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# 28th ANNUAL REPORT 1996-97

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*Paushak*

**PAUSHAK LIMITED**  
ALEMBIC ROAD, VADODARA-390 003.

## PAUSHAK LIMITED

### DIRECTORS

SHRI CHIRAYU RAMANBHAI AMIN  
SHRI KAMLESH PINAKIPRASAD VAIDYA  
SHRI HARKISHAN MAGANLAL GANDHI  
SHRI MULJIBHAI DALPATBHAI SHAH

*Chairman*  
*Wholetime Director*

### SECRETARY

SHRI PRADEEP SURANA

### AUDITORS

MESSRS K. S. AIYAR & CO.,  
Chartered Accountants,  
49/55, Bombay Samachar Marg,  
MUMBAI 400 023.

### BANKERS

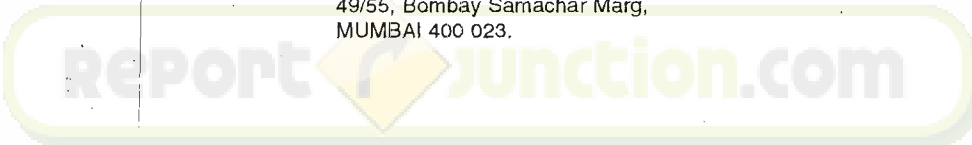
INDIAN BANK

### REGISTERED OFFICE

ALEMBIC ROAD, VADODARA 390 003.

### PLANTS

VADODARA  
PANELAV, DIST. PANCHMAHALS



**PAUSHAK LIMITED****NOTICE**

Notice is hereby given that the Twenty-eighth Annual General Meeting of the Members of Paushak Limited will be held at Vadodara at the Canteen Hall of Alembic Chemical Works Co. Ltd. (Alembic road,) on Monday, the 29th September, 1997 at 4.00 P.M. to transact the following business :

1. To receive and to adopt the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended on 31st March, 1997 and the Report of the Directors.
2. To declare Dividend.
3. To appoint a Director in place of Shri M.D. Shah, who retires by rotation .
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

To transact the following business as Special business :

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

**ORDINARY RESOLUTION**

To appoint a Director in place of Shri Kamlesh Pinakiprasad Vaidya, who vacates office pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company as he was appointed as an Additional Director on the Board of Directors of the Company. The Company has received notice under Section 190 and 257 of the Companies Act, 1956 from the members of the Company intimating their intention to propose him for the reappointment as a Director of the Company and for that purpose to pass the following resolution as an Ordinary Resolution with or without modification.

**ORDINARY RESOLUTION**

**'RESOLVED THAT** Shri Kamlesh Pinakiprasad Vaidya, who having been appointed as an Additional Director, vacates office at this Annual General Meeting be and is hereby re-appointed as a Director of the Company'.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**ORDINARY RESOLUTION**

**'RESOLVED THAT** subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 approval of the Company be and is hereby accorded to the appointment of Shri K.P. Vaidya as Whole-time Director of the Company for a period of three years from 21st November, 1996 at the remuneration and on such other terms and conditions as set out in the draft agreement submitted to this meeting and initialed by the Chairman Shri C.R. Amin for identification, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement within the framework of Schedule XIII of the Companies Act, 1956, as the Board may deem fit and as may be acceptable to Shri K.P. Vaidya.

**RESOLVED FURTHER** that in the event of any loss or inadequacy of profits, in any financial year, Shri K.P. Vaidya, shall be paid as minimum remuneration, the salary and all perquisites as mentioned in the draft agreement.

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

**ORDINARY RESOLUTION**

**"RESOLVED THAT** pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be increased from Rs.3,00,00,000 (Rupees Three Crores) divided into 29,97,500 Equity Shares of Rs.10/- each and 250 Redeemable Cumulative preference shares of Rs.100/- each

**PAUSHAK LIMITED**

to Rs.6,00,00,000 (Rupees six crores) divided into 29,97,500 Equity shares of Rs.10/- each and 250 Redeemable Cumulative Preference Shares of Rs.100/- each and 3,00,000 Redeemable Preference shares of Rs. 100/- each.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**SPECIAL RESOLUTION**

**"RESOLVED THAT** the Clause VI of the Memorandum of Association of the Company be deleted and in its place the following clause be substituted as Clause VI:

- VI. The Authorised Capital of the Company is Rs.6,00,00,000 (Rupees sixth crores) divided in to 29,97,500 Equity Shares of Rs.10/- each and 250 Redeemable Cumulative Preference Shares of Rs.100/- each and 3,00,000 Redeemable Preference shares of Rs.100 /- each with a power to increase or reduce the capital of the Company or to divide the shares in the capital for the time being into several classes or to attach thereto respectively such preferential,deferred,qualified, or special rights,privileges and conditions as may be determined by or in the Articles of Association of the Company and to vary,modify or abrogate any such rights,privileges or conditions in such manner as may be provided by the Articles of Association of the Company."

