



Organic Coatings Ltd.

55<sup>th</sup>  
**ANNUAL**  
**REPORT**  
2019-20

## Corporate Information

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55<sup>th</sup> Annual General Meeting will be held on Friday, the 28<sup>th</sup> August, 2020 at 3.00 p.m.

### BOARD OF DIRECTORS

**MR. SUDHIR A. SATHE**  
Chairman (Independent Director)

**MR. CHANDRAKUMAR Z. SHAH**  
Independent Director

**MS. ASHWINI LAD (CA)**  
Independent Director

**MR. ABHAY R. SHAH**  
Managing Director

**MR. AJAY R. SHAH**  
Whole Time Director

### 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](mailto:organiccoatingsltd@organiccoatingsltd.com)

### EMAIL FOR INVESTORS' GRIEVANCES :

[organiccoatingsltd@organiccoatingsltd.com](mailto:organiccoatingsltd@organiccoatingsltd.com)

### FACTORY

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

### BANKERS

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

### LEGAL ADVISORS

R.V.J. Associates  
Advocates & Solicitors

### STATUTORY AUDITOR

Praneti Yadav & Co.  
Chartered Accountants

### MR. SUDHIR R. SHAH

Company Secretary & Compliance Officer

### MR. SHIVSHYAM MAURYA

Chief Financial Officer

### REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.  
C-101, 247 Park, L.B.S.Marg, Vikhroli (West),  
Mumbai – 400 083.  
Tel : 4918 6000 Fax : 4918 6060

## Notice

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Notice is hereby given that the 55th Annual General Meeting of Organic Coatings Limited will be held on Friday, the 28th August, 2020 at 3:00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

### Ordinary Business:

1. To consider and adopt the audited financial statement of the Company for the financial year ended 31st March, 2020 and the reports of the Board of Directors and Auditors' thereon and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors' thereon laid before this meeting, be and are hereby considered and adapted".

2. To appoint Mr. Ajay R. Shah (DIN:00011763) who retires by rotation as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the Section 152 of the Companies Act, 2013, Mr. Ajay R. Shah (DIN:00011763) who retires by rotation at this meeting be and is hereby appointed as a Director of the company, liable to retire by rotation".

### Special Business:

3. To appoint Mr. Sudhir Sathe (DIN: 03008729) as Non-Executive & Independent Director and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), based on the recommendation of Nomination & Remuneration Committee and the board of directors of the Company, approval of the members be and is hereby accorded for appointment of Mr. Sudhir Sathe (DIN: 03008729) as Non-Executive & Independent Director of the Company not liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director as Non-Executive & Independent Director of the Company not liable to retire by rotation notwithstanding his having already attained the age of 75 years to hold the office for a term of 4 years up to the conclusion of 59th Annual General Meeting of the Company in the calendar year 2024".

4. To appoint Mr. Chandrakumar Z. Shah (DIN:03596808) as Non-Executive & Independent Director and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), based on the recommendation of Nomination & Remuneration Committee and the board of directors of the Company, approval

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of the members be and is hereby accorded for appointment and continuation of Mr. Chandrakumar Z. Shah (DIN: 03596808) as Non-Executive & Independent Director of the Company not liable to retire by rotation notwithstanding his having already attained the age of 75 years, who was appointed as such Non-Executive Independent Director by the shareholders of the Company for the period of 5 consecutive years up to 27th September, 2024 at the 54th Annual General Meeting by passing an Ordinary Resolution”.

**By Order of the Board of Directors**

Sudhir R. Shah

Company Secretary & Compliance Officer

Place: Mumbai

Date: 30th June, 2020

**Registered Office :**

Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,

Vitth Bhatti, Goregaon (East),

Mumbai – 400 063.

Email ID: [organiccoatingsltd@organiccoatingsltd.com](mailto:organiccoatingsltd@organiccoatingsltd.com)

CIN : L24220MH1965PLC013187

Website : [www.organiccoatingsltd.com](http://www.organiccoatingsltd.com)

Tel.: +91 22 29276921 / 2114

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### **NOTES :**

1. In compliance with the provisions of the Ministry of Corporate Affairs ("MCA") General Circular No. 20/2020 dated 5th May, 2020 read together with MCA General Circular Nos. 14 & 8 17/2020 dated 8th April, 2020 and 13th April, 2020 respectively, and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, the Company will be conducting this Annual General Meeting ("AGM" or "Meeting") through Video Conferencing/Other Audio Visual Means ("VC" / "OAVM").

Link Intime India Pvt. Ltd., Registrar & Transfer Agent of the Company shall be providing facility for voting through remote e-voting, for participation in the AGM through VC/OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained at Note No. 20 below.

2. In view of the massive outbreak of the COVID-19 pandemic, social distancing has to be a pre-requisite. Pursuant to the above mentioned MCA Circulars, physical attendance of the Members is not required at the AGM, and attendance of the Members through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.
3. The relevant details pursuant to regulations 26(4) and 36(3) of SEBI Listing Regulations and Secretarial Standard on general meetings issued by the Institute of company Secretaries of India, in respect of directors seeking re-appointment at this AGM is annexed.
4. Pursuant to the provisions of the Companies Act, 2013, a member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote on a poll to vote instead of his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, physical attendance of members have been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence, the proxy form and attendance slip are not annexed to this notice.
5. Institutional / Corporate shareholders (i.e. other than individuals / HUF, NRI etc.) are required to send scanned copy (PDF / JPG format) of its board or governing body resolution /authorization etc. authorizing its representatives to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said resolutions / authorization shall be sent to the Scrutinizer through its registered email fcs.dhanraj@gmail.com with a copy marked to organiccoatingsltd@organiccoatingsltd.com.
6. In compliance with applicable provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with above mentioned MCA and SEBI Circulars, the AGM of the Company is being conducted through VC/OAVM.

In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards – 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM/ Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.

7. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special business to be transacted at the meeting is annexed hereto. Further, additional information with respect to Item No. 2 to 4 is also annexed hereto.
8. M/s. Praneti Yadav & Co., Chartered Accountants, who was appointed as Statutory Auditors of the Company at the 52nd Annual General Meeting held on 29th September, 2017 to hold the office for the period of 5 years till the conclusion of 57th Annual General Meeting of the Company to be held in the year 2022. Pursuant to the notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending Section 139 of the act and Rules framed thereunder, the mandatory requirement for ratification of appointment of auditors by the members at every Annual

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General Meeting has been omitted, and hence the Company is not proposing an item on ratification of appointment of auditors at this AGM.

9. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 are available for inspection.
10. Members who are holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to the depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or to the registrar.
11. The Register of Members and the Share Transfer Books of the Company will be closed from 24/08/2020 to 28/08/2020, both days inclusive.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in security markets. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/Registrar.
13. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
14. Members who have not registered their email addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars etc. from the Company electronically.
15. The Company has transferred the unpaid or unclaimed dividends declared for the financial year 2009-10 to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company on the website of the Company and the same can be accessed through the link: <http://www.organiccoatingsltd.com/Investor-Relations/ShareholdersInformation.aspx>.

The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

16. (a) Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during financial year 2018-19, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for seven consecutive years or more as on the due date of transfer, i.e. December 01, 2017. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <http://www.organiccoatingsltd.com/InvestorRelations/ShareholdersInformation.aspx>.

The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

- (b) Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: <http://iepf.gov.in/IEPFA/refund.html> or contact Link Intime India Pvt. Ltd. for lodging claim for refund or shares and/or dividend from the IEPF Authority.
17. SEBI has decided that securities of listed companies can be transferred only in dematerialized form i.e. from 5th December, 2018 onwards. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form.

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18. Members holding shares in physical mode:

- (a) are required to submit their Permanent Account Number (PAN) and bank account details to the Company / Link Intime India Pvt. Ltd., if not registered with the Company as mandated by SEBI.
- (b) are advised to register the nomination in respect of their shareholding in the Company.
- (c) are requested to register / update their e-mail address with the Company / Link Intime India Pvt. Ltd. for receiving all communications from the Company electronically.

19. Members holding shares in electronic mode:

- (a) are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.
- (b) are advised to contact their respective DPs for registering the nomination.
- (c) are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.

20. Instructions for Shareholders/Members to Attend the Annual General Meeting through InstaMeet:

Instructions for Shareholders/Members to attend the Annual General Meeting through InstaMeet (VC/OAVM) are as under:

- 1) Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.

Shareholders/Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time.

Shareholders/ Members will be provided with InstaMeet facility wherein Shareholders/ Member shall register their details and attend the Annual General Meeting as under:

- 1. Open the internet browser and launch the URL for InstaMeet <<<https://instameet.linkintime.co.in>>> and register with your following details:
  - a. DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company
  - b. PAN: Enter your 10 digit Permanent Account Number (PAN)
  - c. Mobile No.
  - d. Email ID
- 2. Click “Go to Meeting”

**Note:**

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Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call them: - Tel : ( 022-49186175)

### 21. Instructions for Shareholders/Members to register themselves as Speakers during Annual General Meeting:

Shareholders/ Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at [organiccoatingsltd@organiccoatingsltd.com](mailto:organiccoatingsltd@organiccoatingsltd.com) up to 26/08/2020 by 5.00 p.m.

The Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.

Shareholders/ Members, who would like to ask questions, may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [organiccoatingsltd@organiccoatingsltd.com](mailto:organiccoatingsltd@organiccoatingsltd.com). The same will be replied by the company suitably.

#### **Note:**

Those shareholders/members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.

Shareholders/ Members should allow to use camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

### 22. Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired.  
Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.



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Note:

Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call them: - Tel : ( 022-49186175)

23. SCRUTINIZER FOR E-VOTING : Ms. Dhanraj Kothari, Practicing Company Secretary (Membership No. FCS 4930) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
24. Voting through electronic means

In terms of Regulation 44 of the Listing Regulations and pursuant to the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this section of the Notice), the Company is pleased to provide its members the facility to exercise right to vote at the 55th Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by: <https://instavote.linkintime.co.in>

**The Instructions are as under :**

The voting period begins on 25/08/2020 (9.00 a.m.) and ends on 27/08/2020 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21/08/2020, may cast their vote electronically

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

**Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:**

- Click on "**Sign Up**" under '**SHARE HOLDER**' tab and register with your following details: -
  - A. **User ID:** Enter your User ID
    - Shareholders/members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
    - Shareholders/members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
    - Shareholders/members holding shares in **physical form shall provide** Event No + Folio Number registered with the Company
  - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
  - C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
  - D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

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- Shareholders/members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
  - Shareholders/members holding shares in **NSDL demat account shall provide 'D', above**
  - Shareholders/members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above
- > Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
- > Click "confirm" (Your password is now generated).

NOTE: If Shareholders/members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under '**SHARE HOLDER**' tab.
3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.
4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option '**Favour / Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).
7. After selecting the desired option i.e. Favour / Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**', else to change your vote, click on 'No' and accordingly modify your vote.
8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as '**Custodian / Mutual Fund / Corporate Body**'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.

### If you have forgotten the password:

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.

In case shareholders/members is having valid email address, Password will be sent to his / her registered e-mail address.

Shareholders/members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.

The password should contain minimum 8 characters, at least one special character(@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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For shareholders/members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

During the voting period, shareholders/members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Shareholders/members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/members have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under **Help** section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

**By Order of the Board of Directors**

Sudhir R. Shah

Company Secretary & Compliance Officer

Place: Mumbai

Date: 30th June, 2020

**Registered Office :**

Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,

Vitth Bhatti, Goregaon (East),

Mumbai – 400 063.

Email ID: [organiccoatingsltd@organiccoatingsltd.com](mailto:organiccoatingsltd@organiccoatingsltd.com)

CIN : L24220MH1965PLC013187

Website : [www.organiccoatingsltd.com](http://www.organiccoatingsltd.com)

Tel.: +91 22 29276921 / 2114

## Notice

### STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013 (“the Act”) IS AS UNDER:

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying notice.

