



**Organic Coatings Ltd.**  
Creating a Vibrant Chemistry

**45th Annual Report 2009-10**

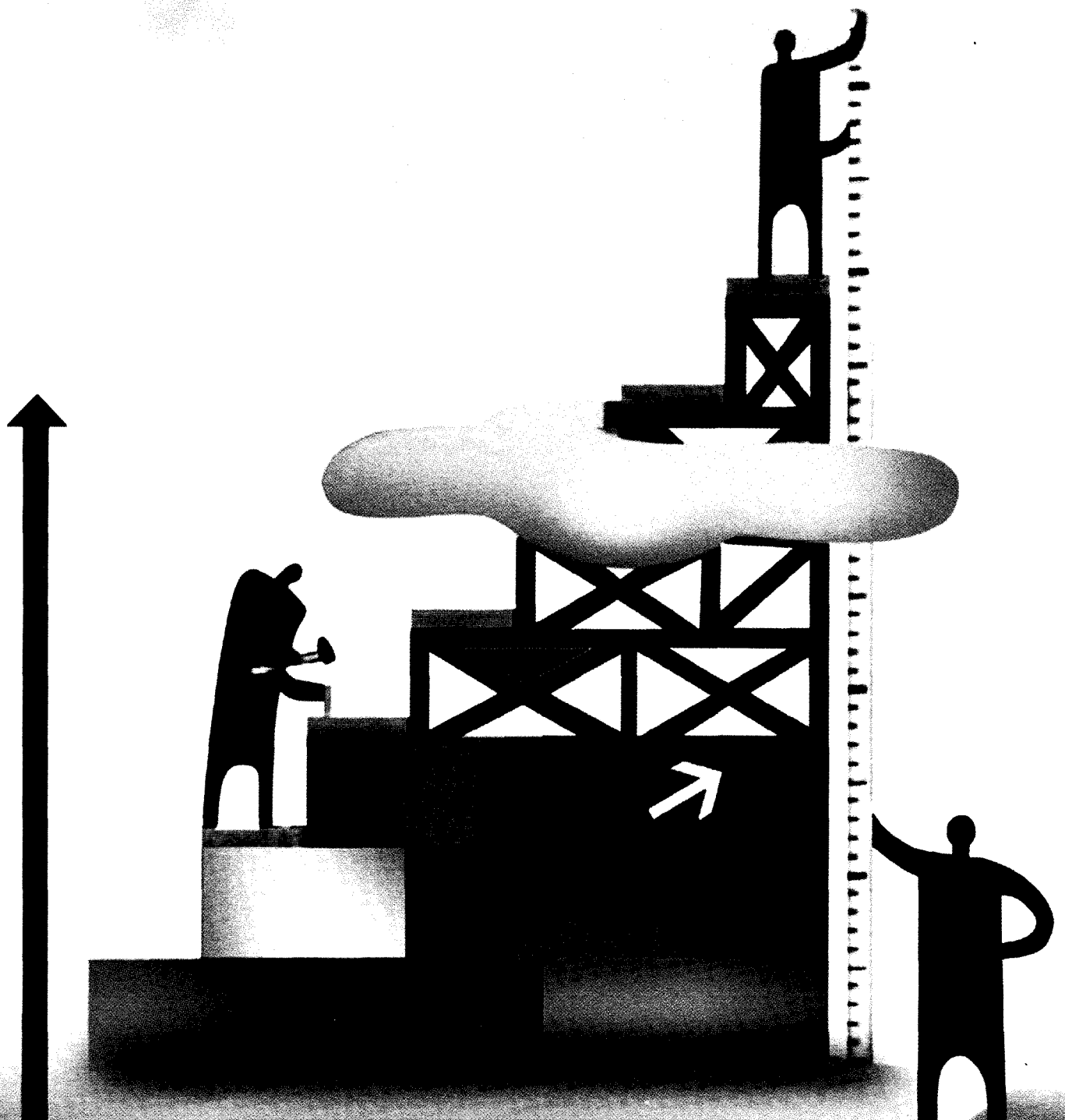
**Setting our sights higher !**



**Launch of Green Inks**

**Strategic Distribution Tie Ups**

**Expansion of Capacities**



**Not just growing... but also evolving with times.**



## MESSAGE FROM VICE CHAIRMAN

Dear Shareholders,

It gives me great pleasure to share with you the successful journey your company has taken in the last year. From modest sales growth of just 1% in the financial year 2008-09, your company **grew by more than 22% in the financial year 2009-10**. The growth was more phenomenal when it comes to profitability where your company **grew by 88%**. It gives me an immense pleasure to inform you that your Board has recommended a dividend of 5% (Rs.0.5 per equity share) to all the shareholders and we hope that this trend of giving dividend will continue for the future.

During the year your company reached optimum capacity utilization at its Mumbai facility and hence an investment had to be made to buy Land & Building in Vadodara to meet the increasing demand for our products. As I write this note, the Government approvals for starting the manufacturing plant at Vadodara has been received and we expect production to start for inks at Vadodara Plant before the end of the year.

During the year, Black Plant was also installed at our Mumbai factory and it added around 100 Tons per month of additional capacity of Black Ink. This in turn strengthens your company in gaining high market share in the publication industry.

The current trend is also very encouraging, our first quarter net sales for the financial year 2010-11 grew by 38 % and profit after tax also has shown growth of 69 % over the same quarter last year. Your company is now set on the momentum for continuous growth for this fiscal year and beyond. Some of the new products launched during this year have shown tremendous growth potential and the full impact of these products will be seen by the end of this year. The products launched were Plasto Coat for currency printing, Rich Green for environmentally friendly application, High Speed Coldset Inks for newspaper industry and Pantone bases based on eco-friendly technology.