9. To consider and if thought fit, to pass with or without modification(s),the following resolution as a **Special Resolution**:

**SPECIAL RESOLUTION**

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions,if any,of the Companies Act, 1956, Article No. 3 (A) of the Articles of Association of the Company be and is hereby deleted and substituted as under:

**3 (A)** The Authorised Capital of the Company shall be as per the Clause VI of the Memorandum of Association of the Company.

10. To consider and if thought fit, to pass with or without modification(s),the following resolution as a **Special Resolution**:

**SPECIAL RESOLUTION**

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions,if any,of the Companies Act, 1956, the clause 5 of the Articles of Association of the Company be and is hereby deleted and substituted as under:

**5 Preference Shareholders' Rights**

The holders of the Redeemable Preference shares in the Company shall have the following rights :

- (a) The Redeemable Preference Shares shall carry the right to a fixed Dividend as may be fixed as per the terms of issue; subject to deduction of tax at source, (if applicable) on the capital paid up thereon. In case of inadequacy of profits of the relevant year,the Company may declare/pay the Dividend out of past profits/ reserves subject to the rules/regulations applicable,if any in this regard. In case of inadequacy of past profits/ reserves, the Company may resort to the profits of subsequent years in case of Cumulative Preference Shares and in priority to the Equity shares of the Company for the time being, and the said Preference Shares shall rank for dividend to be declared for the financial year during which they are allotted on pro-rata basis.
- (b) The Redeemable Preference Shares shall, in a winding up , be entitled to rank as regards repayment of capital paid up thereon and arrears of dividend (if any) whether earned, declared or not, up to the commencement of the winding up in priority to equity shares of the Company for the time being, and shall not be entitled to any further participation in profits or any other surplus assets.
- (c) The voting rights of Preference Shareholders shall be governed by the applicable provisions of the Companies Act,1956 and other applicable laws,if any, in this regard.

## PAUSHAK LIMITED

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

**SPECIAL RESOLUTION**

**"RESOLVED THAT** pursuant to the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and any amendments thereof, and in accordance with the provisions of Memorandum and Articles of Association of the Company, and listing agreements entered into by the Company with Stock Exchange(s) and subject to the guidelines and approvals of the Securities and Exchange Board of India (SEBI) and approval of the Reserve Bank of India (RBI), if necessary, and consents and approvals of other concerned authorities, wherever necessary, and also subject to such terms and conditions, alterations, deletions and modifications as may be required or prescribed under the requisite approvals, consents and guidelines, which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board") and/or duly authorised committee thereof for the time being exercising the powers conferred by the Board (hereinafter called the "Committee"), consent of the Company be and is hereby accorded to the Board/Committee to offer, issue and allot whether cumulative/non-cumulative, non-convertible Preference Shares of Rs. 100/- each for an aggregate nominal value of Rs. 3,00,00,000/- on public/rights/private placement / preferential basis or otherwise and the same may be issued to the Members, Indian Mutual Funds, Indian Financial Institutions, Banks, Domestic Corporate Bodies, Foreign Institutional Investors, Overseas Corporate Bodies, Non-Resident Indians, India Funds, business associates or any other person(s) or to one or more of the above categories as the Board/Committee may deem fit in the best interest of the Company and provided that such allotment shall be subject to applicable guidelines, rules, regulations of the Reserve Bank of India, Securities and Exchange Board of India or any other authority in force for the time being and the Board/Committee shall decide the detailed terms and conditions including price, premium on redemption, if any, redemption period, rate of dividend etc.

**RESOLVED FURTHER THAT** such issue and allotment of Preference Shares may be made at such time, in such tranche/tranches and in such manner as the Board/Committee may in its absolute discretion deem appropriate.

