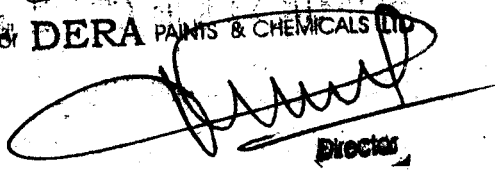
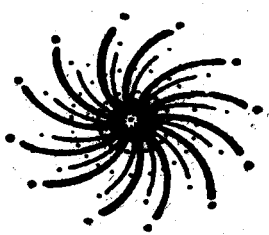


Certified true Copy
FOR DERA PAINTS & CHEMICALS LTD



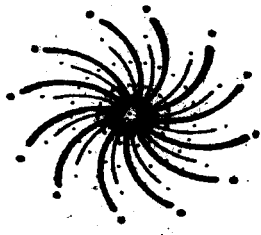
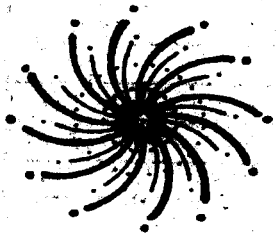
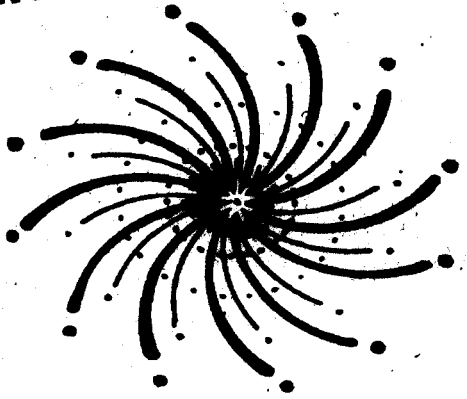
Director



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 -1
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 B63/54 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 fortyeight 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



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:-

DERA PAINTS & CHEMICALS LTD.



Table 2 : Distribution of shareholdings across categories

	As on 31st March 2003		As on 31st March 2002	
	No. of Shares	% to Total Capital	No. of Shares	% to Total Capital
Promoters and persons acting in concert				
Directors and Relatives				
Foreign Institutional investors				
L I C of India				
Mutual funds				
Nationalized and Other banks				
Private Corporate Bodies				
NRIs and OCBs				
Others (Public)				

Total

Table 3 : Distribution of shareholdings according to size class as on 31st March, 2003

No. of Shares Share Holding of Nominal Value (Rs)	Number of shareholders		Shares held	
	Number	%	Number	%
Up to 5000				
5001 to 10000				
10001 to 20000				
20001 to 30000				
30001 to 40000				
40001 to 50,000				
50001 to 1,00,000				
1,00,001 and above				
Total				100

Dematerialisation of Shares

CDSL have approved for dematerialization of shares, however NSDL have not given approval since units paid up capital eroded therefore function of De-mat is not approved by NSDL

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversions date and likely impact on equity

The company has not issued GDRs/Adrs Warrants or any convertible instruments.

Plant Location

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

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

Address Correspondence

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

The Members of
Dera Paints & Chemicals Limited

Re: Report on Corporate Governance

We have reviewed the records concerning the Company's compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India for the year ended on 31st March, 2003.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review, and the information and explanations given to us by the Company.

Based on such a review, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement *subject to non-constitution of Audit Committee and Remuneration Committee.*

On the basis of the records maintained by the Company we state that there are no investor Grievances pending against the Company for a period exceeding one month.

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

For and on behalf of
H. N. Motiwala & Co

N A Doshi
Partner

Place : Mumbai
Date : 5th January, 2004



REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of DERA PAINTS & CHEMICALS LIMITED, as at 31st March, 2003 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 statements' presentation. We believe that our audit provides a reasonable basis for our opinion and we report that:

1. 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.
2. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account.
4. In our opinion, the Profit & Loss Account and the Balance Sheet of the Company comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 subject to our comment in para 6 below.
5. As per the information and explanations given to us, we report that the Directors of the Company are disqualified from being appointed as Directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the accounts particularly subject to Note No.2 Re: Non-provision of leave encashment liability, Note No. 7 Re: Non compliance of Section 292A and 383A of the Companies Act, 1956, Note No. 9 Re: Non-disclosure of amounts due to Sundry Creditors - SSI Units, Note No.11 Re: Preparation of Accounts on going concern basis and read together with other Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true

and fair view :