I would also like to inform you that our labour negotiations with the Union were agreed and signed in the month of July 2010. This contract will be valid till 2013. I take this opportunity to thank the workers as well as the Union and all employees of the organization in settling all the issues related to negotiations amicably.

During the year company has launched a new redesigned website. It represents spirit in our company today which is upbeat about its future, agile and aggressive in its pursuit of growth and excellence, and emerging into a great place to work.

The current escalation and volatility with the prices and availability in critical raw material is an area of concern to the Management. We are trying to get into long term price and supply contracts to ensure that your company is least affected. However, to counter the effect of cost increase, the company has revised its prices upward during the month of June 2010.

My sincere thanks to all of you, management colleagues, independent directors and employees for continued support and trust.

Thank you,

**R. K. Shah**

## BOARD OF DIRECTORS

MR. R. K. SHAH	Vice Chairman & Managing Director
MR. VIMAL C. MEHRA	Managing Director
MR. ABHAY R. SHAH	Joint Managing Director
MR. DHAVAL J. NANAVATI	Executive Director
MR. AJAY R. SHAH	Whole Time Director
MR. MANOJ V. MEHTA	Whole Time Director
JUSTICE S. C. PRATAP (RETD.)	Independent Director
MR. VILAS K. SHAH	Independent Director
MR. SUDHIRA. SATHE	Independent Director (w.e.f. 17/02/2010)
MR. A. S. MEHENDALE	Independent Director (upto 09/02/2010)
MR. VIKRAM B. TRIVEDI	Independent Director (upto 09/02/2010)
MR. SUDHIR R. SHAH	Company Secretary

### REGISTERED OFFICE

Plot No. 31, Vimal Pushpa,  
Tarun Bharat Society, Chakala,  
Andheri (East), Mumbai – 400 099.

Email for investors' grievances :  
[organiccoatingsltd@organiccoatingsltd.com](mailto:organiccoatingsltd@organiccoatingsltd.com)

### FACTORY

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

### BANKERS

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

### LEGAL ADVISORS

Manilal Kher Ambalal & Co.