#### Item 3

Members at the Annual General Meeting held on 15th September, 2015 had approved the appointment of Mr. Sudhir Sathe as Non-Executive Independent Director not liable to retire by rotation for the period of 5 years to hold the office till the conclusion of the 55th Annual General Meeting to be held in the calendar year 2020. Prior to this appointment, the members at the Annual General Meeting held on 30th September, 2014 had approved the appointment of Mr. Sudhir Sathe as Non-Executive Independent Director for the period of 1 year to hold the office till the conclusion of Annual General Meeting to be held in the calendar year 2015.

The Board of Directors at its meeting held on 30th June, 2020, on the recommendation of Nomination & Remuneration Committee appointed Mr. Sudhir Sathe as Non-Executive Independent Director of the Company not liable to retire by rotation subject to approval of the shareholders at this Annual General Meeting.

In terms of Section 149 (10) an Independent Director shall hold office for a term upto 5 consecutive years on the board of a company but shall be eligible for re-appointment by passing of Special Resolution by the Company and disclosure of such appointment in the board's report. Pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f. 1st April, 2019, no listed entity shall appoint a person or continue the directorship of any person as Non-Executive Director who has attained the age of 75 years unless a Special Resolution is passed to that effect. Accordingly, the Board of Directors has re-appointed Mr. Sudhir Sathe as Non-Executive Independent Director for the further period of four consecutive years subject to the approval of the shareholders by a Special Resolution as proposed. The board of directors is of the opinion that Mr. Sudhir Sathe having attained the age of over 75 years, the continuation on the board of the company as Non-Executive Independent Director would be in the interest of the company as he has been associated with the company for more than one decade and on account of his valuable contribution to the company.

The Company has received notices in writing from a member alongwith the deposit of requisite amount under section 160 of the act proposing the candidature of Mr. Sudhir Sathe for the office of the Director of the Company.

The Company has also received declaration from Mr. Sudhir Sathe that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mr. Sudhir Sathe fulfils the conditions for appointment as Independent Director as specified in the act and the listing agreement. Mr. Sudhir Sathe is independent of the management.

Copy of the draft letter of appointment of Mr. Sudhir Sathe as Non-Executive Independent Director setting out the terms and conditions is available for inspection by members at the registered office of the Company.

Mr. Sudhir Sathe is interested in the resolution set out at Item No. 3 of the notice with regard to his appointment.

The relatives of Mr. Sudhir Sathe may be deemed to be interested in the resolution set out at Item No. 3 of the notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives, in any way, concern or interested, financially or otherwise in the resolution.

The Board recommends the Special Resolution set out at Item No. 3 of the notice for the approval of the shareholders.

## **Notice**

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### **Item 4**

Members at the Annual General Meeting held on 27th September, 2019 had approved the appointment of Mr. Chandrakumar Z. Shah as Non-Executive Independent Director not liable to retire by rotation for the period of 5 years to hold the office until 27th September, 2024.

Pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.e.f. 1st April, 2019, no listed entity shall appoint a person or continue the directorship of any person as Non-Executive Director who has attained the age of 75 years unless a Special Resolution is passed to that effect. Accordingly, the Board of Directors has re-appointed Mr. Chandrakumar Z. Shah as Non-Executive Independent Director for the continuation as such for the said period subject to the approval of the shareholders by a Special Resolution as proposed. The board of directors is of the opinion that Mr. Chandrakumar Z. Shah having attained the age of over 75 years, the continuation on the board of the company as Non-Executive Independent Director would be in the interest of the company. He has extensive knowledge which will help the board of directors of the company in the deliberation and will provide valuable guidance in the filed on his expertise.

In the opinion of the Board of Directors, Mr. Chandrakumar Z. Shah, the Independent Director proposed to be appointed fulfils the conditions specified in the act and the rules made thereunder and he is independent of the Management.

No Director, key managerial personnel or their relatives, except Mr. Chandrakumar Z. Shah, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 4 and for the approval of the members.

**By Order of the Board of Directors**

Sudhir R. Shah

Company Secretary & Compliance Officer

Place: Mumbai

Date: 30th June, 2020

**Registered Office :**

Unit No. 405, Atlanta Estate Premises Co-op. Soc. Ltd.,

Vitth Bhatti, Goregaon (East),

Mumbai – 400 063.

Email ID: [organiccoatingsltd@organiccoatingsltd.com](mailto:organiccoatingsltd@organiccoatingsltd.com)

CIN : L24220MH1965PLC013187

Website : [www.organiccoatingsltd.com](http://www.organiccoatingsltd.com)

Tel.: +91 22 29276921 / 2114

## Notice

### Additional information with respect to Item No. 2, 3 & 4.

Name of the Director	Mr. Ajay R. Shah	Mr. Sudhir A. Sathe	Mr. Chandrakumar Z. Shah
Date of Birth	21/04/1968	19/09/1936	26/05/1943
Date of Appointment	01/08/1998	17/02/2010	26/03/2019
Expertise in specific functional areas	Accounts & Finance functions of the Company	Personnel matters and industrial relations	Accounting, Auditing & Taxation
Qualifications	Diploma in Computer Engnn.	1) M.A.Sociology 2) Dip. S.S.A. (Personnel Management) Tata Institute of Social Sciences	B.Com, FCA
No. of shares held in Organic Coatings Ltd.	6,38,352 (8.32%)	100	NIL
Directorship in other Companies	NIL	NIL	NIL
No. of board meetings attended during the Financial Year. 2019-20	4	4	4

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

Name of the Director	Mr. Ajay R. Shah	Mr. Sudhir A. Sathe	Mr. Chandrakumar Z. Shah
Audit Committee	NIL	NIL	NIL
Shareholders' / Investors' Grievance	NIL	NIL	NIL

## Financial Highlights

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Sales (Gross)*	271,796,143	355,869,987	380,804,973	330,287,568	450,948,304
Other Income	7,524,741	2,371,380	5,495,935	3,132,241	3,148,737
Profit / (Loss) before Finance costs, Depreciation and amortisation expense, exceptional items and tax	19,492,330	14,321,459	24,431,084	26,218,512	16,063,456
Finance costs	11,754,430	11,239,517	10,555,259	11,718,879	14,196,566
Profit / (Loss) before Depreciation and amortisation expense, exceptional items and tax	7,737,900	3,081,942	13,875,825	14,499,633	1,866,890
Depreciation and amortisation expense	12,867,933	13,352,868	13,491,156	13,082,768	13,985,744
Profit / (Loss) before exceptional items and tax	(5,130,033)	(10,270,926)	384,669	1,416,865	(12,118,854)
Exceptional items	-	-	-	94,566	-
Profit / (Loss) before tax	(5,130,033)	(10,270,926)	384,669	1,322,299	(12,118,854)
Tax Expense	(207,067)	231,160	93,394	8,900	-
Profit for the year	(4,922,966)	(10,502,086)	291,275	1,313,399	(12,118,854)
Other Comprehensive Income	14,273	12,863	(125,672)	19,053	-
Total comprehensive income for the year	(4,937,239)	(10,514,949)	416,947	1,294,346	(12,118,854)
Equity Share Capital	76,746,000	76,746,000	76,746,000	76,746,000	76,746,000
Reserve and Surplus	(9,273,219)	(4,335,977)	6,178,972	5,762,025	(14,222,627)
Net Worth (Excluding Revaluation Surplus)	48,782,475	53,719,717	64,234,666	63,817,719	62,523,373

\* In GST regime, the sales is net of GST effective from 1st July 2017

## Board's Report

The Board of Directors is pleased to present the Company's 55th annual report and the Company's Audited Financial Statements for the financial year ended March 31, 2020.

### 1. Financial results

The Company's financial performance for the year ended March 31, 2020 is summarized below:

	2019 – 20 (Rs. in Lacs)	2018 – 19 (Rs. in Lacs)
Revenue from operations	2793.21	3582.41
Operating expenditure	2598.29	3439.18
Profit before Interest, Depreciation, Tax	194.92	143.23
Less: Finance Cost	117.54	112.41
Profit after Finance Cost	77.38	30.82
Less: Depreciation	128.68	133.53
(Loss)/Profit for the year before tax	(51.30)	(102.71)
Add: Exceptional Items	NIL	NIL
Profit for the year after exceptional items and before tax	(51.30)	(102.71)
Less: Income Tax	-	-
Profit after tax	(51.30)	(102.71)
Add/(Less): Other Comprehensive Income	(0.14)	(0.13)
Total Comprehensive Income for the year	(51.37)	(102.84)

### 2. Company's performance and state of affairs of the company

\* Revenue from operations (net) decreased by 22.03% to Rs. 2793.21 Lacs from Rs. 3582.41 Lacs in the previous year.

\* PBDIT increased by 36.09% to Rs. 194.92 Lacs for the year ended 31st March, 2020 compared to previous year Rs. 143.23 Lacs.

\* Total comprehensive (loss) decreased by 50.05% to Rs (51.37 Lacs) for the year ended 31st March, 2020 compared to previous year Rs. (102.84 Lacs.)

### 3. Dividend and transfer to reserves

In view of the loss for the year under report, the Board of Directors is unable to recommend any dividend for the financial year 2019-20 and no amount is transferred to Reserves for the financial year 2019-20.

### 4. Material changes affecting the company

There have been no material changes and commitments affecting the financial position of the company between end of the financial year and date of this report. There has been no change in the nature of business of the company.

### 5. Management Discussion and Analysis Statement and Corporate Governance Report

The statement on management discussion and analysis, forms part of the annual report is provided in Annexure I.

## Board's Report

Regulation 15(2) of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 is not applicable to the Company since the Company's paid-up capital is less than Rupees Ten Crores and net worth is less than Rupees Twenty Five Crores as prescribed under the said regulation and hence the provisions relating to the Corporate Governance is not applicable to the Company, hence no Corporate Governance Report is given by the Company as a part of the Director's Report.

### 6. Secretarial Standards

The Directors state that the applicable Secretarial Standards i.e. SS-1 and SS-2 relating to the 'Meetings of the Board of Directors' and 'General Meetings', respectively have been duly followed by the Company.

### 7. Director's Responsibility Statement

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit and loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating; and
- f) the Directors have revised proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems are adequate and operating effectively.

### 8. Contracts and arrangements with related parties

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in ordinary course of business and on arms length basis and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in Form AOC-2 is not required.

The Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board may be access on the Company's website at: [www.organiccoatingsltd.com](http://www.organiccoatingsltd.com)

Meebers may refer to Note No. 32 to the financial statement which sets out related party disclosures pursuant to Ind AS.

### 9. Corporate Social Responsibility (CSR)

The provisions relating to Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013 are not applicable to the Company.

### 10. Risk Management

The Risk Management Policy has been framed, implemented and monitored. Major risk identified by the businesses and functions are systematically monitored through mitigating actions on continuing basis.

The development and implementation of Risk Management Policy has been covered in Management Discussion & Analysis which forms part of this report.



## Board's Report

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### 11. Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. During the year such controls were tested and no reportable material weakness in the design or operation was observed.

### 12. Directors and Key Managerial Personnel

Mr. R. K. Shah, Vice Chairman & Managing Director resigned w.e.f. 30th November, 2019, after a meritorious association with the company as a promoter for over 50 years. The directors have placed on record appreciation of the services rendered by him during his association with the company. Mr. Abhay R. Shah has been elevated to the position of Managing Director w.e.f. 1st March, 2020 from the position of Joint Managing Director on the same terms and conditions as approved by the shareholders at the Annual General Meeting 27th September, 2019.

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Ajay R. Shah retires by rotation and being eligible offers himself for re-appointment at the ensuing annual general meeting. The Board of Directors on recommendation of Nomination & Remuneration Committee has recommended his re-appointment.

Special resolution for the appointment of Mr. Sudhir A. Sathe as Non-Executive Independent Director not liable to retire by rotation for a term of 4 years is proposed for the approval of the members since he has attained the age of over 75 years by Special Resolution at the ensuing Annual General Meeting.

Special resolution for the continuation of Mr. Chandrakumar Z. Shah as Non-Executive Independent Director not liable to retire by rotation for the term of 5 years as already approved by the shareholders at the Annual General Meeting held on 27th September, 2019 is proposed for the approval of the members since he has attained the age of over 75 years by Special Resolution at the ensuing Annual General Meeting for his continuation as Non-Executive Independent Director.

