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**33rd  
ANNUAL REPORT  
2001-2002**

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**PAUSHAK LIMITED**

ALEMBIC ROAD, VADODARA-390 003.

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## PAUSHAK LIMITED

### 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 UDIT CHIRAYU AMIN  
SHRI RAJENDRA ARVINDRAO PAWAR

*Chairman*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director (w.e.f.08/04/02)*  
*Director*

### 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

### REGISTERED OFFICE

ALEMBIC ROAD, VADODARA 390 003.

### PLANTS

PANELAV, DIST. PANCHMAHALS.

### STOCK EXCHANGES

**THE STOCK EXCHANGE, MUMBAI**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai 400 023.

**VADODARA STOCK EXCHANGE LIMITED**  
Fortune Tower,  
Sayajigunj,  
Vadodara 390 005.

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PAUSHAK LIMITED

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 33rd 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 17th December, 2002 at 3.30 p.m. to transact the following Business :

## ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 30th June, 2002, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri. M.D. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt. M.C. Amin, who retires by rotation and being eligible, offers herself 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(s), the following resolution, as an Ordinary Resolution.

### ORDINARY RESOLUTION

"RESOLVED THAT Shri Udit C. Amin, who having been appointed as an Additional Director, vacates office at this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

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

### ORDINARY RESOLUTION

#### "RESOLVED -

1. THAT 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 the Board of Directors for mortgaging, and/or charging of the Company's assets and properties, both immovable and movable, wheresoever situate, both present and future, to or in favour of ;

Financial Institutions (FIs) / Foreign Institutional Investors (FIIs) / Commercial Banks / Nationalised Banks / Private Sector Banks / Co-operative Banks / Debenture Trustees / Non-Resident Indians (NRIs) / Overseas Corporate Bodies (OCBs)/ any Body Corporate / Insurance Companies / Mutual Funds (MFs) including off-shore funds / Government Agencies / Government Companies and/or any Authorities (hereinafter referred to as "the Lenders") to secure various term loans and/or debentures and/or borrowings and/or financial instruments and/or any other financial arrangements from the Lenders not exceeding in the aggregate Rs. 20 Crores, subject to such guidelines, approvals, consents, permission and/or sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India, concerned Stock Exchanges and all other appropriate and concerned authorities as may be applicable and subject to such conditions and modifications as may be prescribed by them in such guidelines and/or in any other documents while granting such approvals, consents, permission and/or sanctions, together with interest at the agreed rates, additional interest, liquidated damages, guarantee commission, remuneration payable to the Trustees, commitment charges, costs charges, expenses and all other monies including any increase as a result of devaluation/revaluation/ fluctuation in the rates of exchange of foreign currencies involved, payable by the Company to the Lenders in terms of the Loan Agreement/ Heads of Agreement/ Mortgage Deed/ Trustees Agreement/ Letter of Sanction/ Letter of Intent/ Memorandum of Terms and Conditions etc., entered into / to be entered into by the Company in respect of the said term loans and/or debentures and/or borrowings and/or financial instruments and/or other financial arrangements and any amendments or modifications thereto from time to time.

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2. THAT the Board of Directors of the Company be and is hereby authorised to agree with any one or more of the Lenders as per the respective Loan Agreement/ Heads of Agreement/ Trustees Agreement/ Letter of Sanction/ Letter of Intent/ Memorandum of Terms and Conditions etc., to reserve a right to takeover the possession of the assets of the Company and/or management and/or the business and concern of the Company in certain events.
3. THAT the Board of Directors of the Company be and is hereby authorised to finalise and execute documents for creating the aforesaid mortgages and/or charges and to do all acts, deeds, matters and things as may be necessary, required or expedient for effectuating this resolution."

Registered Office :  
Alembic Road,  
Vadodara-390 003.  
**Dated : 24th September, 2002.**

By Order of the Board,  
  
**(R. A. PAWAR)**  
Company Secretary cum  
Manager (Finance)

## 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 and 6 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, the 11th December, 2002 to Tuesday, the 17th September, 2002 (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 The Stock Exchange, Mumbai, Sir P.J. Towers, Dalal Street, Mumbai 400 001. The Company has paid the Listing fees to above Stock Exchange 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).

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EXPLANATORY STATEMENTS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956

## Item no. 5

The Board of Directors in its meeting held on 8th April, 2002 has appointed Shri Udit C. Amin as an Additional Director of the Company with effect from that date. Shri Udit C. Amin has completed his Bachelor of Arts in Economics from the University of Michigan - USA. Your directors consider it desirable that Shri Udit C. Amin be re-appointed as a Director of the Company and recommend that the resolution in this regard be adopted by the members of the meeting.

Shri C.R. Amin, Chairman, Smt. M.C. Amin, Director are concerned or interested in this resolution.