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003;
 - b. In the case of the Profit & Loss Account, of the LOSS for the financial year ended on that date; and
 - c. In the case of the Cash Flow Statement, of the Cash Flows for the financial year ended on that date.
7. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:
- i. The Company has maintained proper records showing full particulars including quantitative details and general situation of Fixed Assets. We are informed that management has carried out physical verifications of the Fixed assets at reasonable intervals during the year and no material discrepancy was noticed on such verification.
 - ii. None of the fixed assets of the Company have been revalued during the year.
 - iii. As informed to us, the stock of finished goods and raw materials have been physically verified by the management at reasonable intervals during the year.
 - iv. As informed to us and in our opinion, the procedure of physical verification of the stocks followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
 - v. As per the information and explanations given to us, no material discrepancies have been noticed on physical verification of the stocks as compared to the book records and the same have been properly dealt with in the books of account.
 - vi. In our opinion, the valuation of above mentioned stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - vii. The Company has taken unsecured loans from the directors and relatives of the directors and a company as listed in the register maintained under section 301 of the Companies Act, 1956. The rate of interest

DERA PAINTS & CHEMICALS LTD.



- and terms and conditions of such loans are, prima facie, not prejudicial to the interest of the Company.
- vii. During the year, the Company has not granted any loan to the parties as listed in the register maintained under section 301 of the Companies Act, 1956.
- viii. The Company has given loans and advances in the nature of interest free loans to its employees and the parties. The employees are generally repaying the loan amounts as stipulated and in respect of the loan to the parties amounting to Rs. 2,00,000/-, there is no stipulation as to repayment of the loan amounts.
- ix. In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of the business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
- x. In our opinion and according to the information and explanations given to us, there is no transactions of purchase / sale of goods and materials made in pursuance of contracts or arrangements made with the a party as entered in the register maintained under section 301 of the Companies Act, 1956 as aggregating during the financial year to Rs. 50,000/- or more.
- xi. As explained to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials or finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
- xii. The Company has not accepted any Public Deposits during the year. However, in respect of the Deposit accepted in earlier year which have been matured, the Company has not made any repayment owing to the creditors and has not complied with the provision of Section 58 A of the Companies Act, 1956 and the Company (Acceptance of Deposits) rules 1975.
- xiii. In our opinion, reasonable records have been maintained for the sale and disposal of realisable stock. We are informed that the Company did not have any realisable by product.
- xiv. The Company did not have any internal audit system.
- xv. As informed to us, the Central Government had not prescribed maintenance of stock records under section 209(1)(d) of the Companies Act, 1956 for any of the activities of the company.
- xvi. Provident Fund and Employees State Insurance dues have not been paid during the year. The overdue amount of Provident Fund as on 31st March, 2003 was Rs. 1,85,831/- and overdue amount of ESIC as on 31st March, 2003 was Rs. 51,725/-.
- xvii. Undisputed amounts payable in respect of income-tax of Rs. 22,52,219/- and Sales-tax of Rs. 3,27,773/- were outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
- xviii. In our opinion and according to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or generally accepted business practices.
- xix. In our opinion, the Company is a Sick Industrial Company within the meaning of Section 2(1)(c) of the Sick Industrial Companies (Special Provisions) Act, 1985. We are informed that the Company has registered a Scheme under section 15(1) of the Act to the Board of Industrial & Financial Reconstruction (B.I.F.R.) New Delhi on the basis of accounts for the financial year ending on March 31, 2000. The same was rejected by BIFR against which, the Company has preferred an appeal before the Hon'ble Appellate Authority for Industrial & Finance Reconstruction (A.A.I.F.R.) New Delhi on August 22, 2002 and the same is accepted by A.A.I.F.R., New Delhi. The matter is pending with A.A.I.F.R., New Delhi. Further, the company has again made a reference under section 15(1) of the act to BIFR on the basis of account for the financial year ending on March 31, 2001 and March 31, 2002 on January 28, 2003. The same has been registered and the matter is pending with BIFR.
- xx. As regards trading activities of the Company, we have been informed that there are no damaged goods.

For N.N. BETHWALA & CO.
Chartered Accountants

MUMBAI

N.A. DODHIA

DATED : 5th January, 2004

Partner
(Mem. No. 112715)

DERA PAINTS & CHEMICALS LTD.



