

BOARD OF DIRECTORS

MR. SUDHIR A. SATHE	Chairman (Independent Director)
MR. R. K. SHAH	Vice Chairman & Managing Director
MR. VINAY S. JOG	Independent Director w.e.f. 15/05/12
MR. ABHAY R. SHAH	Joint Managing Director
MR. AJAY R. SHAH	Whole Time Director
MR. MANOJ V. MEHTA	Whole Time Director
MR. SUDHIR R. SHAH	Company Secretary

REGISTERED OFFICE

Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vith Bhatti, Goregaon (East),
Mumbai – 400 063

Email for investors' grievances :

organiccoatingsltd@organiccoatingsltd.com

FACTORY

Block No. 395, 437, 450,
Umraya Village, Taluka Padra,
Dist. Vadodara, Gujarat - 391 440.

BANKERS

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

LEGAL ADVISORS

R.V.J. Associates
Advocates & Solicitors

Soman Uday & Co.

Chartered Accountants

REGISTRAR & TRANSFER AGENT

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

Contents	Pages
Board of Directors	1
Notice	2 - 3
Directors' Report	4 - 7
Management Discussion & Analysis	8 - 9
Report on Corporate Governance	10 - 18
Auditor's Report	19 - 23
Balance Sheet	24
Statement of Profit & Loss	25
Cash Flow Statement	26
Notes to Accounts	27 - 40
Attendance Slip/Proxy Form	41
E-mail updation for e-service of documents	42
Notice of Extraordinary General Meeting	43
Directors' Report	44
Attendance Slip/Proxy Form for EGM	45

48th Annual General Meeting will be held on Tuesday, the 24th September, 2013 at 4.00 p.m. at Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai - 400 057.

NOTICE

Notice is hereby given that the 48th Annual General Meeting of Organic Coatings Limited will be held at Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057 on Tuesday, the 24th September, 2013 at 4.00 p.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the statement of Profit & Loss 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. Ajay R. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manoj V. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Uday Soman & Co. (ICAI Firm Registration No. 110352W) as auditors and fix their remuneration.

By Order of the Board of Directors

Date: 29th May, 2013

Registered Office :
Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vith Bhatti, Goregaon (East),
Mumbai – 400 063.

Sudhir R. Shah
Company Secretary

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 16th September 2013 to 24th September 2013 both days inclusive.
8. The relevant details in respect of the Directors, seeking re-appointments required to be provided pursuant to Clause 49 of the Listing Agreement are annexed hereto.

9. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the company / RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/transferee of shares (including joint holders) in physical form are requested to furnish a certified copy of their PAN Card to the company / RTA while transacting in the securities market including transfer, transmission or any other corporate action.
10. Service of documents through Email - "Green Initiative in the Corporate Governance" Ministry of Corporate Affairs ("MCA") has taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued Circulars No. 17/2011 dated 21st April, 2011 & 18/2011 dated 29th April, 2011 stating that service of notices, documents including annual reports can be sent by e-mail to its members. Accordingly the company proposes to send documents like Shareholders Meeting Notice / other notices, audited financial statements, directors' report, auditors' report or any other document, to its members in electronic form at the email address provided by them and/or made available to the Company by their Depositories.

Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered/updated either with their Depositories or by writing to the company, by filling & sending the letter attached with the Annual Report.

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

Name of the Director	Mr. Ajay R. Shah	Mr. Manoj V. Mehta
Date of Birth	21st April, 1968	12th December, 1960
Date of Appointment	01st August, 1998	01st October, 1994
Expertise in specific functional areas	Accounts & Finance functions of the Company	Production of the Company.
Qualifications	Diploma in Computer Engnn.	H.S.C.
No. of shares held in Organic Coatings Ltd.	4,13,970 (5.40%)	81,500 (1.06%)
Directorship in other Companies	NIL	NIL

Membership of Committees in other Public Limited Companies:

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

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 31st March, 2013.

1) Financial Results

	(Rs. In Lacs)	
	2012 – 13	2011 - 12
(Loss)/Profit before Interest, Depreciation & Tax	(83.88)	(188.22)
Less: Finance Cost	386.31	384.55
	-----	-----
	(470.19)	(572.77)
Less: Depreciation	184.56	185.47
	-----	-----
(Loss)/Profit for the year before tax	(654.75)	(758.24)
Less/(Add): Excess Depreciation of Earlier years Written Back	(24.88)	—
	-----	-----
(Loss)/Profit after Extra Ordinary Items & before tax	(629.87)	(758.24)
Less: Provision for taxation		
Deferred	—	(110.40)
Less: Prior year's Income Tax	(0.52)	(1.61)
	-----	-----
(Loss) / Profit after tax	(629.35)	(646.23)
	=====	=====

The accumulated losses of the Company at the end of financial year 31st March, 2013 have resulted in erosion of more than fifty percent of its peak net worth during the immediately preceding four financial years. While the Company is taking necessary steps to protect further erosion, the Company will report to the Board for Industrial and Financial Reconstruction about such erosion of networth as envisaged under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 forthwith upon finalization of the duly audited accounts of the Company for the financial year ended 31st March, 2013. Shareholders are also requested to take note of this erosion and consider the same at the Extraordinary General Meeting of the members being convened for the purpose.

2) Dividend

In view of the loss for the year ended 31st March, 2013, the Directors are unable to recommend any dividend for the year under report.

3) Operations

During the year under report, your Company achieved a net turnover of (₹)4524.30 Lacs as compared to (₹)6121.27 Lacs in the previous year resulting in decrease of about 26.09%. The operations of the company has resulted into loss of (₹)83.88 Lacs before finance cost, depreciation and taxation for the year under review as against the loss of (₹)188.22 Lacs in the previous year. The net loss for the year after finance cost, depreciation and taxation was (₹)629.35 Lacs as against loss of (₹)646.23 Lacs in the previous year. The Company is exploring the possibility of identifying the customer's of international repute for exporting Company's product in bulk which would result into positive growth both in terms of turnover and profit during the current year on materialization of the export orders.

4) Sale of Land & Building at Thane

The Company has presently two manufacturing units one located at S.V.Road, Ghodbunder Village, Post Mira, Dist. Thane – 401 104 and another located at Block No. 395, 437, 450, Village Umraya, Taluka Padra, Vadodara – 391 440 both carrying on manufacturing of printing inks of various types used in printing industry. The unit located at S.V.Road, Ghodbunder Village, Post Mira, Dist. Thane – 401 104 was set up way back in the year 1965 having installed capacity of manufacturing 300 MT/month of Printing Inks. Over the period of last 47 years the Plant & Machineries installed at Thane Unit has become very old and has become technologically obsolete requiring excessive manpower besides involving payment of Octroi on all the inputs resulting into economically unviable.

As the members are aware the Company has set up another manufacturing unit and commenced the production in July 2011 for printing inks at Block No. 395, 437, 450, Village Umraya, Taluka Padra, Vadodara – 391 440 with latest semi-automated Plant & Machinery having installed capacity of 800 MT/month for manufacturing printing inks, which results into saving in manpower cost, electricity cost, low wastage and zero octroi. This would have contributed towards profitability of the Company as estimated at the time of setting up the said manufacturing unit at Vadodara. However, the demand for the printing ink manufactured by the Company did not grow correspondingly as expected to absorb the productive capacity set up in both the units put together resulting in huge losses in the last couple of years and working of the Company has suffered quite substantially.

The Board of Directors has therefore decided to discontinue the operation at Thane unit and sale/dispose off the Land & Building etc. as per the Ordinary Resolution proposed to be passed by Postal Ballot sent to all the shareholders. The Company has entered Memorandum of Understanding for sale of the aforesaid Land & Building for a consideration of (₹) 15.50 Crores. The Plant & Machineries, other Office Equipments which can be installed and used at the new manufacturing unit at Vadodara will be shifted and installed therein. The old Plant & Machineries which have become obsolete/unusable will be disposed off at the best possible consideration as may be agreed by the Board. The aforesaid new manufacturing unit at Vadodara will cater to all the existing customers of the Company and meet their demand.

The money realized from sale/disposal of the Thane unit will be utilized for the purpose of reduction of significant amount of cash credit facilities availed from the Bank by the Company and thereby reduce the cost of interest. With this the Company expects to improve its bottomline and come out of the red within a short span.

5) 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 31st March, 2013, 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 31st March, 2013 and of the loss 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 31st March, 2013, have been prepared on a going concern basis.

The above statements have been noted by the Audit Committee at its meeting held on 29th May, 2013.

6) Directors

Mr. Ajay R. Shah and Mr. Manoj V. Mehta retire by rotation and being eligible offer themselves for re-appointment at the ensuing annual general meeting.

7) 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.

8) Fixed Deposits

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

9) Industrial Relations

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

10) 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.

11) 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.

12) 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.

12) Cost Auditors

The Ministry of Corporate Affairs (MCA) has introduced The Companies (Cost Audit Report) Rules 2011 vide its Notification No. GSR430(E) dated 03/06/2011. These rules make it mandatory for certain industries to appoint Cost Auditor within 90 days of the commencement of the financial year. In compliance thereof board of directors has appointed M/s. Divyesh Vagadiya & Associates as a Cost Auditor for auditing Company's Cost Accounts for the year ending 31st March, 2014.

