mr. Dhaval J. Nanavati	Wholetime Director
Mr. Manoj V. Mehta	Wholetime Director
Mr. Ajay R. Shah	Wholetime Director

B. Transactions carried out with related parties in the ordinary course of business:

Name of Transactions	Year ended 31 <sup>st</sup> March 2008 (Rupees)	Year ended 31 <sup>st</sup> March 2007 (Rupees)
Sales		
Organic Sales & Services Pvt. Ltd.	265,623	1,677,055
Remuneration to Directors		
Mr. Rajnikant K. Shah	1,499,518	1,193,255
Mr. Vimal C. Mehra	408,332	Nil
Mr. Abhay R. Shah	1,219,875	1,130,961
Mr. Dhaval J. Nanavati	408,332	Nil
Mr. Manoj V. Mehta	856,265	720,459
Mr. Ajay R. Shah	801,648	719,458
Interest on Unsecured Loans		
Mr. Rajnikant K. Shah	148,076	451,679
Mr. Abhay R. Shah	125,773	183,700
Mr. Ajay R. Shah	38,739	61,119
Repair Charges		
Mr. Jawahar V. Mehta	Nil	46,353
M/s. Oriental Inks	Nil	38,075

In view of Accounting Standard interpretation (ASI) 21 issued by the Institute of Chartered Accountants of India payments to Non Executive Directors are not included in the above details.

# ORGANIC COATINGS LIMITED

## SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET AS AT 31ST MARCH 2009

19. The Company follows AS-22' Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India and provision for the same has been made accordingly in the Books of Accounts. Deferred Tax is recognised subject to the consideration of prudence for timing differences between the book profits and Tax profits and is accounted for using the tax rates and laws that have been enacted. Deferred Tax Assets arising from the timing differences are recognised to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred asset can be realised.

Computation of Deferred Tax Asset/Liability :

Name of Transactions	Year ended 31 <sup>st</sup> March 2009 (Rupees)	Year ended 31 <sup>st</sup> March 2008 (Rupees)
1) Deferred Tax Liability on account of : Depreciation Difference	1,16,77,351	1,11,63,806
Total	1,16,77,351	1,11,63,806
2) Deferred Tax asset on account of : Provisions	8,60,478	25,03,516
Total	8,60,478	25,03,516
Net Deferred Tax Liability	1,08,16,873	86,60,290

20. As per Accounting Standard (AS) 15 "Employees Benefits" – (Revised 2005)", the disclosures of Employee benefits as defined in the Account Standard are given below :-

### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under :

	Year ended 31 <sup>st</sup> March 2009 Rupees	Year ended 31 <sup>st</sup> March 2008 Rupees
Employer's Contribution to Provident Fund	10,25,904	10,12,776

**SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET  
AS AT 31ST MARCH 2009**

**Defined Benefit Plan**

The employees gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

	Year ended 31st March 2009 (Rupees)
<b>I Assumptions:</b>	
Discount Rate Previous Period	8.00%
Discount Rate Current Period	8.00%
Rate of Return on Plan Assets Previous Period	8.00%
Rate of Return on Plan Assets Current Period	8.00%
Salary Escalation Previous Period	7.00%
Salary Escalation Current Period	7.00%
<b>II Table Showing Change in Benefit Obligation:</b>	
Liability at the beginning of the Period	3,704,765
Interest Cost	312,272
Current Service Cost	198,630
Benefit Paid	-
Actuarial (gain)/loss on obligations	(258,098)
Liability at the end of the Period	<b>3,957,569</b>
<b>III Tables of Fair value of Plan Assets:</b>	
Fair Value of Plan Assets at the beginning of the Period	3,535,158
Expected Return on Plan Assets	282,813
Contributions	404,731
Benefit Paid	-
Actuarial gain/(loss) on Plan Assets	(140,420)
Fair Value of Plan Assets at the end of the Period	<b>4,082,282</b>
Total Actuarial Gain/(Loss) To Be Recognized	<b>117,678</b>
<b>IV Amount Recognised in the Balance Sheet:</b>	
Liability at the end of the Period	3,957,569
Fair Value of Plan Assets at the end of the Period	4,082,282
Difference	(124,713)
Amount Recognised in the Balance Sheet	(124,713)
<b>V Expenses Recognised in the Income Statement:</b>	
Current Service Cost	198,630
Interest Cost	312,272
Expected Return on Plan Assets	(282,813)
Net Actuarial (Gain)/Loss To Be Recognised	(117,678)
Expense Recognised in P&L	<b>110,411</b>