As per the provisions of the Companies Act, 2013 Independent Directors have been appointed for a period of 5 years and shall not be liable to retire by rotation. The Company has received declaration from all the Independent Directors of the Company confirming that they meet the criteria of independence prescribed under the act and the listing regulations.

The following are the remuneration policies for the Director's, Key Managerial Personnel and other employees:

- a. introduction - Organic Coatings Limited recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The company has therefore formulated the remuneration policy for its directors, key personnel and other employees keeping in view the following objectives.
  - i. ensuring that the level and compensation of remuneration is reasonable and sufficient to attract, retain and motivate to run the company successfully.
  - ii. ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- b. Policy -
  - i. The Board on the recommendation of Nomination & Remuneration Committee (NRC) shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.
  - ii. The Board on the recommendation of NRC shall also review and approve the remuneration payable to the Key Managerial Personnel
  - iii. The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following:

## Board's Report

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- a) Basic pay
- b) Perquisites and allowance
- c) Retiral benefits
- d) Bonus

### iv. Remuneration to Non-Executive Directors

The Board on the recommendation of NRC shall review and approve the remuneration payable to the Non-Executive Directors of the Company.

The Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees there of.

### v. Remuneration to other employees

Employees are assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skills sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

## 13. Meetings of the Board

Four meetings of the Board of Directors were held during the year 2019-20 on 28/05/2019, 12/08/2019, 13/11/2019 and 14/02/2020.

## 14. Performance Evaluation

The Company has devised a policy for performance evaluation of the Board, Committees and other individual directors (including Independent Directors) which include criteria for performance evaluation of the Non-Executive and Executive Directors. The evaluation process inter-alia considers attendance of the Directors at Board and Committee Meetings, acquaintance with business, communicating interse board members, effective participation, domain knowledge, compliance with code of conduct, reason and strategy.

The detailed programs for familiarization of Independent Directors with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company are being shared and discussed.

No separate meeting of Independent Directors' was held during the year 2019-20 as allowed as per General Circular No. 11/2020 bearing No. F.NO.2/1/2020-CL-V issued by the Ministry of Corporate Affairs, Government of India, New Delhi dated 24th March, 2020, in regard to the special measures under the Companies Act, 2013 in view of COVID-19 breakout, providing that if the Independent Directors of the company have not been able to hold such meeting for the F.Y. 2019-20, the same shall not be viewed as violation of the Act.

## 15. Policy on directors' appointment and remuneration and other details

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members keeping in mind the relevant provisions of the Companies Act, 2013 read with specific rules.

## 16. Internal financial control systems and adequacy

The details in respect of internal financial control systems and their adequacy are included in the management discussion and analysis which forms part of this report.

## Board's Report

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### 17. Audit Committee

The audit committee consists of all the Independent Directors consisting of the following members of the Board of Directors:

- a) Ms. Ashwini Y. Lad - Chairperson
- b) Mr. Sudhir A. Sathe
- c) Mr. Chandrakumar Z. Shah

During the financial year four audit committee meetings were held on 28/05/2019, 12/08/2019, 13/11/2019 and 14/02/2020

### 18. Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of all the Independent Directors consisting of the following members of the board of directors:

- a) Mr. Chandrakumar Z. Shah, Chairman
- b) Mr. Sudhir A. Sathe
- c) Ms. Ashwini Lad

During the financial year four Nomination & Remuneration Committee meetings were held on 28/05/2019, 12/08/2019, 13/11/2019 and 14/02/2020.

### 19. Stakeholders Relation Committee

The Stakeholders Relation Committee consists of the following Directors:

- a) Mr. Sudhir A. Sathe, Chairman
- b) Ms. Ashwini Lad
- c) Mr. Chandrakumar Z. Shah
- d) Mr. Abhay R. Shah

During the financial year four Stakeholders Relationship Committee meetings were held on 28/05/2019, 12/08/2019, 13/11/2019 and 14/02/2020.

### 20. Auditors and auditors' report

#### Statutory Auditors

M/s. Praneti Yadav & Co, Chartered Accountants were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 29th September, 2017 for a term of five consecutive years. They have confirmed that they are not disqualified from continuing as Auditors of the Company. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by the members at every Annual General Meeting.

In accordance with Companies Amendment Act, 2017 enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Report given by the Auditors on the financial statement of the Company is part of this report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

#### Secretarial Auditor

The Board has appointed D.Kothari & Associates, Practicing Company Secretaries to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith and marked as

## Board's Report

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Annexure II to this report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

### 21. Vigil mechanism

The Vigil Mechanism of the Company, which also includes Whistle Blower Policy, includes an ethics and compliance task force comprising senior executives of the Company. Protected disclosures can be made by Whistle Blower through an email or letter to the Chairman of the Audit Committee. No person has been denied access to the Audit Committee.

### 22. Particulars of loans given, investments made, Guarantees given and securities provided

The Company has not given any loans or made any investments or provided guarantees u/s 186 of the Companies Act, 2013.

### 23. Conservation of energy, technology absorption and foreign exchange earnings and outgo.

The particulars related to conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed under the act are provided in Annexure III to this report.

### 24. Annual return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management & Administration) Rules, 2014, an extract of Annual Return as on 31st March, 2020 in Form MGT-9 is attached as Annexure IV and forms part of this report.

The annual return of the Company has been placed on the website of the Company and can be accessed at [www.organiccoatingsltd.com](http://www.organiccoatingsltd.com).

### 25. Particulars of employees and related disclosures

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are given in Annexure V to this report.

The Company does not have any employee whose particulars are required to be disclosed in terms of the provisions of Section 197(12) of the act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, hence furnishing of the same does not arise,

Having regard to the provisions of the first proviso to Section 136(1) of the act, the annual report excluding the information regarding the top ten employees is being sent to the members of the Company. The said information is available for inspection on all working days during the business hours at the registered office of the Company. Any member interested in obtaining such information, may write to the Company Secretary and the same shall be furnished on request.

### 26. General

Your Directors take that no disclosure or reporting required in respect of the following items as there were no transactions on these items during the year under review.

- 1) Details relating to deposits covered under Chapter V of the act.
- 2) Issue of Equity Shares to differential rights as to dividend, voting or otherwise.
- 3) Issue of shares (including sweat equity shares) to employees of the Company.
- 4) The Company does not have any subsidiaries, hence, the question of receiving remuneration or commission by the Managing Directors or Whole Time Directors of the Company from the subsidiaries does not arise.

## Board's Report

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- 5) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in the future.
- 6) No fraud has been reported by the auditors to the Audit Committee or the Board.

Your Directors further state that during the year under review there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 27. Acknowledgement

Your Directors would like to express the sincere appreciation for the assistance and co-operation received from Shareholders, Bank of Maharashtra, Government Authorities and other Business constituents during the year under review.

Your Directors would also like to appreciate the commitment displayed by the human resources of the Company.

**On behalf of the Board of Directors**

**Abhay R. Shah**

Managing Director (DIN:0016497)

**Ajay R. Shah**

Director (DIN:0011763)

Place: Mumbai

Date : 30th June, 2020

## Annexure I To Directors' Report

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### Management's Discussion and Analysis

#### Industry Structure and Developments

The global economic grew at 2.4% in the year 2019 slowing from 3% in the year 2018 amid global trade war, tariff related uncertainties and Brexit. Chinese growth moderated but held up at 6.1% despite escalation of trade tensions with United States (US). Amidst trade tensions and Brexit related uncertainty, EU growth also weakened to 1.1%. However, with talks of trade resolution in second half of 2019, Europe started to show some recovery in growth. The US economy remained relatively strong growing at around 2.3%.

Domestic economic activity also slow down through the year and weakened notably in the second half of the financial year 2019-20.

Ink industry is having great challenges and competition, more so from multinational companies. Raw material price also plays a major factor for competitive price offerings to the customers and thereby to capture the market share. Company is making all efforts through its new plant at Vadodara to streamline the operations as well as explore new markets, within as well as outside India.

Global growth outlook has changed since the outbreak of COVID-19. There has been coordinated global monetary policy easing a fiscal support from governments. These policy support measures would act as cushions offsetting weaknesses in growth to some extent. However, global economic activity is likely to contract in 2020 and global growth environment will remain challenging in the short term.

The Indian economy grew by 4.2% in the financial year 2019-20 till remaining one of the fastest growing major economies in the world. Industrial activity remained healthy in the beginning of the year but showed some weakness later. Auto sales suffered due to weak credit conditions, demand softness and change in regulatory norms. Outbreak of COVID-19 would make growth environment challenging in the first half of financial year 2020-21 but liquidity measures announced by the government should help provide support.

#### Opportunities and Threats

The newspaper and magazine circulations fall, advertising revenues are increasingly diverted from print to other channels, especially internet channels, facebook etc. These trends will result in a global decline in consumption of inks.

Company is visualizing facing major threat from Multinational Companies existing as well as new ones with their financial and technological strength.

The completion of distribution and marketing arrangement with M/s. Heidelberg India Pvt. Ltd. once again has led a challenging situation for marketing its product on its own.

#### Segment-wise or Product-wise Performance

The Company is mainly dealing with inks and its auxiliaries only.

#### Outlook, Risk and Concerns

Company should be able to improve the efficiency and effectiveness of all the operations at Vadodara Plant including improvement in labour productivity.

As the world economy is full of challenges and competition, Company is facing risks in terms of Strategy, Operations, and Financial reporting and increasing compliances. Competition from multinational companies is a major factor to be looked into. Geo-political scenario like situation in China, Saudi Arabia, Iraq, Iran, Yemen and Afghanistan may change the landscape for Raw Material prices, Exports, etc. in the time to come. Change in tax laws more so about GST, interest rate structure, Government policies, etc. may impact your company's business.

The completion of distribution and marketing arrangement with M/s. Heidelberg India Pvt. Ltd. once again has led a challenging situation for marketing its product on its own.

## Annexure I To Directors' Report

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### Internal Control systems and their Adequacy

The Internal Control system including of financial of the company is established to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition to ensure that transactions are authorized, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner. Company has appointed an independent firm of Chartered Accountants to carry out the work of Internal Audit. Their reports are put and discussed in the Audit Committee regularly. Company is also taking guidance for constant improvement in the operations.

### Discussion on Financial Performance with respect to Operational Performance

\* PBDIT increased by 36.09% to Rs. 194.92 Lacs for the year ended 31st March, 2020 compared to previous year Rs. 143.23 Lacs.

\* Total comprehensive (loss) decreased by 50.05% to Rs (51.37 Lacs) for the year ended 31st March, 2020 compared to previous year Rs. (102.84 Lacs).

\* Revenue from operations (net) decreased by 22.03% to Rs. 2793.21 Lacs from Rs. 3582.41 Lacs in the previous year.

Material consumption has been decreased to 73.48% as compared to 76.24% in the previous year.

Employee benefits expenses have been decreased to 4.59% as compared to 5.18% in the previous year.

Finance cost for the year increased to Rs. 117.54 Lacs from Rs. 112.41 Lacs in the previous year.

Depreciation charged at Rs 128.68 Lacs as against Rs. 133.53 Lacs in the previous year.

### Material Developments in human Resources / Industrial Relations front, including number of people employed

Due to impact of globalization, the role of Human Resource (HR) is having more relevance. There is shortage of talented and committed people across industries. Your Company is trying best within its own limitation to move further in this regard looking to its nature of operations and requirements. Management would like to thank all the existing as well as past employees for their valuable support in difficult economic conditions. The company has 45 permanent employees as on 31st March, 2020.

### Cautionary Statement

The report contains forward looking statements that involve risks and uncertainties when used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates' or other similar expressions as they relate to company or its business are intended to identify such forward-looking statements. These statements are based on certain assumptions and expectations of future events. The company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements.

