



**ORGANIC
COATINGS LIMITED**

(AN ISO 9001 COMPANY)

**47th ANNUAL REPORT
2011 - 2012**

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
JUSTICE S. C. PRATAP (RETD.)	INDEPENDENT DIRECTOR (UP TO 30/03/2012)
MR. VILAS K. SHAH	INDEPENDENT DIRECTOR (UP TO 25/08/2012)
MR. VIMAL C. MEHRA	MANAGING DIRECTOR (UP TO 30/09/2012)

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

FACTORIES

1. S. V. Road,
Ghodbunder Village,
Post : Mira Road,
Dist. Thane – 401 104.
2. 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

Manilal Kher Ambalal & Co.

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

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47th Annual General Meeting will be held on Friday, the 21st December, 2012 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 47th 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 Friday, the 21st December, 2012 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, 2012 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. Sudhir A. Sathe, who retires by rotation and being eligible, offers himself for re-appointment.
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 M/s. Uday Soman & Co. (ICAI Firm Registration No. 110352W) as auditors and fix their remuneration.

By Order of the Board of Directors

Date: October 10, 2012

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

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 17th December, 2012 to 21st December, 2012 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 dt. 21.04.2011 & 18/2011 dated 29.04.2011 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. Sudhir A. Sathe	Mr. Abhay R. Shah
Date of Birth	19/09/1936	13/07/1966
Date of Appointment	17/02/2010	01/10/1994
Expertise in specific functional areas	Personnel matters and industrial relations	Marketing and production planning.
Qualifications	1) M.A.Sociology 2) Dip. S.S.A. (Personnel Management) Tata Institute of Social Sciences	B.Sc
No. of shares held in Organic Coatings Ltd.	NIL	2,58,850 (3.37%)
Directorship in other Companies	1) Exedy India Ltd. 2) Omnitech Petroleum Ltd.	NIL

Membership of Committees in other Public Limited Companies:

Name of the Director	Mr. Sudhir A. Sathe	Mr. Abhay R. Shah
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, 2012.

1) Financial Results

	2011 – 12	(₹ In Lacs) 2010 - 11
(Loss) Profit before finance cost, depreciation and tax	(188.22)	319.55
Less: Finance cost	384.55	230.55
	-----	-----
(Loss) Profit before depreciation and tax	(572.77)	89.00
Less: Depreciation	185.47	124.25
	-----	-----
(Loss) / Profit for the year before tax	(758.24)	(35.25)
Less: Provision for taxation		
Deferred	(110.40)	(13.74)
Add / (Less): Prior year's Income Tax	(1.61)	0.98
	-----	-----
(Loss) / Profit after tax	(646.23)	(22.49)
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2) Dividend

In view of the loss for the year ended 31st March, 2012, the Directors do not recommend any dividend for the year under report.

3) Presentation of financial results

Pursuant to Notification dated 28th February, 2011 issued by the Ministry of Corporate Affairs, the format for disclosure of financial statement prescribed under Schedule VI to the Companies Act, 1956 has been substantially revised. The financial results of the Company for the year ended 31st March, 2012 have therefore been disclosed as per the revised Schedule VI. Previous year's figures also been restated to conform with the current year's presentation.

4) Extension of time for holding Annual General Meeting

In terms of Section 166 read with Section 210 of the Companies Act, 1956 the Ministry of Corporate Affairs, Department of Company Affairs, Office of the Registrar of Companies, Maharashtra, Mumbai has granted extension of time for holding Annual General Meeting for three months.

5) Operations

During the year under report, your Company achieved a net turnover of ₹ 6121.27 Lacs as compared to ₹ 6442.68 Lacs in the previous year resulting in decrease of about 5%. The operations of the company has resulted into loss of ₹188.22 before finance cost, depreciation and taxation for the year under review as against the profit of ₹ 319.55 Lacs in the previous year. The net loss for the year after finance cost, depreciation and taxation was ₹ 646.23 Lacs as against loss of ₹ 22.49 Lacs in the previous year.

As reported in the last year the Company has commenced the commercial production at its Vadodara Plant in July 2011. The said plant is semi-automated which results into saving in manpower cost, electricity cost, low wastage and zero octroi. This would have contributed towards profitability of the Company during the last financial year. However, 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 coupled with increased burden of interest on additional borrowings taken for Vadodara Plant has resulted into above mentioned loss.

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.

6) 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, 2012, 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, 2012 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, 2012, have been prepared on a going concern basis.

The above statements have been noted by the Audit Committee at its meeting held on 10th October, 2012.

7) Directors

Mr. Sudhir A. Sathe and Mr. Abhay R. Shah retire by rotation and being eligible offer themselves for re-appointment at the ensuing annual general meeting.

Justice S. C. Pratap and Mr. Vilas K. Shah have resigned as Directors and Independent Directors of the Company effective from 30th March, 2012 and 25th August, 2012 respectively and the Directors have placed on record the appreciation of the services rendered by them during their association with the Company.

Mr. Vimal Mehra has resigned as a Director & Managing Director of the Company w.e.f. 30th September, 2012 and the Board of Directors has accepted the same.

Mr. Vinay S. Jog has been appointed as an Independent Director of the Company w.e.f. 15th May, 2012 to fill the casual vacancy caused by the resignation of Justice S.C.Pratap, Independent Director of the Company.

8) 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.

9) Fixed Deposits

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

10) Industrial Relations

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

11) 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.

12) 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.

13) 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.

14) 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. U.R.Bagade & Co. as a Cost Auditor for auditing Company's Cost Accounts for the year ended 31st March, 2012.

15) 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 : October 10, 2012

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 31st March, 2012	Year ended 31st March, 2011
A. Power Consumption		
1 Electricity		
(a) Purchased Unit	20,14,302	21,13,164
Total Amount (₹)	1,51,43,530	1,39,36,505
Rate / Unit (₹)	7.52	6.59
(b) Own Generated Units	23	43
Total Amount (₹)	18,195	32,291
Rate / Unit (₹)	791.09	750.95
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 (₹)	4.52	3.24

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:

- Development work of speciality inks to impart security features in packaging jobs.
- Water-based heat sealing coatings.
- Low odour. UV Coatings for food packaging.

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

We have successfully launched VOC free inks. These inks have been commercially accepted and continuous growth is seen in the business.

3. Future plan of action:

The new plant in Baroda is now totally operational and giving us additional capacity. Discussions are on with major consumers for booking the total capacity. The year 2012-13 should see better operating results due to total capacity utilization of Baroda Plant.

4. Expenditure on R&D

(i) Capital	₹ 20,83,330
(ii) Recurring	₹ 38,810
(iii) Total	<u>₹ 21,22,140</u>

(iv) Total R&D expenditure as a percentage of total turnover of 0.35%

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.

B. Foreign Exchange earned & used

The company has earned ₹ 336.84 Lacs in Foreign Exchange & used ₹ 1013.52 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, which recorded a growth rate of 8.6% during financial year 2010-11, started showing softening indicators in second half of financial year 2010-11. This was mainly due to inflationary pressures and continued anti-inflationary monetary stance taken by Reserve Bank of India. During the current year, the inflation continued to remain at higher levels with headline Wholesale Price Index (WPI) staying at above 9% during April - November 2011 and moderated to 6.9% by end March 2012. On foreign exchange front, higher crude oil prices, lower net capital inflows and lower export growth in the last 6 months of the year due to worsening global economic scenario, adversely affected the Indian currency. The rate of index of industrial growth (IIP) decelerated from 8.2% in financial year 2010-11 to 2.8% in the current year. Due to these factors India's growth rate is estimated to be lower at 6.9% during financial year 2011-12.

The financial year 2011-12 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 ₹ 2400.00 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. 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:

Organic Coatings Ltd's (OCL's) net turnover for the financial year ended 31st March, 2012 has decreased by over 5% to ₹ 6120.54 Lacs from ₹ 6442.67 Lacs in the previous year. The Company's operation has resulted into loss of ₹ 188.22 Lacs before finance cost, Depreciation and Tax as against profit of ₹ 319.55 Lacs in the previous year.

