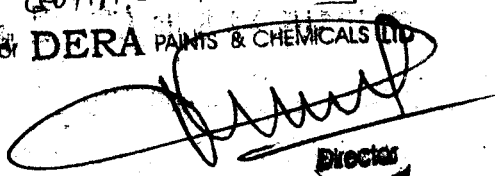
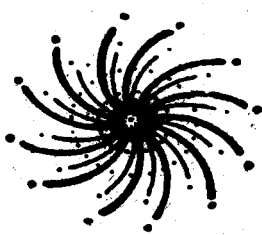


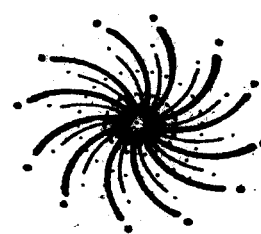
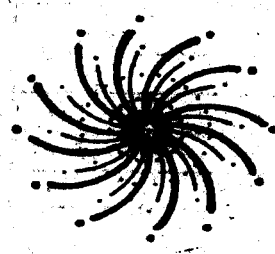
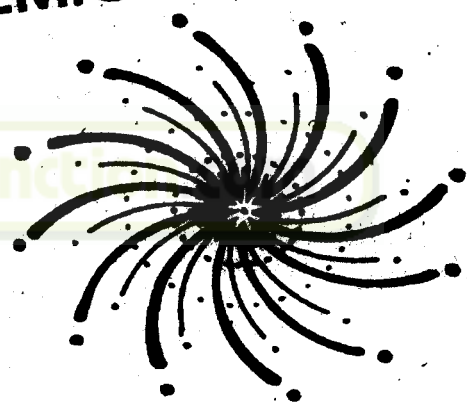
Certified true Copy
FOR DERA PAINTS & CHEMICALS LTD

Director



13th Annual Report 2002-2003

DERA

PAINTS AND CHEMICALS LIMITED



BOARD OF DIRECTORS

Shri. Kumar V. Shah - Chairman & Managing Director
 Shri. T. P. Shah.
 Shri A.L. Shah

AUDITORS

M/S. H.N. Motiwala & Co.,
 Chartered Accountants

BANKERS

ALLAHABAD BANK
 BANK OF INDIA

SOLICITORS & LEGAL ADVISORS

Dhru & Company
 Krishna Gopal Tripathi.

REGISTERED & HEAD OFFICE

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

WORKS

PLANT - I
 Plot No.3, Sector II,
 Vasai 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. Rathagiri - 415 722
 Maharashtra.

SHARES DEPARTMENT (IN HOUSE)

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

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DERA PAINTS & CHEMICALS LTD.



NOTICE

NOTICE is hereby given that 13th Annual General Meeting of the members of the Company DERA PAINTS & CHEMICALS LIMITED will be held on 21st day of February, 2004 at 9.15 a.m. at the Registered & Head office of the Company Located at B53/54 Nand Bhuvan Inds. Estate, 21, Mahakali Caves Road, Andheri (E), Mumbai 400093 to transact the following business.

1. To receive, consider and adopt the Audited Balance-sheet as at 31st March, 2003 & the Profit & Loss Account of the Company for the year ended 31st March, 2003 and the Reports of Directors and Auditors thereon.
2. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To appoint a director in place of Shri A.L. Shah who retired by rotation and being eligible, offers himself for re-appointment.

By order of the Board
DERA PAINTS & CHEMICALS LIMITED

KUMAR V. SHAH
CHAIRMAN & MANAGING DIRECTOR

Date : 5th January, 2004
Place : Mumbai

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself and the proxy need not be a member of the Company. The enclosed proxy form, if intended to be used should reach the Registered Office of the Company duly completed not less than forty-eight hours before the scheduled time of the meeting.
2. The Register of Members and Share Transfer Register shall remain closed from 29th January, 2004 to 30th January, 2004 (both days inclusive)
3. An explanatory statement pursuant to section 173 of the companies Act, 1956 is given below.
4. Members intending to require information about Accounts to be explained at the meeting are requested to write to the company at least ten days in advance of the annual general Meeting.

EXPLANATORY STATEMENT

As required by 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 07.08.2002 have re-appointed Shri Kumar V. Shah as Managing Director with effect from 1st August, 2002 for a further 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.