## Annexure II To The Director's Report

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Organic Coatings Limited  
Unit No. 405, Atlanta Estate Premises Co-op Soc. Ltd.  
Vith Bhatti, Near Virwani Industrial Estate,  
Goregaon (East)  
Mumbai – 400 063.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Organic Coatings Limited, CIN: L24220MH1965PLC013187 (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.



## Annexure II To The Director's Report

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(ii) The Listing Agreement entered into by the Company with BSE Limited read with SEBI (LODR) Regulations, 2015.

To the best of our understanding, we are of the view that during the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **We further report that**

having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

1. Industries (Development and Regulation) Act, 1951
2. The Factories Act, 1948
3. Water (Prevention and Control of Pollution) Act, 1974
4. Water (Prevention and Control of Pollution) Cess Act, 1977
5. Indian Boilers Act, 1923;
6. Information Technology Act, 2000; and
7. Standards of Weights and Measures Act, 1976.

### **We further report that**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act
- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at Board meetings and committee meetings are carried out unanimously as recorded in the minutes of the meetings of the board of Directors or committees of the Board, as the case may be

### **We further report that:**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with our letter of even date which is annexed as Annexure and forms integral part of this report.

### **For D. Kothari And Associates Company Secretaries**

**Dhanraj Kothari**  
**Proprietor**  
**FCS No. : 4930**  
**CP No. : 4675**

Place : Mumbai  
Date : 30th June, 2020  
**UDIN-F004930B000399049**

## Annexure II To The Director's Report

### ANNEXURE

To,  
The Members,  
**Organic Coatings Limited**  
Unit No. 405, Atlanta Estate Premises Co-Op Soc. Ltd.  
Vith Bhatti, Near Virwani Industrial Estate,  
Goregaon (East),  
Mumbai – 400 063.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For D.Kothari And Associates  
Company Secretaries

Dhanraj Kothari  
Proprietor  
FCS No. : 4930  
CP No. : 4675

Place : Mumbai  
Date : 30th June, 2020

## Annexure III To The Directors Report

Particulars of energy conservation, technology absorption and foreign exchange earnings and outgo required under Companies (Accounts) Rules 2014

### A. Conservation of energy

The company's operations do not involve substantial consumption of energy in comparison to the cost of production. Wherever possible, energy conservation measures have been implemented.

### B. Technology absorption

The Company has neither purchased any technology domestically nor imported any technology. Hence, the question of furnishing the information regarding technology absorption does not arise.

- (i) The revenue expenditure incurred on Research and Development is Rs. NIL

### C. Foreign Exchange earnings and Outgo

The company has earned Rs. 153.02 Lacs in Foreign Exchange & used Rs. 406.12 Lacs of Foreign Exchange.

## Annexure IV To The Directors Report

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

- i) CIN : L24220MH1965PLC013187
- ii) Registration Date : 22nd APRIL 1965
- iii) Name of the Company : ORGANIC COATINGS LIMITED
- iv) Category / Sub-Category of the Company : COMPANY LIMITED BY SHARES /  
INDIAN NON-GOVERNMENT COMPANY
- v) Address of the Registered office and contact details : UNIT NO. 405, ATLANTA ESTATE,  
NR. VIRWANI INDL. ESTATE,  
GOREGAON (EAST), MUMBAI - 400 063.  
TEL.NO.: 91-22-29276921 / 29272114
- vi) Whether listed company Yes / No : YES
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : LINK INTIME INDIA PVT. LTD.  
C-101, 247 PARK, L.B.S.MARG,  
VIKHROLI (WEST), MUMBAI - 400 083.  
TEL: 91-22-49186000  
FAX: 91-22- 49186060

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product service	% to total turnover of the company
1	PRINTING INK	3151100	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
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NOT APPLICABLE

## Annexure IV To The Directors Report

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01/04/2019)				No. of Shares held at the end of the year (as on 31/03/2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	4285068	0	4285068	55.83	4285068	0	4285068	55.83	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other..	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	4285068	0	4285068	55.83	4285068	0	4285068	55.83	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other.....	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter	4285068	0	4285068	55.83	4285068	0	4285068	55.83	0
(A)=(A)(1) + (A)(2)									
B. Public									
Shareholding									
1 Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	
b) Banks / FI	0	0	0	0	0	0	0	0	
c) Central Govt.	50000	0	50000	0.65	50000	0	50000	0.65	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital	0	0	0	0	0	0	0	0	
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) Investor Education & Protection Fund	182607	0	182607	2.38	182607	0	182607	2.38	0
h) FIIs	0	0	0	0	0	0	0	0	0

## Annexure IV To The Directors Report

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01/04/2019)				No. of Shares held at the end of the year (as on 31/03/2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>232607</b>	<b>0</b>	<b>232607</b>	<b>3.03</b>	<b>276285</b>	<b>24100</b>	<b>300385</b>	<b>3.91</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	23630	0	23630	0.31	19440	0	19440	0.25	-0.06
ii) Overseas	0	0	0	0.00	0	0	0	0	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	1400807	156410	1557217	20.29	1373064	151630	1524694	19.86	-0.43
ii) Individual holding nominal share capital in excess of Rs. 2 lakh	1471938	0	1471938	19.18	1514453	0	1514453	19.73	0.55
c) Others (specify)									
NRIs	23347	24000	47347	0.62	22249	23998	46247	0.6	-0.02
Clearing Member	3701	0	3701	0.05	0	0	0	0	-0.05
HUF	52992	0	52992	0.69	51991	0	51991	0.67	-0.02
Independent Director	0	100	100	0	0	100	100	0	0
<b>Sub-total (B)(2):-</b>	<b>2976415</b>	<b>180510</b>	<b>3156925</b>	<b>41.14</b>	<b>2981197</b>	<b>175728</b>	<b>3156925</b>	<b>41.11</b>	<b>-6.64</b>
Total Public Shareholding	3209022	180510	3389532	44.17	3257482	199828	3457310	45.02	-4.26
<b>(B) = (B)(1) + (B)(2)</b>									
<b>C. Shares held by</b>									
Custodian for GDRs & ADRs	0	0	.	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>7494090</b>	<b>180510</b>	<b>7674600</b>	<b>100</b>	<b>7542550</b>	<b>199828</b>	<b>7742378</b>	<b>100.85</b>	<b>-</b>

## Annexure IV To The Directors Report

### (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year (01/04/19)			Shareholding at the end of the year (31/03/2020)			
		No. of Shares	% of Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	% change Share holding during the year
1	Rajanikant Kodarlal Shah Padmaja Rajanikant Shah	804894	10.49	0	804894	10.49	0	0
2	Rajanikant Kodarlal Shah (HUF)	803310	10.47	0	803310	10.47	0	0.00
3	Ajay Rajanikant Shah Aparna Ajay Shah	638352	8.32	0	638352	8.32	0	0.00
4	Abhay Rajnikant Shah Rajanikant Kodarlal Shah	801632	10.44	0	801632	10.44	0	0.00
5	Manoj Vasantlal Mehta Dimple Manoj Mehta	230500	3.00	0	230500	3.00	0	0.00
6	Padmaja Rajanikant Shah Rajanikant Kodarlal Shah	232600	3.03	0	232600	3.03	0	0
7	Aparna Ajay Shah	291915	3.80	0	291915	3.80	0	0.00
8	Minal Abhay Shah Abhay R. Shah	161865	2.11	0	161865	2.11	0	0
9	Jagruti Jawahar Mehta Jawahar Vasantlal Mehta	66000	0.86	0	66000	0.86	0	0
10	Jawahar Vasantlal Mehta Jagruti Jawahar Mehta	205000	2.67	0	205000	2.67	0	0.00
11	Dimple Manoj Mehta Manoj Vasantlal Mehta	49000	0.64	0	49000	0.64	0	0
		<b>4285068</b>	<b>55.83</b>	<b>0</b>	<b>4285068</b>	<b>55.83</b>	<b>0</b>	<b>0.00</b>

## Annexure IV To The Directors Report

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Cumulative Shareholding during the year			
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		NIL			

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01/04/19)		Cumulative Shareholding during the year (31/03/20)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	DIPAK KANAYALAL SHAH	381484	4.97	385000	5.02
2	RHEA SHAH	159791	2.08	159791	2.08
3	SHARAD KANAYALAL SHAH	100080	1.30	90010	1.17
4	DHAVAL J. NANAVATI	99250	1.29	99250	1.29
5	SARAIYA BHAVIN RAMAKANT	80905	1.05	90905	1.18
6	POONAM BANKIM DESAI	78568	1.02	78568	1.02
7	MANOJ J. BAGADIA	66640	0.86	92835	1.21

### (v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (01/04/19)		Cumulative Shareholding during the year (31/03/20)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	RAJNIKANT K. SHAH	804894	10.49	804894	10.49
2	ABHAY R. SHAH	801632	10.44	801632	10.44
3	AJAY R. SHAH	638352	8.32	638352	8.32
4	SUDHIR SATHE	100	0.00	100	0.00

## Annexure IV To The Directors Report

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	61,758,729	17,685,675	Nil	79,444,404
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>61,758,729</b>	<b>17,685,675</b>	<b>Nil</b>	<b>79,444,404</b>
Change in Indebtedness during the financial year				
* Addition 30,229,062	700,000	Nil	30,929,062	
* Reduction	11,735,245	7,672,591	Nil	19,407,836
<b>Net Change</b>	<b>18,493,817</b>	<b>(6,972,591)</b>	<b>Nil</b>	<b>11,521,226</b>
Indebtedness at the end of the financial year				
i) Principal Amount	79,755,846	10,713,084	Nil	90,468,930
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	496,700	Nil	Nil	496,700
<b>Total (i+ii+iii)</b>	<b>80,252,546</b>	<b>10,713,084</b>	<b>Nil</b>	<b>90,468,930</b>



## Annexure IV To The Directors Report

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. R K Shah	Mr. Abhay Shah	Mr. Ajay Shah	.....
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,815,201	2,550,178	1,553,763	5,919,142
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commision				
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil	Nil
5	Interest on Unsecured Loan				-
	Total (A)	1,815,201	2,550,178	1,553,763	5,919,142
	Ceiling as per the Act	Rs. 84 Lacs p.a.	Rs. 42 Lacs p.a.	Rs. 42 Lacs p.a.	

B. Remuneration to other directors:

Sl.No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Sudhir Sathe	Mr. Vinay Jog	Ms. Ashwini Lad	.....
3.	Independent Directors				
	* Fee for attending board / committee meetings	320,000	320,000	320,000	960,000
	* Commission	Nil	Nil	Nil	Nil
	* Professional Fees		Nil	Nil	-
	<b>Total (1)</b>	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>	<b>960,000</b>
4.	Other Non-Executive Directors				
	* Fee for attending board / committee meetings	Nil	Nil	Nil	Nil
	* Commission	Nil	Nil	Nil	Nil
	* Others, please specify	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil
	<b>Total (B) = (1 + 2)</b>	<b>320,000</b>	<b>320,000</b>	<b>320,000</b>	<b>960,000</b>
	Total Managerial Remuneration				8,682,259
	Overall Ceiling as per the Act	Rs. 1 Lac per meeting	Rs. 1 Lac per meeting	Rs. 1 Lac per meetingG	

## Annexure IV To The Directors Report

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER WTD

Sl.No.	Particular of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	916,300	419,954	1,336,254
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify...	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>916,300</b>	<b>419,954</b>	<b>1,336,254</b>

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

## Annexure V

**INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1. Ratio of the remuneration of each Director/KMP to the median remuneration of all the Employees of the company for the financial year.