# ORGANIC COATINGS LIMITED

## SCHEDULE TO PROFIT & LOSS ACCOUNT & BALANCE SHEET AS AT 31ST MARCH 2009

21. The figures of the previous year have been regrouped to confirm of this year's classification.

As per our report of even date

For **Organic Coatings Limited**

**For SOMANUDAY & CO.**

Chartered Accountants

UDAY SOMAN

Proprietor

Membership No. 38870

Mumbai

June 13, 2009

**(R. K. SHAH)**

*Vice-Chairman & Managing Director*

**(ABHAY R. SHAH)**

*Jt. Managing Director*

**(AJAY SHAH)**

*Director - Finance*

**(VIMAL MEHRA)**

*Managing Director*

**(DHAVAL NANAVATI)**

*Director*

**(MANOJ V. MEHTA)**

*Director*

**(SUDHIR R. SHAH)**

*Company Secretary*

Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration No.U24220MH1965PTC013187 State Code 11  
Balance Sheet Date 31.03.09

**II Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	Preferential Issue
Nil	Nil
Bonus Issue	Preferential Placement
Nil	Nil

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets
2,68,782	2,68,782
Sources of Funds	
Paid up Capital	Reserves & Surplus
68,266	92,838
Secured Loans	Unsecured Loans
93,261	3,600
Deferred Tax Liability	
10,817	
Application of Funds	
Net Fixed Assets	Investments
1,07,155	Nil
Net Current Assets	Miscellaneous Expenditure
1,61,627	Nil

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure
3,76,888	3,60,765
Profit Before Tax	Profit/(Loss) After Tax
6,595	3,294
Earnings per share in Rs.	Dividend Rate %
0.49	Nil

**V Generic Names of Two Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	32151100
Product Description	Printing Inks
Item Code No. (ITC Code)	32082000
Product Description	Industrial Coatings

