



ORGANIC COATINGS LIMITED

(AN ISO 9001 COMPANY)

36th ANNUAL REPORT 2000-01

BOARD OF DIRECTORS

MR. R. K. SHAH	<i>Chairman & Managing Director</i>
MR. V. D. MEHTA	<i>Vice Chairman</i>
MR. R. C. SHAH	<i>Vice Chairman</i>
MR. ABHAY R. SHAH	<i>Jt. Managing Director</i>
MR. AJAY R. SHAH	<i>Whole-time Director</i>
MR. M. V. MEHTA	<i>Whole-time Director</i>
JUSTICE S. C. PRATAP (RETD.)	<i>Director</i>
MR. V. B. TRIVEDI	<i>Director</i>
MR. A. S. MEHENDALE	<i>Director</i>
MR. K. YOSHIKAWA	<i>Director</i>

REGISTERED OFFICE

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

FACTORY

S. V. Road,
Ghodbunder Village,
Post Mira,
Dist. Thane - 401 1004.

BANKERS

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

LEGAL ADVISORS

Manilal Kher Ambalala & Co.

AUDITORS

Paranjape & Paranjape
Chartered Accountants

REGISTRARS & TRANSFER AGENTS

Delta Services (I) Pvt. Ltd.
Proto Prima Chambers, 2nd Floor,
Near Lawrence Health Chamber,
Suren Road, Chakala, Andheri (East),
Mumbai - 400 093.

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NOTICE

Notice is hereby given that Thirty Sixth Annual General Meeting of the Shareholders of ORGANIC COATINGS LIMITED will be held on Saturday, 28th July 2001, at Registered office of the company, Flat No. 1, Building No. A/2, Akal Co-Op. Housing Society Limited, Bamanpuri Village, J. B. Nagar, Andheri (East) Mumbai 400 059 at 5.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on 31st March 2001 and Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint director in place of Justice S. C. Pratap (Retd.) who retires by rotation and being eligible offers himself for reappointment.
3. To appoint director in place of Mr. Vikram Trivedi who retires by rotation and being eligible offers himself for reappointment.
4. To appoint director in place of Mr. A. S. Mehandale, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications the following resolution as special resolution:

RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act 1956 and the provisions of other statutes as may be applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered and/or substituted in the manner and to the extent as is set out hereinbelow:

1. In the Article 2 the existing definitions of members be substituted by the following new definitions :

Member :

"Member" means the duly registered holder from time to time of the shares of the company and includes the subscribers to the Memorandum and Articles of Association of the Company and person (s) whose name(s) is/ are entered as beneficial owner in the records of Depository.

The Company's Regulations :

"The Company's Regulations" means these Articles of Association as originally framed or altered from time to time and includes the Memorandum where the context so requires and also includes regulations made by SEBI as may be applicable.

2. In Article 2 after the definitions of 'expression in the act to bear the same meaning in Articles' insert the following new definitions.

Beneficial Owner :

"Beneficial Owner" means a person whose name is recorded as such with a depository.

SEBI :

"SEBI" means the Securities and Exchange Board of India

ORGANIC COATINGS LIMITED

Bye-Laws :

"Bye-Laws" means bye-laws made by a depository under section 26 of the Depositories Act 1996.

Depositories Act :

"Depositories Act" means the Depositories Act, 1996, including any statutory modification or re-enactment thereof for the time being in force.

Depository :

"Depository" means a Company formed and registered under the Companies Act 1956 and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.

Record :

"Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by Regulations.

Register and Index of beneficial owners :

"Register and Index of beneficial owners" maintained by a depository under section 11 of the Depositories Act shall be deemed to be the Register and Index of Members for the purposes of the Act and these Articles.

Security :

"Security" means share, debentures and such other security as may be specified by the SEBI from time to time.

Participant :

"Participant" means a person registered as such under sub-section (1A) of section 12 of the Securities & Exchange Board of India Act 1992 (15 of 1992)

C. The following new Articles be inserted after existing Article No.223 starting from as 224.

224. The Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any Shares or other securities or whose name appear as the Beneficial owner of shares or other securities in the records of Depository, as the absolute owner thereof.

225. Dematerialisation of Securities :

"Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialized form pursuant to Depositories Act and the rules framed thereunder.

226. Securities in depositories to be in fungible form :

1. All securities held by a depository shall be dematerialized and shall be in fungible form.
2. Nothing contained in sections 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

227. Section 83 of the Act not to apply :

Notwithstanding anything to the contrary contained in the Articles.

1. Section 83 of the Act shall not apply to securities held with a depository.
2. Nothing contained in the Act or these Articles regarding the

Necessity of having distinctive number for securities issued by the company shall apply to securities held in a depository.

228. Option to receive security certificates or hold securities with depository:

1. Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository.
2. Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.

3. Rights of Depositories and Beneficial Owners :

1. Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner.
2. Save as otherwise provided in clause (1) above, the depository as registered owner shall not have any voting rights or any other rights in respect of securities held by it.
3. Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.