### Soman Uday & Co.

Chartered Accountants

### REGISTRAR & TRANSFER AGENT

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

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## NOTICE

Notice is hereby given that the 45<sup>th</sup> Annual General Meeting of Organic Coatings Limited will be held at Vishal Hall, Vishal Shopping Centre, Andheri-Kurla Road, Near Andheri Station, Andheri (East), Mumbai – 400 069 on Monday the 27<sup>th</sup> September, 2010 at 3.00 p.m. to transact the following business:

### Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit & Loss Account of the Company for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Abhay R. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajay R. Shah who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vimal C. Mehra, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s. Uday Soman & Co. (ICAI Firm Registration No. 110352W) as auditors and fix their remuneration.

### Special Business :

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

"RESOLVED THAT in partial modifications to the resolution passed on 28<sup>th</sup> August, 2009 and pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of the members of the Company be and is hereby accorded to revise the scale of salary payable to Mr. Vimal Mehra as a Managing Director of the Company for the residual period of 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013 from Rs. 1,25,000/- p.m. upto Rs. 2,50,000/- p.m. as set out in the explanatory statement with authority to the Board of Directors of the Company (which herein referred to as "the Board" which term shall be deemed to include the Remuneration Committee of the Directors) to determine his remuneration from time to time within the said scale and to fix the allowances and other benefits and perquisites vary, modify, alter the terms including the remuneration as may be agreed by the Board and Mr. Vimal Mehra within the overall limits laid down in Schedule XIII to the act as may be modified from time to time".

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

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

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

"RESOLVED THAT in partial modifications to the resolution passed on 28<sup>th</sup> August, 2009 and pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of the members of the Company be and is hereby accorded to revise the scale of salary payable to Mr. Dhaval Nanavati as a Executive Director of the Company for the residual period of 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013 from Rs. 1,25,000/- p.m. upto Rs. 2,50,000/- p.m. as set out in the explanatory statement with authority to the Board of Directors of the Company (which herein referred to as "the Board" which term shall be deemed to include the Remuneration Committee of the Directors) to determine his remuneration from time to time within the said scale and to fix the allowances and other benefits and perquisites vary, modify, alter the terms including the remuneration as may be agreed by the Board and Mr. Dhaval Nanavati within the overall limits laid down in Schedule XIII to the act as may be modified from time to time".

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

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

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

"RESOLVED THAT in partial modifications to the resolution passed on 28<sup>th</sup> August, 2009 and pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of the members of the Company be and is hereby accorded to revise the scale of salary payable to Mr. R. K. Shah as a Vice Chairman & Managing Director of the Company for the residual period of 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013 from Rs. 1,25,000/- p.m. upto Rs. 2,50,000/- p.m. as set out in the explanatory statement with authority to the Board of Directors of the Company (which herein referred to as "the Board" which term shall be deemed to include the Remuneration Committee of

the Directors) to determine his remuneration from time to time within the said scale and to fix the allowances and other benefits and perquisites vary, modify, alter the terms including the remuneration as may be agreed by the Board and Mr. R. K. Shah within the overall limits laid down in Schedule XIII to the act as may be modified from time to time".

"RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the aforesaid Vice Chairman & Managing Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Vice Chairman & Managing Director remuneration by way of salary, bonus, allowances and perquisites as above and the agreement entered into with him by the Company".

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

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

"RESOLVED THAT in partial modifications to the resolution passed on 28<sup>th</sup> August, 2009 and pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of the members of the Company be and is hereby accorded to revise the scale of salary payable to Mr. Abhay R. Shah as a Joint Managing Director of the Company for the residual period of 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013 from Rs. 1,25,000/- p.m. upto Rs. 2,50,000/- p.m. as set out in the explanatory statement with authority to the Board of Directors of the Company (which herein referred to as "the Board" which term shall be deemed to include the Remuneration Committee of the Directors) to determine his remuneration from time to time within the said scale and to fix the allowances and other benefits and perquisites vary, modify, alter the terms including the remuneration as may be agreed by the Board and Mr. Abhay R. Shah within the overall limits laid down in Schedule XIII to the act as may be modified from time to time".