Median remuneration of all the employees of the Company for the Financial Year 2019-20	1,54,283/-
The percentage increase/ (Decrease) in the median remuneration of employees in the Financial Year	(16 %)
The number of permanent employees on the rolls of Company as on 31st March, 2020	45

Name of Director	Ratio of remuneration to median remuneration of all employees	% increase in remuneration in the Financial Year 2019-20
<b>Non-Executive Directors</b>		
Mr. Sudhir Sathe	207%	Nil
Mr. Chandrakumar Shah	207%	Nil
Ms. Ashwini Lad	207%	Nil
<b>Executive Directors</b>		
Mr. R. K. Shah	968%	Nil
Mr. Abhay R. Shah	1558%	Nil
Mr. Ajay R. Shah	948%	Nil
<b>Key Managerial Personnel</b>		
Mr. Shivshyam Maurya	363%	Nil
Mr. Sudhir Shah	263%	Nil

**Notes:**

- The ratio of remuneration to median remuneration is based on remuneration paid during the period 1st April, 2019 to 31st March, 2020.
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:  
The company has not given any increment to employees and directors during the year 2019-20.
- Remuneration is as per the remuneration policy of the Company  
It is hereby affirmed that the remuneration paid is as per the policy for remuneration of Directors, Key Personnel Manager and other employees.

## Independent Auditor's Report

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To  
The Members of Organic Coatings Limited  
Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Organic Coatings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Trade Receivables – The company is in the supply of printing inks and auxiliaries to printers all over India. In the printing press industry the preference of payments for supplier of inks is the lowest. Some trade receivables are slow in recovery and take time for recovery beyond the limitation period. In some cases suits have been filed for recovery and the court judgments are yet to be received. There is therefore a risk for realisation of the trade receivables (refer note no 37).

How our audit address the key audit matter-

Our audit procedure included among others examining the pattern of subsequent receipts, the status of various legal cases and management's method to determine the recoverability of the amount considering the feedback from the market. We validated the appropriateness of the related disclosures in note no of 37 of the financial statements.

2. Examination of documents/ records in lockdown conditions due to covid-19 pandemic - The Financial Statements of the Company for the year ended March 31, 2020 were audited under exceptional circumstances due to

## Independent Auditor's Report

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prevailing lockdown conditions on account of Covid-19 pandemic. Due to the restrictions on physical movement, the entire audit team could not visit the company and we have examined the books of accounts and relevant documents through scanned documents / spread sheets received in electronic mode and not in original. Our audit procedures were designed to obtain sufficient appropriate audit evidence under these exceptional circumstances.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and Shareholder Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

## Independent Auditor's Report

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

## Independent Auditor's Report

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As required by Section 143(3) of the Act, based on our audit, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Praneti Yadav & Co.  
Chartered Accountants  
ICAI Firm Registration No. 137534W

Praneti Yadav  
Proprietor  
Membership No. 156403  
UDIN:20156403AAAAF7873

Mumbai  
June 30, 2020



## Annexure ‘A’ to the Independent Auditor’s Report

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(Referred to in paragraph (f) under ‘Report Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“The Act”)**

We have audited the internal financial controls over financial reporting of Organic Coatings Limited (“the company”) as at March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of internal financial controls over financial Reporting issued by the Institute of Chartered Accountants of India (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorities of management and directors of the company; and (3) provide reasonable assurance



## Annexure 'A' to the Independent Auditor's Report

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regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedure may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For Praneti Yadav & Co.**

Chartered Accountants

ICAI Firm Registration No. 137534W

### **Praneti Yadav**

Proprietor

Membership No. 156403

UDIN:20156403AAAAAF7873

Mumbai

June 30, 2020

## Annexure 'B' to the Independent Auditor's Report

**Referred to in paragraph 1 under 'Report Report on Other Legal and Regulatory Requirements' section of our report the members of Organic Coatings Limited 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company;
- (ii) As explained to us, physical verification of inventories has been conducted at reasonable intervals by the management during the year and the discrepancies noticed on verification between the physical stocks and book records were not material and the same have been properly dealt with in the books of accounts;
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013;
- (iv) The Company has not given loans, or made investments, or given guarantees and provided security in terms of provisions of section 185 and 186 of The Companies Act, 2013.
- (v) The Company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of the sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not required to be complied with by the Company.
- (vi) The Maintenance of cost records has not been specified by the Central Government under sub-section 1 of the section 148 of the Act for any of the products manufactured by the Company. Accordingly, paragraph 3(vi) of the order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities and no undisputed amounts payable were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues outstanding of income tax, sales tax, goods and service tax, service tax, duty of customs, duty of excise and value added tax on account of dispute which have not been deposited with the concerned authorities;
- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to a bank and financial institutions. The Company has not taken loan from the Government and has not issued any debentures;
- (ix) The company has raised monies by way of term loans from bank and the same were applied for the purposes for which they were raised.
- (x) In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

## Annexure 'B' to the Independent Auditor's Report

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- (xi) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards;
- (xiv) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.
- (xv) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.
- (xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India, 1934. Accordingly, paragraph 3(xvi) of the order is not applicable.

**For Praneti Yadav & Co.**

Chartered Accountants

ICAI Firm Registration No. 137534W

**Praneti Yadav**

Proprietor

Membership No. 156403

UDIN:20156403AAAAF7873

Mumbai

June 30, 2020

**Balance Sheet as at 31st March, 2020**

				₹ in Lakhs
Particulars	Note No.	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	1,277.81	1,405.52	
Intangible assets	4	1.15	1.73	
Financial assets				
- Other financial assets	5	42.83	56.90	
Other non current assets	6	65.79	87.51	
<b>Total non-current assets</b>		<b>1,387.58</b>	<b>1,551.66</b>	
<b>Current assets</b>				
Inventories	7	341.40	492.93	
Financial assets				
- Trade receivables	8	412.86	843.47	
- Cash and cash equivalents	9	0.74	84.34	
- Other financial assets	10	8.84	13.78	
Other current assets	11	33.72	129.54	
<b>Total current assets</b>		<b>797.56</b>	<b>1,564.05</b>	
<b>Total Assets</b>		<b>2,185.14</b>	<b>3,115.71</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	12	767.46	767.46	
Other equity	13	(92.73)	(43.36)	
<b>Total equity</b>		<b>674.73</b>	<b>724.10</b>	
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
- Borrowings	14	481.66	296.69	
Other Financials liabilities	15	2.03	402.43	
Provisions	16	17.35	43.08	
<b>Total non-current liabilities</b>		<b>501.04</b>	<b>742.19</b>	

**Balance Sheet as at 31st March, 2019**

₹ in Lakhs			
Particulars	Note No.	For the year ended 31st March, 2019 ₹	For the year ended 31st March, 2018 ₹
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	17	451.78	533.47
- Trade payables	18	513.35	1,054.98
Other current liabilities	19	30.09	32.07
Provisions	20	14.16	28.89
<b>Total current liabilities</b>		<b>1,009.37</b>	<b>1,649.42</b>
<b>Total liabilities</b>		<b>1,510.42</b>	<b>2,391.61</b>
<b>Total equity and liabilities</b>		<b>2,185.14</b>	<b>3,115.71</b>

The accompanying notes (1 to 41) are an integral part of the financial statements.

As per our Report of even date

**For Praneti Yadav & Co.**

**Chartered Accountants**

ICAI Firm Registration No. 137534W

**Praneti Yadav**

Proprietor

Membership No: 156403

Mumbai

June 30, 2020

**For and on behalf of the Board of Directors**

**Abhay R Shah**

Managing Director

DIN: 00016497

**Shivshyam Maurya**

Chief Financial Officer

Mumbai

June 30, 2020

**Ajay R Shah**

DirectorExecutive

DIN: 00011763

**Sudhir R Shah**

Company Secretary  
& Compliance Officer

## Statement of Profit and Loss for the year ended 31st March, 2019

₹ in Lakhs			
Particulars	Note No.	For the year ended 31st March, 2019 ₹	For the year ended 31st March, 2018 ₹
<b>INCOME</b>			
<b>Revenue from operations</b>			
Sale of products	21	2,717.96	3,558.70
Other Income	22	75.25	23.71
<b>Total income</b>		<b>2,793.21</b>	<b>3,582.41</b>
<b>EXPENSES</b>			
Cost of materials consumed	23	1,930.20	2,764.98
Changes in inventories of finished goods and work-in-progress	24	67.09	(51.77)
Employee benefits expense	25	124.74	184.32
Finance costs	26	117.54	112.41
Depreciation and amortisation expense	27	128.68	133.53
Other expenses	28	476.25	541.65
<b>Total Expenses</b>		<b>2,844.51</b>	<b>3,685.12</b>
<b>Profit / (Loss) before tax</b>		<b>(51.30)</b>	<b>(102.71)</b>
<b>Tax Expense:</b>			
Less: Current Tax		-	-
Add: MAT Credit for the year		-	-
<b>Profit / (Loss) for the Year</b>		<b>(51.30)</b>	<b>(102.71)</b>
<b>Other Comprehensive Income</b>			
Add/(Less): Remeasurement of defined benefit obligation		(0.14)	(0.13)
Add/(Less): Income tax relating to items that will not be reclassified to statement of profit and loss		-	-
<b>Total comprehensive income for the year</b>		<b>(51.44)</b>	<b>(102.84)</b>
<b>Earnings per equity share of face value of ₹10 each</b>			
Basic (in ₹)	29	(0.67)	(1.34)
Diluted (in ₹)		(0.67)	(1.34)

The accompanying notes (1 to 41) are an integral part of the financial statements.

As per our Report of even date

**For Praneti Yadav & Co.**

**Chartered Accountants**

ICAI Firm Registration No. 137534W

**Praneti Yadav**

Proprietor

Membership No: 156403

Mumbai

June 30, 2020

**For and on behalf of the Board of Directors**

**Abhay R Shah**

Managing Director

DIN: 00016497

**Shivshyam Maurya**

Chief Financial Officer

Mumbai

June 30, 2020

**Ajay R Shah**

Director/Executive

DIN: 00011763

**Sudhir R Shah**

Company Secretary  
& Compliance Officer

## Statement of Changes in Equity for the year ended 31st March, 2019

	₹ in Lakhs									
	Equity Share Capital					b) Other Equity				
	Equity Share Capital	General Reserves	Capital Reserves	Securities Premium	Retained Earnings	Revaluation Surplus	Other Comprehensive Income	Total of Other Equity	Total Equity	
	a	b	c	d	e	f	g	h	(a+h)	
Balance as at 1st April, 2018	767.46	52.82	1.20	778.45	(958.65)	186.90	1.07	61.79	829.25	
Profit/(Loss) for the year 2018-2019	-	-	-	-	(102.71)	-	(0.13)	(102.84)	(102.84)	
Other Adjustments	-	-	-	-	(2.31)	-	-	(2.31)	(2.31)	
<b>Balance as at 31st March, 2019</b>	<b>767.46</b>	<b>52.82</b>	<b>1.20</b>	<b>778.45</b>	<b>(1,063.67)</b>	<b>186.90</b>	<b>0.94</b>	<b>(43.36)</b>	<b>724.10</b>	
Additions during the year	-	-	-	-	-	-	-	-	-	
Profit/(Loss) for the year 2019-2020	-	-	-	-	(51.30)	-	(0.14)	(51.44)	(51.44)	
Other Adjustments	-	-	-	-	2.07	-	-	2.07	2.07	
Other Comprehensive Income for the year 2019-2020	-	-	-	-	-	-	-	-	-	
Total Comprehensive Income for the year 2019-2020	-	-	-	-	-	-	-	-	-	
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	
Transfer from Retained Earnings	-	-	-	-	-	-	-	-	-	
<b>Balance as at 31st March, 2020</b>	<b>767.46</b>	<b>52.82</b>	<b>1.20</b>	<b>778.45</b>	<b>(1,112.90)</b>	<b>186.90</b>	<b>0.79</b>	<b>(92.73)</b>	<b>674.73</b>	

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors

As per our Report of even date

For Praneti Yadav &amp; Co.