**RESOLVED FURTHER THAT** the Board/Committee be and is hereby specifically authorised to decide, accept and agree to any alteration in the size of the issue, the amount of the premium, if any, on Preference Shares and such other terms and conditions as may be required and to do all such acts, deeds and things as may be necessary/considered expedient or deemed fit by the Board to carry out the above resolution without requiring any further approval of the Members."

12. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :

**ORDINARY RESOLUTION**

**'RESOLVED THAT** the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of all or any of the following viz :

1. Various term lending institutions.
2. Various commercial banks.
3. Trustees for the debenture holders in respect of the debentures privately placed with institutions/banks/mutual funds [hereinafter called Debenture Trustees (i)].
4. Trustee for the debenture holders in respect of the debentures to be issued by way of rights/public/private placement or otherwise with various persons [hereinafter called Debenture Trustees (ii)],

to secure term loans and/or debentures and/or financial arrangements not exceeding Rs. 3 crores from any one or more of the institutions, banks and debenture trustees etc. together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charges, premium on repayment or on redemption, cost, charges, expenses and all other monies payable by the Company to institutions, banks and debenture trustees etc. in terms of their respective Loans agreements/Heads of agreement/Hypothecation Agreements/Trustees Agreements/Letters of Sanction/Letters of intent/Memorandum of Terms and conditions etc. entered into/to be entered into by the Company in respect of term loans/debentures/ other financial arrangements; and to the Board of Directors of the Company agreeing with all or any of the said institutions, banks and debenture trustees etc. in terms of their respective Loan Agreements/ Heads of Agreement/Hypothecation Agreements/Trustees Agreements/

**PAUSHAK LIMITED**

Letters of Sanction/Memorandum of Terms and Conditions to reserve a right to take over the management of business and concern of the Company in certain events.

**'RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorised to finalise with institutions, banks, and debenture trustees etc. for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution.

**NOTES :**

1. Any Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. The Register of Members will remain closed from Wednesday, the 24th September, 1997 to Monday, the 29th September, 1997 (both days inclusive) for the purpose of payment of Dividend.
3. The Dividend when sanctioned will be made payable on or after Thursday, the 23rd October, 1997 to those Members whose names stand on the Register of Members of the Company on 29th September, 1997.
4. Pursuant to Section 205 of the Companies Act, 1956 all Unclaimed dividend upto the financial year ended on 31st March, 1993 have been transferred to the General Revenue Account of the Central Government.  
  
Shareholders who have not encashed the Dividend warrant for the said period are requested to claim the amount from the Registrar of Companies (Gujarat), Jivabhai Chambers, Ashram Road, Navrangpura, Ahmedabad 380 009.
5. Explanatory Statement setting out all material facts concerning Item No. 5 to 12 as required under Section 173 of the Companies Act, 1956 is annexed thereto.

Registered office :  
Alembic Road,  
Vadodara.  
Dated : 12th August, 1997

By order of the Board,

**Pradeep Surana**  
SECRETARY

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT****(AS PER SECTION 173(2) OF THE COMPANIES ACT, 1956)****Item No. 5 :**

Shri K.P. Vaidya has been working with the Company for last several years. By the resolution of the Board of Directors Shri K.P. Vaidya has been appointed as an Additional Director of the Company with effect from 21st November, 1996 under Section 260 of the Companies Act, 1956 read with the Article No. 80 of the Articles of Association of the Company and holds office as a Director of the Company upto the date of Annual General Meeting. Your Directors consider it desirable that Shri K.P. Vaidya should be reappointed as Director of the Company and recommend the resolution in this regard.

None of the Directors of the Company, except Shri K.P. Vaidya is concerned or interested in the proposed resolution.

**Item No. 6 :**

The Ordinary Resolution at Item No. 6 of the Notice is to seek the members approval to the appointment of Shri K.P. Vaidya, as Whole-time Director of the Company by the Board of Directors of the Company at its meeting held on 21st November, 1996. Shri K.P. Vaidya is holding a master degree in Business Administration. He is having overall experience of 23 years in General Management function. He has been associated with the Company since 1980. Shri K.P. Vaidya having thus acquired considerable knowledge and experience in the Agro chemicals and speciality chemicals industry, the Directors of the Company thought proper to appoint him as Whole-time Director of the Company for a period of 3 years with effect from 21st November, 1996 subject to the approval of the members of the Company. The remuneration payable to Shri K.P. Vaidya, as Whole-Time Director including the minimum remuneration payable to him in the event of absence or inadequacy

**PAUSHAK LIMITED**

of profits in any financial year of the Company is set out in the respective draft agreement proposed to be entered into by the Company with him and the salient features of the same are given hereunder.