BALANCE SHEET AS AT 31ST MARCH 2003

	Schedule No.	Amount Rs.	As at 31.03.2003 Amount (Rs.)	As at 31.03.2002 Amount (Rs.)
SOURCES OF FUNDS:-				
Share Capital	A		57,800,700	57,800,700
Reserves & Surplus	B		3,808,925	3,808,925
Secured Loans	C		94,165,214	83,725,229
Unsecured Loans	D		24,727,859	24,108,228
TOTAL Rs.			180,102,698	169,443,082
APPLICATION OF FUNDS:-				
Fixed Assets				
Gross Block		52,468,594	52,468,592	52,468,592
Less: Depreciation		16,275,232	16,275,232	14,318,582
Net Block	E	36,193,362	36,193,362	38,150,010
Capital Work In Progress		3,614,006	3,614,006	3,614,006
Pre-Operative Expenses		1,044,990	1,044,990	1,044,990
			40,852,359	42,809,006
Investments (Unquoted)	F		34,100	34,100
Current Assets Loans and Advances	G			
Closing Stock		911,334	911,334	1,486,127
Sundry Debtors		22,757,156	22,757,156	23,120,407
Cash & Bank Balances		886,654	886,654	230,989
Loans & Advances		8,821,499	8,821,499	8,992,555
		33,376,643	33,376,643	33,810,088
Less: Current Liabilities & Provisions	H	16,275,792	16,275,792	16,082,453
Net Current Assets			17,100,851	17,727,635
Miscellaneous Expenditure (To the extent not written off or adjusted)				
Preliminary Expenses and Share Issue Expenses (Expansion)		1,788,867	1,788,867	2,439,364
			1,788,867	2,439,364
Profit & Loss Account			120,326,520	106,032,977
TOTAL Rs.			180,102,698	169,443,082

Schedules referred to above form an integral part of the Accounts.

As per our report of even date,
For H.N.MOTIWALLA & CO.
Chartered Accountants

N. A. DOSHI
Partner

Mumbai.
Dated : 5th January, 2004

For and On Behalf of The Board.

Kumar V. Shah
Chairman & Managing Director

T. P. Shah
Director

DERA PAINTS & CHEMICALS LTD.



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

	Schedule No.	Amount Rs.	Current Yr. 2002-03 Amount (Rs.)	Previous Yr. 2001-02 Amount (Rs.)
INCOME:				
Sales (Net of Returns)		27,774,789		70,079,700
Less :-				
Excise Duty Paid		1,001,742	26,773,047	6,677,230
Interest Bank		0		20
Interest others [TDS Rs. Nil (P.Y.Rs. 8061-)]		0		11,327
Miscellaneous Income			0	11,347
Dividend Received			96	116
			2,892	2,892
TOTAL Rs.			26,776,035	63,416,825
EXPENDITURE :-				
Decrease/Increase in Stock	I		522,874	684,530
Direct & Manufacturing Expenses	J		25,988,572	59,084,191
Employee Emoluments	K		483,771	532,210
Administrative & Selling Expenses	L		1,285,233	4,201,524
INTEREST:-				
Institution-Term Loan		1,491,985		1,780,927
Banks		8,948,000		11,223,176
Others [Including interest to Managing Director Rs.NIL (P.Y.Rs.NIL)]		479,932		481,182
Depreciation			10,919,917	13,465,285
Preliminary Expenses written off			1,956,848	1,964,789
			650,497	650,497
			41,807,502	80,583,026
Net Loss/Profit			(15,031,467)	(17,166,201)
Less: Sundry Balance written back			849,380	528,747
Net Loss Before Tax			(14,182,087)	(16,637,454)
Less: Provision for taxation			0	0
Net Loss After Tax			(14,182,087)	(16,637,454)
Net Loss After Tax			(14,182,087)	(16,637,454)
Add: Prior Period Adjustments			(111,456)	(32,854)
Net Loss for the Year			(14,293,543)	(16,670,308)
Profit Brought Forward			(106,032,977)	(89,362,669)
Balance carried over to Balance Sheet	TOTAL Rs.		(120,326,520)	(106,032,977)
Basic/Diluted EPS	Note No. 18		(2.48)	(2.89)
Notes to Accounts.	M			

As per our report of even date.
For H.N.MOTIWALLA & CO.
Chartered Accountants

N. A. DOSHI
Partner
Mumbai
Dated : 5th January, 2004

For and On Behalf of The Board.

Kumar V. Shah
Chairman & Managing Director

T. P. Shah
Director

DERA PAINTS & CHEMICALS LTD.