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

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

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

"RESOLVED THAT in partial modifications to the resolution passed on 28<sup>th</sup> August, 2009 and pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of the members of the Company be and is hereby accorded to revise the scale of salary payable to Mr. Manoj V. Mehta as a Whole Time Director of the Company for the residual period of 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013 upto Rs. 2,50,000/- p.m. as set out in the explanatory statement with authority to the Board of Directors of the Company (which herein referred to as "the Board" which term shall be deemed to include the Remuneration Committee of the Directors) to determine his remuneration from time to time within the said scale and to fix the allowances and other benefits and perquisites vary, modify, alter the terms including the remuneration as may be agreed by the Board and Mr. Manoj V. Mehta within the overall limits laid down in Schedule XIII to the act as may be modified from time to time".

"RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the aforesaid Whole Time Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Whole Time Director remuneration by way of salary, bonus, allowances and perquisites as above and the agreement entered into with him by the Company".

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

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

"RESOLVED THAT in partial modifications to the resolution passed on 28<sup>th</sup> August, 2009 and pursuant to the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the act), read with Schedule XIII to the act, the approval of the members of the Company be and is hereby accorded to revise the scale of salary payable to Mr. Ajay R. Shah as a Whole Time Director of the Company for the residual period of 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013 upto Rs. 2,50,000/- p.m. as set out in the explanatory statement with authority to the Board of Directors of the Company (which herein referred to as "the Board" which term shall be deemed to include the Remuneration Committee of the Directors) to determine his remuneration from time to time within the said scale and to fix the allowances and other benefits and perquisites vary, modify, alter the terms including the remuneration as may be agreed by the Board and Mr. Ajay R. Shah within the overall limits laid down in Schedule XIII to the act as may be modified from time to time".

"RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the aforesaid Whole Time Director, the Company has no profits or its profits are inadequate, the Company will pay to the aforesaid Whole Time Director remuneration by way of salary, bonus, allowances and perquisites as above and the agreement entered into with him by the Company".

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

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309(4) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and the Articles of Association of the Company

and subject to applicable statutory approval(s) including that of the Central Government, if necessary, the Company do pay to Non-Executive Independent Directors of the Company (Directors who are neither in the Whole-time employment of the Company nor a Managing Director) for a period of five years from the financial year commencing from 1<sup>st</sup> April 2010, in addition to the sitting fees and reimbursement of expenses for attending the meetings of the Board and/or Committee thereof, commission, not exceeding in the aggregate, one percent of the net profits of the Company as computed in the manner specified under Section 198(1) of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof to be divided equally amongst the Non-Executive Independent Directors".

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

By Order of the Board of Directors

**Sudhir R. Shah**  
Company Secretary

Date : August 12, 2010

Registered Office :

Plot No. 31, Vimal Pushpa,  
Tarun Bharat Society,  
Chakala, Andheri (East),  
Mumbai – 400 099.

## **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialized form are requested to write their client ID and DPID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. The Register of Members and the Share Transfer Books of the Company will be closed from 20th September, 2010 to 27th September, 2010 both days inclusive, for the purpose of ascertaining the names of the shareholders to whom the dividend which, if declared at the annual general meeting is payable. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished to National Securities Depository Ltd. and Central Depository Services (India) Limited, for the purpose.
8. Explanatory statement under section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting is annexed hereto and shall be forming part of the notice. The disclosure pursuant to sub-clause (iv) under the proviso to sub-paragraph (B) of Paragraph 1 under Section II of Part II of Schedule XIII of the Companies Act, 1956 and the relevant details in respect of the Directors, seeking re-appointments required to be provided pursuant to Clause 49 of the Listing Agreement are also annexed hereto.



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

**Item 7**

Mr. Vimal C. Mehra was appointed as an additional director of the Company by the Board of Directors on 12<sup>th</sup> November, 2008.