Interest expenses for the year increased to ₹ 384.55 Lacs from ₹ 230.55 Lacs in the previous year due to additional borrowings taken for Vadodara Plant.

Depreciation was at ₹ 185.47 Lacs as against ₹ 124.25 Lacs in the previous year.

Provision for taxation during the year was ₹ (110.40) Lacs (Deferred Tax) as against ₹ (13.74) Lacs (deferred tax) in the previous year.

Net loss for the year was ₹ 646.23 Lacs as against net Loss of ₹ 22.49 Lacs in the previous year.

The Company's net worth as on 31st March, 2012 stood at ₹ 1067.82 Lacs against ₹ 1714.04 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, 2012 was 143. 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 de-motivate 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 28/09/2011	No. of other Companies in which Director	No. of Committees (other than Organic Coatings Limited) in which member
Mr. Sudhir Sathe Chairman	Independent * NED	6	N. A.	2	NIL
Mr. R.K.Shah Vice Chairman & Managing Director	Promoter + ED	6	Yes	NIL	NIL
Justice S.C.Pratap ***	Independent * NED	5	Yes	NIL	NIL
Mr. Abhay R. Shah	Promoter + Joint Managing Director	5	Yes	NIL	NIL
Mr. Manoj V. Mehta	Promoter & + ED	6	Yes	NIL	NIL
Mr. Ajay R. Shah	Promoter & + ED	6	Yes	NIL	NIL
Mr. Vilas K. Shah ***	Independent * NED	6	Yes	1	1
Mr. Vimal C. Mehra ****	Managing Director	6	Yes	NIL	NIL
Mr. Dhaval J. Nanavati **	Director + ED	2	N. A.	1	NIL
Mr. Vinay Jog **	Independent *NED	N.A.	N.A.	NIL	NIL

* NED = Non-Executive Director

** Mr. Dhaval J. Nanavati resigned as a Director & Executive Director w.e.f. 15th July, 2011

*** Justice S.C. Prataap and Mr. Vilas K. Shah have resigned as Directors and Independent Directors w.e.f. 30th March, 2012 and 25th August, 2012 respectively.

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

Board's Functioning & Procedure

The Company holds a minimum of four Board Meetings in a year, one each per quarter. Additional Board Meetings are convened as and when necessary to address the specific needs of the Company. The Board also approves urgent matters by passing resolutions by circulations. The Meetings of the Board are held at the Company's registered office or its factory at Ghodbunder Village or at a hall in South Mumbai depending on the circumstances.

Agenda papers are circulated to the directors in advance and all material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the Meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting. In special and exceptional circumstances, additional or supplementary items on Agenda are permitted.

The information as required under Annexure I to Clause 49 of the Listing Agreement is made available to the Board in every meeting.

Meetings of the Board of Directors

During the year 2011-2012, six Board Meetings were held on 31/05/11, 20/06/11, 29/07/11, 22/09/11, 10/11/11 and 07/01/12.

3) Audit Committee

The Company continued to derive immense benefit during the financial year from the deliberations of the Audit Committee comprising of Mr. Vilas K. Shah, Justice S.C. Prataap and Mr. Sudhir Sathe all being Independent Directors.

Terms of Reference

The role and terms of reference of this Committee are wide enough to cover the matters specified for the Audit Committee under Clause 49 of the listing agreement as well as in Section 292 A of the Companies Act, 1956 and are as follows:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b) To review with Management the financial statements at the end of a quarter, half year and the annual financial statements before submission to the Board for approval, focusing particularly on:
 - (i) matters required to be included in the Director's Responsibility Statement which form part of the Board's reporting in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions; and
 - (vii) qualifications in the draft audit report
- c) to consider the appointment or re-appointment of the statutory auditors, the audit fee, any questions of resignation or dismissal and payment to statutory auditors for any other services rendered by them;
- d) to discuss with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern (in absence of management, wherever necessary);

- e) reviewing with management, performance of statutory and internal auditors, adequacy of the internal control systems and discuss the same periodically with the statutory auditors, prior to the Board making its statement thereon;
- f) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- g) discussion with internal auditors on any significant findings and follow up thereon.
- h) reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- i) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- j) to review the functioning of the Whistle Blower Mechanism, in case the same is existing;
- k) to review the external auditors' audit reports and presentations and management's response thereto;
- l) to ensure co-ordination between the internal and external auditors, and to request internal audit to undertake specific audit projects, having informed management of their intentions;
- m) to consider any material breaches or exposure to breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;
- n) to review policies and procedures with respect to directors' and officers' expense accounts, including their use of corporate assets, and consider the results of any review of these areas by the internal auditors or the external auditors;
- o) to consider other topics, as defined by the Board;
- p) to review the following information :
 - i) Management discussion and analysis of financial condition and results of operations;
 - ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - iii) Management letter/letters of internal control weaknesses issued by the statutory auditors;
 - iv) Internal audit reports relating control weaknesses; and
 - v) The appointment, removal and terms of remuneration of the Internal Auditor.

Details of attendance at the meetings of Audit Committee:

Sr.No.	Name of the members	No. of meetings held	No. of meetings attended
1)	Mr. Vilas K. Shah *	5	5
2)	Justice S.C.Pratap *	5	4
3)	Mr. Sudhir Sathe	5	5
4)	Mr. Vinay S. Jog **	N. A.	N. A.

During the year 2011-2012, five Audit Committee Meetings were held on 31/05/11, 20/06/11, 22/09/11, 10/11/11 & 07/01/12.

* Justice S.C.Pratap and Mr. Vilas K. Shah resigned w.e.f. 30th March, 2012 and 25th August, 2012 respectively.

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

4) Remuneration Committee (Non-Mandatory) :

The Remuneration Committee of the Board is constituted to formulate and recommend to the Board from time to time, a compensation structure for Managing Directors/Whole-time Directors and Managerial Personnel of the Company.

Details of attendance at the meetings of Remuneration Committee:

Sr.No.	Name of the members	No. of meetings held	No. of meetings attended
1)	Mr. Vilas K. Shah *	3	3
2)	Justice S.C.Pratap *	3	2
3)	Mr. Sudhir Sathe	3	3
4)	Mr. Vinay S. Jog **	N. A.	N. A.

During the year 2011-12, three meetings of Remuneration Committee were held on 31/05/11, 10/11/11 & 07/01/12.

* Justice S.C.Pratap and Mr. Vilas K. Shah resigned w.e.f. 30th March, 2012 and 25th August, 2012 respectively.

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

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

Name of Director	Salary & Allowances (₹)	Perquisites (₹)	Bonus (₹)	P.F. Cont. (₹)	Total (₹)
Mr. R.K.Shah	16,57,060	1,97,105	25,000	1,20,120	19,99,285
Mr. Abhay R. Shah	14,69,060	1,78,540	25,000	1,02,960	17,75,560
Mr. Ajay R. Shah	8,65,160	1,10,700	25,000	60,060	10,60,920
Mr. Manoj V. Mehta	8,65,160	1,25,819	25,000	60,060	10,76,039
Mr. Vimal C. Mehra	16,91,074	1,62,624	25,000	-	18,78,698
Mr. Dhaval J. Nanavati	4,96,220	66,000	8,833	33,264	6,03,817
Total	70,43,734	8,40,788	1,33,333	3,76,464	83,94,319

b) Details of Sitting Fees paid during the year

The sitting fees are paid to Non-Executive and Independent Directors for attending meetings of the Board of Directors and its Committees:

Name of Director	Amount (₹)
Justice S.C.Pratap	2,80,000
Mr. Vilas K. Shah	3,60,000
Mr. Sudhir Sathe	3,60,000
Total	10,00,000

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

6) Shareholders Committee

- Name of non-executive director heading the Committee – Mr. Sudhir A. Sathe, Chairman. During the year the Committee met four times mainly to look into the status of investor grievances reported by Link Intime India Pvt. Ltd., Registrar & Transfer Agent and proper minutes of the meetings were kept and signed by the Chairman.
- Name and designation of Compliance Officer – Mr. Sudhir R. Shah, Company Secretary
- Details of attendance at the meetings of Shareholders Committee :

Sr.No.	Name of the members	No. of meetings held	No. of meetings attended
1)	Mr. Sudhir Sathe	4	4
2)	Justice S.C.Pratap *	4	3
3)	Mr. Vilas K. Shah *	4	4
4)	Mr. Abhay R. Shah	4	2
5)	Mr. Manoj V. Mehta	4	4
6)	Mr. Vinay S. Jog **	N. A.	N. A.