- A. **SALARY :**  
Rs. 27,000/- per month in the grade of Rs. 25,000- 2,000-35,000. The annual increment will be effective from 1st January every year.
- B. **PERQUISITES AND ALLOWANCES :**
- (i) In addition to the salary payable, the Whole-time Director shall also be entitled to Dearness allowance as applicable to Senior Executives from time to time, perquisites and allowances like accommodation (furnished or otherwise), house rent allowance in lieu thereof, medical reimbursement, leave travel concession for himself and his family, medical insurance, personal accident insurance, leave and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Whole-time Director.
  - (ii) Company's contribution to Provident Fund and Superannuation Fund or annuity Fund to the extent these either singly or together are not taxable under Income-tax Act, 1961, Gratuity payable as per the rules of the Company and Encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
  - (iii) Provision for use of Company's car with driver for official duties and Company's telephone at the residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites and allowance for the purpose of calculating the said ceiling.
- C. **MINIMUM REMUNERATION :**
- Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Shri K.P. Vaidya, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the restrictions set out in Section II of Part II of Schedule XIII of the Companies Act, 1956.
- D. Shri K.P. Vaidya, shall be entitled to reimbursement of all expenses which may be incurred by him on behalf of the Company in connection with the business of the Company.
- E. The Appointment may be terminated by either party by giving three months notice in writing to the other party.
- F. The Whole-time Director shall not, as long as he continue to be Whole-time director of the Company, be liable to retire by rotation and he shall not be reckoned as a director for the purpose of determining the number of Directors liable to retire by rotation.
- Shri K.P. Vaidya, is interested in the Ordinary Resolution at Item No. 6 to the extent of remuneration proposed to be paid to him. No other Director of the Company is interested in the said resolution. The Draft Agreement for appointment is available for inspection by the members at the Registered office of the Company on any working day except Sunday and Holidays between 10.30 a.m. and 12.00 noon.

**Item No. : 7 & 8**

The Company may be required to raise an additional capital for part financing business development and for augmenting long term sources of working capital. Such further issue of capital may exceed the present authorised capital of Rs.3,00,00,000 and hence the Board of Directors deem it appropriate to increase the authorised capital of the Company to Rs.6,00,00,000.

The resolutions seek the approval of the members as per Section 94 of the Companies Act, 1956 for increase in the authorised capital and consequent amendment in Clause VI of the Memorandum of Association.

A copy of the existing Memorandum and Articles of Association together with the proposed alteration to the Capital Clause is available for inspection for any member of the Company at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company.



**PAUSHAK LIMITED**

Your Directors recommend the resolutions No.7 & 8 for approval of the members.

None of the Directors is interested or concerned with the proposed resolution.

**Item No. 9**

It is proposed to amend the existing Clause 3 (A) of Articles of Association of the Company by substituting the clause No. 3 (A). The amendment to the existing Article is proposed as a matter of convenience.

The resolution seeks the approval of the members as per Section 31 of the Companies Act 1956 for altering the Articles of Association of the Company as stated in the resolution.

A copy of the existing Memorandum and Articles of Association together with the proposed alteration to the Capital Clause is available for inspection by any member of the Company at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company.

Your Directors recommend the resolution No.9 for approval of the members.

None of the Directors is interested or concerned with the proposed resolution.

**Item No. 10**

The existing provisions on Preference Shares in the Articles of Association are not in conformity with the present guidelines, practices and conditions of Preference Share capital and hence the same are required to be altered. The alterations of the existing Articles 5 are proposed to bring the provisions relating to the Preference Shares in conformity with the current guidelines, practices and conditions.

The resolution seeks the approval of members in terms of Section 31 of the Companies Act, 1956 for altering the Articles of Association of the Company as stated in the resolution.

A copy of the existing Memorandum and Articles of Association together with the proposed alteration to the Capital Clause is available for inspection for any member of the Company at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company.

Your Directors recommend the resolutions No. 10 for approval of the members.

None of the Directors is interested or concerned with the proposed resolution.