13) Acknowledgements

Your directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, Bank of Maharashtra, 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

(R. K. Shah)

Vice Chairman & Managing Director

Place : Mumbai
Date : 29th May, 2013

(Abhay R. Shah)
Joint Managing Director

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 st March, 2013	Year ended 31 st March, 2012
A. Power Consumption		
1 Electricity		
(a) Purchased Unit	16,98,410	20,14,302
Total Amount (₹)	1,40,65,626	1,51,43,530
Rate / Unit (₹)	8.28	7.52
(b) Own Generated Units	154	23
Total Amount (₹)	1,27,726	18,195
Rate / Unit (₹)	829.06	791.09
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 (₹)	4.97	4.52

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:

We are in development of highest quality products for the following application:

- Narrow Web UV Curable and Water-based Inks.
- News Inks suitable for the printing speed of 60,000 IPH.

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

We have successfully launched the products and commercially accepted in the market.

3. Future plan of action:

We have started manufacturing of Sheetfed Inks also in our Baroda Plant. Now we will produce 400 MT of inks from August 2013 onwards.

4. Expenditure on R&D

(i) Capital	(₹) —
(ii) Recurring	(₹) 52,377/-

(iii) Total	(₹) 52,377/-
	=====

(iv) Total R&D expenditure as a percentage of total turnovers of .

5. Technology absorption, adaptation and innovation:

Due to strengthening of US, a need was felt to develop local vendors for major raw materials. The R&D Department worked hand in glove with local manufacturer to develop certain pigments, resins and additives, meeting the technical requirement as well as easy availability at short notice.

A. Foreign Exchange earned & used

The company has earned (₹) 137.20 Lacs in Foreign Exchange & used (₹) 336.84 Lacs of Foreign Exchange.

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:

The Indian economy witnessed slow down of economic activities particularly industrial output. Inflation also remained at elevated level throughout the financial year. Private investments has declined in its space of growth considerably affecting the growth rate of the economy. Higher spending on subsidies on account of oil and fertilizers widened the fiscal deficit of the centre more than the budget estimates.

The financial year 2012-13 was among the most challenging years on the macro economy front. The policy and governance environment impacted the economic scenario. Persistent inflation resulted in the regulator raising the policy rates leading to a higher interest rate environment. The global environment remained weak for most part of the year with many European nations sinking into recession, US showing muted growth and even China witnessing a slowdown from its consistent growth over the past decade.

All these factors contributed towards an industrial slowdown. The year in view continue to face tremendous volatility in terms of raw material pricing as well as availability. Ink industry in the past year did get one price increase from their customers and are negotiating for one more as of now.

The growth of the industry did not meet the expectations due to recession in economy worldwide. The demand for the printing ink manufactured by the Company did not grow correspondingly as expected resulting into under utilization of Company's productive capacity. This increased burden of interest on additional borrowings taken for Vadodara Plant are the real challenges in the coming years to bring the Company into profitable venture.

Resources:

The company's Working Capital Facilities with Bank of Maharashtra was (₹) 2200.00 Lacs.

Opportunities & Threats:

Our Vadodara Plant with its cost efficiencies will give us opportunity to aggressively enter the business of publication inks which are of high volume and the same is pursued.

The continuous increase in the interest rate due to inflationary trend in the country is going to cost additional burden to the company with regard to interest. With the increase in business it would again mean need of more funds. The vicious circle of increase in interest cost coupled with increase in business will have to be handled appropriately. All companies will have to think outside the box to ensure cheaper means of finance or good cash flow management.

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:

The outlook for the Company's working would improve with the measures taken by the Management to reduce the input cost at all levels and liquidating the assets of the Company at Thane. The Company is also exploring the possibility of identifying the customer's of international repute for exporting Company's product in bulk which would result into positive growth both in terms of turnover and profit during the current year on materialization of the export orders.

As indicated in the last year's report the biggest risk affecting our businesses is continuous increase in the prices of raw material. Since we deal with large publishing house, the cost increase cannot be passed on to the customers immediately and hence the interim period leads to erosion of profit.

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:

The Company's net turnover for the financial year ended 31st March, 2013 has decreased by over 26.09% to (₹) 4225.30 Lacs from (₹) 6121.27 Lacs in the previous year.

The Company's operation has resulted into loss of (₹) 83.88 Lacs before Interest, Depreciation and Tax as against profit of (₹) 188.22 Lacs in the previous year.

Finance cost for the year increased to (₹) 386.31 Lacs from (₹) 384.55 Lacs in the previous year due to additional borrowings taken for Vadodara Plant.

Depreciation was at (₹) 184.56 Lacs as against (₹) 185.47 Lacs in the previous year.

Provision for taxation during the year was (₹) Nil Lacs as against (₹) (110.40) Lacs (deferred tax) in the previous year.

Net loss for the year was (₹) 629.35 Lacs as against net Loss of (₹) 646.23 Lacs in the previous year.

The Company's net worth as on 31st March, 2013 stood at (₹) 448.87 Lacs against (₹) 1079.18 Lacs in the last year.

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

The employee strength of the Company as on 31st March, 2013 was 131 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.

The company believes in empowering people to perform at their best levels. Responsibilities are given with authority to change as per the needs. It is believed that every employee is motivated to perform at its best. It is the responsibility of the organization to create the environment to keep him motivated and do not behave in a way to demotivate him. Human resource is the biggest asset the company has and it needs to be respected and taken care of as we would do to any other asset. The company also believes that it owes to its shareholders a true and transparent picture of the company's performance and work towards returning better results on their investments. Corporate Governance through a strong team of Independent Directors is achieved in all our reportings. This also strengthens our investors trust in us.

2) Board of Directors

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

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 21/12/2012	No. of other Companies in which Director	No. of Committees (other than Organic Coatings Limited) in which member
Mr. Sudhir Sathe Chairman	Independent * NED	8	Yes	2	NIL
Mr. R.K.Shah Vice Chairman & Managing Director	Promoter + ED	8	Yes	NIL	NIL
Mr. Abhay R. Shah	Promoter + Joint Managing Director	6	Yes	NIL	NIL
Mr. Manoj V. Mehta	Promoter & + ED	8	Yes	NIL	NIL
Mr. Ajay R. Shah	Promoter & + ED	8	Yes	NIL	NIL
Late Mr. Vilas K. Shah **	Independent * NED	3	N. A.	1	1
Mr. Vimal C. Mehra ***	Managing Director	3	N. A.	NIL	NIL
Mr. Vinay Jog	Independent * NED	5	Yes	NIL	NIL

* NED = Non-Executive Director

** Late Mr. Vilas K. Shah resigned as Directors and Independent Directors w.e.f. 25th August, 2012.

*** Mr. Vimal C. Mehra resigned as a Director & Managing Director w.e.f. 30th September, 2012.

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 2012-2013, eight Board Meetings were held on 20/04/12, 28/04/12, 15/05/12, 25/08/12, 10/10/12, 21/11/12, 05/02/13 and 12/02/13.

3) Audit Committee

The Company continued to derive immense benefit during the financial year from the deliberations of the Audit Committee comprising of Mr. Vinay Jog and Mr. Sudhir Sathe both being Independent Directors.

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)	Late Mr. Vilas K. Shah *	6	2
2)	Mr. Sudhir Sathe	6	6
3)	Mr. Vinay S. Jog **	6	4

During the year 2012-2013, six Audit Committee Meetings were held on 20/04/12, 15/05/12, 25/08/12, 10/10/12, 02/11/12 & 12/02/13.

* Late Mr. Vilas K. Shah resigned w.e.f. 25th August, 2012.

** Mr. Vinay S. Jog has been appointed as Director and Member of Audit Committee w.e.f. 15th May, 2012.

4) Remuneration Committee (Non-Mandatory) :

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.

Details of attendance at the meetings of Remuneration Committee:

Sr. No.	Name of the members	No. of meetings held	No. of meetings attended
1)	Late Mr. Vilas K. Shah *	6	2
2)	Mr. Sudhir Sathe	6	6
3)	Mr. Vinay S. Jog **	6	4

During the year 2012-13, six meetings of Remuneration Committee were held on 20/04/12, 15/05/12, 25/08/12, 10/10/12, 02/11/12 & 12/02/13.

* Late Mr. Vilas K. Shah resigned w.e.f. 25th August, 2012.