	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED		
70,00,000 Equity Shares of Rs. 10/- each	70,000,000	70,000,000
ISSUED SUBSCRIBED & PAID UP		
57,60,070 (P.Y.57,60,070) Equity Shares of Rs.10/- each fully paid up (Out of above,5,00,000 (P.Y. Rs.5,00,000/-) Equity Shares of Rs.10/- each aggregating toRs.50,00,000/- (P.Y. Rs.50,00,000/-) have been issued for consideration other than cash to the members of Deep Jyote Paints & Chem.Pvt.Ltd. (Transferor Company) w.e.f. 1st April,1991 pursuant to the scheme of amalgamation of Deep Jyote Paints & Chem.Pvt.Ltd. with Dera Paints & Chemicals Ltd. sanctioned by Honourable High Court, Bombay vide order dated 25th June,1992).	57,600,700	57,600,700
TOTAL Rs.	57,600,700	57,600,700
SCHEDULE "B"		
RESERVES & SURPLUS		
1. Capital Reserve Balance as per last BalanceSheet	532,481	532,481
2. Investment Allowance Reserve Balance as per last BalanceSheet	31,444	31,444
3. General Reserve Balance as per last Balance Sheet	45,000	45,000
4. State Subsidy . Op. Balance Balance as per last Balance Sheet	3,000,000	3,000,000
TOTAL Rs.	3,608,925	3,608,925
SCHEDULE "C"		
SECURED LOANS		
From Allahabad Bank		
Working Capital Loan		
i. Secured against hypothecation of stocks of all Raw Materials, Semi-Finished, Finished Goods, Located at Vasai & Book Debts, Outstanding Money Receivable, claims, of Vasai Plant and collateral security of equitable mortgage of Land & Building and hypothecation of Plant and Machinery located at Vasai Plant and guaranteed by a Director and an Ex-Director	14,600,000	14,600,000
Interest accrued & due	18,131,828	14,481,828
	32,731,828	29,081,828

ASSETS	AS ON DATE	AS ON RATE	AS ON FOR THE YEAR	AS ON	AS ON
LAND	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
FACTORY BUILDINGS	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
OFFICE BUILDINGS	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
OFFICE EQUIPMENTS	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
FACTORY EQUIPMENTS	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
PLANT & MACHINERY	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
OFFICE FURNITURE	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
INVENTORY	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
DEBTORS	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
PREPAYMENTS & FUTURE	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
STOCKS	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
LIABILITIES	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000

FIXED ASSETS AS AT 31ST MARCH 2003

NET BLOCK	DEPRECIATION	AS ON
24,727,500	10,445,000	14,282,500
3,730,400	20,000	3,750,400
4,224,550	885,304	5,109,854
4,394,150	905,304	5,299,454
10,783,750	24,727,500	35,511,250

SCHEDULE "E"

SCHEDULE "D"	UNSECURED LOANS	FROM DIRECTORS	FROM MEMBERS	FROM COMPANIES	LIABILITIES SECURED AND DUE	SALES TAX DEFERRED LIABILITY	TOTAL Rs.
18,488,210	3,730,400	20,000	885,304	4,224,550	4,394,150	10,783,750	35,511,250
19,819,273	27,888,818	47,508,191	42,810,181	19,819,273	28,909,818	19,819,273	1,000,000,000

SCHEDULE "D"

AS AT	AS AT
31.03.2003	31.03.2002
19,819,273	19,819,273
27,888,818	27,888,818
47,508,191	47,508,191
42,810,181	42,810,181
19,819,273	19,819,273
28,909,818	28,909,818
42,810,181	42,810,181
19,819,273	19,819,273

DERA PAINTS & CHEMICALS LTD.



	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE "F"		
INVESTMENTS (UNQUOTED)		
i. 20 Equity Shares of Vasai Taluka Indl.Estate Co-op. Estate Ltd. of Rs.500/- each fully paid up.	10,000	10,000
ii. 2,410 Equity Shares of New India Co-op. Bank Ltd. of Rs.10/- each fully paid up.	24,100	24,100
TOTAL Rs.	<u>34,100</u>	<u>34,100</u>
SCHEDULE "G"		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
1. Closing Stock (As taken, valued and certified by Management.)		
a. Raw Materials	164,391	186,309
b. Finished Goods	212,929	596,227
c. Work-in-Process	534,015	704,591
	<u>911,334</u>	<u>1,486,127</u>
2. Sundry Debtors (Unsecured, considered good)		
Debts outstanding for a period exceeding six months.	7,490,114	15,467,434
Other Debts	15,267,042	7,632,973
	<u>22,757,156</u>	<u>23,120,407</u>
3. Cash & Bank Balances		
Cash in Hand	714,140	207,392
Balance with Scheduled Banks		
a) In Current Accounts	162,514	13,597
b) In Fixed Deposits/Margin Accounts (Lodged with Banks.)	10,000	10,000
	<u>886,654</u>	<u>230,989</u>
4. Loans & Advances (Unsecured and considered good.)		
Loans given	290,000	290,000
Advances recoverable in cash or in kind, or for value to be received.		
Advances	*****	7,559,042
Deposits	683,685	935,685
	<u>8,323,449</u>	<u>8,484,727</u>
Balance with Excise Dept.	36,114	28,194
Advance Tax & TDS	169,632	169,632
Pre-paid Expenses	2,304	10,012
	<u>8,821,499</u>	<u>8,992,565</u>
TOTAL Rs.	<u>33,978,643</u>	<u>39,610,088</u>

DERA PAINTS & CHEMICALS LTD.



