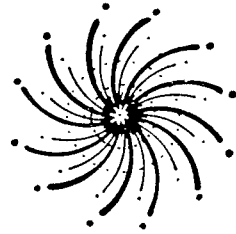


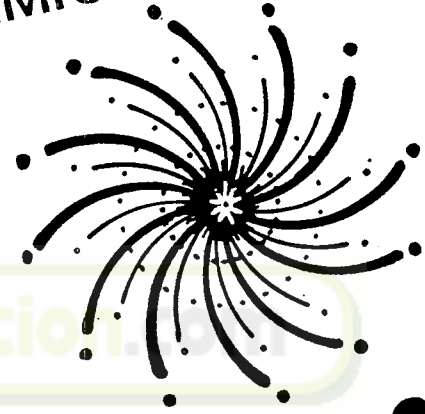
MD			BKC	✓
CS			DPY	NA
RO			DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
VE	✓	✓		



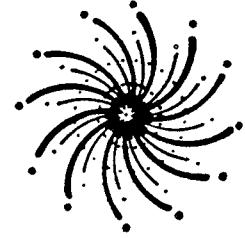
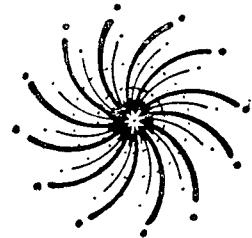
7th ANNUAL REPORT 1996-97

DERA

PAINTS AND CHEMICALS LIMITED



Report Junction



BOARD OF DIRECTORS

Shri. Kumar V. Shah - *Chairman & Managing Director*
 Shri. Satya D. Khosla
 Shri. Jagjit S. Chanana
 Smt. Deepa K. Shah
 Shri. Vasant R. Shah
 Shri. H.M. Patki - *Nominee Director SICOM LTD.*

AUDITORS

M/s. H.N. Motiwalla & Co.
 Chartered Accountant

BANKERS

ALLAHABAD BANK

SOLICITORS & LEGAL ADVISORS

Dhru & Company
 Krishna Gopal Tripathi

REGISTERED OFFICE

B-53/54, Nand Bhuvan Indl.Estate,
 21, Mahakali Caves
 Road, Andheri (East),
 Mumbai - 400 093

WORKS

Plant I

Plot No. 3, Sector II,
 Bassien Taluka Co.op. Indl.Estate,
 Vasai (East),
 Dist. Thane, Maharashtra,
 Pin - 401 208.

Plant II

D-27/5, M.I.D.C.,
 Lote Parshuram,
 Taluka Khed,
 Dist. Ratnagiri,
 Maharastra. Pin 415 722.

REGISTRAR & TRANSFER AGENTS

System Support Services
 209, Shivai Indl. Estate,
 89, Kurla-Andheri Road,
 Sakinaka, Mumbai -400072.
 Telegram "SYSSUPPORT"

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DERA PAINTS & CHEMICALS LTD.



NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of DERA PAINTS & CHEMICALS LTD. will be held at the HOTEL TUNGA INTERNATIONAL PVT. LTD., M.I.D.C. Central Road, Off. Mahakali Caves Road, Andheri (East), Mumbai - 400 093., on 29th September, 1997 at 10.00 A.M. to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31 st March 1997 and Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors.
2. To appoint a Director in place of Shri. S.D.Khosla who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Vasant R. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. H.N.Motiwalla & Co. Chartered Accountants as an Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and give power to Board to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof of the time being in force) approval of the members be and is hereby accorded to the appointment and remuneration payable to Shri Kumar V. Shah as Managing Director of the Company with effect from 1st August 1997 for a further period of 5 years on the terms and conditions as set out in the Agreement to be entered into by the company and Shri Kumar V. Shah."

1. SALARY

Salary of Rs. 15,000/- per month.

CATEGORY A

1. HOUSING :-

The expenditure incurred by the Company on hiring furnished accommodation for Mr. Kumar V. Shah will be subject to the following ceilings.

60% of Salary, over and above 10% payable by Mr. Kumar V. Shah.