** Mr. Vinay S. Jog has been appointed as Director and Member of Remuneration Committee w.e.f. 15th May, 2012.

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

Name of Director	Salary & Allowances (₹)	Perquisites (₹)	Bonus (₹)	P.F. Cont. (₹)	Total (₹)
Mr. R.K.Shah	16,77,060	1,72,400	25,000	1,21,968	19,96,428
Mr. Abhay R. Shah	14,88,960	1,45,200	25,000	1,04,544	17,63,704
Mr. Ajay R. Shah	8,75,160	84,700	25,000	60,984	10,45,844
Mr. Manoj V. Mehta	8,75,160	1,07,400	25,000	60,984	10,68,544
Mr. Vimal C. Mehra	8,55,294	1,62,624	--	--	10,17,918
Total	57,71,634	6,72,324	1,00,000	3,48,480	68,92,438

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 the members	Amount (₹)
Late Mr. Vilas K. Shah	1,80,000
Mr. Sudhir Sathe	5,20,000
Mr. Vinay Jog	3,40,000
Total	10,40,000

c) Stock options details - Company does not have scheme of stock options.
6) Shareholders Committee

i) Name of non-executive director heading the Committee – Mr. Sudhir A. Sathe, Chairman. During the year the Committee met four times mainly to look into the status of investor grievances reported by Link Intime India Pvt. 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 meetings held	No. of meetings attended
1)	Mr. Sudhir Sathe	6	6
2)	Late Mr. Vilas K. Shah *	6	2
3)	Mr. Abhay R. Shah	6	4
4)	Mr. Manoj V. Mehta	6	6
5)	Mr. Vinay S. Jog **	6	4

During the year 2012-2013, six Shareholders Committee Meetings were held on 20/04/12, 15/05/12, 25/08/12, 10/10/12, 02/11/12 & 12/02/13.

* Late Mr. Vilas K. Shah resigned w.e.f. 25th August, 2012.

** Mr. Vinay S. Jog has been appointed as Director and Member of Shareholders Committee w.e.f. 15th May, 2012.

iv) No. of shareholders complaints received during the year - NIL

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
2010 - 2011	Emerald Hall, 2 nd Floor, Hotel Parle International, Andheri (E), Mumbai 400 069.	21st December, 2012	4.00 p.m.
2010 - 2011	Vishal Hall, Vishal Shopping Centre, Nr. Andheri Railway Station, Andheri (E), Mumbai 400 069.	28th September, 2011	4.00 p.m.
2009 - 2010	Vishal Hall, Vishal Shopping Centre, Nr. Andheri Railway Station, Andheri (E), Mumbai 400 069.	27th September, 2010	3.00 p.m.

Special Resolutions passed at the last three AGMs

Year ended 31st March, 2012 -No special resolution was passed.

Year ended 31st March, 2011 -No special resolution was passed.

Year ended 31st March, 2010 -Seven special resolutions were passed empowering Board to increase Remunerations of Managing Directors, Executive Director and Wholetime Directors and payment of Commission to Non-Executive Directors of the company.

8) Postal Ballot

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

An Ordinary Resolution for disposal of Land, Building etc. at Thane unit has been proposed be passed u/s 293(1)(a) of the Companies Act, 1956 and the last date for the receipt of the response is 1st June, 2013.

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 : Tuesday, 24th September, 2013 at 4.00 p.m. at Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057.
- ii) Financial Calendar : 2013-2014
On or before
First Quarter Results : 14th August, 2013
Second Quarter/Half Yearly Results : 14th November, 2013
Third Quarter Results : 14th February, 2014
- iii) Date of Book Closure : 16/09/2013 to 24/09/2013
both days inclusive
- iv) Listing on Stock Exchange
Shares of the Company are listed at Bombay Stock Exchange Ltd., Mumbai.
- v) Stock Cod - 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 '12	10.50	8.74
May '12	9.35	7.46
June '12	9.50	7.10
July '12	9.50	6.75
Aug. '12	7.65	6.56
Sept '12	7.45	5.75
Oct. '12	7.64	5.00
Nov. '12	6.00	4.79
Dec. '12	5.74	4.50
Jan. '13	5.69	4.13
Feb. '13	5.15	4.00
Mar. '13	4.95	3.80

- 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, 2013 :

Shares held	No. of Holders	%	No. of Shares	%
1 - 500	2,130	71.57	4,13,053	5.38
501 - 1000	399	13.41	3,59,448	4.68
1001 - 5000	329	11.06	7,95,461	10.37
5001 - 10000	53	1.78	3,78,342	4.93
10001 and above	65	2.18	57,28,296	74.64
Total	2,976	100.00	76,74,600	100.00

B) Categories of Shareholders as on March 31, 2013 :

Categories	No. of Shares	% in Capital
A. Promoters & Persons acting in concert	29,70,077	38.70
B. Financial Institutions, Banks etc.	50,000	0.65
C. Bodies Corporate	3,68,408	4.80
D. NRIs / OCBs	1,72,849	2.25
E. Indian Public	41,13,266	53.60
Total	76,74,600	100.00

C) Shareholders holding more than 1% of the share capital of the Company as at March 31, 2013 :

Sr. No.	Name of the Shareholder	No. of Shares Held	% to share capital
1	Mr. Rajnikant Kodarlal Shah	8,04,894	10.48
2	Mr. R. K. Shah (HUF)	3,55,483	4.63
3	Mr. Krishnakant R. Shah	4,22,098	5.50
4	Mrs. Padmaja Rajnikant Shah	2,32,600	3.03
5	Mr. Abhay Rajnikant Shah	2,58,850	3.37
6	Mrs. Minal Abhay Shah	1,61,865	2.11
7	Mr. Ajay Rajnikant Shah	4,13,970	5.40
8	Mrs. Aparna Ajay Shah	1,91,915	2.50
9	Mr. Manoj Vasantlal Mehta	81,500	1.06
10	Mrs. Kanchan Vasantlal Mehta	2,98,000	3.88
11	Mr. Vimal Chimanlal Mehra	8,02,614	10.46
12	Premji & Sons Trading Pvt. Ltd.	2,45,514	3.20
13	Mr. Shashikant G. Badani	1,69,935	2.21
14	Mr. Dipak K. Shah	1,25,000	1.63

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 31st March 2013, a total of 72,33,400 equity shares of the Company, forming 94.25% of the share capital of the Company, stand dematerialized (NSDL – 4729223 CDSL - 2504177).

xi) Outstanding GDR/ADR/warrants - NIL

xii) Plants location - Block No. 395, 437, 450

Umraya Village, Padra Taluka, Vadodara District, Gujarat - 391 440.

xiii) Address for correspondence - Unit No. 405, Atlanta Estate Premises

Co-op. Soc. Ltd., Vith Bhatti, Goregaon (East), Mumbai – 400 063.

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.

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 Vice Chairman & 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.

4. Review of Directors' Responsibility statement

The Board in its report have confirmed that the annual accounts for the year ended 31st March, 2013 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

(R. K. Shah)

Vice Chairman & Managing Director

Place : Mumbai

Date : 29th May, 2013

(Abhay R. Shah)

Joint Managing Director

To The Members of
Organic Coatings Limited

We have examined the compliance of the condition of Corporate Governance by Organic Coatings Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd., Mumbai.

The compliance of the 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 ensuing 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 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 31st March, 2013 there were no investor grievance matters against the Company remaining unattended/pending for more than 30 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
Firm's Registration No: 110352W

(UDAY SOMAN)
Proprietor
Membership No. 38870

Mumbai
29th May, 2013

ORGANIC COATINGS LIMITED
INDEPENDENT AUDITOR'S REPORT

To,
The Members
ORGANIC COATINGS LIMITED
Mumbai

Report on the financial Statements

We have audited the accompanying financial statements of ORGANIC COATINGS LIMITED, which comprise the Balance Sheet as at March 31st 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and for presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (b) In the case of the Profit and Loss Account, of the Loss 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.

Report on Other Legal and Regulatory requirements

1. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the Books of Accounts;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Since the Central Government has not issued any notifications as to the rate at which the Cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such Cess is to be paid, no Cess is due and payable by the Company.

Mumbai
29th May, 2013

For Soman Uday & Co.
Chartered Accountants
Firm's Registration No: 110352W

(Uday Soman)
Proprietor
Membership No. 38870

Annexure to the Independent Auditor's Report

(Referred to in Paragraph 1 of our Report of even date)

- (I) (a) The Company has maintained proper records showing full particulars including quantitative details and 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) Subject to the Note No. 26 of Notes to Accounts, 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 reasonable 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 material, 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 loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956, the details of which are as under:

Number of Parties	Maximum amount involved ₹	Year end balance ₹
3	20,83,742	16,13,752

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;

- (iii) (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 maintained under Section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company;
- (c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest;
- (d) There are no overdue amount of loans taken from three parties listed in the register maintained under Section 301 of the Companies Act, 1956;
- (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 with regard 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 information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that needed 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, did not exceed the value of Rs. Five Lakhs in respect of any party during the year and 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 from the public during the period covered by our audit report;

- (vii) The Company has appointed a firm of Chartered Accountants to do the internal audit regularly and in our opinion the internal audit is commensurate with its size and nature of business;
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government of India 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 and records have been made and maintained. We however have not made a detailed examination of the records with a view to determine whether they are accurate or complete;
- (ix) (a) According to the information and explanation given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues and there are no undisputed amounts payable in respect of the aforesaid dues that were outstanding as at 31st March 2013 for a period of more than six months from the date they became payable;
- (b) According to the information and explanation given to us, the dues outstanding of sales tax, income tax, customs duty, wealth tax, excise duty, service tax on account of dispute and deposited under protest by the company during the year under audit, are as follows:

Nature of the Statute	Nature of Dues	Amount (₹)	Amount Paid under Protest (₹)	Period to which Amount Relates	Forum where Dispute is Pending
Tamil Nadu Value Added Tax Act 2006	Value Added Tax With Penalty	1,21,136	32,005	2010-11	The Appellate Deputy Commissioner(CT), Kancheepuram
Tamil Nadu Value Added Tax Act 200	Value Added Tax With Penalty	75,839	24,294	2009-10	The Appellate Deputy Commissioner(CT), Kancheepuram
Tamil Nadu Value Added Tax Act 2006	Value Added Tax With Penalty	3,07,672	75,106	2007-08	The Appellate Deputy Commissioner(CT), Kancheepuram

- (x) The Company's accumulated loss at the end of the financial year is more than fifty percent of net worth of the Company. The Company has incurred cash losses amounting to (₹).4,97,52,399/- during the financial year covered by our audit, and (₹).4,77,16,681/- in the immediately preceding financial year;
- (xi) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, or bank;
- (xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors Report) Order 2003 are not applicable to the Company;

- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly the provisions of clause (xiv) of the Companies (Auditors Report) Order 2003 are not applicable to the Company;
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions;
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised;
- (xvii) In our opinion and according to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties covered in the register maintained under Section 301 of the Companies Act, 1956;
- (xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditors Report) Order 2003, are not applicable to the Company;
- (xx) During the period covered by our audit report, the Company has not raised any money by public issues;
- (xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Mumbai

29th May, 2013

For Soman Uday & Co.