During the year 2011-2012, four Shareholders Committee Meetings were held on 31/05/11, 22/09/11, 10/11/11 & 07/01/12.

* Justice S.C.Pratap and Mr. Vilas K. Shah resigned w.e.f. 30th March, 2012 and 25th August, 2012 respectively.

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

- iv) No. of shareholders complaints received during the year - 10
- v) No. of complaints not solved to the satisfaction of the shareholders - NIL
- vi) No. of pending shareholders complaints - NIL

7) General Body Meetings

Location and time of last three Annual General Meetings are as under:

Year	Venue	Date	Time
2010 - 2011	Vishal Hall, Vishal Shopping Centre, Nr. Andheri Railway Station, Andheri (E), Mumbai – 400 069.	28/09/2011	4.00 p.m.
2009 - 2010	Vishal Hall, Vishal Shopping Centre, Nr. Andheri Railway Station, Andheri (E), Mumbai – 400 069.	27/09/2010	3.00 p.m.
2008 - 2009	Vishal Hall, Vishal Shopping Centre, Nr. Andheri Railway Station, Andheri (E), Mumbai – 400 069.	28/08/2009	4.30 p.m.

Special Resolutions passed at the last three AGMs

Year ended 31/03/2011 - No special resolution was passed.

Year ended 31/03/2010 - Seven special resolutions were passed empowering Board to increase Remunerations of Managing Directors, Executive Director and Wholetime Directors and payment of Commission to Non-Executive Directors of the company.

Year ended 31/03/2009 - Two special resolutions were passed.

8) Postal Ballot

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

9) Disclosures

- a) Materially significant related party transaction - NIL
- b) No penalties or strictures were imposed on the Company by any of the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to capital markets during last three years.

10) Means of Communication

Unaudited quarterly financial results as well as yearly financial results are published in Free Press Journal and Navshakti within the time permitted by the Exchanges.

11) General Shareholder Information

- i) Annual General Meeting
Day, Date, Time and Venue : Friday, 21st December, 2012 at Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057 at 4.00 p.m.

- ii) Financial Calendar : 2012-2013 on or before
 First Quarter Results : 14th August, 2012
 Second Quarter/Half Yearly Results : 14th November, 2012
 Third Quarter Results : 14th February, 2013
- iii) Date of Book Closure : 17/12/2012 to 21/12/2012 both days inclusive
- iv) Listing on Stock Exchange : Equity shares of the Company are listed at Bombay Stock Exchange Ltd., Mumbai.
- v) Stock Code - BSE Code No. 531157
- vi) Demat ISIN Numbers in NSDL & CDSL for Equity Shares : INE412E01011
- vii) Stock Price Performance at Bombay Stock Exchange Ltd., Mumbai :

Month	Rate (₹)	
	High	Low
April '11	20.00	17.10
May '11	18.95	15.50
June '11	17.75	13.45
July '11	16.52	11.50
Aug. '11	12.50	10.90
Sept '11	12.50	10.15
Oct. '11	13.85	10.05
Nov. '11	15.45	12.33
Dec. '11	15.09	11.17
Jan. '12	14.49	9.83
Feb. '12	12.40	8.75
Mar. '12	10.25	7.75

- viii) Share Transfer System - With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer to some of the Directors who are members of the Share Transfer Committee which attends to share transfer formalities. The shares for transfer received in physical form are transferred expeditiously, provided the documents are complete and the shares under transfer are not under any dispute. The share certificates duly endorsed are returned immediately to shareholders who prefer to retain the shares in the physical form. Confirmation in respect of the requests for dematerialization of shares is sent to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) expeditiously. These jobs are being handled by Link Intime India Pvt. Ltd. All requests for transfer are being received by them either directly or through the Company for processing. Approval of the Share Transfer Committee is being sought by them from time to time. The details of the shares transferred are reported to the Board of Directors from time to time.

- ix) A) Distribution of shareholdings as on March 31, 2012 :

Shares held	No. of Holders	%	No. of Shares	%
1 - 500	2,146	71.97	4,20,602	5.48
501 - 1000	406	13.61	3,66,071	4.77
1001 - 5000	308	10.33	7,50,245	9.78
5001 - 10000	53	1.78	3,82,097	4.98
10001 and above	69	2.31	57,55,585	74.99
Total	2,982	100.00	76,74,600	100.00

B) Categories of Shareholders as on March 31, 2012 :

Categories	No. of Shares	% in Capital
A. Promoters & Persons acting in concert	26,16,044	34.09
B. Financial Institutions, Banks etc.	50,000	0.65
C. Bodies Corporate	3,91,455	5.10
D. NRIs / OCBs	1,88,479	2.46
E. Indian Public	44,28,622	57.70
Total	76,74,600	100.00

C) Shareholders holding more than 1% of the share capital of the Company as at March 31, 2012 :

Sr. No.	Name of the Shareholder	No. of Shares Held	% to share capital
1)	Mr. Rajnikant Kodarlal Shah	8,06,444	10.50
2)	Mrs. Padmaja Rajnikant Shah	2,32,600	3.03
3)	Mr. Abhay Rajnikant Shah	2,58,850	3.37
4)	Mrs. Minal Abhay Shah	1,61,865	2.11
5)	Mr. Ajay Rajnikant Shah	4,13,970	5.39
6)	Mrs. Aparna Ajay Shah	1,91,815	2.50
7)	Mr. Manoj Vasantlal Mehta	81,500	1.06
8)	Mrs. Kanchan Vasantlal Mehta	2,98,000	3.88
9)	Mr. Dhaval Janardan Nanavati	7,51,000	9.79
10)	Mr. Vimal Chimanlal Mehra	8,00,000	10.42
11)	Premji & Sons Trading Pvt. Ltd.	2,45,514	3.20
12)	Mr. Shashikant G. Badani	1,69,435	2.21
13)	Mr. Dipak K. Shah	1,15,000	1.50

- x) Dematerialization of Shares - The Shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on 31.03.2012, a total of 72,31,600 equity shares of the Company, forming 94.23% of the share capital of the Company, stand dematerialized (NSDL – 5184806 CDSL - 2046794).
- xi) Outstanding GDR/ADR/warrants - NIL
- xii) Plants location - 1) S. V. Road, Ghodbunder Village, Post Mira, Dist. Thane – 401 104.
2) Block No. 395, 437, 450
Umraya Village, Padra Taluka, Vadodara District, Gujarat - 391 440.
- xiii) Address for correspondence - 1) Plot No. 31, Vimal Pushpa, Tarun Bharat Society, Chakala, Andheri (East), Mumbai – 400 099.
2) S. V. Road, Ghodbunder Village, Post Mira, Dist. Thane – 401 104.
- xiv) Compliance Certificate from Auditors of the Company – published elsewhere in this report.
- xv) Compliance with other mandatory requirements.

1. Management Discussion and Analysis

Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49(iv)(F) of the Listing Agreement is attached.

2. Disclosures**2.1 Related party Transactions**

The details of all transactions with related parties are placed before the audit committee.

