

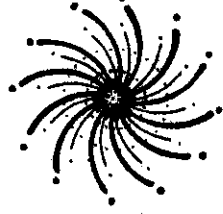
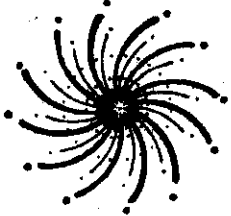
9th Annual Report 1998-1999

DERA

PAINTS AND CHEMICALS LIMITED



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BOARD OF DIRECTORS

Shri Kumar V. Shah - Chairman & Managing Director
Shri Kiritkumar C. Shah
Shri Hanumant A. Salunkhe

AUDITORS

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

BANKERS / INSTITUTION

ALLAHABAD BANK
BANK OF INDIA
SICOM LTD.

SOLICITORS & LEGAL ADVISORS

Dhru & Company
Krishna Gopal Tripathi

REGISTERED OFFICE

Gala No. 2, I.B. Patel Industrial Estate,
I.B. Patel Road,
Goregaon (East)
Mumbai - 400 063.

HEAD 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 - 401 208.
Maharashtra

PLANT - II

D- 27/5, M.I.D.C.
Lote Parshuram, Tal. Khed,
Dist. Ratnagiri - 415 722.
Maharashtra

REGISTRAR & TRANSFER AGENTS

System Support Services
209, Shivai Indl. Estate,
89, Kurla Andheri Road,
Sakinaka, Mumbai - 400 072.

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DERA PAINTS & CHEMICALS LTD.



NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of DERA PAINTS & CHEMICALS LTD. will be held at B-53/54, Nand Bhuvan Indl. Estate, 21, Mahakali Caves Road, Andheri (East), Mumbai - 400 093 on 29th February, 2000 at 10.30 A.M. to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31 st March 1999 and Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors.
2. 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

3. To consider and if thought fit, to pass with or without modifications the following Resolution as an Ordinary Resolution
"RESOLVED that Shri Hanumant A. Salunkhe be appointed as a Director of the Company "
4. To consider and if thought fit, to pass with or without modifications the following Resolution as an Ordinary Resolution
"RESOLVED that Shri Kiritkumar C. Shah be appointed as a Director of the Company "
5. To consider and if thought fit, to pass with or without modifications the following Resolution as a Special Resolution
"RESOLVED that subject to the confirmation of The Registrar of Companies and pursuant to the provisions of section 17 of the Companies Act, 1956 the Object Clause of the Memorandum of Association of the Company be altered by adding the following new clause 2 after the existing clause 1 thereof and renumber the existing clauses accordingly.

To manufacture, assemble, purchase, sell, export, import, alter, repair, transfer, lease, hire, licence, use, dispose off, operate, fabricate, construct, distribute, design, charter, develop, acquire, market, recondition, work upon, or otherwise deal in, whether as manufacturers, Dealers, Distributors, Agent of other manufacturers or otherwise of any products, pertaining to the computer software and hardware industry such as software systems, application systems, computer peripherals and accessories, floppy disk/diskettes, hard disks, ribbons, continuous and non-continuous stationary, general computer system, computer aided designing/computer aided manufacturing work stations, scanners, scanner plotters, servers, digitizers, dot matrix, line, laser and near letter quality printers, tapes and tapes unit, disks and disk drives, computerized numerical control systems, programmable controllers, optical scanning machines, optical readers, sorters and encoders, magnetic ink character recognition systems, software procedures and undertake turnkey projects for developing computer software system and application system, migration and reengineering data warehousing and enterprises resource planning, product development and management, act as off-site development center, to provide on site information technology consultancy and professional services, web services, e-commerce services, internet services, information services, training for all electronic data processing and software works, to provide services in recruitment, placemen, head hunting, develop, distribute, promote and sell any information technology, software and hardware products, products on agency/dealership/VAR/ consulting basis.

6. To consider and if thought fit, to pass with or without modifications the following Resolution as a Special Resolution
"RESOLVED that the consent of the shareholders of the company be and is hereby given as provided U/S. 149 (2)(A) and other applicable provisions, if any of the Companies Act, 1956 for the commencement of business included under other objects at serial No. 46,69,79,80 & 81 in paragraph 3 of the Memorandum of Association of the Company. "

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 21.02.2000 to 22.02.2000 both days inclusive.

DERA PAINTS & CHEMICALS LTD.

- 3 The members are requested to :
- intimate changes, if any, in their registered address at an early date.
 - Quote ledger folio number in all their correspondence.
 - Intimate about consolidation of folios, if share holdings are under multiple folios.
 - Direct all their correspondence to the Company's Registrar and Transfer Agent, System Support Services, 209, Shivai Indl. Estate, 89, Kurla Andheri Road, Mumbai- 400 072.
 - 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.**ITEM NO. 3.**

Shri Hanumant A. Salunkhe was appointed as an additional Director W.E.F. 06/10/99. His tenure of Directorship expire on the date of Annual General Meeting. He has got experience of about 20 years of working with Paints companies. The company has received Notice from the member of the company along with requisite deposit of Rs. 500/- signifying his intention to reappoint shri Hanumant A. Salunkhe as a Director of the company.

None of the Directors of the company are interested in the resolution.

ITEM NO. 4

Shri Kirittkumar C. Shah was appointed as an additional Director W.E.F. 03/11/99. His tenure of Directorship expire on the date of Annual General Meeting. He has got experience of about 20 years in finance. The company has received Notice from the member of the company along with requisite deposit of Rs. 500/- signifying his intention to reappoint shri Kirittkumar C. Shah as a Director of the company.

Except Shri Kumar V. Shah, None of the Directors of the company are interested in the resolution.

