
32nd
ANNUAL REPORT
2000-2001

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Paushak

PAUSHAK LIMITED

ALEMBIC ROAD, VADODARA-390 003.

PAUSHAK LIMITED

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| DIRECTORS | SHRI CHIRAYU RAMANBHAI AMIN SMT. MALIKA CHIRAYU AMIN SHRI HARKISHAN MAGANLAL GANDHI SHRI MULJIBHAI DALAPATBHAI SHAH SHRI AMITBHAI MOHANDAS GORADIA SHRI ARVIND ANANTRAO JOSHI SHRI RAJENDRA ARVINDRAO PAWAR | <i>Chairman</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> |
| SECRETARY | SHRI RAJENDRA ARVINDRAO PAWAR | |
| AUDITORS | K.S. AIYAR & CO., Chartered Accountants 4th Floor, Janmabhoomi Bhavan, 24/26, Janmabhoomi Marg, Fort, Mumbai 400 001. | |
| BANKERS | INDIAN BANK UNION BANK OF INDIA | |
| REGD. OFFICE | ALEMBIC ROAD, VADODARA - 390 003. | |
| PLANT | PANELAV, DIST. PANCHMAHALS. | |
| STOCK EXCHANGES | THE STOCK EXCHANGE, MUMBAI PHIROZE JEEJEEBHOY TOWERS, DALAL STREET, MUMBAI 400 001. VADODARA STOCK EXCHANGE LIMITED FORTUNE TOWER, SAYAJIGUNJ, VADODARA 390 005. | |

PAUSHAK LIMITED**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of PAUSHAK LIMITED will be held at "Sanskriti", Corporate Conference Centre, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003 on Tuesday, the 11th December, 2001 at 4.00 p.m. to transact the following Business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the period ended on 30th June, 2001, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri C.R. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri H.M. Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

SPECIAL RESOLUTION

"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 and any amendments or any re-enactments thereof, and in accordance with the provisions of Articles of Association of the Company, the Authorised Capital of the Company be and is hereby re-classified from 70,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 7,00,00,000/- (Rupees Seven Crores) and 3,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each aggregating to Rs. 3,00,00,000/- (Rupees Three Crores) into 50,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 5,00,00,000/- (Rupees Five Crores) and 5,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each aggregating to Rs. 5,00,00,000/- (Rupees Five Crores).

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

SPECIAL RESOLUTION

"RESOLVED THAT pursuant to the provision of Section 16 and other applicable provisions, if any, of the Companies Act, 1956 and any amendments or any re-enactments thereof, and in accordance with the provisions of Articles of Association of the Company and consequent to the re-classification of Authorised Share Capital of the Company, Clause V of the Memorandum of Association of the Company be deleted and in its place and stead to following Clause be substituted as Clause V".

V. The Authorised Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 50,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 5,00,00,000/- and 5,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- aggregating to Rs. 5,00,00,000/- with 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."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

SPECIAL RESOLUTION

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered as follows :

"(A) The following Article No. 9A be inserted after the existing Article No. 9 in the Articles of Association of the Company.

Buy-Back of Shares 9A Notwithstanding anything contained in these Articles, the Board of Directors, may when and if though fit, buy back such of the Company's own Shares or Securities as it may think necessary subject to such limits upon such terms and conditions, and subject to such approvals as may be permitted under the law."

"(B) The following Heading and Article be inserted as Article No 21A after existing Article No. 21."

IVA. DEMATERIALISATION OF SECURITIES

Dematerialisation 21A. (1) Notwithstanding anything contained in these Articles, the Company shall be entitled to Dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Definitions (2) For the purpose of this Article :
"Beneficial Owner" means a person or persons whose name(s) is/are recorded as such with a depository;

"SEBI" means the Securities and Exchange Board of India.

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

"Security" means such security as may be specified by SEBI from time to time

Option for Investors (3) Every person subscribing to security offered by the Company shall have the option to receive security certificates or to hold the security in a dematerialised form with a depository. Such a person who is the beneficial owner of the Security can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act and Rules, if any, prescribed, thereunder and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the Security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Security.