	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE "H"		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
Sundry Creditors for Goods	9,098,745	6,296,457
Sundry Creditors for Expenses	2,663,380	6,415,459
	<hr/>	<hr/>
Other Liabilities	11,760,125	12,711,916
	4,515,667	3,370,537
	<hr/>	<hr/>
Provisions	16,275,792	16,082,453
Provision for Taxation	0	0
	<hr/>	<hr/>
TOTAL Rs.	16,275,792	16,082,453
SCHEDULE "I"		
DECREASE/INCREASE IN STOCK		
Closing Stock		
Finished Goods	212,929	565,227
Work-in-Process	534,015	704,591
	<hr/>	<hr/>
	746,944	1,269,818
Less: Opening Stock		
Finished Goods	565,227	369,062
Work-in-Process	704,591	1,585,296
	<hr/>	<hr/>
	1,269,818	1,954,348
	<hr/>	<hr/>
	(522,874)	(684,530)
SCHEDULE "J"		
DIRECT & MANUFACTURING EXPENSES		
Raw Materials Consumed		
Opening Stock	196,309	383,783
Add: Purchases (Net)	6,769,041	40,925,079
	<hr/>	<hr/>
	6,965,350	41,308,862
Less: Closing Stock	164,391	196,309
	<hr/>	<hr/>
	6,800,959	41,112,553
	<hr/>	<hr/>
Purchase of Goods	18,977,949	17,527,500
	<hr/>	<hr/>
	18,977,949	17,527,500
Excise Duty paid As per order	103,848	0
Freight & Cartage Inward	740	12,255
Stores & Spares	480	2,883
Power & Fuel Consumed	54,064	265,312
Repairs - Plant & Machinery	1,450	8,400
Labour Charges	6,720	110,013
Water Charges	42,362	47,275
	<hr/>	<hr/>
TOTAL Rs.	25,988,572	59,084,191

DERA PAINTS & CHEMICALS LTD.



	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE "K"		
EMPLOYEES' EMOLUMENTS		
Salary, Wages & Bonus	429,314	442,614
Contribution to P.F., ESIS etc.	29,068	34,716
Staff Welfare Expenses	25,389	54,880
TOTAL Rs.	483,771	532,210
SCHEDULE "L"		
ADMINISTRATIVE & SELLING EXPENSES		
Rent, Rates & Taxes	75,942	74,541
Insurance	2,269	14,494
Electricity Charges	33,385	38,122
Repairs & Maintenance:-	14,370	25,162
Professional & Legal Fees	195,880	340,985
Motor Car Expenses	7,980	40,013
Postage, Telegram & Telephone	183,859	230,986
Bank Charges	38,935	28,769
Printing & Stationary	70,700	99,912
Conveyance	47,483	62,857
Travelling Expenses	58,523	113,043
Donations	0	1,000
Sundry Expenses	59,720	251,628
Advertisement	1,617	12,300
Rebate & Discount (Net)	5,123	5,247
Freight & Octroi Charges	0	8,408
Subscription	750	0
Sales Tax paid	59,293	2,349,147
Security Charges	33,600	95,000
Directors Remuneration:		
Salary to Directors	245,001	275,904
Perquisites to Directors	40,753	50,006
	285,754	325,910
Auditors Remuneration		
Audit Fees	30,240	29,400
Tax Audit Fees	10,800	10,500
Company Law Matters	17,000	17,000
Taxation Matters	50,000	25,000
Certification	0	2,100
Out of Pocket Expenses	2,000	2,000
	110,040	86,000
TOTAL Rs.	1,285,223	4,201,524

DERA PAINTS & CHEMICALS LTD.



SCHEDULE "M"

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003.

