

BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

Email for investors' grievances :

organiccoatingsltd@organiccoatingsltd.com

FACTORY

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

BANKERS

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

LEGAL ADVISORS

R.V.J. Associates
Advocates & Solicitors

Soman Uday & Co.

Chartered Accountants

REGISTRAR & TRANSFER AGENT

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

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

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

NOTICE

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

Ordinary Business:

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

By Order of the Board of Directors

Date: 29th May, 2013

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

Sudhir R. Shah
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in dematerialized form are requested to write their client ID and DPID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
7. The Register of Members and the Share Transfer Books of the Company will be closed from 16th September 2013 to 24th September 2013 both days inclusive.
8. The relevant details in respect of the Directors, seeking re-appointments required to be provided pursuant to Clause 49 of the Listing Agreement are annexed hereto.

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

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

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

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

Membership of Committees in other Public Limited Companies:

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

DIRECTORS' REPORT
TO THE MEMBERS OF ORGANIC COATINGS LIMITED

Your directors have pleasure in presenting their annual report together with audited statement of accounts of the Company for the year ended 31st March, 2013.

1) Financial Results

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

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

2) Dividend

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

3) Operations

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

4) Sale of Land & Building at Thane

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

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

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

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

5) Directors' Responsibility Statement

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

- i) in the preparation of the annual accounts for the year ended 31st March, 2013, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2013 and of the loss for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts for year ended 31st March, 2013, have been prepared on a going concern basis.

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

6) Directors

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

7) Corporate Governance Report and Management Discussion and Analysis Statement

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

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

8) Fixed Deposits

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

9) Industrial Relations

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

10) Conservation of energy, technology absorption, foreign exchange earnings and outgo

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

11) Particulars of Employees

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

12) Auditors

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

12) Cost Auditors

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

13) Acknowledgements

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

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

On behalf of the Board of Directors

(R. K. Shah)

Vice Chairman & Managing Director

Place : Mumbai
Date : 29th May, 2013

(Abhay R. Shah)
Joint Managing Director

ANNEXURE A

FORM 'A'

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

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
A. Power Consumption		
1 Electricity		
(a) Purchased Unit	16,98,410	20,14,302
Total Amount (₹)	1,40,65,626	1,51,43,530
Rate / Unit (₹)	8.28	7.52
(b) Own Generated Units	154	23
Total Amount (₹)	1,27,726	18,195
Rate / Unit (₹)	829.06	791.09
2 Coal	Not Applicable	Not Applicable
3 Furnace Oil + Light Diesel Oil	Not Applicable	Not Applicable
4 Others / Internal Generation	Not Applicable	Not Applicable
5 Consumption per unit of Production (₹)	4.97	4.52

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

FORM 'B'

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

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

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

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

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

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

3. Future plan of action:

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

4. Expenditure on R&D

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

(iii) Total	(₹) 52,377/-
	=====

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

5. Technology absorption, adaptation and innovation:

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

A. Foreign Exchange earned & used

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Industry Structure and Development and Challenges:

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

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

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

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

Resources:

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

Opportunities & Threats:

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

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

Segmentwise or productwise performance:

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

Outlook, Risks and Concerns:

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

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

Internal control systems and their adequacy:

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

Financial performance:

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

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

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

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

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

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

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

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

The employee strength of the Company as on 31st March, 2013 was 131 The Company enjoys harmonious relationship with its employees and workmen.

Cautionary note:

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

REPORT ON CORPORATE GOVERNANCE

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

A. MANDATORY REQUIREMENTS

1) Company's Philosophy

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

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

2) Board of Directors

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

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