Security in Depositories to be in fungible form (4) All Securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of Depositories and Beneficiar Owners (5)(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the Registered owner for the purpose of effecting the transfer of ownership of Security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(c) Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

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| Services of Documents | (6) Notwithstanding anything contained in the act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs. |
| Transfer of Securities | (7) Nothing contained in Section 108 of the Act, or these Articles, shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository. |
| Allotment of Securities dealt with in a depository | (8) Notwithstanding anything contained in the Act, or these Articles, where securities are dealt with in a dematerialised form with a depository, the Company shall intimate the details thereof to the depository, immediately on allotment of such securities. |
| Distinctive numbers of Securities held in a Depository. | (9) Nothing contained in the Act, or these Articles regarding the necessity or having distinctive numbers or securities issued by the Company shall apply to securities held with a depository. |
| Register and Index of Beneficial owners | (10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles. |
| Other matters | (11) Notwithstanding anything contained in these Articles or the Act, the provisions of Depositories Act, 1996, relating to dematerialisation of Securities, (including any modification of re-enactment thereof and Rules/ Regulations made thereunder) shall prevail and apply accordingly. |

(C) 1. The following line be inserted after Article No. 24.

The duly verified declaration in writing that the declarant is a director, the manager, or the secretary of the Company and that a Share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of facts therein stated as against all persons claiming to be entitled to the share.

8. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

SPECIAL RESOLUTION

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows :

The Following Article No. 70A be inserted after the existing Article No. 70 in the Articles of Association of the Company.

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| Resolution by Postal Ballot | 70A | Notwithstanding anything contained in these Articles, pursuant to Section 192A of the Companies Act, 1956, the Company may, and in the case of resolution relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot (including voting by electronic mode), shall get any resolution passed by means of a postal ballot (including voting by electronic mode), instead of in addition to transacting the business in the General Meeting of the Company. Where the Company decides to pass any resolution by postal ballot, it shall send a notice by registered post acknowledgement due, or by any other method as may be prescribed by the Central Government in this behalf to all the shareholders alongwith draft |
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resolution explaining reasons therefore, and requesting them to send their assent or dissent in writing, on a postal ballot, in postage pre-paid envelope to be provided by the Company, within a period of 30 days or within such period as may be prescribed by the Central Government from the date of posting of the notice.

If a resolution is assented to by a requisite majority of the Shareholders by means of postal ballot (including voting by electronic mode), it shall be deemed to have been duly passed at a General Meeting in that behalf".

By Order of the Board

Regd. Office
Alembic Road,
Vadodara 390 003

Dated : 20th September, 2001

[R.A. PAWAR]
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Explanatory statement setting out all material facts concerning item No. 5 to 8 as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from the Wednesday, 5th December, 2001 to Tuesday 11th December, 2001 (both days inclusive).
4. Members may note that the Company's Securities are listed on the Vadodara Stock Exchange Limited, 3rd Floor, Fortune Tower, Sayajigunj, Vadodara 390 005 and on The Stock Exchange, Mumbai, Sir P.J. Towers, Dalal Street, Mumbai - 400 001. The Company has paid the listing fees to above Stock Exchanges in time.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at least seven days in advance to enable the Company to keep the information ready.
6. Members are requested to inform the Company any change in their registered address immediately to enable the Company to do any future communications at their correct addresses.
7. Members are advised to consolidate their ledger folios where they are holding shares under different folios in the same sequence of names(s).

PAUSHAK LIMITED**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****ITEM NO. 5 & 6**

Presently Company's Authorised Capital divided into 70,00,000 Equity Shares of Rs. 10/- each amounting to Rs. 7,00,00,000/- (Rupees Seven Crores) and 3,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each amounting to Rs. 3,00,00,000/- (Rupees Three Crores). The Company has issued entire Redeemable Cumulative Preference Shares and to meet further need of funds, the Company may like to issue the same and for this it is advisable to re-classify the authorised capital into 50,00,000 Equity Shares of Rs. 10/- each and 5,00,000 Redeemable Cumulative Preference shares of Rs. 100/- each which will facilitate the Company to manage funds by issuance of further Preference Shares of Rs. 2 Crores in one or more tranches in future.