1. SIGNIFICANT ACCOUNTING POLICIES

- a) Maintenance of Books of Account and Accounting Policies : The Company maintains its Books of Account on accrual basis. The Accounts are prepared on historical cost basis and on the basis of going concern. The Accounting Policies not referred to otherwise are consistent with the generally accepted Accounting Policies.
 - b) Sales : The figures of sales are inclusive of sales tax and excise duty.
 - c) Depreciation : Depreciation on Fixed Assets has been provided on Straight Line Method at rates prescribed in Schedule XIV to the Companies Act, 1956.
 - d) Preliminary & Share Issue Expenses : The amount of Preliminary & Share Issue Expenses are being written off over a period of 10 years.
 - e) Valuation of Stocks : Raw Materials, Finished Goods & Semi Finished Goods are valued at lower of cost or net realisable value.
 - f) Investments: Investments of the Company, being long-term investments, are stated at cost.
2. No provision has been made for accruing liability for leave encashment to employees as the same is accounted on cash basis. The company has taken out Group Gratuity Policy from Life Insurance Corporation of India and as per the Policy, the company has provided for gratuity Liability of the current year.
 3. The Company's plant at Vasai was gutted in fire on 15th November, 1998. Due to fire, all the stocks and some of the Fixed Assets at the plant have been completely destroyed / damaged. Accordingly, the stock and the fixed assets have been written off in the accounts of 1998-99. The Company has filed an insurance claim of Rs. 162 lacs with The New India Assurance Co. Ltd. for the loss suffered due to fire which claim is pending with the Insurance Company.
 4. The cost and pre-operative expenses relating to the Phase II of Chiplun Project are carried forward under Capital work- in-progress and Pre-operative expenses pending capitalisation.
 5. Pursuant to the revision in the rates of depreciation in Schedule XIV to the Companies Act, 1956 w.e.f. 16th December, 1993 vide Notification GSR No. 756E of the Department of Company Affairs, the Company has provided depreciation on the assets existing as on 15th December, 1993 at the old rates and at the revised rates on the assets purchased thereafter based on the Circular No.14/93 dated 20th December, 1993 of the Department of Company Affairs.
 6. The debit and credit balances of the Parties are subject to confirmation from them.
 7. The Company has not constituted the Audit Committee as required by the provisions of Section 292A and does not have a whole time secretary as required by the provisions of section 383-A of the Companies Act, 1956.
 8. No provision for taxation has been made in the absence of taxable income and c/f losses available for set-off under the Income-tax Act, 1961.
 9. In the absence of information regarding status of Suppliers as defined under the Interest on Delayed Payment of Small Scale and Ancillary Industrial Undertaking Act, 1993, the amounts overdue and remaining unpaid on account of principal and/or interest at the close of the financial year to the Suppliers could not be determined. Accordingly, the disclosures of the amounts due to the Creditors belonging to S.S.I. as required under the amended Schedule VI to the Companies Act, 1956 have not been made.

DERA PAINTS & CHEMICALS LTD.



10. Contingent liabilities not provided for in the accounts:
- Disputed income-tax demands of Rs. 99,663/- (P.Y. Rs.99,663/-) against which the Company has preferred appeals.
 - Guarantee given by bank Rs. 10,000/- (P.Y. Rs.10,000/-)
11. The accumulated losses as on 31st March, 2003 exceeds the Net Worth of the Company. However, the Accounts are prepared on the basis that the Company is a going concern.
12. In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realised in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of amounts reasonably necessary. No personal expenses have been charged to revenue account.
13. The Company has not accepted any Public Deposits during the year. However the Company has deposits of friends of the Managing Director accepted in earlier year which have been matured as on 1st April, 2001 amounting to Rs.8,95,304/-. No provision for interest has been made on the same as the Company has requested them to waive the interest owing to sickness of the Company. Further, owing to sickness and as per restrictions of BIFR, the Company has not repaid / renewed any Deposits during the year which have been matured.
14. The current year's interest is charged at 12% p.a. on the loans from banks and financial institutions, as no intimation / confirmations received from them.
15. Previous year figures are regrouped and re-arranged wherever necessary so as to make them comparable with those of the current year.
16. Disclosure of Segment Reporting (Accounting Standard 17):
- The business segment has been considered as the primary segment. The main segment of the Company is manufacture and trading of Chemicals & Allied Products namely Paints, Thinners / Industrial Solvents, Alkyed Resin & other Chemicals, which is the only segment of the Company and hence, no separate disclosure of Segment Reporting is required.
17. Disclosure of Related party (Accounting Standard 17):
- Relationship
 - Subsidiary Company None
 - Associate Concern Shikha Infina Management Ltd.
Determinative Dye Chem Pvt. Ltd.
 - Key Person (Director)
 - Mr. Kumar V. Shah -- Managing Director
 - Mr. H.A. Salunkhe -- Director
 - Mr. T.P. Shah -- Director
 - Mr. A. L. Shah -- Director
 - Transactions
 - Associate Concern Shikha Infina Management Ltd.
Interest Provided Rs. 2,20,180
Loan Recd. & Outstanding Rs.40,59,075/-
Determinative Dyechem Pvt. Ltd.
Credit Balance outstanding Rs.3,25,952/-
 - Key Persons (Director)
 - Remuneration
M. D. Rs.2,27,953/- K.V. Shah
W.T.D. Rs. 57,801/- H.A. Salunkhe

DERA PAINTS & CHEMICALS LTD.