Chartered Accountants

ICAI Firm Registration No. 137534W

Praneti Yadav

Proprietor

Membership No: 156403

Mumbai

June 30, 2020

Abhay R Shah  
Managing Director  
DIN: 00016497

Ajay R Shah  
Director/Executive  
DIN: 00011763

Shivshyam Maurya  
Chief Financial Officer

Sudhir R Shah  
Company Secretary  
& Compliance Officer

Mumbai  
June 30, 2020

## Cash Flow Statement for the year ended 31st March, 2019

Particulars	₹ in Lakhs	
	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	(51.30)	(102.71)
<i>Adjustments for:</i>		
Depreciation and amortisation (Net of Depreciation Withdrawn)	128.68	133.53
Actuarial Gain/Loss	(0.14)	(0.13)
(Profit)/ loss on sale / write off of assets	-	(1.12)
Finance costs	117.54	112.41
Interest income	(6.55)	(12.14)
Sundry balances written back		-
<b>Operating profit / (loss) before working capital changes</b>	<b>188.23</b>	<b>129.84</b>
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	151.53	(65.46)
Trade receivables	430.61	(167.94)
Other current financial assets	4.94	6.58
Other current assets	97.88	(85.08)
Other non current financial assets	14.07	2.02
Other non current assets	21.72	4.62
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(541.63)	214.30
Other current financial liabilities		-
Other current liabilities	(1.98)	0.58
Current provisions	(14.74)	7.34
Other non current financial liabilities	(400.39)	0.05
Non current provisions	(25.73)	(1.57)
<b>Cash Generation from Operation</b>	<b>(75.49)</b>	<b>45.27</b>
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(75.49)</b>	<b>45.27</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment and intangible assets	(0.39)	(15.87)
Proceeds from disposal of property, plant and equipment and intangible assets	-	2.16
Interest Income	6.55	12.14
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>6.16</b>	<b>(1.56)</b>



**Cash Flow Statement for the year ended 31st March, 2019**

₹ in Lakhs			
Particulars	Note No.	For the year ended 31st March, 2019 ₹	For the year ended 31st March, 2018 ₹
<b>C. Cash flow from financing activities</b>			
Net increase / (decrease) in current financial liabilities for borrowings		(81.69)	(66.53)
Net increase / (decrease) in non current financial liabilities for borrowings		184.97	147.34
Finance cost		(117.54)	(112.41)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(14.27)</b>	<b>(31.60)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(83.60)</b>	<b>12.10</b>
<b>Cash and cash equivalents at the Beginning of the year</b>		<b>84.34</b>	<b>72.23</b>
<b>Cash and cash equivalents at the end of the year *</b>		<b>0.74</b>	<b>84.34</b>
		83.60	(12.10)
* Comprises:			
(a) Cash on hand		0.15	0.67
(b) Balances with banks			
(i) In current accounts		0.29	23.46
(ii) In EEFC accounts		0.00	0.00
(iii) In deposit accounts with Banks		0.30	60.20
		<b>0.74</b>	<b>84.34</b>

As per our Report of even date

**For Praneti Yadav & Co.****Chartered Accountants**

ICAI Firm Registration No. 137534W

**Praneti Yadav**

Proprietor

Membership No: 156403

Mumbai

June 30, 2020

**For and on behalf of the Board of Directors****Abhay R Shah**

Managing Director

DIN: 00016497

**Shivshyam Maurya**

Chief Financial Officer

**Ajay R Shah**

DirectorExecutive

DIN: 00011763

**Sudhir R Shah**Company Secretary  
& Compliance Officer

Mumbai

June 30, 2020

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 1. Corporate information

"The Company was incorporated on 22nd April, 1965 as a Private Limited company limited by shares. It was converted in Public Limited company in the year 1995. It has its Registered office in Mumbai and manufacturing facility at village Umaraya, Taluka-Padra, Dist-Vadodara, Gujarat, India. The Company is listed on the Bombay Stock Exchange (BSE). The company is engaged in the business of manufacturing and trading in Printing Inks & Allied products. The company sells its products across India and to other countries.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on June 30, 2020.

### 2. Significant accounting policies

The financial statements have been prepared on the following basis:

Basis of accounting and preparation of financial statements

These financial statements have been prepared in accordance with Ind AS as prescribed under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

These financial statements have been prepared on a historical cost basis, except following assets and liabilities which have been measured at fair value:

- (i) Land and building forming part of Property, plant and equipment
- (ii) Defined Benefit plans-plan assets

Up to the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates.

#### 2.2 Use of estimates

The preparation of the financial statements are in conformity with Ind AS requires the Management to make estimates, judgement and assumptions. These estimates, judgement and assumption affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of the changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

#### 2.3 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. Sale of goods is net of Indirect taxes, returns and discounts.

Interest income from a financial asset is recognised using effective interest rate method. Dividend income is accounted for when the right to receive the payment 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.

Other income is accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

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### 2.4 Inventories

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. Imported raw materials, stock in transit are valued at cost and customs duty thereon.

### 2.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition net of recoverable taxes, trade discount and rebates including any cost, directly attributable to bringing the assets to their working condition for its intended use, net charges on foreign exchange arising from exchange rate variations attributable to the assets less accumulated depreciation and impairment losses, if any except for certain property, plant and equipment, which have been revalued.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

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

### 2.6 Depreciation /Amortisation and useful lives of property, plant and equipment/intangible assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

### 2.7 Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

The residual values, useful lives and methods of depreciation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

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### 2.8 Foreign Currency Transactions and Translation

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 monetary assets and liabilities denominated in the foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

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

### 2.9 Employees Benefits

#### Defined Contribution Plans

Provident Fund & ESIC are defined contribution schemes established under a State Plan. The contributions to the schemes are charged to the statement of profit and loss in the year when the contributions become due.

#### Defined Benefit Plans

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on post employment at 15 days salary (last drawn salary) for each completed year of services as per the Payment of Gratuity Act, 1972. The aforesaid liability is provided for on the basis of an actuarial valuation made using Project Unit Credit Method at the end of the financial year. The scheme is funded with an insurance company in the form of a qualifying insurance policy. Actuarial gains/losses are recognized in statement of profit and loss in the year in which they arise.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

#### Compensated Absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance sheet date. Employees are entitled to accumulate leave subject to certain limits for future encashment. The liability in respect of leave encashment is provided for on the basis of actuarial valuation made at the end of the financial year using Project Unit Credit Method. The said liability is not funded.

### 2.10 Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production 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 costs are recognised as expense in the period in which they are incurred.

### 2.11 Fair value Measurement

Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these financial statements is determined

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

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in such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A Fair value measurement of a non-financial asset takes in to account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) market prices and active market for identical assets and liabilities.
- Level 2 – Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level inputs that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by the re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### 2.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognises a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

#### a. Financial assets:

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity and a financial liability or equity instrument of another entity. The Company recognises a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss. When transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognised in Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest method.

#### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial asset measured at amortised cost

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

- Financial asset at fair value through OCI
- Financial assets at fair value through profit or loss

### Financial assets measured at amortised cost

Financial assets are measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortised using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss in finance costs.

### Financial assets at fair value through OCI (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the income statement. On derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognised in OCI is reclassified to income statements.

### Financial assets at fair value through profit or loss (FVTPL)

Any financial asset that does not meet the criteria for classification as at amortised cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognised in the Statement of profit and loss.

### De-recognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds receivables.

### Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model on the following:

- Financial assets that are measured at amortised cost.
- Financial assets measured at fair value through other comprehensive income (FVTOCI)

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

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ECL is measured through a loss allowance on a following basis: -

- a) The twelve month expected credit losses (expected credit losses that result from all possible default events on the financial instruments that are possible within twelve months after the reporting date)
- b) Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The company follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Company to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Impairment loss allowance (or reversal) recognised during the period is recognised as expense/income in the statement of profit and loss.

### **b. Financial liabilities and equity instruments:**

#### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### **Financial liabilities**

The Company's financial liabilities include loans and borrowings including book overdraft, trade payable, accrued expenses and other payables.

#### **Initial Recognition and measurement**

All financial liabilities at initial recognition are classified as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss or in the "Expenditure Attributable to Construction" if another standard permit inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the effective rate of interest.

#### **Subsequent measurement**

Subsequent measurement of financial liabilities depends upon the classification as described below: -

#### **Financial Liabilities classified at Amortised Cost**

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or



## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

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premium on acquisition and fees or costs that are integral part of the Effective Interest Rate. Interest expense that is not capitalised as part of cost of assets is included as Finance costs in the Statement of Profit and Loss.

### **Financial Liabilities at Fair value through profit and loss (FVTPL)**

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged/cancelled/expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **Offsetting of financial instruments**

Financial assets and liabilities are offset and net amount is reported if there is currently enforceable legal right to offset the recognised amounts and there is intention to settle on a net basis, to realise assets and settle the liabilities simultaneously.

## **2.13 Earnings per share**

Basic Earnings per share is computed by dividing the profit from continuing operations and total profits, both attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity and dilutive equivalent shares outstanding during the period, except where the results would be anti-dilutive.

## **2.14 Income Tax Expenses**

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to the items recognised directly in equity or in other comprehensive income.

### **Current tax**

Current tax includes provision for Income Tax computed under special provision (i.e. Minimum Alternate Tax) or normal provision of Income Tax Act provisions. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the basis of estimated taxable Income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

### **Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.



## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

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Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to the income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

### 2.15 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.

### 2.16 Impairment of Assets non-financial assets - property, plant and equipment and intangible 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.

### 2.17 Provisions and Contingent Liability

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and commitments are not recognised but are disclosed in the notes. Contingents assets are neither recognised nor disclosed in the financial statements.

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

₹ in Lakhs

### 3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Land Owned	Buildings Owned	Plant & equipment Owned	Office equipment Owned	Furniture & fixtures Owned	Vehicles Owned	Computers Owned	Total
<b>Gross Block</b>								
At cost or fair value as at 01.04.2019	232.26	432.86	2,012.95	8.40	1.81	84.24	23.76	2,796.28
Additions	-	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At cost or fair value as at 31.03.2019	232.26	432.86	2,012.95	8.40	1.81	84.24	23.76	2,796.28
<b>Depreciation Block</b>								
As at 01.04.2019	-	86.31	1,245.72	5.94	0.83	30.40	21.55	1,390.76
Depreciation for the year	-	14.30	103.49	0.88	0.17	8.33	0.53	127.71
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at the 31.03.2020	-	100.61	1,349.21	6.82	1.01	38.73	22.09	1,518.46
<b>Net Block</b>								
As at 31.03.2020	232.26	332.25	663.74	1.58	0.80	45.51	0.67	1,277.81

Note: In order to comply with the requirements of IND AS 101, the Company has considered fair market value from 1st April 2016 of its land admeasuring of 8631 Sq Mt situated at Village Umraya, Taluka-Padra, District- Vadodara and Buildings standing thereon. The incremental impact of increase in value of land by ₹ 1,52,68,228/- and Building by ₹ 35,63,118/- has been credited to revaluation surplus in FY 2027-18.