The Board of Directors of the Company had also appointed Mr. Vimal Mehra as Managing Director w.e.f. 1<sup>st</sup> December, 2008 for a period of 5 years, and his appointment was approved by the shareholders of the Company at the Annual General Meeting held on 28<sup>th</sup> August, 2009 on the following terms :

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

2) Remuneration

Particulars	Amount per month (Rs.)
Basic	67200
Bonus (Fixed)	2084
Perquisites	53817

**Notes :**

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

**MINIMUM REMUNERATION**

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

**TERMINATION**

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

The above remuneration was fixed in line with Schedule XIII Part II Section II 1(A) to the Companies Act, 1956 i.e. monthly remuneration payable not exceeding Rs. 1,25,000/- p.m. by passing Ordinary Resolution on 28<sup>th</sup> August, 2009.

In view of the increasing role and responsibilities of the aforesaid Managing Director in the current competitive environment and also considering the amount of time devoted and the contribution made by him, it is felt that the Board of Directors be authorized to determine the remuneration of the Managing Director upto an amount of Rs. 2,50,000/- plus other terminal benefits like provident fund, gratuity and encashment of leave at the end of the tenure as laid down in Schedule XIII Part II Section II (B) to the Companies Act, 1956 by passing Special Resolution in this behalf. The revision in remuneration as above is approved by a resolution passed by the remuneration committee of the Company.

It is now proposed to revise the remuneration of Mr. Vimal Mehra as Managing Director of the Company as under for a period of 3 years :

1) Period : 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013.

2) Remuneration :

Particulars	Amount per month (Rs.)
Basic	67200
Bonus (Fixed)	2084



The aforesaid Managing Director will be given minimum annual increment of 10% of the basic salary with effect from 1/10/2010. The Managing Director shall be entitled for the following perquisites and benefits :

- 1) HRA : He shall be entitled for HRA of Rs. 32,800/- p.m.
- 2) Medical : He shall be entitled to reimbursement of medical expenses incurred by him subject to overall limit of one month's basic salary in a year.
- 3) LTA - He shall be entitled to reimbursement of actual leave travel allowance once in a year for himself and his family to any destination in India by air/rail/ road, however, which shall not exceed one month's basic salary.
- 4) Club Fees : He shall be entitled to reimbursement of fees towards membership of 2 clubs. However, he shall not be entitled to reimbursement of any admission and/or fees payable towards life membership.
- 5) Electricity : He shall be entitled for allowance of Rs. 10,000/- p.m. towards electricity expenses.
- 6) Gas : He shall be entitled for allowance upto an amount of Rs. 4,000/- p.m. towards expenses for gas at his residence.
- 7) Telephone : He shall be entitled for telephone and broadband expenses incurred at his residence as well as mobile phones for local calls and long distance calls.
- 8) Personal Accident Insurance : He shall be entitled for personal accident insurance the premium of which shall be limited to Rs. 4,400/- p.a.
- 9) Provident Fund: He shall be entitled to company's contribution towards provident fund as per the rules of the Company.
- 10) Gratuity: He shall be entitled to payment of gratuity wherever applicable as per the payment of Gratuity Act, 1972 and amended from time to time as per the rules of the company.
- 11) Leave Encashment : He shall be entitled for leave encashment of accumulated leave (at the rate of basic salary), standing to his credit encashable at the end of his tenure, which shall not lapse during his tenure.
- 12) Car : He shall be provided chauffeur driven car by the Company for official purpose.
- 13) He shall not be entitled to any sitting fees for attending the meetings of the Board of Directors of the Company or any Committee or committees thereof.
- 14) He shall not so long as he functions as such, become interested or otherwise concerned directly or through his wife/minor children in any selling agency of the Company in future without the prior approval of the appropriate authority under the Companies Act, 1956.

The Board of Directors is empowered to determine the remuneration of Managing Director upto an amount of Rs. 2,50,000/- p.m. plus other terminable benefits like provident fund, gratuity and encashment of leave at the end of tenure as laid down in Schedule XIII Part II Section II B to the Companies Act, 1956.