Chartered Accountants

Firm's Registration No. 110352W

(Uday Soman)

Proprietor

Membership No. 38870

ORGANIC COATINGS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	7,67,46,000	7,67,46,000
Reserves and Surplus	2	(3,18,58,720)	3,11,71,636
		4,48,87,280	10,79,17,636
Non-current liabilities			
Long Term Borrowings	3	1,32,22,416	3,52,62,805
Current Liabilities			
Short Term Borrowings	4	21,46,78,264	21,92,89,994
Trade Payables	5	11,34,35,258	12,64,47,445
Other Current Liabilities	6	3,20,26,671	4,35,46,420
Short Term Provisions	7	1,06,12,583	1,21,06,194
		37,07,52,776	40,13,90,053
TOTAL		42,88,62,472	54,45,70,494
ASSETS			
Non Current Assets			
Fixed Assets	8		
(I) Tangible Assets		19,65,60,549	21,27,14,097
(ii) Intangible Assets		9,53,666	11,65,473
(iii) Capital Work-In-Progress		10,59,012	-
		19,85,73,227	21,38,79,570
Current Assets			
Inventories	9	6,78,92,142	10,46,85,381
Trade Receivables	10	13,54,77,166	18,70,13,282
Cash and Cash Equivalents	11	42,92,203	75,41,982
Short Term Loans and Advances	12	2,26,27,734	3,14,50,279
		23,02,89,245	33,06,90,924
TOTAL		42,88,62,472	54,45,70,494
Significant Accounting policies			
Accompanying Notes Forming Part of the Financial Statements			

As per our report of even date
For Soman Uday & Co.
Chartered Accountants

(Uday Soman)
Proprietor
Membership No: 38870
Firm Reg No: 110352W

Mumbai
29th May, 2013

For and on behalf of the Board of Directors

(R. K. Shah)

Vice Chairman & Managing Director

(Abhay R. Shah)
Joint Managing Director

(Manoj V. Mehta)
Director

(Ajay R. Shah)
Director

(Sudhir R. Shah)
Company Secretary

ORGANIC COATINGS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particular	Note No.	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
INCOME			
Revenue from Operations	13	45,24,29,607	61,21,26,980
Other Income	14	3,01,577	17,73,718
Total Revenue (A)		45,27,31,184	61,39,00,698
EXPENDITURE			
Cost of Materials Consumed	15	31,88,95,292	42,85,50,279
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	16	2,51,23,550	3,47,32,389
Employee Benefits Expense	17	3,47,47,683	4,06,24,213
Finance Cost	18	3,86,30,796	3,84,55,098
Depreciation and Amortisation Expenses	19	1,84,55,911	1,85,46,835
Other Expenses	20	8,23,53,421	12,88,16,069
Total Expenses (B)		51,82,06,653	68,97,24,883
Profit / (Loss) before tax (A-B)		(6,54,75,469)	(7,58,24,185)
Less (Add): Excess Depreciation of earlier Years		(24,87,904)	-
Written Back (Refer Note No 8.3)			
Profit / (Loss) After Extraordinary Items and Before Tax		(6,29,87,563)	(7,58,24,185)
Tax Expense:			
Current Tax Expense for Current Year		-	-
Current Tax Expense Relating to Prior Years (Net)		(52,308)	(1,61,261)
Deferred Tax		-	(1,10,40,191)
Profit / (Loss) for the Year		(6,29,35,255)	(6,46,22,733)
Earnings per Equity share of Face Value of Rs 10 each			
Basic Earning Per Share	21	(-8.20)	(-8.42)
Diluted Earning Per Share	21	(-8.20)	(-8.42)
Significant Accounting policies	A to N		
Accompanying Notes Forming Part of the Financial Statements	1 to 31		

As per our report of even date
For Soman Uday & Co.
Chartered Accountants

(Uday Soman)
Proprietor
Membership No: 38870
Firm Reg No: 110352W

Mumbai
29th May, 2013

For and on behalf of the Board of Directors

(R. K. Shah)
Vice Chairman & Managing Director

(Abhay R. Shah)
Joint Managing Director

(Manoj V. Mehta)
Director

(Ajay R. Shah)
Director

(Sudhir R. Shah)
Company Secretary

ORGANIC COATINGS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particular	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
A. Cash Flow From Operating Activities		
Net Profit / (Loss) before Tax as per Statement of Profit and Loss Account	(6,29,87,563)	(7,58,24,185)
<u>Adjustments for:</u>		
Depreciation and Amortisation (Including Depreciation Withdrawn)	1,85,51,012	1,86,41,936
(Profit) / Loss on Sale / Write off of Assets	57,803	11,34,446
Finance Costs	3,86,30,796	3,84,55,098
Interest Income	(3,01,577)	(14,88,221)
Bad Debts	56,969	26,09,860
Operating Profit / (Loss) before Working Capital Changes	(59,92,560)	(1,64,71,066)
<u>Changes in Working Capital:</u>		
<u>Adjustments for (Increase) / Decrease in Operating Assets:</u>		
Inventories	3,67,93,239	4,99,61,832
Trade Receivables	5,15,93,085	43,93,850
Short-term Loans and Advances	1,26,77,467	3,16,21,017
<u>Adjustments for Increase / (Decrease) in Operating Liabilities:</u>		
Trade Payables	(1,30,12,187)	3,49,74,162
Other Current Liabilities	(1,15,19,749)	1,50,01,355
Short-term Provisions	(14,93,611)	(19,55,458)
Cash Generation from Operation	6,90,45,684	11,75,25,692
Net Cash Flow from / (used in) Operating Activities (A)	6,90,45,684	11,75,25,692
B. Cash Flow From Investing Activities		
Capital Expenditure on Fixed Assets, including Capital Advances	(10,59,012)	(7,84,35,899)
Proceeds from Sale of Fixed Assets	2,44,444	17,33,394
Interest Income	3,01,577	14,88,221
Net Cash Flow from / (used in) Investing Activities (B)	(5,12,991)	(7,52,14,284)
C. Cash Flow from Financing Activities		
Repayment of Long-term Borrowings	(2,20,40,389)	(2,28,16,300)
Net Increase / (Decrease) in Working Capital Borrowings	(57,69,105)	2,54,28,436
Proceeds from other Short-term Borrowings	11,57,375	4,56,377
Finance Cost	(3,86,30,796)	(3,84,55,098)
Net Cash Flow from / (used in) Financing Activities (C)	(6,52,82,915)	(3,53,86,585)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	32,49,777	69,24,823
Cash and Cash Equivalents at the Beginning of the year	75,41,980	1,44,66,803
Cash and Cash Equivalents at the End of the year	42,92,203	75,41,980
* Comprises:		
(a) Cash on Hand	4,95,926	1,11,215
(c) Balances with Banks		
(i) In Current Accounts	7,84,927	20,66,085
(ii) In EEFC Accounts	-	6,565
(iii) In Deposit Accounts with Banks	30,11,350	53,58,115
	42,92,203	75,41,980

As per our report of even date
For Soman Uday & Co.
Chartered Accountants

(Uday Soman)
Proprietor
Membership No: 38870
Firm Reg No: 110352W

Place : Mumbai
29 May, 2013

For and on behalf of the Board of Directors

(R K Shah)
Vice Chairman & Managing Director

(Abhay R. Shah)
Joint Managing Director

(Manoj V. Mehta)
Director

(Ajay R. Shah)
Director

(Sudhir R. Shah)
Company Secretary

ORGANIC COATINGS LIMITED SIGNIFICANT ACCOUNTING POLICIES

A Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention except for certain fixed assets which are revaluated, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

B Use of Estimates

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of the revenues and expenses during the reporting period. The differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

C Inventories

In terms of the Accounting Standard "Valuation of the Inventories" (Revised) (AS-2) issue 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 Materials, Work in Progress and Finished Goods are valued at lower of Cost and net realisable 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 amount proportions of the overhead and where applicable excise duty. Imported raw materials, stock in transit are valued at cost and custom duty thereon.