1. Depository to furnish information :

Every depository shall, furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

2. Notwithstanding anything to the contrary contained in the Articles where securities are held in a depository, the records of beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

3. Option to opt out in respect of any security.

1. If a beneficial owner seeks to opt out of a depository in respect of any security, he shall inform the depository accordingly.
2. The depository shall on receipt of such intimation make appropriate entries in its records and shall inform the company.
3. The Company shall, within thirty (30) days of the receipt of intimation from a depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner of the transferee, as the case may be.

1. Nothing contained in section 108 of the Act, shall apply to transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owner in the record of the Company.

2. Nomination of Shares :

1. Notwithstanding anything contained herein above, every shareholder of the Company, may at any time, nominate in the prescribed manner, a person to whom his shares in the Company, shall vest in the event of his death.
2. Where the shares in the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares in the Company, shall vest in the event of death of all the joint holders.

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3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in the Company, the nominee shall, on the death of the shareholder or as the case may be, on the death of the joint holders become entitled to all the rights in such shares, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
 4. Where the nominee is a minor, it shall be lawful for the holder of the shares, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in the Company, in the event of his death, during the minority.
1. Transmission of shares by Nominee :
1. A nominee may upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -
 1. to be registered himself as holder of the share; or
 2. to make such transfer of the share as the deceased shareholder, could have made.
 1. If the nominee elects to be registered as holder of the share himself, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder.
 2. A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share except that he shall not, before being registered as a member in respect of his share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share, until the requirements of the notice have been complied with.

By order of the Board of Directors
Organic Coatings Limited

Mr. R. K. Shah
Chairman & Managing Director

Date : 16th June 2001.
Place : Bldg. A / 2, Flat No. 1,
Alal Co-Op. Housing Society,
J. B. Nagar, Andheri (E),
Mumbai 400 059.

36th ANNUAL REPORT**Notes :-**

1. Every member entitled to attend and vote at the meeting is entitled to appoint the proxy and such a proxy need not be a member of the company and proxy to be effective must be lodged with the Company at least 48 hours before the time of the meeting.
2. The explanatory statement for item no. 6 pursuant to the provisions of the section 173 of the Companies Act, 1956 is annexed herewith.
3. The Register of Members and share transfer book will remain closed from Tuesday, 24th July 2001 to Saturday, 28th July 2001 both days inclusive.
4. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
5. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
6. As a measure of economy copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies of the Annual Report to the meeting.

THE EXPLANATORY STATEMENT FOR ITEM NO. 6 PURSUANT TO THE PROVISIONS OF THE SECTION 173 OF THE COMPANIES ACT, 1956 IS ANNEXED HEREWITH.

ITEM NO. 6 Alteration of Articles

The Stock exchange is making mandatory for compulsory demat of the equity shares. Uptil now our company is not covered under same but in near future it is likely to be covered. In order to go for demat the Articles of Association of the company should have certain provisions and has to be amended accordingly.

For altering Articles of Association of the Company the provisions of Section 31 of the Companies Act, requires the approval of the shareholders by way of special resolution.

The necessary special resolution is put for the approval of the shareholders.

None of the Directors are concerned or interested in the said resolution.

By order of the Board of Directors
Organic Coatings Limited

Mr. R. K. Shah
Chairman & Managing Director

Date : 16th June 2001.

Place : Bldg. A / 2, Flat No. 1
Alal Co-Op. Housing Society,
J. B. Nagar, Andheri (E),
Mumbai 400 059.

ORGANIC COATINGS LIMITED

DIRECTORS' REPORT

Ladies & Gentlemen,

Your Directors have pleasure in presenting the 36th Annual Report along with the Audited Statement of Accounts and Auditors' Report for the year ended 31st March, 2001.

The Year In Retrospect

During the year the Company achieved a turnover of Rs. 14.57 Crores as compared to Rs. 14.37 crores in the previous which shows nominal improvement. The export sales were Rs. 14.83 lakhs as compared to Rs. 34.02 lakhs last year. The year's operations resulted in a profit as against loss in last year.

FINANCIAL RESULTS :

	Rs. 2000- 2001	Rs. 1999 -2000
Profit before Depreciation and Tax	39,28,505	8,01,565
Depreciation	35,71,208	39,46,311
Provision for Tax	36,750	NIL
Profit/(Loss) for the year	3,20,547	(31,44,746)
Prior year's Income Tax Adjustment	1,30,721	(4,57,496)
Previous year's balance	21,78,526	57,80,768
Profit available for Appropriation	23,68,352	21,78,526
Balance carried forward	23,68,352	21,78,526

DIVIDEND

Due to marginal profit the Directors have not recommended any dividend.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Directors, Justice S. C. Pratap (Retd.), Mr. Vikram Trivedi and Mr. A. S. Mehandale retire by rotation and are eligible for reappointment.

DEPOSITS

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

INDUSTRIAL RELATIONS

The Company is happy to have extremely cordial industrial relations with the workers and the staff. During the year, a three year wage agreement was signed with the Workers' Union covering wages, bonus and other allowances.

DISCLOSURE OF PARTICULARS

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

EMPLOYEES

Particulars of the employees required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) rules, 1975 are given in Annexure B to this report.