**For Organic Coatings Limited**

**(R. K. SHAH)**  
*Vice-Chairman & Managing Director*

**(VIMAL MEHRA)**  
*Managing Director*

**(ABHAY R. SHAH)**  
*Jt. Managing Director*

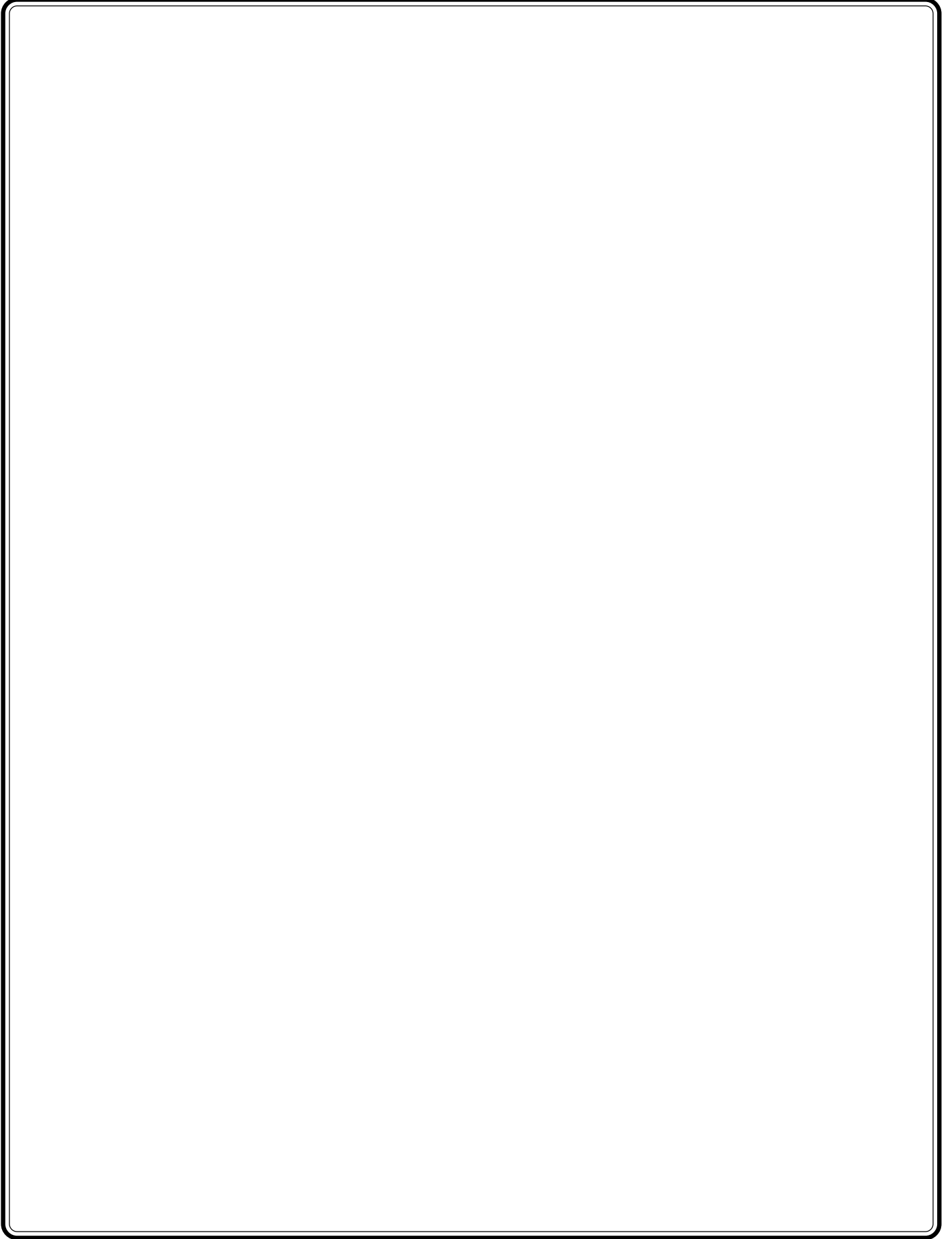
**(DHAVAL NANAVATI)**  
*Director*

Mumbai  
June 13, 2009

**(AJAY SHAH)**  
*Director - Finance*

**(MANOJ V. MEHTA)**  
*Director*

**(SUDHIR R. SHAH)**  
*Company Secretary*



Organic Coatings Limited

ATTENDANCE SLIP

Registered Office: Akal Co-operative Housing Society Ltd., Flat No. 1, Bldg. No. A/2, J.B.Nagar, Andheri (East), Mumbai – 400 059.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id\* \_\_\_\_\_ Master Folio No. \_\_\_\_\_

Client ID\* \_\_\_\_\_

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held:

I hereby record my presence at the 44th ANNUAL GENERAL MEETING of the Company held on Friday the 28th August, 2009 at 4.30 p.m. at Vishal Hall, Vishal Shopping Centre, Andheri-Kurla Road, Near Andheri Railway Station, Andheri (East), Mumbai – 400 069.

Signature of the shareholder or proxy

\* Applicable for investors holding shares in electronic form.

Organic Coatings Limited

PROXY FORM

Registered Office: Akal Co-operative Housing Society Ltd., Flat No. 1, Bldg. No. A/2, J.B.Nagar, Andheri (East), Mumbai – 400 059.

DP Id\* \_\_\_\_\_ Master Folio No. \_\_\_\_\_

Client Id\* \_\_\_\_\_

I/We.....of.....being a member/members of Organic Coatings Limited hereby appoint.....of.....or failing him.....of.....or failing him.....of.....as my/our proxy to vote for me/us and on my/our behalf at the 44th ANNUAL GENERAL MEETING of the Company to held on Friday, the 28th August, 2009 at 4.30 p.m. or at any adjournment thereof.

Affix a 30 Paise revenue stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

\* Applicable for investors holding shares in electronic form.

NOTES : (1) The proxy in order to be effective should be duly stamped, completed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

(2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.

# ORGANIC COATINGS LIMITED

To,

The Board of Directors  
ORGANIC COATINGS LIMITED  
Akai Co-op. Hsg. Soc. Ltd.  
Bldg. No. A/2 Flat No.1  
Bamanpuri Village, Andheri (East),  
MUMBAI 400-059

## AUDITORS CERTIFICATE

We have examined the Cash Flow Statement of Organic Coatings Limited for the year ended 31<sup>st</sup> March 2009. The statement has been prepared in accordance with the Listing Agreement Clause 32 with Mumbai Stock Exchange 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 Soman Uday & Co.  
Chartered Accountants

Uday Soman  
Proprietor  
Membership No. 38870

Mumbai  
June 13, 2009



To,

The Members  
ORGANIC COATINGS LIMITED  
Akai Co-op. Hsg. Soc. Ltd.  
Bldg. No. A/2 Flat No.1  
Bamanpuri Village, Andheri (East),  
MUMBAI 400-059

We have examined the compliance of the conditions of Corporate Governance by Organic Coatings Limited for the year ended 31<sup>st</sup> March 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Mumbai Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuring compliance with 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, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrars of the Company to the Investor Grievance Committee, as on 31<sup>st</sup> March 2008, there were no investor grievance matters against the Company remaining unattended/ pending for more than thirty days.

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.

**Uday Soman**

Proprietor  
Soman Uday & Co.  
Chartered Accountants  
Membership No. 38870

Mumbai  
June 28, 2008

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Phone : 2834 45 03 • Fax : (022) 2836 34 22