ITEM NO. 5

At present the company is manufacturing various kinds of paints, Thinners / Industrial Solvent, Cold Pretreatment Chemicals and Synthetic Resin. With a view to diversify into infotech sector it has become necessary to amend the object clause of the Memorandum & Association of the Company to include therein clause relating to carrying on of Infotech activities. The said amendment is subject to the confirmation of the Registrar of the Companies, Maharashtra Mumbai.

None of the Directors of the company are interested in the resolution.

ITEM NO. 6

The company is also exploring the possibilities of entering into real estate sector. At present the main object of the company is not in tune with the activities referred to the above. Hence the Directors propose special resolution as provided U/s. 149(2)(A) of the Companies Act, 1956.

None of the Directors of the company are interested in the resolution.

By order of Board of Directors

KUMAR V. SHAH
Chairman & Managing Director

MUMBAI : 27th December 1999.
Regd. Office : Gala No. 2, I.B. Patel Industrial Estate,
I.B. Patel Road, Goregaon (East),
Mumbai - 400 063.

DERA PAINTS & CHEMICALS LTD.



DIRECTORS' REPORT

To,
The Members of
DERA PAINTS AND CHEMICALS LIMITED

1). Presentation

Your Directors present their 9th Annual Report along with the audited Accounts for the year ended 31st March, 1999.

Financial Results

	(Rs. in lacs)	
	1998-99	1997-98
Loss before depreciation and tax	(367.16)	(6.97)
Add : Depreciation on fixed assets	21.93	24.21
Loss before tax	(389.09)	(31.18)
Loss after tax	(389.09)	(31.18)
Add : Income tax for earlier years	(5.96)	NIL
Add : Prior period adjustment	(7.79)	0.11
Net loss for the year	(402.84)	(31.29)
Add : Surplus b/f from previous year	32.53	63.82
Balance carried to Balance Sheet	(370.31)	32.53

2). Dividend

In view of the current year's loss, the Directors are constrained to recommend payment of dividend.

3). Performance and Future Prospects

The Sales Turnover has reduced from Rs. 984.16 Lacs to Rs. 813.78 Lacs. The reason for decrease in sales is sluggish Market conditions, tight liquidity position, fire at Vasai Plant in November 98 & the general Political Instability.

The Company had requested the Banker in June, 98 to release 1st charge on ownership Office Premises in order to enable the company to sell of the premises and pay of SICOM dues. However due to delay in getting the charge released from the Banker, SICOM was compelled to Take Over the Unit w.e.f. 01.11.99. However the Management is trying for One Time Settlement with SICOM to revive the situation. After settlement with SICOM, the company will put forward re-habitation proposal with Bank for gap in Working Capital.

The company's unit at Chiplun has recorded Turn Over of Rs. 618.27 Lacs for the period upto October 99. The company has orders / inquiry worth Rs. 500 / 600 lacs on hand. The company has revised the capacity of Industrial Solvent & Pre-treatment Chemicals.

The company's application to Insurance Company for speedy settlement of our claim in respect of Vasai Unit is under consideration with the Insurance Company. The Company has fully provided losses arisen due to fire, the claim from Insurance Company will be accounted as and when received.

Further the company have decided to diversify in the other field such as Infotech, Real Estate Sector etc. which will also help the company to come out speedily from the losses. Further company have applied to the Government Organisation to release some of the product on release of that company is expecting substantial saving in Raw Material Cost which will also help to reduce the losses.

4). Particulars of Employees

The Company has no employee in respect of whom information under sub-section 2A of section 217 of the Companies Act, 1956, is required to be furnished.

5). Directors

Shri Hanumant A. Salunkhe was appointed as an additional Director w.e.f. 06.10.99 and Shri Kiritkumar C. Shah also appointed as an additional Director w.e.f. 03.11.99. Their terms of office expires on the date of

DERA PAINTS & CHEMICALS LTD.



Annual General Meeting. The company has received notices from the members of the company signifying their intention to reappoint them as a Directors of the company.

Shri N.C. Khanchandani was appointed as a Director w.e.f. 25.3.99 he has resigned as a Director of the company w.e.f. 25.09.99.

Shri Ashutosh N. Gadgil was appointed as Nominee Director of SICOM Ltd. w.e.f. 02.07.99 he has resigned as a Nominee Director of the company w.e.f. 15.11.99.

Shri Jagjit S. Chanana has resigned w.e.f. 06.02.99 as a Director of the company.

Shri Vasantlal R. Shah has resigned w.e.f. 03.04.99 as a Director of the company.

Smt. Deepa K. Shah has resigned w.e.f. 06.10.99 as a Director of the Company.

Shri H.M. Patki Nominee Director of SICOM has resigned w.e.f. 25.03.99 as Director of the Company.

The Board place on record an appreciation of services rendered by retiring Directors during their tenure of Directorship of the company.

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 regards to Note no.2 of accounts, on Provision for Leave Encashment, necessary steps will be taken in current year to provide / pay the same according to accepted Accounting practice. Remedial steps to comply with the other observation of Auditors Report and Notes to Accounts will be taken as early as possible.

7). Fixed Deposits

There were no unclaimed deposits as at 31st March 1999.

8). Conservation of Energy

Energy conservation measures taken :

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

Total energy consumption and energy consumption per unit of production :

A. Power and Fuel Consumption

1. Electricity	Current Year	Previous Year
a. Purchased :		
Units	27164	39699
Amounts	569996	361629
Rate per unit (Rs.)	20.98	9.11
b. Own generation	-	-
2. Coal	-	-
3. Light Diesel		
Qty (Ltrs)	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
4. Furnance Oil	Nil	Nil
5. Other/Internal generation	Nil	Nil

B. Consumption per unit of production

1. Electricity (Unit)	0.156	0.12
2. Light Diesel Oil (Ltr)	-	-