D Depreciation and Amortisation

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

E Revenue recognition

Sales of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established. Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

F Tangible 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.

Capital Work in Progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

G Intangible Fixed Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation. All costs till the commencement of the commercial production are capitalised.

H Foreign Currency Transactions

Transactions denominated in the foreign currencies are recorded at the exchange rate prevailing on the date of transaction or that approximates the actual rate at the date of the transaction.

The assets and liabilities item denominated in the foreign currencies at the year end are restated at the year end rates.

Any income or expense on account of exchange difference either on settlement on translation is recognised in the profit and loss account except in the case the long term liabilities, where they relate to the acquisition to the fixed assets, in which case they are adjusted to the carrying amount of such assets.

ORGANIC COATINGS LIMITED SIGNIFICANT ACCOUNTING POLICIES

I Employees Benefits

Short term employees benefits are recognised as an expenses in the statement of the profit and loss account of the year in which the related service are rendered.

Post employment and other long term employees benefits are recognised as an expenses in the statement of the profit and loss account for the year in which the employees has rendered the services. The expenses are recognised at the present value of the amounts payable determined using actuarial valuations actuarial gain and losses in respect of the post employment and other long term benefits are charged to the profit and loss account.

J Borrowing Cost

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes substantial period of time to get ready for its intended use. All other borrowing cost are charged to the profit and loss account

K Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

L Research and Development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

M Provision of Current Tax and Deferred Tax

'Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

N Provisions and Contingents Liabilities and Contingent Assets

Provisions involving substantial degree of estimate in measurement are recognised when there is a present obligation as a result of the past events and it is probable that there will be an outflow resources. contingents liabilities and commitments are not recognised but are disclosed in the notes. Contingents assets are neither recognised nor disclosed in the financial statements.

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
1. SHARE CAPITAL		
(a) Authorised		
1,00,00,000 (1,00,00,000) Equity shares of Rs 10 each	10,00,00,000	10,00,00,000
(b) Issued		
77,00,000 (77,00,000) Equity shares of Rs 10 each	7,70,00,000	7,70,00,000
(c) Subscribed and fully paid up		
76,74,600 (76,74,600) Equity shares of Rs 10 each	7,67,46,000	7,67,46,000
TOTAL	7,67,46,000	7,67,46,000

1.1 Details of the Shareholders holding more than 5% of shares

Name of the Shareholders	As At 31st March 2013 No of Shares % of held	As At 31st March 2012 No of Shares % of held
Mr. Rajnikant K. Shah	11,60,377	8,06,444
(Include 3,55,483 (4.63%) Shares of Rajnikant K Shah (HUF)	15.12%	10.51%
Ajay R Shah	4,13,970	4,13,970
	5.39%	5.39%
Vimal C. Mehra	8,02,614	8,00,000
	10.46%	10.42%
Dhaval J. Natavati	-	7,51,000
	-	9.79%
Krishnakant R. Shah	4,22,098	-
	5.50%	-

1.2 The Reconciliation of the number of the shares outstanding is set out below

Particulars	As At 31st March 2013 (No of Shares)	As At 31st March 2012 (No of Shares)
Equity Shares at the beginning of the year	76,74,600	76,74,600
Equity Shares at the end of the year	76,74,600	76,74,600

1.3 Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each holder of the Equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees and every equity share is entitled to the same rate of dividend.

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
2. RESERVE AND SURPLUS		
(a) Securities premium account		
As per last Balance Sheet	7,78,44,711	7,78,44,711
(b) Revaluation reserve		
As per last Balance Sheet	11,35,511	12,30,612
Less: Transferred to statement of Profit and Loss Account (Refer Note No 8.1)	95,101	95,101
	10,40,410	11,35,511
(c) Capital Reserve		
As per last Balance Sheet	1,20,000	1,20,000
(d) General reserve		
As per last Balance Sheet	51,75,000	51,75,000
(e) Surplus / (Deficit) in Statement of Profit and Loss		
As per last Balance Sheet	(5,31,03,586)	1,15,19,147
Add/(Less): Profit/(Loss) for the year	(6,29,35,255)	(6,46,22,733)
	(11,60,38,841)	(5,31,03,586)
TOTAL	(3,18,58,720)	3,11,71,636

Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
3. LONG TERM BORROWINGS		
From Banks		
Term Loan on Plant and Equipment	1,22,66,785	3,37,72,329
Vehicle Loan	9,55,631	14,90,476
TOTAL	1,32,22,416	3,52,62,805

3.1 The Term Loan on Plant and Equipment are secured by Equitable mortgage of Factory Land and Building and hypothecation of Plant and Equipment at S V Road, Ghodbunder Village, Post Mira Road, District -Thane and at Village Umraya, Taluka-Padra, District- Vadodara. These loans are further guaranteed by one of the director in his personal capacities

3.2 The Vehicles loans are secured by hypothecation of Vehicles.

3.3 Maturity Profile of the Term loans of the Plant and Equipments are set out as under

Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
1-2 Years	2,12,28,000	2,12,28,000
2-3 Years	1,22,66,785	2,12,28,000
3-4 Years	-	1,25,44,329
TOTAL	3,34,94,785	5,50,00,329

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
4. SHORT TERM BORROWINGS		
Secured		
From Banks		
Working Capital Loans	21,30,64,512	21,88,33,617
Unsecured		
Others Loans and Advances		
Loan from Directors	16,13,752	4,56,377
TOTAL	21,46,78,264	21,92,89,994
4.1 The Working Capital Loan are secured by hypothecation of the inventory and trade receivables, Equitable mortgage of Factory land and Building and hypothecation of Plant and Equipment at S V Road, Ghodbunder Village, Post Mira Road, District -Thane and at Village Umraya, Taluka-Padra, District-Vadodara. These loans are further guaranteed by one of the director in his personal capacities.		
5. TRADE PAYABLE		
Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
Micro, Small and Medium Enterprises	-	-
Others	11,34,35,258	12,64,47,445
TOTAL	11,34,35,258	12,64,47,445
5.1 The Company has not received any intimation from suppliers regarding status under "Micro, Small and Medium Enterprises Development Act, 2006" and hence, disclosure, if any relating to amounts unpaid as at the end of year together with interest paid/payable as required under the said act has not been given.		
6. OTHER CURRENT LIABILITIES		
Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
Current Maturities of Long Term Debt (Refer Note No : 3.3)	2,12,28,000	2,12,28,000
Current Maturities Vehicle Loans	6,26,760	15,88,300
Unclaimed Dividends #	88,753	88,918
Creditors for Capital Expenditures	8,45,499	39,79,278
Others Payable		
- Statutory Liabilities	13,10,776	26,77,746
- Security Deposit Payable	7,73,339	7,95,533
- Other Current Liabilities	71,53,544	1,31,88,645
TOTAL	3,20,26,671	4,35,46,420
Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
7. SHORT TERM PROVISIONS		
Provision for Gratuity	27,80,113	17,95,073
Provision for Leave Encashment	45,63,224	41,86,841
Provision for Wealth Tax	15,000	22,420
Others Provisions	32,54,246	61,01,860
TOTAL	1,06,12,583	1,21,06,194

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

8. FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2012	Addition during the year	Adjustment/ Deduction during the year	As at 31st March, 2013	As at 1st April, 2012	For the year	Adjustment/ Deduction during the year	As at 31st March, 2013	As at 31st March, 2012	
Tangible Assets										
Free Hold Land	1,72,81,842	-	-	1,72,81,842	-	-	-	1,72,81,842	1,72,81,842	
Building	4,62,74,141	-	-	4,62,74,141	1,00,44,967	15,45,556	-	3,46,83,618	3,62,29,174	
Electric Installation	1,80,69,762	-	-	1,80,69,762	23,31,887	13,40,776	-	1,43,97,099	1,57,37,875	
Office Equipment	35,21,720	-	-	35,21,720	15,01,840	1,85,947	-	18,33,933	20,19,880	
Plant & Equipment	22,90,34,498	-	-	22,90,34,498	9,91,65,337	1,36,68,615	22,67,020	11,84,67,566	12,98,69,161	
Furniture & Fixtures	55,23,768	-	-	55,23,768	23,61,741	3,10,129	-	28,51,898	31,62,027	
Computers	35,58,492	-	-	35,58,492	32,62,069	2,97,282	2,20,884	2,20,025	2,96,423	
Vehicles	1,07,30,441	-	7,78,676	99,51,765	26,12,726	9,90,900	4,76,429	68,24,568	81,17,715	
Total (A)	33,39,94,664	-	7,78,676	33,32,15,988	12,12,80,567	1,83,39,205	29,64,333	19,65,60,549	21,27,14,097	
Intangible Assets									-	
Patents	6,76,260	-	-	6,76,260	3,26,090	50,178	-	2,99,992	3,50,170	
Computer Software	9,97,095	-	-	9,97,095	1,81,792	1,61,629	-	6,53,674	8,15,303	
Total (B)	16,73,355	-	-	16,73,355	5,07,882	2,11,807	-	9,53,666	11,65,473	
Total (A+B)	33,56,68,019	-	7,78,676	33,48,89,343	12,17,88,449	1,85,51,012	29,64,333	19,75,14,215	21,38,79,570	
Capital Work in Progress								10,59,012	-	
Previous Year	25,07,40,731	9,07,46,847	58,19,551	33,56,68,018	10,60,98,233	1,86,41,936	29,51,721	21,38,79,570	-	

Note 8.1: The gross block of fixed assets includes (₹) 3,49,31,299/- (Previous year (₹) 3,49,31,299/-) on account of revaluation on fixed assets. Consequent to the said revaluation, there is an additional charge of depreciation of (₹) 95,101 (Previous Year (₹) 95,101) which has been withdrawn from Revaluation Reserve and credited to the statement of profit and loss. This has no impact on loss for the year.