18. Disclosure of Earning Per Share (Accounting Standard 20):

Net Profit for the year	Rs. (-) 14293543	Rs. (-) 16670308
No. of Equity Shares of Rs.10/- each	5760070	5760070
Earning per share – Basic	Rs. (-) 2.48	Rs. (-) 2.89

19. Disclosure of Taxes on Income (Accounting Standard 22):

No recognition of Net Deferred Tax Assets have been made in the Account in view of existence of huge carried forward losses and unabsorbed depreciation available for set off under the provisions of Income-Tax Act, 1961 and non existence of supporting evidence for availability of future taxable income.

20. Additional information pursuant to the provisions of paragraphs 3, 4C, 4D of part II of Schedule VI to the Companies Act, 1956 is furnished to the extent applicable.

A. i.) Licensed Capacity	Not Applicable
ii) Installed Capacity	2100 M.T.P.A. Paints 54000 M.T.P.A. Thinner / Industrial Solvents 1200 M.T.P.A. Alkyed Resin 15000 M.T.P.A. Cold Pre-treatment Chemicals

B. Turnover

Quantity & Sales Value in respect of goods dealt with by the Company.

i) Manufactured

	Unit	Quantity	Value (Rs.)
a) Paints & Varnish	Liters	5784.90 (17849.20)	305449 (532341)
b) Thinners / Indl. Solvents	Liters / Kgs.	484802.00 (3245432.00)	7230540 (48700663)
c) Resin	Kgs.	7600 (24320)	232302 (851386)
d) Misc. Sales			117090 (15310)
Total :-			7885381 (50077700)

Notes I) Quantity of Sales excludes:

Samples / Loss	Paints Ltr 191.00	Thinner / Solvents. 90.00
ii) Sale of Goods Chemicals	Ltrs / Kgs.	995895.00 (180000.00)
		19889408 (19980000)
Total :-		27774789 (70079701)

DERA PAINTS & CHEMICALS LTD.



C. Consumption of Raw Materials

Item	Unit	Quantity	Value (Rs.)
a) Solvents	Kgs.	—	—
		(2204690.00)	(39320188)
	Ltrs.	503763.00	6432068
		(24222.00)	(384992)
b) Resins	Kgs.	13383.00	357041
		(12888.50)	(842880)
c) Pigments	Kgs.	21.55	2732
		(473.05)	(41577)
d) Extenders	Kgs.	191.00	801
		(1752.00)	(8320)
e) Driers	Kgs.	3.00	516
		(107.00)	(6681)
f) Containers	Nos.	430	7838
		(3059)	(30032)
g) Additives & Others	Kgs.	15.50	513
		(40509)	(877883)
TOTAL			6801509
			(41112553)

D. Actual Production

a) Paints	Ltrs.	2856.70	
		(20933.30)	
b) Thinners / Indl. Solvents	Ltrs/ Kgs.	484857.00	
		(3244772.00)	
c) Resin	Kgs.	7600.00	
		(24320.00)	

E. Purchase of Finished Goods

Chemicals	Ltrs/ Kgs.	985995.00	18977949
		(180000.00)	(17527500)

F. Opening & Closing Stock

i. Opening Stock

a) Manufactured Paints	Ltrs.	6811.50	414852
		(3843.00)	(207451)
Putty	Kgs.	0.00	0
		(0.00)	(0)
Thinners / Indl. Solvents	Ltrs.	10035.00	150375
		(10700.00)	(161611)

Total :-

565227
(369062)

DERA PAINTS & CHEMICALS LTD.



ii) Closing Stock

a) Manufactured

Paints	Ltrs	3692.30 (6811.50)	212929 (414852)
Putty	Kgs.	0.00 0.00	0 0
Thinners / Indl. Solvents	Ltrs.	0.00 (10035)	0 (150375)
Total :-			<hr/> 212929 (565227) <hr/>

G. Value of imported and indigenous Raw Materials Stores & Spares Parts and components consumed during the year and percentage thereof to total consumption.