**Item No. 11**

The Company may be required to raise additional Capital for part financing the business development and/or for augmenting the long term sources of working capital requirements. For this purpose the Company proposes to raise additional capital by further issue of Preference Shares on preferential / private placement/rights basis or otherwise.

The terms of Section 81 (1A) of the Companies Act, 1956 provide inter alia, that, any increase in the subscribed capital of the Company by way of allotment of further shares to the persons other than the existing shareholders, requires the consent of the Company in General Meeting by way of Special Resolutions for the proposed issue of preference shares on rights/ preferential/private placement basis or otherwise.

Your Directors recommend the resolution No.11 for approval of the members.

The Directors may be deemed to be interested or concerned with the proposed resolution, to the extent the Preference Shares which may be offered to them, their friends, relatives and/or business associates.



**PAUSHAK LIMITED**

**Item No. 12 :**

The Company may require funds for expansion, development, or modernisation of facilities and for working capital requirements for which the Company will require to borrow from the institutions, banks and/or raise funds by way of debentures for which the Company will be required to mortgage and/or charge all the immovable and/or movable properties of the Company in favour of institutions, banks, and/or debenture trustees.

Section 293 (1) of the Companies Act, 1956 provides that the Board of Directors of Public Limited Company shall not, without the consent of members of such public limited company in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company.

As the Loans/Debentures/other financial arrangements from the aforesaid institutions/banks/trustees etc. have to be secured by mortgage and charge on the immovable and movable properties of the Company, both present and future, and the whole of the undertaking or substantially the whole of the undertaking of the Company and the aforesaid institutions/banks/trustees would like to retain a power to take over the management of business and concern of the Company in certain events, it is necessary for the members to pass a resolution under Section 293(1) (a) of the Companies Act, 1956.

None of the Directors of the Company is deemed to be concerned or interested in the resolution.

Registered Office :  
Alembic Road,  
Vadodara : 390 003  
Dated : 12th August, 1997.

For and on behalf of the Board

**Pradeep Surana**  
SECRETARY



**PAUSHAK LIMITED**  
**DIRECTORS' REPORT**

To,  
The Members,  
We have pleasure in presenting the Twenty Eighth Annual Report with the audited Statement of Accounts for the year ended on 31st March, 1997.

	1996-97 Rs.	1995-96 Rs.
<b>1. FINANCIAL RESULTS :</b>		
Profit before Depreciation, and Taxation	99,59,105	1,36,49,892
Less : (i) Depreciation	58,03,459	48,23,675
(ii). Provision for Taxation	5,50,000	20,00,000
	63,53,459	68,23,675
Net Profit	36,05,646	68,26,217
Add : (i) Excess provision no longer required	58,931	--
(ii) Profit brought forward from last account	13,348	7,415
(iii) Income in respect of previous year	60,427	687
(iv) Transferred from Investment allowance Reserve	--	99,566
	37,38,352	69,33,885
Less : Expenses in respect of previous year	11,45,113	14,27,681
Balance available for appropriation	25,93,239	55,06,204
<b>2. APPROPRIATIONS :</b>		
(i) Proposed Dividend :		
On Equity Shares	20,38,392	27,17,856
Tax on Dividend	2,03,839	--
(ii) Transferred to :		
General Reserve	66,000	27,75,000
Balance carried forward to next year's Account.	2,85,008	13,348
	25,93,239	55,06,204

**3. DIVIDEND :**

Your Directors recommend Dividend (Subject to deduction of tax) as under :

	Rs.
On 16,98,660 Equity shares of Rs. 10/- each @ Rs. 1.20 per Share for the Year ended on 31st March, 1997.	20,38,392

**4. OPERATIONS :**

The Company's sales turnover for the year ended 31st March, 1997 was Rs. 2578 lacs as against Rs. 2451 lacs for the previous year thus showing a marginal increase of 5.18 percent. This Profit (before depreciation and taxation) for the year under review is Rs. 99.59 lacs as compared to Rs. 136.50 lacs for the previous year.

During the year under review the Agrochemical industry has passed through a very critical period, as the indigenous manufacturing of the Technical products have been proved totally non competitive as compared to the imported technical products which are being dumped at very low prices.

The energy cost, employee cost, rates and taxes and all other overheads are showing increasing trend vis a vis selling prices showing the downward trend. In certain cases the imported prices even do not match the raw material costs. The scenario on the agro chemicals front is discouraging.