DERA PAINTS & CHEMICALS LIMITED
KUMAR V. SHAH
CHAIRMAN & MANAGING DIRECTOR

Date : 5th January, 2004
Place : Mumbai

DERA PAINTS & CHEMICALS LTD.**DIRECTOR'S REPORT**

To,

The Members

DERA PAINTS & CHEMICALS LIMITED

Your Directors have great pleasure in presenting 13th Annual Report together with the Audited statement of Accounts for the year ended 31st March, 2003.

1. FINANCIAL HIGHLIGHTS :

PARTICULARS	For the year ended 31st March, 2003 (Rs.in Lacs)	For the year ended 31st March, 2002 (Rs.inLacs)
Loss before Depreciation and Tax	(122.25)	(146.72)
Add: Depreciation on fixed Assets	19.57	19.65
Loss before tax	(141.92)	(166.37)
Loss after tax	(141.92)	(166.37)
Add: Income tax of earlier years		
Add: Prior Period Adjustments	1.12	0.33
Net Loss for the year	(142.94)	(166.70)
Add: Surplus/Loss b/f from previous year	(1060.32)	(893.62)
Balance loss c/f.	(1203.26)	(1060.32)

2. OPERATIONS & OUTLOOK :

The operations has reduced from Rs.700 lacs to Rs.278 lacs in the F.Y. ended March-2003 mainly reason for deficit of the working capital being entire paid up capital eroded in March-2000 and company's application is pending with Hon'ble BIFR, New Delhi for the final outcome.

During the year company incurred losses Rs.142.43 Lacs as compared to previous year loss of Rs.166.70 Lacs

The Company's Insurance claim is still under process despite the confirmation given by the Banker for acceptance of the Claim.

In the mean time, the management is putting in its best efforts to keep operations going on and generate adequate cash flows to meet bare minimum overheads and keep the plant in operation. With adequate support in the form of rehabilitation assistance from bankers / institutions, receipts of insurance claim and uninterrupted full-scale production at the plant, the company can look forward to better performance in the coming year.

Company have filed Writ petition against the Sicom Ltd. and others in the year December, 2001 for non considering our various pending request since 1996 onwards pertaining to the grant of eligible benefits for adding and amending in the Eligibility Certificate. However, company have loose the Writ Petition in the Hon'ble Mumbai High Court in the year August, 2002 and thereafter company preferred filing appeal at Hon'ble Supreme Court of India, New Delhi and in November, 2003 our appeal have been admitted by the Hon'ble Supreme Court of India.

3. DIRECTORS :

Shri A.L. Shah retires by rotation and being eligible, offer himself for re-appointment.

4. DIRECTORS' RESPONSIBILITY STATEMENT :

The Board of Directors hereby confirm

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

DERA PAINTS & CHEMICALS LTD.



(ii) That the Directors have selected such accounting policies and applied them consistently and made judgement and estimates 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 and of the profit or loss of the Company for that period.

(iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) That the Directors have prepared the annual accounts on a going concern basis.

5. PARTICULARS OF EMPLOYEES :

There were no employees during the whole or part of the year who were in receipt of remuneration aggregating to Rs. 1,00,000/- per month or Rs. 12,00,000/- p.a. Hence no particulars are given.

6. DIVIDEND :

In view of the loss, the Directors are unable to recommend any dividend for the year.

7. DEPOSITS :

During the year Company has not accepted any Deposits from Public. However, in respect of the Deposit accepted in earlier year which have been matured, the Company has not made any repayment owing to its sickness and has not complied with the provision of Section 58 A of the Companies Act, 1956 and the Company (acceptance of Deposit) rules 1975.

8. AUDITORS :

M/S. H.N. MOTIWALLA & CO., Chartered Accountants, Mumbai, Statutory Auditors of your Company, holds office until the conclusion of the forthcoming Annual General Meeting. They signified their willingness to accept re-appointment and have further confirmed their eligibility under section 224(1-B) of the companies Act, 1956.

9. AUDITORS REPORT :

Regarding qualification and remarks in the Auditors Report, your Board is of the opinion that they are self explanatory & no comments are required from the Board.

10. CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the Report of Board of Directors Rules, 1988 is given in Annexure - 1 which forms part of this report.

11. STATUS UNDER SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

As per Auditors opinion, the Company is a Sick Industrial Company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

12. APPRECIATION:

Your Directors wish to place on record their appreciation of whole hearted co-operation and support from employees, Bankers, Financial Institutions, Shareholders and various Government Agencies and look forward to the same extent of co-operation and cordial support.

By order of the Board of Directors.
FOR DERA PAINTS & CHEMICALS LIMITED

KUMAR V. SHAH
CHAIRMAN & MANAGING DIRECTOR

Date: 5th January, 2004
Place: Mumbai

DERA PAINTS & CHEMICALS LTD.**Annexure - 'I'**

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 attached to and forming part of the Directors Report for the year

1. CONSERVATION OF ENERGY I

Energy conservation measure taken :

Constant efforts are being made to improve power factor and to effect savings in power and fuel consumption and energy consumption per unit of production (Form 'A')

A. POWER AND FUEL CONSUMPTION		CURRENT YEAR	PREVIOUS YEAR
1. Electricity			
(a) Purchased			
Units (in thousand)			31612
Total Amounts(Rs.)	45,000		259312
Rate per Unit (Rs.)			8.20
(b) Own Generation			—
2. Coal			—
3. Light Diesel Oil			
Quantity (Ltr.)	350		300
Total Cost(Rs.)	9084		6000
Average Rate(Rs.)	25.90		20.00
4. Furnace Oil	NIL		NIL
5. Other/internal generation	NIL		NIL
B. CONSUMPTION PER UNIT PRODUCTION			
1. Electricity (Unit)			0.03
2. Light Diesel Oil (Ltr)			—

II. TECHNOLOGY ABSORPTION ADAPTATION, INNOVATION AND RESEARCH & DEVELOPEMNT:

No Technology has been imported by the company. Technology innovation and changes wherever possible are being absorbed and adopted.

III. FOREIGN EXCHANGE EARNING AND OUTGO:

There were no earning or outgo in Foreign Exchange either during the Current year or Previous year.

By order of the Board of Directors.
FOR DERA PAINTS & CHEMICALS LIMITED

KUMAR V. SHAH
CHAIRMAN & MANAGING DIRECTOR

Date : 5th January, 2004
Place : Mumbai

DERA PAINTS & CHEMICALS LTD.



CORPORATE GOVERNANCE.

Company's Philosophy on Code of Governance

Dera Paints & Chemicals Limited has always focused on good Corporate Governance, which is a key driver of sustainable corporate growth. The core values of Company are commitment to excellence and customer satisfaction, honesty, integrity, disclosure, accountability and maximizing long term value for Share-holders. Dera Paints & Chemicals Limited recognizes "values and commitments" policy, we are committed to an ethical treatment of all our employees, our customers, our share-holders, our lenders, our suppliers and the Government. Your company has been constantly devising measures to improve upon to adopt effective Corporate Governance by creating an environment based on professionalism, entrepreneurship and pursuit for excellence. Corporate Governance policies and practices in accordance with the provisions of Clause 49 of the Listing Agreement are:

Board of Directors

Composition

The Board of Dera Paints & Chemicals Limited consists of Three Directors, and two are non-Executive. Amongst the Executive One is the Promoter Director and two are independent Directors.

The Promoter Director is a Executive Director and the number of independent Directors are two third of the total number of Directors. The Board consists of executives and independent Directors. Company, therefore meets with the requirements relating to the composition of the Board of Directors. All Executive & Independent Directors with their diverse knowledge, experience and expertise provide valuable contribution in the deliberations and decisions of the Board.

Board Procedures

During the financial year 2002-2003 the Board of Directors have met five times on the following dates : 11th May, 2002, 07th August, 2002, 30th November, 2002, 27th December, 2002 & 25th January, 2003. The meetings were held as per the mandatory requirements and the dates of the meetings were generally decided well in advance.

Attendance Record & Directorships and Membership of Directors.

Table 1 gives the composition of the Board and the attendance record of all the Directors at the five Board meetings held during the financial year 2002-03, as well as at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other Companies.