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 4. INTANGIBLE ASSETS

₹ in Lakhs

Particulars	Computer software	Patents	Total
<b>Gross Block</b>			
<b>At cost or fair value as at 01.04.2019</b>	<b>8.55</b>	<b>6.76</b>	<b>15.31</b>
Additions	0.39	-	0.39
Revaluation adjustment	-	-	-
Disposals	-	-	-
<b>At cost or fair value as at 31.03.2020</b>	<b>8.94</b>	<b>6.76</b>	<b>15.70</b>
<b>Depreciation Block</b>			
<b>As at 01.04.2019</b>	<b>7.15</b>	<b>6.42</b>	<b>13.58</b>
Depreciation for the year	0.97	-	0.97
Disposals	-	-	-
<b>Accumulated depreciation as at the 31.03.2020</b>	<b>8.13</b>	<b>6.42</b>	<b>14.55</b>
<b>Net Block</b>			
<b>As at 31.03.2020</b>	<b>0.81</b>	<b>0.34</b>	<b>1.15</b>

### 5. OTHER FINANCIAL ASSETS

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Unsecured, considered good</b>		
Prepaid Expenses	-	2.02
Security Deposits	32.69	32.69
Loans to Staff	0.29	-
<b>Secured</b>		
Bank deposits with more than 12 months maturity	7.14	17.14
Interest Accrued on Deposits	2.72	5.06
<b>TOTAL</b>	<b>42.83</b>	<b>56.90</b>

### 6. OTHER NON CURRENT ASSETS

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Doubtful</b>		
Trade receivable (Refer Note No-37)	65.79	87.51
Advance for capital expenditure	-	-
<b>TOTAL</b>	<b>65.79</b>	<b>87.51</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 7. INVENTORIES

(At Lower of cost and net realisable value)

₹ in Lakhs

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Raw materials	170.94	243.95
Work-in-progress	47.15	71.83
Finished goods	97.54	139.95
Consumables stores	11.21	11.80
Packing materials	14.57	25.40
<b>TOTAL</b>	<b>341.40</b>	<b>492.93</b>

### 8. TRADE RECEIVABLES

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Unsecured, considered good</b>		
Trade receivable	412.86	843.47
<b>TOTAL</b>	<b>412.86</b>	<b>843.47</b>

### 9. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Cash on Hand	0.15	0.67
Balance With Banks		
- In Current accounts	0.29	23.46
- In EEFC accounts	0.00	0.00
- In Deposit accounts	0.30	60.20
<b>TOTAL</b>	<b>0.74</b>	<b>84.34</b>

### 10. OTHER FINANCIAL ASSETS

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Unsecured, considered good</b>		
Security Deposits	5.70	7.53
Loans to Staff	1.44	2.96
Interest Accrued on Deposits	1.70	3.29
<b>TOTAL</b>	<b>8.84</b>	<b>13.78</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 11. OTHER CURRENT ASSET

₹ in Lakhs

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Unsecured, considered good</b>		
Prepaid Expenses	10.91	11.97
Balance with Government Authorities		
- Balance With GST Authority	5.58	95.40
- VAT credit receivable	6.17	8.01
Income Tax (net)	10.48	7.96
Advances to suppliers	0.58	6.19
<b>TOTAL</b>	<b>33.72</b>	<b>129.54</b>

### 12. EQUITY SHARE CAPITAL

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>(a) Authorised</b>		
1,00,00,000 (Previous Year 1,00,00,000) Equity shares of ₹ 10 each	1,000.00	1,000.00
<b>(b) Issued</b>		
77,00,000 (Previous Year 77,00,000) Equity shares of ₹ 10 each	770.00	770.00
<b>(c) Subscribed and fully paid up</b>		
76,74,600 (Previous Year 76,74,600) Equity shares of ₹ 10 each	767.46	767.46
<b>TOTAL</b>	<b>767.46</b>	<b>767.46</b>

#### 12.1 The Reconciliation of the number of the shares outstanding is set out below

Particulars	As at 31st March, 2020 (No of Shares)	As at 31st March, 2019 (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

#### 12.2 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.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 12.3 Details of the Shareholders holding more than 5% of shares

₹ in Lakhs

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
	No of Shares % of holding	No of Shares % of holding
Mr Rajnikant K Shah	1,608,204	1,608,204
[Include 8,03,310 (10.47%) Shares of Rajnikant K Shah (HUF) (Previous Year 8,03,310 (10.47%))]	20.95%	20.95%
Ajay R Shah	638,352	638,352
	8.32%	8.32%
Abhay R Shah	801,632	801,632
	10.45%	10.45%

### 13. OTHER EQUITY

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Capital Reserve</b>		
Balance at the Beginning of the year	1.20	1.20
Balance at the end of the year	1.20	1.20
<b>Securities premium account</b>		
Balance at the Beginning of the year	778.45	778.45
Balance at the end of the year	778.45	778.45
<b>General reserve</b>		
Balance at the Beginning of the year	52.82	52.82
Balance at the end of the year	52.82	52.82
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Balance at the Beginning of the year	(1,063.67)	(958.65)
Add/(Less): Profit/(Loss) for the year	(51.30)	(102.71)
Add/(Less): Tax expense relating to prior years	2.07	(2.31)
<b>Balance at the end of the year</b>	<b>(1,112.90)</b>	<b>(1,063.67)</b>
<b>Other Comprehensive Income</b>		
<b>Revaluation Surplus</b>		
Balance at the Beginning of the year	186.90	186.90
Balance at the end of the year	186.90	186.90
<b>Other comprehensive income</b>		
Balance at the Beginning of the year	0.94	1.07
Add: Addition/(Deduction) during the year	(0.14)	(0.13)
<b>Balance at the end of the year</b>	<b>0.79</b>	<b>0.94</b>
<b>TOTAL</b>	<b>(92.73)</b>	<b>(43.36)</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 14. BORROWINGS

₹ in Lakhs

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Secured</b>		
<b>Term Loans from Banks</b>		
Plant and Equipment	165.67	249.93
Working Capital Term-Loan	302.29	
Vehicles	9.83	23.78
<b>Unsecured</b>		
Intercompany Loans	2.88	22.97
<b>TOTAL</b>	<b>481.66</b>	<b>296.69</b>

14.1 The Term Loans on Plant and Equipment are secured by Equitable mortgage of Factory Land and Building and hypothecation of Plant and Equipment at Village Umraya, Taluka-Padra, District- Vadodara.

14.2 The Vehicles loans are secured by hypothecation of Vehicles.

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

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
0-1 Year	90.94	88.12
1-2 Years	88.20	88.12
2-3 Years	62.31	88.12
Above 3 Years	15.15	73.68
	165.67	249.93
<b>TOTAL</b>	<b>256.61</b>	<b>338.06</b>

#### 14.4 Maturity Profile of the Term loans of the Vehicles are set out as under

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
0-1 Year	12.96	11.94
1-2 Years	5.79	12.96
2-3 Years	5.04	5.79
Above 3 Years	-	5.04
	9.83	23.78
<b>TOTAL</b>	<b>23.78</b>	<b>35.72</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 14.5 Maturity Profile of the Intercompany Loans are set out as under

₹ in Lakhs

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
0-1 Year	20.10	67.73
1-2 Years	2.88	20.10
2-3 Years	-	2.88
Above 3 Years	-	-
	2.88	22.97
<b>TOTAL</b>	<b>22.97</b>	<b>90.70</b>

### 14.6 Maturity Profile of the Term loan for Working Capital is set out as under

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
0-1 Year	-	-
1-2 Years	46.51	-
2-3 Years	46.51	-
Above 3 Years	209.27	-
	302.29	-
<b>TOTAL</b>	<b>302.29</b>	

### 15. OTHER FINANCIAL LIABILITIES

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Trade payables	-	0.44
Security Deposits Received	2.03	401.99
<b>TOTAL</b>	<b>2.03</b>	<b>402.43</b>

### 16. PROVISIONS

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Provision for leave encashment	15.44	20.44
Provision for gratuity	1.90	22.64
<b>TOTAL</b>	<b>17.35</b>	<b>43.08</b>



## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 17. BORROWINGS

₹ in Lakhs

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>From Banks</b>		
<b>Secured</b>		
Working capital loans - repayable on demand (Refer Note 17.1)	243.63	279.53
Current Maturities of Long Term Debt (Refer Note No : 14.3)	90.94	88.12
Current Maturities Vehicle Loans (Refer Note No : 14.4)	12.96	11.94
<b>Loans and advances from related parties</b>		
<b>Unsecured</b>		
From directors	84.16	86.16
Current Maturities of Business Loans (Refer Note No : 14.5)	20.10	67.73
<b>TOTAL</b>	<b>451.78</b>	<b>533.47</b>

17.1 The Working Capital Loan is secured by hypothecation of the inventory and trade receivables, Equitable mortgage of Factory Land and Building and hypothecation of Plant and Equipment at Village Umraya, Taluka-Padra, District-Vadodara.

### 18. TRADE PAYABLES

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Due to Micro, Small and Medium Enterprises (Refer Note No.34)	146.66	346.17
Due to Others	366.69	708.81
<b>TOTAL</b>	<b>513.35</b>	<b>1,054.98</b>

### 19. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Others Payables		
Statutory Dues	7.37	11.90
Advance from customers	0.50	0.58
Expenses payable	22.22	19.59
<b>TOTAL</b>	<b>30.09</b>	<b>32.07</b>

### 20. PROVISIONS

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Provision for employee benefits</b>		
Provision for leave encashment	3.02	13.90
<b>Provision others</b>		
GST on closing stock of finished goods	11.14	14.99
<b>TOTAL</b>	<b>14.16</b>	<b>28.89</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 21. SALE OF PRODUCTS

₹ in Lakhs

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Sale of products	2,717.96	3,558.70
<b>TOTAL</b>	<b>2,717.96</b>	<b>3,558.70</b>

#### 21.1 PARTICULARS OF SALE OF PRODUCTS

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>Manufactured goods</b>		
Printing Ink	2,449.36	3,202.99
Coatings	177.42	240.25
Auxiliaries	91.18	115.45
<b>TOTAL</b>	<b>2,717.96</b>	<b>3,558.70</b>

### 22. OTHER INCOME

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>Operation income</b>		
Interest received	6.55	12.14
Bad Debts Recovered	2.00	3.00
Reprocessing Charges Recovered	35.59	
Other Income		2.54
Net Profit on foreign currency transactions and translation (Net)	2.79	4.91
<b>Other non operation income</b>		
Profit on sale of assets (net)	-	1.12
Sundry balances written back	0.16	-
Insurance Claim Received	28.15	-
<b>TOTAL</b>	<b>75.25</b>	<b>23.71</b>

### 23. COST OF MATERIALS CONSUMED

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>Raw material consumed</b>		
Opening stock	243.95	239.03
Add : Purchases	1,685.29	2,547.64
	<b>1,929.24</b>	<b>2,786.67</b>
Less : Closing stock	170.94	243.95
Cost of raw material consumed	1,758.31	2,542.72
<b>Packing material consumed</b>		
Opening stock	25.40	16.38
Add : Purchases	161.06	231.29
	<b>186.46</b>	<b>247.66</b>
Less : Closing Stock	14.57	25.40
Cost of packing material consumed	171.89	222.26
<b>TOTAL</b>	<b>1,930.20</b>	<b>2,764.98</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 23.1 PARTICULARS OF RAW MATERIALS CONSUMED

₹ in Lakhs

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Chemicals	303.94	338.67
Pigment	734.50	1,098.76
Resins	444.48	701.56
Oil and miscellaneous	275.38	403.73
<b>TOTAL</b>	<b>1,758.31</b>	<b>2,542.72</b>

### 23.2 PARTICULARS OF IMPORTS AND INDIGENIOUS CONSUMPTION AND PERCENTAGE OF CONSUMPTION

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>Raw material consumed</b>		
Imported	225.55	204.71
Indigenous	1,532.75	2,338.01
<b>TOTAL</b>	<b>1,758.31</b>	<b>2,542.72</b>
<b>Percentage raw material consumed</b>		
Imported	12.83%	8.05%
Indigenous	87.17%	91.95%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>

### 24. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>Inventories (at close)</b>		
Finished Goods	97.54	139.95
Work-in-Progress	47.15	71.83
	<b>144.68</b>	<b>211.78</b>
<b>Inventories (at commencement)</b>		
Finished goods	139.95	97.16
Work-in-Progress	71.83	62.85
	<b>211.78</b>	<b>160.01</b>
<b>TOTAL</b>	<b>67.09</b>	<b>(51.77)</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 25. EMPLOYEE BENEFIT EXPENSE

₹ in Lakhs

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Salary	109.92	157.72
Contribution to provident and other funds	10.90	24.14
Staff welfare expenses	3.92	2.46
<b>TOTAL</b>	<b>124.74</b>	<b>184.32</b>

25.1 As per Ind Accounting Standard 19 (Revised) " 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, 2020 ₹	For the year ended 31st March, 2019 ₹
Employer's contribution to provident fund	8.78	11.18
<b>TOTAL</b>	<b>8.78</b>	<b>11.18</b>