The Directors recommend the resolution No. 5 & 6 for approval of the Members.

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

ITEM NO. 7

(A) Article No. 9 of the Articles of Association of the Company restricts the Company from buying its own Shares. It is proposed to insert a new Article No. 9A as set out in the resolution at Item No. 7 to enable the Company to purchase any of its own Shares or Securities, as proposed in the resolution. As per Section 77A and 77B of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999 a Company is now permitted to buy back its own shares. Article No. 9A is being inserted to have enabling provisions in the Articles of Association for buy back of Shares or Securities by the Company.

Therefore, the Board of Directors recommends the resolution for your approval.

None of the Director of the Company is concerned or interested in the resolution.

(B) On introduction of the Depositories Act, 1996 and Depository system some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a Company. Hence to take necessary actions in the matter, it is necessary to amend/insert the Articles of Association, Article No. 21A is being inserted to have enabling provisions in the Articles of Association for joining the depository system by the Company, as and when necessary/desirable. Therefore, the Board of Directors recommends the resolution for your approval.

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

ITEM NO. 8

Article 70A is proposed to be inserted, being consequential alteration to the Articles of Association of the Company in view of recent amendments to the Companies Act, 1956, by insertion of Section 70A for passing of certain resolutions by postal ballot, by the Companies (Amendment) Act, 2000.

According to Section 31 of the Companies Act, 1956, it is necessary to pass a Special Resolution to amend any of the provisions of Articles of Association. Therefore, the Board recommends the resolution for the approval of the Members.

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

The Directors recommend this resolution for approval of the members.

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

Regd. Office :
Alembic Road,
Vadodara 390 003

By Order of the Board

Dated : 20th September, 2001

[R.A. PAWAR]
Company Secretary

DIRECTORS' REPORT

To,
The Members,

Your Directors submit their Thirty Second Annual Report together with the Audited Accounts for the Period ended on 30th June, 2001.

1. FINANCIAL RESULTS

The working results of the Company are briefly given below :

| | For the period ended 30.06.2001 (15 Months) Rs. | Year ended 31.3.2000 (12 Months) Rs. |
|--|---|---|
| Profit/(Loss) before Depreciation Taxation | 1,19,81,004 | 78,70,017 |
| Less : Depreciation | 1,07,73,614 | 76,95,135 |
| Provision for taxation | 6,50,000 | — |
| Net Profit after provision for Taxation | 5,57,390 | 1,74,882 |
| Less : Prior period adjustments | 99,13,988 | 34,97,819 |
| Loss for the Year | (93,56,598) | (33,22,937) |
| Add : Loss brought forward from last account | (1,50,17,321) | (1,20,41,384) |
| | (2,43,73,919) | (1,53,64,321) |
| Transferred from Investment Allowance Reserve | 46,000 | 3,47,000 |
| Deficit carried to Balance Sheet | (2,43,27,919) | (1,50,17,321) |

During the year, the Company has issued 2,00,000 12% Redeemable Cumulative Preference Shares of Rs. 100/- each at par on private placement basis and the same were fully subscribed.

2. DIVIDEND

In view of inadequate profit, no recommendation for dividend is made by your Directors.

3. OPERATIONS

The Sales and other income for the period ended 30th June, 2001 was Rs. 1764 lacs as compared to Rs. 1838 lacs for the previous year.

The Company has almost exhausted the pesticides stock and proposes to concentrate liquidation of pesticides stock.

The Company will continue its focus on chemical business.

4. RESEARCH & DEVELOPMENT

Research & Development is carried out for improvements in the production process and quality of products. Company concentrates on utilization of existing plant capacity for developing new products mix.

PAUSHAK LIMITED**5. SAFETY, HEALTH & ENVIRONMENT**

The Company continues to maintain high standard of safety. It is ensured that all safety rules and statutory requirements are complied during production, storage, handling and transportation of products to prevent any accident. Mock-drill of on-site emergency plans are being carried out periodically.