Name of Directors		Attendance particulars		Directorships in Companies		Memberships/ Chairmanships in Committees	
		Board Meeting	Last AGM held on 27/12/02	In Listed companies	In Unlisted Public Limited Companies	Chairman	Member
Kumar V Shah	Promoter-Executive Non-Independent	5	Yes	1	1	-	
T.P.Shah	Independent Non-Executive	5	Yes	1		-	1
A.L. Shah	Independent Non-Executive	2	No	1		-	-

Notes (1) Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose.

(2) Only Audit Committee, Share-holders Grievance Committee and Remuneration Committee are considered for the purpose of Committee positions as per Listing Agreement.

Information supplied to the Board

The Board of Dera Paints & Chemicals Limited is presented with all the relevant information on various vital matters affecting the working of the Company, as well as those that require deliberation at the highest level. Extensive information is provided on various critical items such as : (a) Production, Sales and Capital Expenditure Budget, (b) Sales and financial performance statistics (c) Share transfer compliance (d) Quarterly financial results (e) Significant labour and human relation matters (f) statutory compliance reporting system and any other matters.

Audit Committee :

Constitution and Composition

For the Financial year 2002-2003, the Company has not constituted any Audit Committee..

DERA PAINTS & CHEMICALS LTD.



Remuneration Committee

For the Financial year 2002-2003, the Company has not constituted any remuneration Committee.

Remuneration of Directors

- a. Remuneration of Rs. 227953 paid to the Promoter Director (CMD) of your company. Including all perquisite
- b. No Sitting Fees paid to the independent Non-Executive Directors for the financial year ended 31st March, 2003

Share Transfer Committee

The company has constituted a Share Transfer Committee in compliance with the Clause 49 of the Listing Agreement. The Committee comprises of two Directors viz. Shri Kumar V. Shah and Shri T.P. Shah. The Committee looks into the matter of share-transfers, issue of duplicate certificates and other related matters.

Since there was no quantum of transfers, during the financial year 2002-2003 the Committee had met only twice.

The composition and the meetings attended by the members are as under:

Name of Director	No. of meetings attended during the year.
Shri Kumar V. Shah	2
Shri. T.P. Shah	2

Share transfers/transmissions etc. as approved by the Committee are notified to the Board at regular intervals and are taken on record by the Board at their meetings.

No Transfers /Transmission are pending as on 31st March, 2003.

Communications to Share-holders

Dera Paints & Chemicals Limited recognizes communication as a key element of the overall Corporate Governance framework. The company responds the share-holders queries regularly and no queries are pending.

Share-Holders Information

General Body Meetings:

For the period ended	Date, Time and Locations
31st March, 2002	27th December, 2002 at 9.00 a.m. B-53/54, Nand Bhuvan Industrial Estate, Mahakali Caves Road, Andheri (East) Mumbai - 400 093
31st March, 2001	12th November, 2001 at 9.30 a.m. B-53/54, Nand Bhuvan Industrial Estate, Mahakali Caves Road, Andheri (East) Mumbai - 400 093
31st March, 2000	9th October, 2000 at 9.30 a.m. B-53/54, Nand Bhuvan Industrial Estate, Mahakali Caves Road, Andheri (East) Mumbai - 400 093

General Shareholders Information

Annual General Meeting	21st February, 2004 at 9.15 a.m
Day, Date, Time & Venue	B-53/54, Nand Bhuvan Indl. Estate, Mahakali Caves Road, Andheri (East) Mumbai - 400 093
Book Closure Date	29th January, 2004 till 30th January, 2004
Listing on Stock Exchanges.	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 The Stock Exchange, Ahmedabad Kamdhenu Complex, Opp. Sahjanand College, Panjrapole, Ahmedabad - 380 015
Dividend Payment Date :	Not applicable since dividend not declared
Stock Code :	
The Stock Exchange, Mumbai	23782
The Stock Exchange, Ahmedabad	13770
Market Price Data :	No rates are quoted during the Financial Year 2002-2003.
Registrar & Transfer Agents:	The Company has in-house Share Registry facility. No Transfer Agent appointed.

Distribution of Shareholdings

Table 2 gives details about the pattern of Share-holdings among various categories as on 31st March, 2003, while table 3 gives the data according to size classes:-