#### Defined Benefit Plan

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

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Defined benefit obligation at the beginning of the Year	37.80	46.75
Current service cost	2.11	2.29
Past service cost	-	-
Interest on defined benefit obligation	2.81	3.63
Remeasurements due to		
- Actuarial loss/(gain) arising from change in financial assumptions	1.64	0.81
- Actuarial loss/(gain) arising from change in demographic assumptions	-	(0.01)
- Actuarial loss/(gain) arising on account of experience changes	(1.30)	(1.07)
Benefit paid	(1.95)	(14.60)
Defined Benefit obligation at the end of the year	41.10	37.80
Fair value of the plan assets at the beginning of the year	35.16	33.21
Employer contribution	3.00	14.00
Interest on plan assets	2.79	2.96
Administration expenses	-	-
Remeasurements due to		
- Actual return on plan assets less interest on plan assets	0.19	(0.40)
Benefit paid	(1.95)	(14.60)
Fair value of the plan assets at the end of the Year	39.20	35.16

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### (II) Reconciliation of the Fair Value of the Plan Assets and Defined Benefit Obligation ₹ in Lakhs

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Fair value of the plan assets	39.20	35.16
Present value of the obligation	41.10	37.80
Amount recognised in the balance sheet	1.90	2.64

### (III) Expenses Recognised During the year

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Current service cost	2.11	2.29
Past service cost	-	-
Administrative expenses	-	-
Interest on net defined benefit liability /(asset)	0.01	0.67
<b>TOTAL</b>	<b>2.12</b>	<b>2.96</b>

### (IV) Investment Details

Particulars	For the year ended 31st March, 2020 %	For the year ended 31st March, 2019 %
Insured managed funds	100	100
<b>TOTAL</b>	<b>100</b>	<b>100</b>

### (V) Actuarial Assumptions of Gratuity

Particulars	For the year ended 31st March, 2020 %	For the year ended 31st March, 2019 %
Discount rate (per annum)	6.75%	7.50%
Rate of escalation in salary (per annum)	6.00%	6.00%

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

## 26. FINANCE COSTS

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Interest expense on		
Borrowings	102.60	97.54
Other borrowing costs	14.95	14.87
<b>TOTAL</b>	<b>117.54</b>	<b>112.41</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 27. DEPRECIATION AND AMORTISATION EXPENSE

₹ in Lakhs

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Depreciation and amortisation	128.68	133.53
<b>TOTAL</b>	<b>128.68</b>	<b>133.53</b>

### 28. OTHER EXPENSES

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>Manufacturing Expenses</b>		
Consumable stores	2.08	3.74
Power and fuel	81.22	97.95
Factory expenses	15.69	16.26
Wages and labour charges	139.49	146.64
Repairs to machinery	15.71	33.04
	<b>254.18</b>	<b>297.63</b>
<b>Establishment Expenses</b>		
Rent	9.32	9.24
Repairs to building	2.44	4.12
Insurance	6.19	6.17
Rates and taxes	0.75	0.67
Communication expenses	5.20	5.28
Travelling and conveyance	12.59	15.10
Printing and stationary	2.10	3.11
Legal and professional charges	14.40	26.05
Payment to auditors (refer note no. 28.1)	2.24	2.17
Motor car expenses	14.49	15.67
Miscellaneous Expenses	23.92	25.76
	<b>93.63</b>	<b>113.36</b>
<b>Selling and Distribution Expenses</b>		
Increase/(decrease) of gst on inventory	(3.86)	4.43
Freight and forwarding	78.94	85.32
Sales commission and discount	31.77	38.45
Business promotion	1.90	2.46
Bad Debts	19.68	-
	<b>128.44</b>	<b>130.66</b>
<b>TOTAL</b>	<b>476.25</b>	<b>541.65</b>

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 28.1 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

₹ in Lakhs

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Raw materials	406.11	220.60
Components and spare parts	-	4.00
Capital goods	-	-

### 28.2 PAYMENT TO AUDITORS

(Excluding service tax/GST)

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Statutory audit fees	1.95	1.95
Certification charges	0.10	0.05
Out of pocket expenses	0.19	0.17
<b>TOTAL</b>	<b>2.24</b>	<b>2.17</b>

### 29. EARNINGS PER SHARE

(I) Basic Earnings Per Share

Figures in ₹

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Net Profit/(loss) after tax as per statement of profit and loss attributable to equity shareholders	(5,130,036)	(10,270,928)
Weighted average numbers of equity shares used as denominator for calculating EPS	7,674,600	7,674,600
Basic earnings per share	(0.67)	(1.34)
Face value per equity shares	10	10

### (II) Diluted Earnings Per Share

Figures in ₹

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Net Profit/(loss) after tax as per statement of profit and loss attributable to equity shareholders	(5,130,036)	(10,270,928)
Weighted average numbers of equity shares used as denominator for calculating EPS	7,674,600	7,674,600
Basic and diluted earnings per share	(0.67)	(1.34)
Face value per equity shares	10	10

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 30. EXPENDITURE IN FOREIGN CURRENCY

₹ in Lakhs

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Travelling expenses	1.86	0.07
Purchases of raw material	228.68	226.75

### 31. EARNINGS IN FOREIGN EXCHANGE

Particulars	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
FOB value of exports	153.02	209.30

### 32. RELATED PARTY DISCLOSURES

As per the Ind Accounting Standard (Ind AS) 24 "Related Party", the disclosures of transactions with related parties are given below

#### (I) List of the related parties where control exists and related parties with whom transaction have taken place and relationships

Name of the Related Parties	Relationship
Mr Rajnikant K Shah (upto 30th November 2019)	Key Management Personal
Mr. Abhay R Shah	Key Management Personal
Mr. Ajay R Shah	Key Management Personal

#### (II) Transactions during the year with related parties

Nature of the transaction	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>(a) Payment to key management personnel</b>		
Mr Rajnikant K Shah	17.07	25.80
Mr. Abhay R Shah	24.04	23.42
Mr. Ajay R Shah	14.63	14.27
Mr. Manoj V Mehta	-	12.53

Nature of the transaction	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
<b>(b) Interest to Unsecured Loans</b>		
Mr Rajnikant K Shah	6.27	-
Mr. Manoj V Mehta	0.22	0.24
	6.49	0.24

#### (III) Balances outstanding

Nature of the transaction	For the year ended 31st March, 2020 ₹	For the year ended 31st March, 2019 ₹
Unsecured Loans	84.16	86.16
Remuneration to Key Management Personal Payable	-	1.17



## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

33. The Company does not have different segments and hence segment wise reporting in terms of the Ind Accounting standard (Ind AS) 108 "Operating Segment" is not applicable. The Company mainly deals printing inks and auxiliaries which is considered as a one segment only. Geographical segment is not material and hence not required to be disclosed separately.

### 34. Dues to Micro & Small Enterprises

Under the Micro and Small and Medium Enterprises Development Act 2006 (MSMED) which came into force from 2nd October 2006 certain disclosures in terms of section 22 are required to be made relating to Micro and Small Enterprises the following information is compiled on the basis of the information and records available with the management.

	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Principal amount remaining unpaid as at the year end	146.66	346.17
Interest due thereon	1.53	7.57
Amount of interest paid by the company in terms of section 16 of the MSMED along with the amount of the payment made to the supplier beyond the appointed day during the accounting year		-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.		-
Amount of Interest Accrued and remaining unpaid at the end of the Accounting year	1.53	7.57

### 35. DEFERRED TAX LIABILITIES / ASSETS (NET)

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Deferred tax liability</b>		
Related to Depreciation difference of fixed assets	(125.37)	157.71
<b>Deferred tax asset</b>		
Disallowances and Unabsorbed Business Loss and Depreciation under the Income Tax 1961	(457.64)	(452.33)
<b>Deferred tax asset (net)</b>	<b>(583.01)</b>	<b>(294.62)</b>

35.1. In terms of Ind Accounting Standard (Ind AS) 12- "Income Taxes", the Company has Deferred Tax Assets as on 31st March 2018. In terms of the said Standard, in view of unabsorbed depreciation and unabsorbed business losses under the tax laws, net result of computation is net deferred tax assets. Hence, the management has decided not to incorporate the same in the books of accounts as a matter of prudence and in absence of virtual certainty as to its realization.

36. Subject to Note No. 37 on Trade Receivables, in the opinion of the management, current and non current assets are recoverable in normal course of the Business.

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

### 37. Doubtful Trade receivables include:

₹ in Lakhs

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>Debts doubtful of recovery</b>		
Trade receivables for which suits have been filed for recovery	44.75	62.82
Other Trade receivable where suits have not been filed	21.04	24.68

38. The provisions of the section 135 in respect of corporate social responsibility are not applicable to the company as the company is not falling under any criteria of the said provisions.

### 39. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
<b>(I) Contingent Liabilities</b>		
- Bank Guarantee	-	125.71
(Net of fixed deposits and interest accrued thereon of Nil (previous year ` 50,29,204/-)		
- Third party guarantee in favour of customer	-	12.50
- Appeal for 2011-12 under Gujrat Value Added Tax Act 2003	4.40	4.40
<b>(II) Commitments</b>		
(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	Nil	Nil

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

### 41. Financial risk management

The Company's activities are exposed to a variety of market risk (including foreign currency risk and interest risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

#### i. Market Risk

Market rate is the risk that arises from changes in market prices, such as commodity prices, foreign exchange rates, interest rates etc. and will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising returns.

##### a. Commodity Price Risk

Commodity price risk arises due to fluctuations in prices of raw materials and other products. The company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

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### **b. Interest Rate Risk**

The company's exposure to the risk of changes in market interest rate relates to the floating the debt obligations.

### **c. Foreign Currency Exchange Rate Risk**

The fluctuation in foreign currency exchange rates may have potential impact on the Statement of Profit & Loss, where transaction references more than one currency or where assets/liabilities are denominated in currency other than functional currency of the entity. Considering the countries and economic development in which Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risk primarily relates to fluctuations in US Dollar.

Any movement in the functional currency of operations of the Company against the major foreign currency may impact the Company's revenue in international business. Any weakening of the functional currency may impact Company's cost of imports and consequently the profit or loss.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risk.

### **ii. Credit Risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company performs ongoing credit evaluation of its counterparties' financial conditions. The Company's major classes of financial assets are cash and bank balances, trade receivables, Security deposits, Advances to Suppliers and Employees and prepayments.

at the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

As at the reporting date, substantially all the cash and bank balances as detailed in Note 9 to the financial information are held in major Banks which are regulated and located in the India, which management believes are of high credit quality. The management does not expect any losses arising from non-performance by these counterparties.

As at 31 March 2020, the Company's outstanding trade receivables over-due for a period exceeding 180 days is 14.43% of total trade receivables.

### **iii. Liquidity Risk**

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has obtained fund based and non-fund based working capital credit facility from a bank. Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Company arise in respect of the trade and other payables. Trade and other payables are all payable within 12 months.

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows.

The Company has a system of regularly forecasting cash inflows and outflows and all liquidity requirements are planned.

Forecast for trade and other payables is regularly monitored to ensure timely funding.

All payments are made within due dates subject to availability of funds.

## Notes Forming Part Of The Standalone Financial Statements For The Year Ended 31st March, 2020

The debt-to-equity ratio of the Company at the end of the reporting period was as follows: ₹ in Lakhs

Particulars	As at 31st March, 2020 ₹	As at 31st March, 2019 ₹
Net Debt	1,510.42	2,391.61
Total Equity	674.73	724.10
Debt to Equity Ratio	2.24	3.30

As per our Report of even date

**For Praneti Yadav & Co.**

**Chartered Accountants**

ICAI Firm Registration No. 137534W

**Praneti Yadav**

Proprietor

Membership No: 156403

**For and on behalf of the Board of Directors**

**Abhay R Shah**

Managing Director

DIN: 00016497

**Shivshyam Maurya**

Chief Financial Officer

**Ajay R Shah**

DirectorExecutive

DIN: 00011763

**Sudhir R Shah**

Company Secretary  
& Compliance Officer

Mumbai

June 30, 2020

Mumbai

June 30, 2020

## Notes

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## Organic Coatings Ltd.

**Manufacturers of Printing Inks  
& Allied Products**

CIN No.L24220MH1965PLC013187

**Registered Office :**

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Near Virwani Indl. Estate,  
Goregaon (east), Mumbai – 400 063.  
Ph. : 022-29276921 / 29272114

**Factory :**

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