In case the accommodation provided to Mr. Kumar V. Shah is owned by the Company, 10% of the Salary of Mr. Kumar V. Shah shall be deducted by the Company.

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary.

2. Medical Reimbursement - Expenditure for self and family subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.
3. Leave Travel Concession - For self and family once a year in accordance with the Rules of the Company.
4. Club Fees - Fees of Clubs subject to a maximum of 2 clubs, this will not include admission and life membership fees.
5. Personal Accident Insurance - Premium not to exceed Rs. 4,000/- per annum.

Explanation : Family means the spouse, the dependent children and dependent parents of Managing Director. Perquisites as above, shall be restricted to an amount equal to the annual salary.

CATEGORY B

6. Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together are not taxable under Income Tax Act.
7. Gratuity as per the Rules of the Company, but shall not exceed one half month's salary for each completed year of service.
8. Earned leave : On full pay and allowances as per the Rules of Company, but not exceeding one month's leave for every eleven months of service and leave accumulated shall be encashable at the end of the tenure will not be included in the computation of the ceiling on perquisites.

DERA PAINTS & CHEMICALS LTD.



CATEGORY C

9. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

MINIMUM REMUNERATION

Where in any financial year during the currency of the tenure of the Appointee, the Company has no profits or its profits are inadequate the Company pay remuneration by way of salary and perquisites as specified above.

NOTES

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead and the proxy need not be a member of the company.
2. The Register of Members and the transfer books of the Company will be closed from 26.09.97 to 27.09.97 both days inclusive.
3. The members are requested to :
 - (a) intimate changes, if any, in their registered address at an early date.
 - (b) Quote ledger folio number in all their correspondence.
 - (c) Intimate about consolidation of folios, if share holdings are under multiple folios.
 - (d) Direct all their correspondence to the Company's Registrar and Transfer Agent, System Support Services, 209, Shivaji Indl. Estate, 89, Kurla Andheri Road, Mumbai- 400 072.
 - (e) Bring their copies of the Annual Report and the Attendance Slips with them at the Annual General Meeting.
4. Proxies to be effective, must be received by the Company not less than 48 hours before commencement of the meeting.
5. Only registered members carrying the Attendance Slip and the holders of valid proxies registered with the Company will be permitted to attend the meeting.
6. Members desiring any information as regards the Accounts are requested to write to the Company at least 7 days in advance of the date of Annual General Meeting so as to enable the Management to keep the information ready.

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956.

Shri Kumar V. Shah as a Founder and Chief Promoter has been associated with the Company since its incorporation and his valuable experience in the Paints & Chemicals Industry for more than two decades will benefit the business of the Company by his re-appointment. The Board of Directors have felt that it would be in the interest of the Company to re-appoint Shri Kumar V. Shah as a "Managing Director" of the Company. Accordingly the Board of Directors at its meeting held on 7th June, 1997 have re-appointed Shri Kumar V. Shah as Managing Director with effect from 1st August, 1997 for a further period of 5 years in accordance with and within the limits prescribed under the Schedule XIII to the Companies Act, 1956.

None of the Directors of the Company is considered to be concerned or interested in the resolution except Shri Kumar V. Shah

By order of Board of Directors

KUMAR V. SHAH

Chairman & Managing Director

Place : MUMBAI

Dated : 2nd September 1997.

Regd. Office : B-53/54, Nand Bhuvan Indl. Estate,
21, Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.

DERA PAINTS & CHEMICALS LTD.



DIRECTORS' REPORT

To,
The Members of
DERA PAINTS AND CHEMICALS LIMITED

1) Presentation

Your Directors present their 7th Annual Report along with the audited Accounts for the year ended 31st March, 1997.

Financial Results

	1996-97	1995-96
Profit before depreciation and tax	15.08	25.87
Less: Depreciation on fixed assets	24.22	13.38
Loss / Profit before tax	(9.14)	12.49
Provision for taxation	-	-
Loss / Profit after tax	(11.76)	12.49
Less: Income tax for earlier years	(3.80)	-
Add : Prior period adjustment	2.62	-
Add : Surplus b/f from previous year	76.75	64.26
Amount available for appropriation	63.82	76.75

Appropriation

1. Proposed dividend	-	-
2. General Reserves	-	-
3. Balance carried to Balance Sheet	63.82	76.75

2) Dividend

In the absence of profit the Directors are constrained not to recommend any dividend.