## MINIMUM REMUNERATION

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

## TERMINATION

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

## MEMORANDUM OF INTEREST

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

A statement containing the information required to be given to the shareholders pursuant to Schedule XIII Part II Section II (B)(IV) is given in the Annexure hereto.

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

This may also be treated as an abstract under the provisions of Section 302 of the Companies Act, 1956 as amended. The Board recommends the special resolution as set out in Item No. 7 of this notice.

## Item 8

Mr. Dhaval J. Nanavati was appointed as an additional director of the Company by the Board of Directors on 12<sup>th</sup> November, 2008.

The Board of Directors of the Company had appointed Mr. Dhaval Nanavati as Wholetime Director w.e.f. 1<sup>st</sup> December, 2008 for a period of 5 years and his appointment was approved by the shareholders of the Company at the Annual General Meeting held on 28/08/2009 on the following terms :

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

Particulars	Amount per month (Rs.)
Basic	60000
Bonus (Fixed)	2084
Perquisites	53217

# ORGANIC COATINGS LIMITED

## Notes

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

## MINIMUM REMUNERATION

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

## TERMINATION

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

The above remuneration was fixed in line with Schedule XIII Part II Section II 1(A) to the Companies Act, 1956 i.e. monthly remuneration payable not exceeding Rs. 1,25,000/- p.m. by passing Ordinary Resolution on 28<sup>th</sup> August, 2009.

In view of the increasing role and responsibilities of the aforesaid Executive Director in the current competitive environment and also considering the amount of time devoted and the contribution made by him, it is felt that the Board of Directors be authorized to determine the remuneration of the Executive Director upto an amount of Rs. 2,50,000/- plus other terminal benefits like provident fund, gratuity and encashment of leave at the end of the tenure as laid down in Schedule XIII Part II Section II (B) to the Companies Act, 1956 by passing Special Resolution in this behalf. The revision in remuneration as above is approved by a resolution passed by the remuneration committee of the Company.

It is now proposed to revise the remuneration of Mr. Dhaval Nanavati as Executive Director of the Company as under for a period of 3 years:

- 1) Period : 3 years from 1<sup>st</sup> October, 2010 to 30<sup>th</sup> September, 2013.
- 2) Remuneration :

Particulars	Amount per month (Rs.)
Basic	60000
Bonus (Fixed)	2084

The aforesaid Executive Director will be given minimum annual increment of 10% of the basic salary with effect from 1/10/2010. The Executive Director shall be entitled for the following perquisites and benefits :

- 1) HRA : He shall be entitled for HRA of Rs. 32,800/- p.m.
- 2) Medical : He shall be entitled to reimbursement of medical expenses incurred by him subject to overall limit of one month's basic salary in a year.
- 3) LTA : He shall be entitled to reimbursement of actual leave travel allowance once in a year for himself and his family to any destination in India by air/rail/ road, however, which shall not exceed one month's basic salary.
- 4) Club Fees : He shall be entitled to reimbursement of fees towards membership of 2 clubs. However, he shall not be entitled to reimbursement of any admission and/or fees payable towards life membership.
- 5) Electricity : He shall be entitled for allowance of Rs. 10,000/- p.m. towards electricity expenses.
- 6) Gas : He shall be entitled for allowance upto an amount of Rs. 4,000/- p.m. towards expenses for gas at his residence.
- 7) Telephone : He shall be entitled for telephone and broadband expenses incurred at his residence as well as mobile phones for local calls and long distance calls.
- 8) Personal Accident Insurance : He shall be entitled for personal accident insurance the premium of which shall be limited to Rs. 4,400/- p.a.
- 9) Provident Fund: He shall be entitled to company's contribution towards provident fund as per the rules of the Company.
- 10) Gratuity: He shall be entitled to payment of gratuity wherever applicable as per the payment of Gratuity Act, 1972 and amended from time to time as per the rules of the company.