	Amount (Rs.)	%
Indigenous	6801439 (41115436)	100.00 (100.00)

21. Figures in brackets relates to those of the previous year.

For H.N. MOTIWALLA & CO.
Chartered Accountants

For and on behalf of the Board

N. A. DOSHI
Partner.

Kumar V. Shah
Chairman & Managing Director

T. P. Shah
Director

Place : Mumbai
Dated : 5th January, 2004

DERA PAINTS & CHEMICALS LTD.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

	Current Year 2002-2003 (Rupees)	Previous Year 2001-2002 (Rupees)
A. CASH FLOW OPERATING ACTIVITIES		
Net Profit before tax as per P&L A/c.	(14,293,543)	(16,670,308)
Adjustment for :		
Depreciation	1,956,646	1,964,789
Interest & Dividend Income	(2,892)	(14,239)
Interest & Finance Charges	10,919,917	13,465,285
Amortisation & Misc. Expenditure	650,497	650,497
Previous year adjustment	111,456	32,854
Provisions/Balances written back	(849,380)	(528,747)
Operating Profit/(Loss) before Working Capital Changes	(1,507,299)	(1,099,869)
Adjusted for :		
Inventories	554,793	872,004
Sundry Debtors	363,251	(488,558)
Loans & Advances	171,066	18,463,406
Trade Payable	193,339	(22,207,597)
Cash Flow before Extraordinary items	(224,850)	(4,460,614)
Net Prior years' Adjustments	(111,456)	(32,854)
Provisions/Balances written back	849,380	528,747
Net Cash used in Operating Activities	513,074	(3,964,721)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	0	(18,897)
Interest & Dividend Income	2,892	14,239
Net Cash Used in investing Activities	2,892	(4,658)

DERA PAINTS & CHEMICALS LTD.



	Current Year 2002-2003 (Rupees)	Previous Year 2001-2002 (Rupees)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Acceptance/(Repayment) of Borrowings (Net)	11,059,616	17,126,543
Interest & Finance Charges	(10,919,917)	(13,465,285)
Net Cash generated from Financing Activities	139,699	3,661,258
Net Increase/(decrease) in Cash & Cash equivalents	655,665	(308,121)
Cash & Cash equivalents at start of the year *	220,989	529,110
Cash & Cash equivalents at close of the year *	876,654	220,989

* Fixed Deposit with Bank excluded- Rs.10,000/-

For H.N. Motiwala & Co.
Chartered Accountants

For and on behalf of the Board

KUMAR V. SHAH
Chairman & Managing Director

T. P. Shah
Director

N.A. DOSHI
Partner

Place : Mumbai
Dated : 5th January, 2004

DERA PAINTS & CHEMICALS LTD.



Information pursuant to Part IV to Schedule VI to the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration NO.	11-57373-1990	State Code	11
Balance Sheet Date	31-03-2003		

II Capital raised during year (Amount Rs. in thousands)

Public issue (issue through the Prospectus)	NIL	Right issue :	NIL
Bonus issue	NIL	Private Placement :	NIL

III Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands)

Total Liabilities	196378
Total Assets	196378

Sources of Funds :

Paid up Capital	57601
Reserves & Surplus	3609
Secured Loan	94165
Unsecured Loan	24728

Application of Funds

Net Fixed Assets	40852
Investments	34
Net Current Assets	17109
Miscellaneous Expenditure	1789
Accumulated Losses	120327

IV Performance of the Company (Amount Rs. in thousands)

Turnover (Gross)	27775
Total Expenditure	42069
Loss Before Tax	-14294
Loss After Tax	-14294
Earning Per Share (Note No. 18 of Notes to Account)	-2.48
Divident Rate	NIL

V Generic Name of Three Principal Products (As per monetary terms)

Item Code No. (ITC Code)	Product Description
1) 32091001	PAINTS
2) 381400	THINNERS & INDUSTRIAL SOLVENTS
3) 39075000	ALKYED RESINS

For and on behalf of the Board

KUMAR V. SHAH
 Chairman & Managing Director

T.P. SHAH
 Director

Place : Mumbai
 Date : 5th January, 2004

DERA PAINTS & CHEMICALS LTD.

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

Attendance Slip

I, We hereby record my/our presence at the 13th Annual General Meeting held on 21st February, 2004 at 9.15 a.m. at B/53-54 Nand Bhuvan Indl. Estate, 21, Mahakali Caves Road, Andheri (East), Mumbai - 400 093

Shareholder/Proxy :

(Surname) (First Name) (Second Name)

Reg. Folio No. :No. of Shares held

Signature of Shareholder/Proxy

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

DERA PAINTS & CHEMICALS LTD.

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

Form of Proxy

I/We _____ of _____

Being Member/Members of Dera Paints & Chemicals Ltd.

hereby appoint _____

of _____

or failing him _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company to be held on Saturday, 21st February, 2004 at 9.15 a.m. at B/53-54, Nand Bhuvan Industrial Estate, 21 Mahakali Caves Road, Andheri (East), Mumbai - 400 093 or at any adjournment thereof.

Signed this the _____ day of _____ 2004

Affix
1 Rupee
Revenue
Stamp

Signature of the shareholder(s).

Note : This Proxy form duly completed must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the aforesaid meeting.

BOOK - POST

If undelivered please return to:

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

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