2.2 Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

3. Code of Conduct

The Board has formulated a code of conduct for the Board members and senior management of the Company. The same has also been posted on the website of the Company. All board members and superior personnel have affirmed their compliance with code. A declaration to this effect signed by the Vice Chairman & Managing Director and Joint Managing Director of the Company is given elsewhere in the Annual Report.

4. CEO/CFO certification

A Certificate from Vice Chairman & Managing and Whole Time Director on the financial statements of the Company was placed before the Board.

5. Review of Directors' Responsibility statement

The Board in its report have confirmed that the annual accounts for the year ended 31st March, 2012 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

NON-MANDATORY REQUIREMENTS

- | | |
|---|---|
| a) Any qualification in Auditors Report | NIL |
| b) Remuneration Committee | Remuneration Committee has been constituted. |
| c) Shareholder Rights
The half yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders | The Company's Quarterly results are published in English and Marathi newspapers having wide circulation. In view of the above, the half yearly declaration of financial performance including summary of the significant events in the last six months are not sent. The audited Results for the financial year are communicated to the Shareholders through the Annual Report. |

The Board would review implementation of non-mandatory requirements of Corporate Governance code regarding Tenure of independent directors on the board, Training of Board Members, Mechanism for evaluating non-executive board members and Whistle Blower Policy at appropriate time.

Declaration on compliance with code of conduct

The Board has formulated a code of conduct for the Board members and senior management of the Company, which has been posted on the web site of the Company.

It is hereby affirmed that all the Directors and Senior management personnel have complied with the code of conduct framed by the Company and a confirmation to that effect has been obtained from the directors and senior management.

On behalf of the Board of Directors

R. K. Shah
Vice Chairman & Managing Director

Place : Mumbai
Date : October 10, 2012

Abhay R. Shah
Joint Managing Director

To The Members of

Organic Coatings Limited

We have examined the compliance of the condition of Corporate Governance by Organic Coatings Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd., Mumbai.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedure and implementation thereof, adopted by the Company for ensuing compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrars of the Company to the Investor Grievance Committee as on 31st March, 2012 there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Soman Uday & Co.

Chartered Accountants

UDAY SOMAN

Proprietor

Membership No. 38870

Mumbai

October 10, 2012

AUDITOR'S REPORT

**TO,
THE MEMBERS OF
ORGANIC COATINGS LIMITED**

1. We have audited the attached Balance Sheet of **ORGANIC COATINGS LIMITED** as at 31st March 2012, and also the Profit & Loss Statement and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - b) in the case of the Profit and Loss Statement, of the Loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai

August 25th 2012

For Soman Uday & Co.
Chartered Accountants
Firm Regn. No. 110352W

Uday Soman
Proprietor
Membership No. 38870

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) As explained to us inventories have been physically verified by the management at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material, having regard to the size of the operations of the Company, and the same have been properly dealt with in the books of accounts.
- (iii) (a) The Company has taken loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956, the details of which are as under:

Number of Parties	Maximum amount involved (₹)	Year end balance (₹)
Three	33,33,228	4,56,377

There are no Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 to whom the Company has granted loans.

- (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which the loans have been taken from other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company.
- (c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (d) There are no overdue amount of loans taken from three parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, did not exceed the value of (₹) Five Lakhs in respect of any party during the year and have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
- (vi) In our opinion and according to the explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report.

- (vii) The Company has appointed a firm of Chartered Accountants to do the internal audit regularly and in our opinion the internal audit is commensurate with its size and nature of business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government of India for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We however have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanation given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues and there are no undisputed amounts payable in respect of the aforesaid dues that were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the dues outstanding of sales tax, income tax, customs duty, wealth tax, excise duty, service tax on account of dispute are as follows:

Nature of the statute	Nature of dues	Amount (₹)	Amount paid under protest (₹)	Period to which amount relates	Forum where dispute is pending
Tamil Nadu Value Added Tax Act 2006	Value Added Tax With Penalty	1,21,136	20,190	2010-11	The Appellate Deputy Commissioner (CT), Kancheepuram
Tamil Nadu Value Added Tax Act 2006	Value Added Tax With Penalty	75,839	12,640	2009-10	The Appellate Deputy Commissioner (CT), Kancheepuram Aa
Tamil Nadu Value Added Tax Act 2006	Value Added Tax With Penalty	3,07,672	38,459	2007-08	The Appellate Deputy Commissioner (CT), Kancheepuram

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

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

Mumbai

August 25th 2012

For Soman Uday & Co.
Chartered Accountants
Firm Regn. No. 110352W

Uday Soman
Proprietor
Membership No. 38870

**ORGANIC COATINGS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2012**

Particulars	Note No.	As at 31 st March, 2012 (₹)	As at 31 st March, 2011 (₹)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	7,68,66,000	7,68,66,000
Reserves and Surplus	2	3,10,51,635	9,57,69,469
		10,79,17,635	17,26,35,469
Non-current liabilities			
Long Term Borrowings	3	3,52,62,805	5,80,79,105
Deferred Tax Liabilities (Net)	4	—	1,10,40,191
		3,52,62,805	6,91,19,296
Current Liabilities			
Short Term Borrowings	5	21,92,89,994	19,34,05,181
Trade Payables	6	12,67,96,136	9,18,21,974
Other Current Liabilities	7	4,31,97,729	2,81,96,374
Short Term Provisions	8	1,21,06,194	1,40,61,652
		40,13,90,053	32,74,85,181
	TOTAL	54,45,70,493	56,92,39,946
ASSETS			
Non Current Assets			
Fixed Assets	9		
(i) Tangible Assets		21,27,14,096	14,32,65,218
(ii) Intangible Assets		11,65,473	13,77,280
(iii) Capital Work-In-Progress		—	1,23,10,948
		21,38,79,569	15,69,53,446
Current Assets			
Inventories	10	10,46,85,381	15,46,47,213
Trade Receivables	11	18,70,13,282	18,87,97,272
Cash and Cash Equivalents	12	75,41,982	1,44,66,802
Short Term Loans and Advances	13	3,14,50,279	5,43,75,213
		33,06,90,924	41,22,86,500
	TOTAL	54,45,70,493	56,92,39,946
Significant Accounting policies	A to N		
Accompanying Notes Forming Part of the Financial Statements	1 to 31		

As per our report of even date

For Soman Uday & Co.

Chartered Accountants

Uday Soman

Proprietor

Membership No: 38870

FRN No. : 110352W

Place : Mumbai

Date : 25th August, 2012

For and on behalf of the Board of Directors

(R. K. SHAH)

Vice Chairman & Managing Director

(VIMAL MEHRA)

Managing Director

(ABHAY R. SHAH)

Jt. Managing Director

(AJAY R. SHAH)

Director

(MANOJ V. MEHTA)

Director

(SUDHIR R. SHAH)

Company Secretary

ORGANIC COATINGS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
INCOME			
Revenue from Operations	14	61,21,26,980	64,42,67,737
Other Income	15	17,73,718	46,19,549
Total Revenue (A)		61,39,00,698	64,88,87,286
EXPENDITURE			
Cost of Materials Consumed	16	42,85,50,279	48,96,02,210
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	17	3,47,32,389	(2,76,45,854)
Employee Benefits Expense	18	4,06,24,213	3,90,83,781
Finance Cost	19	3,84,55,098	2,30,55,009
Depreciation and Amortisation Expenses	20	1,85,46,835	1,24,25,001
Other Expenses	21	12,88,16,069	11,58,92,499
Total Expenses (B)		68,97,24,883	65,24,12,646
Profit / (Loss) before tax		(7,58,24,185)	(35,25,360)
Tax Expense:			
Current Tax Expense for Current Year		—	—
Current Tax Expense Relating to Prior Years (Net)		(1,61,261)	98,244
Deferred Tax		(1,10,40,191)	(13,74,340)
Profit / (Loss) for the year		(6,46,22,733)	(22,49,264)
Earnings per Equity share of Face Value of Rs 10 each			
Basic Earning Per Share	22	(8.42)	(0.33)
Diluted Earning Per Share		(8.42)	(0.29)
Significant Accounting policies	A to N		
Accompanying Notes Forming Part of the Financial Statements	1 to 31		

As per our report of even date

For Soman Uday & Co.