Note 8.2: The Borrowing cost (₹) Nil (Previous Year of (₹) 21,62,212/-) capitalised under tangible assets (Previous year in Capital Work in Progress)

Note 8.3: The adjustment/deduction during the year includes excess depreciation written back of (₹) 24,87,904.

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
9. INVENTORIES (At Lower of Cost and Net Realisable Value)		
Raw Materials	2,64,89,547	3,75,79,732
Stock-in-Process	49,28,161	61,51,602
Finished Goods	3,26,24,574	5,65,24,683
Packing Materials	24,84,831	26,22,079
Consumables Stores	13,65,029	18,07,285
TOTAL	6,78,92,142	10,46,85,381
10. TRADE RECEIVABLES (Unsecured and Considered Good)		
Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
Over Six Months	2,03,24,712	1,63,82,502
Others	11,51,52,454	17,06,30,780
TOTAL	13,54,77,166	18,70,13,282
11. CASH AND BANK BALANCES		
Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
Cash on Hand	4,95,926	1,11,215
Balance With Banks *		
- In Current Accounts	7,84,927	20,66,087
- In EEFC Accounts	-	6,565
Fixed Deposits With Banks #	30,11,350	53,58,115
TOTAL	42,92,203	75,41,982
* Balance with Banks includes Unclaimed Dividend of (₹) 93,753/- (Previous (₹) 93,753/-) # Fixed Deposits with Banks include deposits of (₹) 4,77,180/- (Previous Year of (₹) 54,60,276/-) with maturity of more than 12 months.		
12. SHORT TERM LOANS AND ADVANCES (Unsecured and Considered Good)		
Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
Capital Advances	19,51,006	-
Advance Income Tax (Net of Provisions)	7,90,530	40,58,803
Security Deposits	18,36,511	23,80,525
Balance with Government Authority		
- Balance With Excise Authority	32,22,463	96,38,831
- Service Tax Credit Receivable	39,737	5,46,433
- Balance With Sales Tax Authority	1,23,02,115	1,26,78,426
Loans to Employees	2,64,148	2,20,536
Prepaid Expenses	2,76,396	3,40,652
Other Loans and Advances	19,44,828	15,86,073
TOTAL	2,26,27,734	3,14,50,279

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
13. REVENUE FROM OPERATION		
Sale of Products	50,50,70,569	68,18,51,837
Less: Excise Duty Recovered	5,26,40,962	6,97,24,857
TOTAL	45,24,29,607	61,21,26,980
13.1 PARTICULARS OF SALE OF PRODUCTS		
Manufactured Goods		
Printing Ink	40,28,22,071	51,05,88,400
Coatings	3,88,88,657	5,08,55,167
Auxiliaries	1,07,18,879	5,06,83,413
TOTAL	45,24,29,607	61,21,26,980
14. OTHER INCOME		
Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
Interest Income		
- Interest on Bank Deposits	2,09,736	9,49,034
- Interest on Income Tax refund	26,582	4,88,200
- Interest Income others	65,259	50,987
Other Non Operation Income		
Sundry Written Back	-	2,85,497
TOTAL	3,01,577	17,73,718
15. COST OF MATERIALS CONSUMED		
Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
Raw Material Consumed		
Opening Stock	3,75,79,732	5,21,69,274
Add : Purchases	28,47,29,109	38,20,29,379
	32,23,08,841	43,41,98,653
Less : Closing Stock	2,64,89,547	3,75,79,732
	29,58,19,294	39,66,18,921
Packing Material Consumed		
Opening Stock	26,22,079	28,20,133
Add : Purchases	2,29,38,750	3,17,33,304
	2,55,60,829	3,45,53,437
Less : Closing Stock	24,84,831	26,22,079
	2,30,75,998	3,19,31,358
TOTAL	31,88,95,292	42,85,50,279
15.1 PARTICULARS OF RAW MATERIALS CONSUMED		
Chemicals	3,37,61,434	6,59,98,782
Pigment	7,21,81,394	9,57,96,455
Resins	7,77,58,650	9,82,94,171
Oil and Miscellaneous	11,21,17,816	13,65,29,514
TOTAL	29,58,19,294	39,66,18,922
15.2 PARTICULARS OF IMPORTS AND INDIGINIOUS CONSUMPTION AND PERCENTAGE OF CONSUMPTION		
Raw Material Consumed		
Imported	4,80,47,069	9,60,28,790
Indigenous	24,77,72,225	30,05,90,131
TOTAL	29,58,19,294	39,66,18,921
Percentage Raw Material Consumed		
Imported	16.24%	24.21%
Indigenous	83.76%	75.79%
TOTAL	100.00%	100.00%

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
16. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE		
Inventories at the beginning of the year		
- Finished Goods	5,65,24,683	8,30,46,325
- Stock in Process	61,51,602	1,43,62,349
	6,26,76,285	9,74,08,674
Inventories at the end of the year		
- Finished Goods	3,26,24,574	5,65,24,683
- Stock in Process	49,28,161	61,51,602
	3,75,52,735	6,26,76,285
TOTAL	2,51,23,550	3,47,32,389

17. EMPLOYEES BENEFIT EXPENSE

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
Salary Expenses	3,05,25,881	3,56,07,548
Contribution to Provident and Other Funds	36,29,017	35,94,979
Staff Welfare Expenses	5,92,785	14,21,686
TOTAL	3,47,47,683	4,06,24,213

17.1 As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expenses for the year as under :

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
Employer's Contribution to Provident Fund	14,99,765	17,45,587
TOTAL	14,99,765	17,45,587

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
-------------	--	--

Defined Benefit Plan**(I) Recognition of Opening and Closing Balances of Defined Benefit Obligation of Gratuity and Fair Value of the Plan Assets (Funded)**

Defined Benefit Obligation at the beginning of the Year	66,86,043	66,12,317
Current Service Cost	3,62,572	4,61,811
Interest Cost	5,70,965	5,37,786
Actuarial Losses/(Gain)	7,95,081	(6,07,453)
Past Service Cost	-	-
Benefit Paid	(6,71,371)	(3,18,418)
Defined Benefit Obligation at the end of the year	77,43,290	66,86,043

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
Fair Value of the Plan assets at the beginning of the Year	58,90,970	46,08,833
Expected Return of the Plan Assets	4,32,773	3,38,027
Actuarial Gain /(Losses)	85,614	1,47,979
Employer Contribution	2,25,191	11,14,549
Benefit Paid	(6,71,371)	(3,18,418)
Fair Value of the Plan assets at the end of the Year	59,63,177	58,90,970
Actual Return on Plan Assets	5,18,387	4,86,006
(II) Reconciliation of the Fair Value of the Plan Assets and Defined Benefit Obligation		
Fair Value of the Plan Assets	59,63,177	58,90,970
Present Value of the Obligation	77,43,290	66,86,043
Amount Recognised in the Balance Sheet	17,80,113	7,95,073
(III) Expenses Recognised During the year		
Current Service Cost	3,62,572	4,61,811
Interest cost	5,70,965	5,37,786
Expected return of the Plan Assets	(4,32,773)	(3,38,027)
Net Actuarial Losses/(Gain)	7,09,467	(7,55,432)
Past Service Cost	-	-
TOTAL	12,10,231	(93,862)
(IV) Investment Details		
Insured Managed Funds	100%	100%
TOTAL	100%	100%
(IV) Actuarial Assumptions of Gratuity		
Mortality Tables (LIC)	1994-96	1994-96
Discount Rate (Per Annum)	8.05%	8.55%
Expected Rate of Return on Plan Assets (Per Annum)	7.50%	7.50%
Rate of Escalation in Salary (Per Annum)	6.00%	6.00%

The estimates of the rate of the escalation in salary considered in the actuarial valuation, take in to account inflation, seniority, promotion and other relevant factors. The expected rate of return on plan assets is determined bases on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

18. FINANCE COST

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
Financial Expenses	3,86,30,796	3,84,55,098
TOTAL	3,86,30,796	3,84,55,098

19. DEPRECIATION AND AMORTISATION EXPENSE

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
Depreciation and Amortisation	1,85,51,012	1,86,41,936
Less: Transferred to Revaluation Reserve (Refer Note No 8.1)	95,101	95,101
TOTAL	1,84,55,911	1,85,46,835