3) Performance and Future Prospects

The Company has achieved total sales turnover of Rs.811.46 Lakhs as against Rs. 515.09 Lakhs of the previous year registering an increase of 57.50%. After providing Rs. 24.22 Lakhs for depreciation the Net Loss of the Company amounts to Rs.12.93 Lakhs as against Net Profit of Rs.12.49 Lakhs of the previous year.

The production of Automotive Re-finish, Industrial paints, Industrial Solvents/ Thinners, Synthetic and Alkyd Resins at the Chiplun Plant commenced from 29th September 1995. With this, the company were expecting to increase its range of products, quality and sales which it could not do because of Non-Sanction of working capital limits by bank, in the current financial year (1997-98) bank have sanctioned working capital limits which will help the Company to increase its turnover.

4) Particulars of Employees

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 has not been furnished since no employee received the remuneration beyond the limits specified therein.

5) Directors

Mr. S.D. Khosla and Mr.V.R.Shah will retire by rotation at the Annual General Meeting.

6) Auditors

M/s. H.N. Motiwalla & Co. Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

With regard to Note No.2 of Accounts, provision to be made regarding Gratuity Liability is proposed to have actuarial valuation of gratuity liabilities. Remedial step to comply with the other observation of Auditors Report and Notes to Accounts will be taken as early as possible.

RA PAINTS & CHEMICALS LTD.



7) Fixed Deposits

There were no unclaimed deposits as at 31st March 1997.

8) Conservation of Energy

a> Energy conservation measures taken :

The Company has on-going programme for monitoring energy consumption.

b> Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

Investment proposals in various energy saving projects are being considered.

c> Impact of the above measures :

The measures taken are generating energy savings.

d> Total energy consumption and energy consumption per unit of production :

A. Power and Fuel Consumption

1. Electricity

a. Purchased :

	Current Year	Previous Year
Units	28453	24224
Amounts	236016	124482
Rate per unit (Rs.)	8.32	5.13

b. Own generation

2. Coal

3. Light Diesel

Qty (Ltrs)	-	80
Total Cost (Rs.)	-	600
Average Rate (Rs.)	-	7.50

4. Furnace Oil

Nil Nil

5. Other/Internal generation

Nil Nil

B. Consumption per unit of production

1. Electricity (Unit)	0.12	0.13
2. Light Diesel Oil (Ltr)	-	0.75

9. Research and Development

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

The Company carries out R & D activities in the following areas:

a) Product/Process improvement and development.

b) Modification of existing manufacturing process.

The Company has an ongoing R & D programme for:

Improvement in existing product-range.

Progressive introduction of new products.

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

Considerable benefits are derived by Company from its Research and Development activities primarily by way of improvement in quality and reduction in costs.

DERA PAINTS & CHEMICALS LTD.



3. Future plan of action:

To continue work in area of fuel efficiency.
Improvement in Total Quality System for all products.

4. Expenditure on R & D

Rs. in lacs

Capital	..	..	..	-
Recurring	..	..	..	-
Total	..	..	..	-
Total R & D Expenditure as percentage of turnover	..	..	..	-

Technology Absorption Adaptation & Innovation

1. Efforts made in brief towards technology absorption, adaptation and innovation Technology absorption is not involved as the process for the manufacture of paints and chemicals is in-house.

2. Benefits derived as a result of above efforts:

Not Applicable

3. Imported Technology

No technology was imported.

Foreign Exchange Earnings & Outgo

Foreign Exchange earnings

NIL

Foreign Exchange outgo

NIL

10) Appreciation

The Directors wish to place on record their thanks and appreciation to Banks, Institution & all the employees of the Company at all levels & business associates for their respective contribution to the Company's operations during the year under review.

On behalf of the Board

KUMAR V. SHAH

Chairman & Managing Director

Place : MUMBAI

Dated : 2nd September 1997.