Chartered Accountants

Uday Soman

Proprietor

Membership No: 38870

FRN No. : 110352W

Place : Mumbai

Date : 25th August, 2012

For and on behalf of the Board of Directors

(R. K. SHAH)

Vice Chairman & Managing Director

(VIMAL MEHRA)

Managing Director

(ABHAY R. SHAH)

Jt. Managing Director

(AJAY R. SHAH)

Director

(MANOJ V. MEHTA)

Director

(SUDHIR R. SHAH)

Company Secretary

ORGANIC COATINGS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
A. Cash Flow From Operating Activities		
Net Profit / (Loss) before Tax as per Satatement of Profit and Loss Account	(7,58,24,185)	(35,25,360)
<i>Adjustments for:</i>		
Depreciation and amortisation (Including Depreciation Withdrawn)	1,86,41,936	1,25,20,102
(Profit) / loss on sale / write off of assets	11,34,446	4,10,442
Finance costs	3,84,55,098	2,30,55,009
Interest income	(14,88,221)	(3,72,666)
Bad Debts	2,609,860	3,16,639
Bad Debt Recovered	—	(24,30,000)
Operating profit / (loss) before working capital changes	(1,64,71,067)	2,99,74,166
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	4,99,61,832	(3,54,33,123)
Trade receivables	43,93,850	(2,33,38,457)
Short-term loans and advances	3,16,21,017	79,53,958
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	3,49,74,162	34,07,781
Other current liabilities	1,50,01,355	(41,36,588)
Short-term provisions	(19,55,458)	25,86,073
Cash Generation from Operation	11,75,25,690	(1,89,86,190)
Net cash flow from / (used in) operating activities (A)	11,75,25,690	(1,89,86,190)
B. Cash Flow From Investing Activities		
Capital expenditure on fixed assets, including capital advances	(7,84,35,899)	(7,06,20,316)
Proceeds from sale of fixed assets	17,33,394	3,30,000
Interest Income	14,88,221	3,72,666
Net cash flow from / (used in) investing activities (B)	(7,52,14,284)	(6,99,17,650)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	—	96,20,568
Repayment of long-term borrowings	(2,28,16,300)	3,48,09,112
Net increase / (decrease) in working capital borrowings	2,54,28,436	6,16,23,415
Proceeds from other short-term borrowings	4,56,377	—
Finance cost	(3,84,55,098)	(2,30,55,009)
Net cash flow from / (used in) financing activities (C)	(3,53,86,585)	8,29,98,086
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	69,24,821	(59,05,754)
Cash and cash equivalents at the Beginning of the year	1,44,66,802	85,61,047
Cash and cash equivalents at the end of the year	75,41,981	1,44,66,802
	6,924,821	(59,05,755)
* Comprises:		
(a) Cash on hand	1,11,215	2,51,326
(c) Balances with banks		
(i) In current accounts	20,66,087	59,73,784
(ii) In EEFC accounts	6,565	69,911
(iii) In deposit accounts with Banks	53,58,115	81,71,781
	75,41,981	1,44,66,802

As per our report of even date

For Soman Uday & Co.
Chartered Accountants

Uday Soman
Proprietor
Membership No: 38870
FRN No. : 110352W

Place : Mumbai
Date : 25th August, 2012

For and on behalf of the Board of Directors

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

(ABHAY R. SHAH)
Jt. Managing Director

(MANOJ V. MEHTA)
Director

(VIMAL MEHRA)
Managing Director

(AJAY R. SHAH)
Director

(SUDHIR R. SHAH)
Company Secretary

ORGANIC COATINGS LIMITED
SIGNIFICANT ACCOUNTING POLICIES

A Basis of Preparation of Financial Statements

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

B Use of Estimates

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

C Inventories

In terms of the Accounting Standard "Valuation of the Inventories" (Revised) (AS-2) issue by the Institute of Chartered Accountants of India, inventories are valued on First in First out Basis (FIFO). Inventories of Raw Materials, Consumable Stores, Packing Materials, Work in Progress and Finished Goods are valued at lower of Cost and net realisable Value. Cost Comprises all cost of purchase and other cost incurred in bringing inventories to their present location and condition. Work in Progress and Finished Goods include appropriate amount proportions of the overhead and where applicable excise duty. Imported raw materials, stock in transit are valued at cost and custom duty thereon.

D Depreciation and Amortisation

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

E Revenue recognition

Sales of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

F Tangible Fixed Assets

Fixed Assets are stated at cost of acquisition net of cenvat including any cost, directly attributable to bringing the assets to their working condition less accumulated depreciation except for certain fixed assets, which have been revalued.

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

G Intangible Fixed Assets

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

H Foreign Currency Transactions

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

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

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

ORGANIC COATINGS LIMITED
SIGNIFICANT ACCOUNTING POLICIES

I Employees Benefits

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

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

J Borrowing Cost

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

K Impairment of Assets

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

L Research and Development

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

M Provision of Current Tax and Deferred Tax

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

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

N Provisions and Contingents Liabilities and Contingent Assets

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

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
1. SHARE CAPITAL		
(a) Authorised		
1,00,00,000 (1,00,00,000) Equity shares of (₹) 10 each	10,00,00,000	10,00,00,000
(b) Issued		
77,00,000 (77,00,000) Equity shares of (₹) 10 each	7,70,00,000	7,70,00,000
(c) Subscribed and fully paid up		
76,74,600 (76,74,600) Equity shares of (₹) 10 each	7,67,46,000	7,67,46,000
Less: Calls in Arrears Equity Shares	7,000	7,000
Add: Forfeited on Equity Shares	1,27,000	1,27,000
TOTAL	7,68,66,000	7,68,66,000

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

Name of the Shareholders	As at 31 st March, 2012 No of Shares % of held	As at 31 st March, 2011 No of Shares % of held
Mr Rajnikant K Shah	8,06,444 10.51%	7,73,524 10.08%
Ajay R Shah	4,13,970 5.39%	4,13,870 5.39%
Vimal C Mehra	8,00,000 10.42%	8,00,000 10.42%
Dhaval J Natavati	7,51,000 9.79%	7,51,000 9.79%

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

Particulars	As at 31 st March, 2012 (No of Shares)	As at 31 st March, 2011 (No of Shares)
Equity Shares at the beginning of the year	76,74,600	76,74,600
Equity Shares at the end of the year	76,74,600	76,74,600

1.3 Terms/Rights attached to Equity Shares

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

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
2. RESERVE AND SURPLUS		
(a) Securities premium account		
As per last Balance Sheet	7,78,44,711	7,48,44,767
Add : Premium on shares issued during the year	—	30,79,360
Less : Utilised during the year for Preferential issue Expenses	—	79,416
	7,78,44,711	7,78,44,711
(b) Revaluation reserve		
As per last Balance Sheet	12,30,612	13,25,713
Less: Transferred to statement of Profit and Loss Account (Refer Note No 9.1)	95,101	95,101
	11,35,511	12,30,612
(c) General reserve		
As per last Balance Sheet	51,75,000	51,75,000
(d) Surplus / (Deficit) in Statement of Profit and Loss		
As per last Balance Sheet	1,15,19,146	1,37,68,410
Add/(Less) : Profit (Loss) for the year	(6,46,22,733)	(22,49,264)
	(5,31,03,587)	1,15,19,146
TOTAL	3,10,51,635	9,57,69,469
3. LONG TERM BORROWINGS		
Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
Secured		
From Banks		
Term Loan on Plant and Equipment	3,37,72,329	5,50,00,329
Vehicle Loan	14,90,476	30,78,776
TOTAL	3,52,62,805	5,80,79,105
3.1 The Term Loan on Plant and Equipment are secured by Equitable mortgage of Factory Land and Building and hypothecation of Plant and Equipment at S V Road, Ghodbunder Village, Post Mira Road, District - Thane and at Village Umraya, Taluka-Padra, District- Vadodara. These loans are further guaranteed by one of the director in his personal capacities.		
3.2 The Vehicles loans are secured by hypothecation of Vehicles.		
3.3 Maturity Profile of the Term loans of the Plant and Equipments are set out as under		
1-2 Years	2,12,28,000	1,24,69,891
2-3 Years	2,12,28,000	2,12,28,000
3-4 Years	1,25,44,329	2,12,28,000
Above 4 Years	—	1,25,44,329
TOTAL	5,50,00,329	6,74,70,220