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
20. OTHER EXPENSES		
Manufacturing Expenses		
Consumable Stores	12,53,526	7,62,896
Power & Fuel	1,41,93,350	1,66,03,522
Factory Expenses	8,38,586	5,38,814
Wages and Labour Charges	1,11,01,488	1,11,78,964
Repairs to Machinery	26,02,246	22,21,610
	2,99,89,196	3,13,05,806
Establishment Expenses		
Rent	27,76,540	30,90,861
Rates and Taxes	2,91,647	3,28,381
Repairs to Building	18,480	14,85,549
Insurance Expenses	14,17,424	12,24,252
Auditors Remuneration	2,79,244	2,59,670
Travelling & Conveyance	29,72,457	40,27,664
Motor Car Expenses	35,78,759	46,56,673
Postage and Telephone Expenses	14,86,849	17,71,045
Printing and Stationary Expenses	7,11,329	7,90,533
General Expenses	7,44,261	14,58,099
Repairs to Others	9,61,247	22,08,438
Legal and Professional Charges	52,22,799	61,68,004
Loss on Sale of Assets (Net)	57,803	11,34,446
Security Charges	9,49,271	9,11,820
Software Support Charges	19,16,040	17,65,298
Prior Period Items	1,38,851	5,46,684
Exchange Rate Fluctuation/Translation (Net)	5,28,294	9,00,071
Miscellaneous Expenses	21,78,767	21,34,456
	2,62,30,062	3,48,61,944
Selling and Distribution Expenses		
Commission & Discount	1,33,25,842	2,93,26,396
Free Samples	1,67,143	15,21,076
Loading and Unloading Expenses	7,81,970	12,59,569
Freight	1,44,34,733	2,15,76,353
Excise Duty of FG	(28,47,614)	61,01,860
Bad Debts	56,969	26,09,860
Other Selling and Distribution and Expenses	2,15,120	2,53,205
	2,61,34,163	6,26,48,319
TOTAL	8,23,53,421	12,88,16,069
20.1 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF		
- Raw Materials	4,87,63,865	9,90,28,765
- Components and Spare Parts	10,80,048	7,97,543
- Capital Goods	-	15,25,500

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
20.2 PAYMENT TO AUDITOR AS (Excluding Service Tax)		
- Statutory Audit Fees	1,75,000	1,75,000
- Tax Audit Fees	25,000	25,000
- MVAT Audit Fees	25,000	25,000
- Certification Charges	34,244	14,670
- Income Tax Matters	20,000	20,000
TOTAL	2,79,244	2,59,670
20.3 PRIOR PERIOD EXPENSES (NET)		
Export Expenses	-	37,485
Rent Expenses	19,900	-
Commission	-	2,88,125
Exchange Difference	-	1,00,000
Free Sample	-	1,700
Loading and Unloading	32,110	-
Rate Difference	10,131	-
Repair Others	76,710	12,000
Repairs to Machinery	-	28,031
Freight Charges	-	69,343
TOTAL	1,38,851	5,46,684
21 EARNING PER SHARE		
Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
(I) Basic Earning Per Share		
Net Profit/(Loss) after tax as per statement of the Profit and Loss attributable to Equity Shareholders	(6,29,35,255)	(6,46,22,733)
Weighted Average Numbers of Equity Shares used as denominator for Calculating EPS	76,74,600	76,74,600
Basic Earning Per Share	(-8.20)	(-8.42)
Face Value Per Equity Shares	10	10
(II) Diluted Earning Per Share		
Net Profit/(Loss) after tax as per statement of the Profit and Loss attributable to Equity Shareholders	(6,29,35,255)	(6,46,22,733)
Weighted Average Numbers of Equity Shares used as denominator for Calculating EPS	76,74,600	76,74,600
Basic and Diluted Earning Per Share	(-8.20)	(-8.42)
Face Value Per Equity Shares	10	10

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31st March 2013 (₹)	For the year ended 31st March 2012 (₹)
22 EXPENDUTURE IN FOREIGN CURRENCY		
Travelling Expenses	93,407	13,885
Purchase of Raw Material	4,26,48,823	9,68,39,914
23 EARNING IN FOREIGN EXCHANGE		
FOB Value of the Exports	1,37,20,315	3,36,84,213
24 RELATED PARTY DISCLOSURES		
As per the Accounting Standard (AS)18 "Related Party", the disclosures of transactions with related parties are given below		
(I) List of the relates parties where control exists and related parties with whom transaction have taken place and relationships		
Name of the Related Parties	Relationship	
Organic Sales and Services Private Limited	Associates Company	
Mr Rajnikant K Shah	Key Management Personal	
Mr. Vimal C Mehra *	Key Management Personal	
Mr. Abhay R Shah	Key Management Personal	
Mr. Ajay R Shah	Key Management Personal	
Mr. Manoj V Mehta	Key Management Personal	
Mr. Chirag M Mehta	Son of Key Management Personal	
Mr. R K Shah (HUF)	Karta of Key Management Personal	
(II) Transactions during the year with related parties		
(a) Sales		
Organic Sales and Services Pvt Limited	Nil	Nil
(b) Payment to Key Management Personnel (Excluding Reimbursement)		
Mr Rajnikant K. Shah	19,96,428	19,99,285
Mr. Vimal C. Mehra *	10,17,918	18,78,698
Mr. Abhay R. Shah	17,63,704	17,75,560
Mr. Ajay R. Shah	10,45,844	10,60,920
Mr. Manoj V. Mehta	10,68,544	10,76,039
(c) Interest to Unsecured Loans		
Mr Rajnikant K. Shah	2,765	69,487
Mr. Abhay R. Shah	16,819	33,647
Mr. Ajay R. Shah	10,515	33,647
	30,099	1,36,781
(d) Salary and Stipend		
Mr. Chirag M. Mehta	-	78,591
(e) Rent		
Mr. R. K. Shah (HUF)	1,65,990	1,32,000
* Resigned w.e.f 30th September 2012.		
(III) Balances outstanding as on		
Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
Unsecured Loans	16,13,752	4,56,377
Remuneration to Key Management Personal Payable	2,85,555	-

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

25. The Company does not have different segments and hence segment wise reporting in terms of the Accounting standard (AS) 17 "Segment Reporting" issued by the institute of the Chartered Accountant of India is not applicable.
26. The Company has entered in to memorandum of understanding on 18th April, 2013 for sale of land and Building of its factory situated at S V Road, Ghodbunder Village, Post- Mira Road. Dist-Thane-401104 for consideration of (₹)15.50 Crores. The formalities of transfer of the titles would be competed on receipt of the sales consideration.
27. The Borrowing cost of (₹).Nil (Previous year (₹).21,62,212/-) is capitalised in fixed assets/capital or in Progress in terms of the Accounting standard (AS) 16 "Borrowing Cost" issued by the institute of the Chartered Accountant of India.
28. No Provision for the Income Tax has been made in view of the losses of the Company.
29. In terms of Accounting Standard 22- "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has Deferred Tax Assets as on 31st March 2013. In terms of the said Standard the Management has decided not to incorporate the same in the books of accounts, considering the future taxable income available for realisation of this Differed Tax Assets.

30. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As At 31st March 2013 (₹)	As At 31st March 2012 (₹)
(I) Contingent Liabilities	Nil	Nil
(II) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
- Tangible Assets	Nil	Nil
- Intangible Assets	Nil	Nil
(b) Other Commitments		
- Bank Guarantee	39,46,500	38,46,500
- Sales Tax liability for Non Receipt of "C" and "F" Form	-	1,89,739
- Sales Tax Appeal liability	-	5,04,647
- Local Body Tax of Mira Bhyandar Mahanagarpalika	77,80,963	77,80,963

31. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date
For Soman Uday & Co.
Chartered Accountants

For and on behalf of the Board of Directors

(Uday Soman)
Proprietor
Membership No: 38870
Firm Reg No: 110352W

(R. K. Shah)
Vice Chairman & Managing Director

(Abhay R. Shah)
Joint Managing Director

(Ajay R. Shah)
Director

(Manoj V. Mehta)
Director

(Sudhir R. Shah)
Company Secretary

Mumbai
29th May, 2013

Organic Coatings Limited**ATTENDANCE SLIP**

Registered Office: Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vith Bhatti, Goregaon (East), Mumbai – 400 063

**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 48th ANNUAL GENERAL MEETING of the Company held on Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057. on Tuesday, the 24th September, 2013 at 4.00 p.m.

Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.

Organic Coatings Limited**PROXY FORM**

Registered Office: Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vith Bhatti, Goregaon (East), Mumbai – 400 063

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 48th ANNUAL GENERAL MEETING of the Company to be held on Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057. on Tuesday, the 24th September, 2013 at 4.00 p.m. or at any adjournment thereof.

Signed this _____ day of _____ 2013.

Affix a 30
Paise
revenue stamp

* 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.

E-service of documents through Email

Dear Member,

Ministry of Corporate Affairs ("MCA") has vide Circular No. 17/2011 dt. 21st April, 2011 & No. 18/2011 dated 29th April, 2011, allowed the service of documents on members by a company through electronic mode.

Accordingly the company is now permitted to send documents like Shareholders' Meeting Notice/other notices, audited financial statements, directors' report, auditors' report or any other document, to its members in electronic form at the email address provided by him/her and/or made available to the Company by his/her Depository. Please note that these documents shall be available at the Company's website www.organiccoatingsltd.com for download by the shareholders.