Company maintained emission within the specified limits of standard. The preservation of Environment and Pollution Control are among the top priorities of your Company.

6. FIXED DEPOSITS

The Fixed Deposits including loans from Shareholders of the Company as on 30th June, 2001 amounted to Rs. 28,02,500/- out of these deposits aggregating to Rs. 4,09,500/- from 52 Depositors have not been repaid on due dates. Deposits of Rs. 1,31,000/- have since been repaid at the option of 18 Depositors and for balance of Rs. 2,78,500/- from 34 depositors no instruction have been received so far.

7. PARTICULARS OF EMPLOYEES

None of the employees of the Company is in receipt of remuneration of more than Rs. 12,00,000/- per annum or Rs. 1,00,000/- per month, where the employment is for a part of the year, and as such the particulars of employees as contemplated under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not given.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN 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 the Board of Directors) Rules, 1988, is given in the Annexure - B hereto and form part of this report.

9. DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri C.R. Amin and Shri H.M. Gandhi, Directors of the Company retires by rotation at this Annual General Meeting and are eligible for reappointment.

10. AUDITORS' REPORT :

With reference to the observations made in the Auditors' Report the Notes on Accounts as contained in Schedule "V" of the Annual Accounts are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

11. APPOINTMENT OF STATUTORY AUDITORS

M/s. K.S. Aiyar & Co., Chartered Accountants, Mumbai, the Company's Auditors, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. It is proposed to re-appoint them and fix their remuneration.

12. DIRECTORS' RESPONSIBILITY STATEMENT :

In accordance with the Companies (Amendment) Act, 2000, the Directors state that :

- i) In the preparation of the annual accounts for the year, the applicable accounting standards have been followed.
- ii) Accounting Policies as listed in the Schedule V to the Financial statements have been selected and consistently applied and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on June 30, 2001 and of the Loss of the Company for the accounting period ended on that date.
- iii) Proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- iv) The annual accounts have been prepared on going concern basis.

13. DEMATERIALISATION

The Company's equity share are now required to compulsorily traded in dematerialised form by all investors i.e. transactions in the Shares of the Company would be allowed only in electronic form. Members holding Shares in physical forms are requested to approach any Depository Participant to get the Shares dematerialised.

14. ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation of the support received from the Company's bankers, valuable customers, depositors, brokers and the shareholders.

Your Directors also wish to express their grateful appreciation of the co-operation received from the employees and their continued efforts towards the progress of the Company.

For and on behalf of the Board

Vadodara
20th September, 2001

[C.R. Amin]
Chairman

ANNEXURE "B" TO DIRECTORS' REPORT

Particulars required under The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules - 1988

(A) Conservation of Energy**(a) The energy conservation measures taken :**

The Company continues its efforts to improve methods of energy conservation and utilization.

- (i) Chemical treatment of Boiler & Cooling water is going on continuously.
- (ii) Optimization in use of Process Water, reduction in the Raw Water Consumption & Power Consumption, is continuing.
- (iii) Brine supply is done centrally to reduce power consumption significantly. The compressors are maintained by a professional agency.
- (iv) Use of pressure filter started for TCC, to reduce power consumption.
- (vi) Specialised "Sulzer" make structured packing installed in distillation columns, to increase the column efficiency thus reducing the operation time and power cost.

(b) Additional investment and proposals, if any, being implemented for reduction in the consumption of energy.

- (i) Preventive maintenance of chilling plant, air compressor is regularly carried out to improve and maintain compressor efficiency.
- (ii) Use of calcined petroleum coke is suggested to improve the production efficiency of Phosgene and thus conserve power. Trials are on.
- (iii) Use of continuous centrifuge is suggested for TCC to reduce power consumption, detailing is being done.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods.

To lower down the cost of utility per kg. of product substantially, utility losses at each and every operation were strictly monitored.

(d) Total energy consumption and energy consumption per unit of production :

As per Form "A" enclosed herewith.