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
4. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
Related to Depreciation difference of fixed assets	—	1,21,74,594
Deferred Tax Asset		
Disallowance under the Income Tax 1961	—	11,34,403
TOTAL	—	1,10,40,191

4.1 In terms of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has Deferred Tax Assets as on 31st March 2012. In terms of the said Standard, the Management has decided not to incorporate the same in the books of accounts, considering the future taxable income available for realisation of this Deferred Tax Assets.

5. SHORT TERM BORROWINGS

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
Secured From Banks		
Working Capital Loans	21,88,33,617	19,34,05,181
Unsecured Others Loans and Advances		
Loan from Directors	4,56,377	—
TOTAL	21,92,89,994	19,34,05,181

5.1 The Working Capital Loan are secured by hypothecation of the inventory and trade receivables, Equitable mortgage of Factory land and Building and hypothecation of Plant and Equipment at S V Road, Ghodbunder Village, Post Mira Road, District -Thane and at Village Umraya, Taluka-Padra, District- Vadodara. These loans are further guaranteed by one of the director in his personal capacities.

6. TRADE PAYABLE

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
Micro, Small and Medium Enterprises	—	—
Others	12,67,96,136	9,18,21,974
TOTAL	12,67,96,136	9,18,21,974

6.1 The Company has not received any intimation from suppliers regarding status under "Micro, Small and Medium Enterprises Development Act, 2006" and hence, disclosure, if any relating to amounts unpaid as at the end of year together with interest paid/payable as required under the said act has not been given.

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
7. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt (Refer Note No : 3)	2,12,28,000	1,24,69,891
Current Maturities Vehicle Loans	15,88,300	12,52,186
Unclaimed Dividends #	88,918	97,476
Creditors for Capital Expenditures	39,79,278	40,20,480
Others Payable		
- Statutory Liabilities	23,01,247	22,54,467
- Security Deposit Payable	7,95,533	9,79,810
- Other Current Liabilities	1,32,16,453	71,22,064
TOTAL	4,31,97,729	2,81,96,374

The figure do not include any amount due and outstanding to be credited to Investor Education and Protection Fund.

8. SHORT TERM PROVISIONS

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
Provision for Gratuity	17,95,073	21,49,242
Provision for Leave Encashment	41,86,841	41,78,325
Provision for Wealth Tax	22,420	19,651
Others Provisions	61,01,860	77,14,434
TOTAL	1,21,06,194	1,40,61,652

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

9. FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1st April, 2011	Addition during the year	Adjustment/ Deduction during the year	As at 31st March, 2012	For the year	Adjustment/ Deduction during the year	As at 31st March, 2012	As at 31st March, 2011
Tangible Assets								
Free Hold Land	1,72,81,842	—	—	1,72,81,842	—	—	—	1,72,81,842
Building	3,79,98,281	82,75,860	—	4,62,74,141	13,42,968	—	1,00,44,967	3,62,29,174
Electric Installation	53,49,254	1,27,20,508	—	1,80,69,762	10,68,087	—	23,31,887	40,85,455
Office Equipment	34,46,557	75,163	—	35,21,720	1,84,960	—	15,01,840	21,29,677
Plant & Equipment	16,11,42,004	6,78,92,493	—	22,90,34,497	1,30,88,473	—	9,91,65,337	7,50,65,140
Furniture & Fixtures	55,23,768	—	—	55,23,768	3,23,746	—	23,61,741	34,85,773
Computers	33,50,374	2,08,118	—	35,58,492	5,64,180	—	32,62,069	6,52,485
Vehicles	1,49,75,296	15,74,705	58,19,561	1,07,30,441	18,57,715	29,51,721	26,12,726	1,12,68,564
Total (A)	24,90,67,376	9,07,46,847	58,19,561	33,39,94,663	1,84,30,129	29,51,721	12,12,80,567	14,32,65,218
Intangible Assets								
Patents	676,260	—	—	6,76,260	50,178	—	3,26,090	4,00,348
Computer Software	997,095	—	—	9,97,095	1,61,629	—	1,81,792	9,76,932
Total (B)	16,73,355	—	—	16,73,355	2,11,807	—	5,07,882	13,77,280
Total (A+B)	25,07,40,731	9,07,46,847	58,19,561	33,56,68,018	1,86,41,936	29,51,721	12,17,88,449	14,46,42,498
Capital Work in Progress								
Previous Year	21,83,90,912	3,39,62,780	16,12,962	25,07,40,730	1,25,20,102	7,22,519	10,60,98,233	1,23,10,948
								—

Note 9.1: The gross block of fixed assets includes ₹ 3,49,31,299/- (Previous year ₹ 3,49,31,299/-) on account of revaluation on fixed assets. Consequent to the said revaluation, there is an additional charge of depreciation of ₹ 95,101 (Previous Year ₹ 95,101) which has been withdrawn from Revaluation Reserve and credited to the statement of profit and loss. This has no impact on loss for the year.

Note 9.2: The Borrowing cost ₹ 21,62,212/- (Previous Year of ₹ 24,13,002/-) capitalised under tangible assets (Previous year in Capital Work in Progress)

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
10. INVENTORIES (At Lower of Cost and Net Realisable Value)		
Raw Materials	3,75,79,732	5,21,69,274
Stock-in-Process	61,51,602	1,43,62,349
Finished Goods	5,65,24,683	8,30,46,325
Packing Materials	26,22,079	28,20,133
Consumables Stores	18,07,285	22,49,132
TOTAL	10,46,85,381	15,46,47,213
11. TRADE RECEIVABLES (Unsecured and Considered Good)		
Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
Over Six Months	1,63,82,502	1,52,96,743
Others	17,06,30,780	17,35,00,529
TOTAL	18,70,13,282	18,87,97,272
12. CASH AND BANK BALANCES		
Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
Balance With Banks *		
- In Current Accounts	20,66,087	59,73,784
- In EEFC Accounts	6,565	69,911
Cash on Hand	1,11,215	2,51,326
Fixed Deposits With Banks #	53,58,115	81,71,781
TOTAL	75,41,982	1,44,66,802
* Balance with Banks includes Unclaimed Dividend of (₹) 93,753/- (Previous (₹) 1,02,476/-)		
# Fixed Deposits with Banks include deposits of (₹) 28,90,467/- (Previous Year of (₹) 54,60,276/-) with maturity of more than 12 months.		
13. SHORT TERM LOANS AND ADVANCES (Unsecured and Considered Good)		
Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
Capital Advances	—	2,43,46,588
Advance Income Tax (Net of Provisions)	40,58,803	66,29,139
Security Deposits	23,80,525	16,67,900
Balance with Government Authority	2,27,92,401	1,63,28,491
Loans to Employees	2,20,536	4,95,030
Prepaid Expenses	3,40,652	7,76,274
Other Loans and Advances	16,57,362	41,31,791
TOTAL	3,14,50,279	5,43,75,213