In case you have not yet registered your email id (or you wish to change your already registered email id) you may get the same registered/updated either with your Depository or by writing to the company (by filling and sending this letter).

In case you do not possess any email id you are requested to obtain one and inform the same to the Company (by filling & sending this letter).

Kindly note that, as a member of the Company, in addition to receiving documents by e-mail, you will be entitled to receive, free of cost, a copy of the documents referred above upon receipt of a request from you.

We are sure that as a responsible citizen, you will wholeheartedly support and cooperate with the Company in this initiative of MCA.

For Organic Coatings Ltd.

Sudhir R. Shah

[Company Secretary]

Date: _____

To,
The Company Secretary
Organic Coatings Ltd.
Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vith Bhatti, Goregaon (East), Mumbai – 400 063

Re: E-mail Updation for e-service of documents

Dear Sir,

(Please tick & fill 1 or 2)

☐

- 1) I / We do hereby wish to receive all future correspondence / documents including Notices of Shareholders' Meeting, Audited Financial Statements, Auditors Report, Directors Report, etc. of the Company at the following e-mail id.

E-mail id _____

OR

☐

- 2) I wish to get all communications in physical form. However my Email id is

E-mail id _____

Folio No. / DP ID – Client ID : _____

Name of First Holder _____ s/o, d/o, w/o _____

You are requested to kindly update the same in your records.

Signature
(1st Holder)

ORGANIC COATINGS LIMITED

Registered Office: Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vitth Bhatti, Goregaon (East), Mumbai – 400 063.

Notice to the Members

NOTICE is hereby given that an Extraordinary General Meeting of ORGANIC COATINGS LIMITED will be held at Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057 on Tuesday, the 24th September, 2013 at 4.30 p.m. or immediately after the conclusion of the Annual General Meeting to transact the following business:

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

“RESOLVED THAT the erosion of more than fifty percent of the Company's net worth as the end of the financial year ended 31st March, 2013, in relation to its peak net worth during the immediately preceding four financial years, be and is hereby considered in accordance with the provisions of Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985, in all respects”.

Registered Office:
Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vitth Bhatti, Goregaon (East),
Mumbai – 400 063.

On behalf of the Board
For ORGANIC COATINGS LTD.

R. K. Shah
Vice Chairman & Managing Director

Date: May 29, 2013

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.

2. MEMBERS/PROXIES ATTENDING THE MEETING ARE REQUESTED TO COMPLETE THE ENCLOSED ATTENDANCE SLIP AND DELIVER THE SAME AT THE ENTRANCE OF THE MEETING HALL.

Annexure to the Notice**Explanatory Statement as required under Section 173 of the Companies Act, 1956.**

As a result of accumulated losses as on 31st March, 2012 and the loss incurred by the Company during the financial year ended 31st March, 2013, the accumulated losses of the Company as on 31st March, 2013 have amounted to Rs. 1160.14 Lacs. This has resulted in erosion of more than 50% of peak net worth of the Company during the immediately preceding four financial years. Consequently, the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) apply to the Company upon finalization of the duly audited accounts of the Company. The accounts of the Company shall be considered by the members at the Annual General Meeting of the Company and subject to the approval of the same by the members, the members of the Company shall be required to consider the erosion of net worth at this Extraordinary General Meeting. The Company in terms of Section 23(1)(a)(i) of SICA is also taking necessary steps to report the fact of such erosion to the Board for Industrial and Financial Reconstruction constituted under Section 4 of SICA.

None of the Directors of the Company may deem to be interested or concerned in this resolution except as Shareholders generally.

Registered Office:
Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vitth Bhatti, Goregaon (East),
Mumbai – 400 063.

On behalf of the Board
For ORGANIC COATINGS LTD.

R. K. Shah
Vice Chairman & Managing Director

Date: May 29, 2013

Directors' Report

REPORT OF THE BOARD OF DIRECTORS ON EROSION OF NET WORTH PURSUANT TO SECTION 23 OF THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

The Company's peak net worth during the immediately preceding four financial years before 31st March, 2013 amounted to Rs. 1714.05 Lacs (as on 31st March, 2011).

As a result of accumulated losses as on 31st March, 2012 and the loss incurred by the Company during the financial year ended 31st March, 2013 the accumulated losses of the Company as on 31st March, 2013 have amounted to Rs. 1160.14 Lacs. This has resulted in erosion of more than 50% of peak net worth of the Company during the immediately preceding four financial years.

Causes of erosion

The Company has presently two manufacturing units one located at S.V.Road, Ghodbunder Village, Post Mira, Dist. Thane – 401 104 and another located at Block No. 395, 437, 450, Village Umraya, Taluka Padra, Vadodara – 391 440 both carrying on manufacturing of printing inks of various types used in printing industry. The unit located at S.V.Road, Ghodbunder Village, Post Mira, Dist. Thane – 401 104 was set up way back in the year 1965 having installed capacity of manufacturing 300 MT/month of Printing Inks. Over the period of last 47 years the Plant & Machineries installed at Thane Unit has become very old and has become technologically obsolete requiring excessive manpower besides involving payment of Octroi on all the inputs resulting into economically unviable.

As the members are aware the Company has set up another manufacturing unit and commenced the production in July 2011 for printing inks at Block No. 395, 437, 450, Village Umraya, Taluka Padra, Vadodara – 391 440 with latest semi-automated Plant & Machinery having installed capacity of 800 MT/month for manufacturing printing inks, which results into saving in manpower cost, electricity cost, low wastage and zero octroi. This would have contributed towards profitability of the Company as estimated at the time of setting up the said manufacturing unit at Vadodara. However, the demand for the printing ink manufactured by the Company did not grow correspondingly as expected to absorb the productive capacity set up in both the units put together resulting in huge losses in the last couple of years and working of the Company has suffered quite substantially.

Steps for revival

Discontinued the operations at Thane unit and liquidate the assets of the Company viz. Land, Building etc. as proposed in the resolution being passed through Postal Ballot. The Plant & Machineries, other Office Equipments which can be installed and used at the new manufacturing unit at Vadodara will be shifted and installed therein. The aforesaid new manufacturing unit at Vadodara will cater to all the existing customers of the Company and meet their demand.

The money realized from sale/disposal of the Thane unit will be utilized for the purpose of reduction of significant amount of cash credit facilities availed from the Bank by the Company and thereby reduce the cost of interest.

Reducing the cost at all levels including reduction of permanent workers and staff at Thane by giving VRS.

With the above measures, the Company expects to improve its bottomline and come out of the red within a short span.

Registered Office:

Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,
Vith Bhatti, Goregaon (East),
Mumbai – 400 063.

On behalf of the Board
For ORGANIC COATINGS LTD.

R. K. Shah
Vice Chairman & Managing Director

Date: May 29, 2013

ATTENDANCE SLIP FOR EGM

ORGANIC COATINGS LIMITED

Regd. Office: Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd., Vitth Bhatti,
Goregaon (East), Mumbai – 400 063.

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

Joint Shareholders may obtain additional slip on request

NAME AND ADDRESS OF THE SHAREHOLDER

Folio No.	
DP ID	
Client ID	
No. of Shares	

I hereby record my presence at the Extraordinary General Meeting of the Company held on Tuesday, the 24th September, 2013 at 4.30 p.m. or immediately after the conclusion of the Annual General Meeting at Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057.

SIGNATURE OF THE SHAREHOLDER OR PROXY*

* Strike out whichever is not applicable.

.....[TEAR HERE].....

PROXY FORM FOR EGM

ORGANIC COATINGS LIMITED

Regd. Office: Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd., Vitth Bhatti,
Goregaon (East), Mumbai – 400 063.

I/We
of.....being member(s) of Organic Coatings Ltd., do hereby appoint.....
or failing him of as my/our proxy to attend and vote for me/us and on my/our behalf of the Extraordinary General Meeting of the Company to be held on Tuesday, the 24th September, 2013 at 4.30 p.m. or immediately after the conclusion of the Annual General Meeting and/or at any adjournment thereof at Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057.

Signed day of 2013

Folio No.	
DP ID	
Client ID	
No. of Shares	

Signature

Affix Re.30 paise Revenue Stamp
--

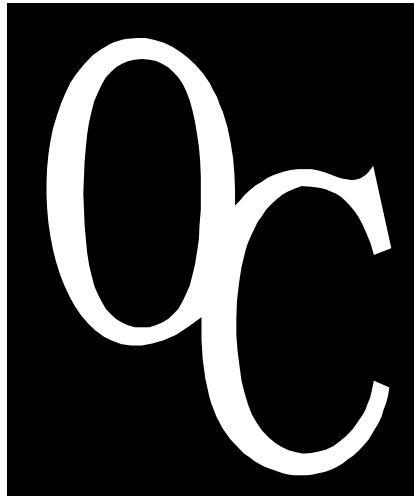
Note: 1. The Proxy in order to be effective should be duly stamped, completed.

BOOK POST
PRINTED MATTER

If undelivered, please return to :

LINK INTIME INDIA PVT. LTD.

C/13, Pannalala Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai - 400 078.
Tel : 2596 3838 Fax : 2594 6969



**ORGANIC
COATINGS LIMITED**

**48th ANNUAL REPORT
2012 - 2013**