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
14. REVENUE FROM OPERATION		
Sale of Products	68,18,51,837	70,63,10,088
Less: Excise Duty Recovered	6,97,24,857	6,20,42,351
TOTAL	61,21,26,980	64,42,67,737
14.1 PARTICULARS OF SALE OF PRODUCTS		
Manufactured Goods		
Printing Ink	51,05,88,400	55,26,73,866
Coatings	5,08,55,167	3,31,05,785
Auxiluries	5,06,83,413	5,84,88,086
TOTAL	61,21,26,980	64,42,67,737
15. OTHER INCOME		
Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
Interest Income		
- Interest on Bank Deposits	9,49,034	2,34,518
- Interest on Income Tax refund	4,88,200	90,844
- Interest Income others	50,987	47,304
Other Non Operation Income		
Sundry Written Back	2,85,497	—
Net Gain on Foreign Currency (Net)	—	1,95,445
Bad Debt Recovered	—	24,30,000
Insurance Claim Received	—	3,65,288
Export Benefits	—	12,56,150
TOTAL	17,73,718	46,19,549
16. COST OF MATERIALS CONSUMED		
Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
Raw Material Consumed		
Opening Stock	5,21,69,274	4,57,95,370
Add : Purchases	38,20,29,379	46,37,32,437
	43,41,98,653	50,95,27,807
Less : Closing Stock	3,75,79,732	5,21,69,274
	39,66,18,921	45,73,58,533
Packing Material Consumed		
Opening Stock	28,20,133	21,66,136
Add : Purchases	3,17,33,304	3,28,97,674
	3,45,53,437	3,50,63,810
Less : Closing Stock	26,22,079	28,20,133
	3,19,31,358	3,22,43,677
TOTAL	42,85,50,279	48,96,02,210

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
16.1 PARTICULARS OF RAW MATERIALS CONSUMED		
Chemicals	6,59,98,782	7,84,55,718
Pigment	9,57,96,455	13,14,68,160
Resins	9,82,94,171	10,82,79,282
Oil and Miscellaneous	13,65,29,514	13,91,55,373
TOTAL	39,66,18,922	45,73,58,533
16.2 PARTICULARS OF IMPORTS AND INDIGENIOUS CONSUMPTION AND PERCENTAGE OF CONSUMPTION		
Raw Material Consumed		
Imported	9,60,28,790	14,10,71,851
Indigenous	30,05,90,131	31,62,86,682
TOTAL	39,66,18,921	45,73,58,533
Percentage Raw Material Consumed		
Imported	24.21%	30.84%
Indigenous	75.79%	69.16%
TOTAL	100.00%	100.00%
17. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE		
Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
Inventories at the beginning of the year		
- Finished Goods	8,30,46,325	6,05,18,029
- Stock in Process	1,43,62,349	92,44,789
	9,74,08,674	6,97,62,818
Inventories at the end of the year		
- Finished Goods	5,65,24,683	8,30,46,325
- Stock in Process	61,51,602	1,43,62,349
	6,26,76,285	9,74,08,674
TOTAL	3,47,32,389	(2,76,45,854)
18. EMPLOYEES BENEFIT EXPENSE		
Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
Salaries and Wages	3,56,07,548	3,34,11,782
Contribution to Provident and Other Funds	35,94,979	44,58,701
Staff Welfare Expenses	14,21,686	12,13,298
TOTAL	4,06,24,213	3,90,83,781
18.1 As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:		
Defined Contribution Plan		
Contribution to Defined Contribution Plans, recognised as expenses for the year as under:		
Employer's Contribution to Provident Fund	17,45,587	16,09,184
TOTAL	17,45,587	16,09,184

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
Defined Benefit Plan		
(I) Recognition of Opening and Closing Balances of Defined Benefit Obligation of Gratuity and Fair Value of the Plan Assets (Funded)		
Defined Benefit Obligation at the beginning of the Year	41,64,914	66,12,317
Current Service Cost	3,00,917	4,61,811
Interest Cost	3,25,391	5,37,786
Actuarial Losses/(Gain)	10,66,416	(6,07,453)
Past Service Cost	10,49,406	—
Benefit Paid	(2,94,727)	(3,18,418)
Defined Benefit Obligation at the end of the year	<u>66,12,317</u>	<u>66,86,043</u>
Fair Value of the Plan assets at the beginning of the Year	42,62,085	46,08,833
Expected Return of the Plan Assets	2,97,273	3,38,027
Actuarial Gain /(Losses)	98,391	1,47,979
Employer Contribution	2,45,811	11,14,549
Benefit Paid	(2,94,727)	(3,18,418)
Defined Benefit Obligation at the end of the year	<u>46,08,833</u>	<u>58,90,970</u>
Actual Return on Plan Assets	3,95,664	4,86,006
(II) Reconciliation of the Fair Value of the Plan Assets and Defined Benefit Obligation		
Fair Value of the Plan Assets	46,08,833	58,90,970
Present Value of the Obligation	66,12,317	66,86,043
Amount Recognised in the Balance Sheet	<u>20,03,484</u>	<u>7,95,073</u>
(III) Expenses Recognised During the year		
Current Service Cost	3,00,917	4,61,811
Interest cost	3,25,391	5,37,786
Expected return of the Plan Assets	(297,273)	(3,38,027)
Net Actuarial Losses/(Gain)	9,68,025	(755,432)
Past Service Cost	10,49,406	—
TOTAL	<u>23,46,466</u>	<u>(93,862)</u>
(IV) Investment Details		
Insured Managed Funds	100%	100%
TOTAL	<u>100%</u>	<u>100%</u>
(IV) Actuarial Assumptions of Gratuity		
Mortality Tables (LIC)	1994-96	1994-96
Discount Rate (Per Annum)	8.55%	8.00%
Expected Rate of Return on Plan Assets (Per Annum)	7.50%	7.50%
Rate of Escalation in Salary (Per Annum)	6.00%	6.00%

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

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
19. FINANCE COST		
Financial Expenses	3,84,55,098	2,30,55,009
TOTAL	3,84,55,098	2,30,55,009
20. DEPRECIATION AND AMORTISATION EXPENSE		
Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
Depreciation and Amortisation	1,86,41,936	1,25,20,102
Less: Transferred from Revaluation Reserve (Refer Note No 9.1)	95,101	95,101
TOTAL	1,85,46,835	1,24,25,001
21. OTHER EXPENSES		
Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
Manufacturing Expenses		
Consumable Stores	7,62,896	23,46,936
Power & Fuel	1,66,03,522	1,77,72,669
Labour Work	1,11,78,964	89,09,780
Repairs to Machinery	22,21,610	36,90,554
	3,07,66,992	3,27,19,939
Establishment Expenses		
Rent	30,90,861	21,92,645
Rates and Taxes	3,28,381	3,73,783
Repairs to Building	14,85,549	3,24,927
Insurance Expenses	12,24,252	9,26,018
Auditors Remuneration	2,59,670	2,62,464
Travelling & Conveyance	40,27,664	49,18,275
Motor Car Expenses	46,56,673	52,83,412
Postage and Telephone Expenses	17,71,045	18,98,102
Printing and Stationary Expenses	7,90,533	8,20,474
General Expenses	14,86,659	9,72,114
Repairs to Others	2,386,038	16,73,502
Legal and Professional Charges	65,00,658	46,57,883
Loss on Sale of Assets (Net)	11,34,446	4,10,442
Security Charges	9,11,820	4,82,024
Software Charges	17,65,298	1,48,294
Prior Period Items	5,46,684	11,612
Difference in Exchange Rate	9,00,071	—
Miscellaneous Expenses	21,34,456	18,26,123
	3,54,00,758	2,71,82,094
Selling and Distribution Expenses		
Commission & Discount	2,93,26,396	2,11,31,196
Free Samples	15,21,076	12,23,465
Loading and Unloading Expenses	12,59,569	13,65,594
Freight	2,15,76,353	2,29,21,895
Excise Duty of FG	61,01,860	77,14,434
Bad Debts	26,09,860	3,16,639
Other Selling and Distribution and Expenses	2,53,205	13,17,243
	6,26,48,319	5,59,90,466
TOTAL	12,88,16,069	11,58,92,499

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
21.1 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF		
- Raw Materials	9,90,28,765	13,36,12,769
- Components and Spare Parts	7,97,543	19,27,522
- Capital Goods	15,25,500	Nil
21.2 PAYMENT TO AUDITOR AS (Excluding Service Tax)		
- Statutory Audit Fees	1,75,000	1,75,000
- Tax Audit Fees	25,000	25,000
- MVAT Audit Fees	25,000	25,000
- Certification Charges	14,670	24,964
- Income Tax and Other Matter	20,000	12,500
TOTAL	259,670	262,464
21.3 PRIOR PERIOD EXPENSES (NET)		
Export Expenses	37,485	—
Commission	2,88,125	—
Exchange Difference	1,00,000	—
Free Sample	11,700	—
Repair Others	12,000	—
Repairs to Machinery	28,031	—
Freight Charges	69,343	11,612
TOTAL	5,46,684	11,612
22. EARNING PER SHARE		
(I) Basic Earning Per Share		
Net Profit/(Loss) after tax as per statement of the Profit and Loss attributable to Equity Shareholders	(6,46,22,733)	(22,49,264)
Weighted Average Numbers of Equity Shares used as denominator for Calculating EPS	76,74,600	69,04,760
Basic Earning Per Share	(8.42)	(0.33)
Face Value Per Equity Shares	10	10
(II) Diluted Earning Per Share		
Net Profit/(Loss) after tax as per statement of the Profit and Loss attributable to Equity Shareholders	(6,46,22,733)	(22,49,264)
Weighted Average Numbers of Equity Shares used as denominator for Calculating EPS	76,74,600	76,74,600
Basic and Diluted Earning Per Share	(8.42)	(0.29)
Face Value Per Equity Shares	10	10

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	For the year ended 31 st March, 2012 (₹)	For the year ended 31 st March, 2011 (₹)
23. EXPENDITURE IN FOREIGN CURRENCY		
Travelling Expenses	13,885	1,48,834
Purchase of Raw Material	9,68,39,914	15,73,86,441
Commission on Export	—	54,243
24. EARNING IN FOREIGN EXCHANGE		
FOB Value of the Exports	3,36,84,213	3,80,99,004
25. RELATED PARTY DISCLOSURES		
As per the Accounting Standard (AS)18 "Related Party", the disclosures of transactions with related parties are given below		
(I) List of the relates parties where control exists and related parties with whom transaction have taken place and relationships		
Name of the Related Parties	Relationship	
Organic Sales and Services Private Limited	Associates Company	
Mr Rajnikant K Shah	Key Management Personal	
Mr. Vimal C Mehra	Key Management Personal	
Mr. Abhay R Shah	Key Management Personal	
Mr. Ajay R Shah	Key Management Personal	
Mr. Manoj V Mehta	Key Management Personal	
Mr. Dhaval J Nanavati*	Key Management Personal	
Mr. Chirag M Mehta	Son of Key Management Personal	
Mr. R K Shah (HUF)	Key Management Personal	
(II) Transactions during the year with related parties		
(a) Sales		
Organic Sales and Services Pvt Limited	Nil	Nil
(b) Payment to Key Management Personnel (Excluding Reimbursement)		
Mr Rajnikant K Shah	19,99,285	17,95,877
Mr. Vimal C Mehra	18,78,698	16,08,888
Mr. Abhay R Shah	1,775,560	15,76,856
Mr. Ajay R Shah	10,60,920	10,17,883
Mr. Manoj V Mehta	10,76,039	9,77,897
Mr. Dhaval J Nanavati*	6,03,817	15,56,802
(c) Interest to Unsecured Loans		
Mr Rajnikant K Shah	69,487	Nil
Mr. Abhay R Shah	33,647	Nil
Mr. Ajay R Shah	33,647	Nil
	136,781	Nil
(d) Salary and Stipend		
Mr. Chirag M Mehta	78,591	67,903
(e) Rent		
Mr. R K Shah (HUF)	1,32,000	1,29,000
* Resigned w.e.f 15th July 2011		
(III) Balances outstanding		
Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
Unsecured Loans	4,56,377	—
Remuneration to Key Management Personal Payable	—	2,60,678

ORGANIC COATINGS LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

26. The Company does not have different segments and hence segment wise reporting in terms of the Accounting standard (AS) 17 "Segment Reporting" issued by the institute of the Chartered Accountant of India is not applicable.
27. The Borrowing cost of (₹) 21,62,212/- (Previous year (₹) 24,13,002/-) is capitalised in fixed assets/capital or in Progress in terms of the Accounting standard (AS) 16 "Borrowing Cost" issued by the institute of the Chartered Accountant of India.
28. No Provision for the Income Tax has been made in view of the losses of the Company.
29. Year end Balances of payables/receivables of the parties which are subject to confirmation/reconciliation impact of which on the profit/loss and on the assets/liabilities, if any is not ascertainable.

30. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As At 31 st March, 2012 (₹)	As At 31 st March, 2011 (₹)
(I) Contingent Liabilities	Nil	Nil
(II) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
- Tangible Assets	Nil	3,39,90,287
- Intangible Assets	Nil	Nil
(b) Other Commitments		
- Bank Guarantee	38,46,500	38,46,500
- Sales Tax liability for Non Receipt of "C" and "F" Form	1,89,739	1,89,739
- Sales Tax Appeal liability	5,04,647	Nil
- Local Body Tax of Mira Bhyandar Mahanagarpalika	77,80,963	Nil

31. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

ORGANIC COATINGS LIMITEDRegistered Office: Plot No. 31, Vimal Pushpa, Tarun Bharat Society,
Chakala, Andheri (East), Mumbai – 400 099.**ATTENDANCE SLIP****PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id* _____ Master Folio No. _____ Client ID* _____

NAME AND ADDRESS OF THE SHAREHOLDER _____

No. of Share(s) held: _____

I hereby record my presence at the 47th ANNUAL GENERAL MEETING of the Company held on Friday, the 21st December, 2012 at 4.00 p.m. at Emerald Hall, 2nd Floor, Hotel Parle International, Near Vile Parle Station, Vile Parle (East), Mumbai – 400 057._____
Signature of the shareholder or proxy

* Applicable for investors holding shares in electronic form.

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ORGANIC COATINGS LIMITEDRegistered Office: Plot No. 31, Vimal Pushpa, Tarun Bharat Society,
Chakala, Andheri (East), Mumbai – 400 099.**PROXY FORM**

DP Id* _____ Master Folio No. _____ Client ID* _____

I/We _____ of _____ being a
member/members of Organic Coatings Limited hereby appoint _____ of
_____ or failing him _____ of _____ or failing him _____ of
_____ as my/our proxy to vote for me/us and on my/our behalf at the 47th ANNUAL GENERAL MEETING ofthe Company to be held on Friday, the 21st December, 2012 at 4.00 p.m. or at any adjournment thereof.

Signed this _____ day of _____ 2012.

Affix a
30 Paisa
revenue stamp

* Applicable for investors holding shares in electronic form.

NOTES:

- (1) The proxy in order to be effective should be duly stamped, completed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
- (2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.

E-service of documents through Email

Dear Member,

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

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

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

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

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

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

For Organic Coatings Ltd.

Sudhir R. Shah
[Company Secretary]

DATE : _____

To,
The Company Secretary
Organic Coatings Ltd.
S.V.Road, Ghodbunder Village,
Post Mira, Dist. Thane – 401 104.

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

Dear Sir,
(Please tick & fill 1 or 2)

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

E-mail id _____

OR

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

E-mail id _____

Folio No. / DP ID – Client ID : _____

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

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

Signature
(1st Holder)