## Item No. 6

The Company may, from time to time, enter into various agreements with Financial Institutions (FIs) / Foreign Institutional Investors (FIIs) / Commercial Banks/ Nationalised Banks/ Private Sector Banks / Co-operative Banks/ Debenture Trustees/ Non-Resident Indians (NRIs) / Overseas Corporate Bodies (OCBs) / any Body Corporate/Insurance Companies/ Mutual Funds (MFs) including Off-shore funds/Government Agencies/ Government Companies and/or any other Authority (hereinafter referred to as "the Lenders") to secure various term loans and/or debentures and/or borrowings and/or financial instruments and/or any other financial arrangements from the Lenders not exceeding in the aggregate Rs. 20 Crores. The Company is required to mortgage and/or charge all or any of the immovable and/or movable properties and the whole or substantially the whole of the undertaking(s) together with reservation or right to take over the management of business or concern of the Company in certain events.

Section 293 (1) (a) of the Companies Act, 1956 provides that the Board of Directors of Public Limited Company, shall not, without the consent of the members of such company in General Meeting, dispose off the whole or substantially the whole of the undertaking(s) of the Company in one way or another.

As the term loans and/or debentures and/or borrowings and/or financial instruments and/or any other financial arrangements may be required to be secured by mortgage and/or charge of the immovable and/or movable properties of the Company, both present and future, it is necessary for the members to pass a resolution under Section 293 (1) (a) of the companies Act, 1956. Hence, the resolution is placed for your kind consideration.

Your Directors recommend the resolution for the approval of the members.

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

Registered Office :

Alembic Road,

Vadodara-390 003.

**Dated : 24th September, 2002.**

By Order of the Board

**(R. A. PAWAR)**

Company Secretary cum

Manager (Finance)

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## DIRECTORS' REPORT

To,  
The Members,

Your Directors submit their Thirty Third Annual Report together with the Audited Accounts for the year ended on 30th June, 2002.

### 1. FINANCIAL RESULTS

The working results of the Company are briefly given below :

	Year ended 30-06-2002 (12 Months) Rs.	For the Period ended 30-06-2001 (15 Months) Rs.
Profit/(Loss) before Depreciation and Taxation	42,17,179	1,19,81,004
<b>Less :</b> Depreciation	1,19,70,343	1,07,73,614
Provision for Deferred Taxation	29,58,000	-
Provision for Current Taxation	-	6,50,000
Net Profit/(Loss) after Provision for Taxation	(1,07,11,164)	5,57,390
<b>Less :</b> Prior period adjustment	1,88,295	(99,13,988)
Loss for the Year	(1,05,22,869)	(93,56,598)
<b>Add :</b> Loss brought forward from last account	(2,43,27,919)	(1,50,17,321)
	(3,48,50,788)	(2,43,73,919)
<b>Add :</b> Transferred from Investment Allowance Reserve	-	46,000
Deficit carried to Balance sheet	(3,48,50,788)	(2,43,27,919)

### 2. DIVIDEND

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

### 3. OPERATIONS

The Sales and other income for the year ended 30th June, 2002 was Rs.1345.32 lacs as compared to Rs.1764.58 lacs for the previous year.

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.

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## 5. LISTING EQUITY SHARES

The Company's Equity shares are listed with Vadodara Stock Exchange, Vadodara and The Stock Exchange Mumbai. The Company is regular in paying listing fees in each of the Stock Exchanges.

In accordance with the instruction received from The Stock Exchange, Mumbai, the Company has established connectivity with the National Securities Depository Limited and Central Depository Services (India) Limited, for providing the facility of dematerialisation of the shares in the Company. Shareholders are advised to get their shares dematerialised in view of the several benefit accruing in depository system.

## 6. 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.

## 7. FIXED DEPOSITS

The Fixed Deposits including loans from Shareholders of the Company as on 30th June, 2002 amounted to Rs. 3,53,000/- out of these deposits aggregating to Rs. 2,62,500/- from 37 Depositors have not been claimed on due dates. Deposits of Rs. 62,500/- have since been repaid at the option of 5 Depositors and for balance of Rs. 2,00,000/- from 32 depositors no instruction have been received so far.

## 8. PARTICULARS OF EMPLOYEES

No employee of the Company is covered under Section 217(2A) of the Companies Act, 1956, as amended read with the Companies (Particulars of Employees) Rules 1975.

## 9. 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 - A hereto and form part of this report.

## 10. DIRECTORS

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

The Board of Directors in its meeting held on 8th April, 2002, has appointed Shri. Udit. C. Amin as an Additional Director of the Company. The Directors recommend his appointment as a Director at ensuing Annual General Meeting.

## 11. AUDITORS' REPORT

With reference to the Auditors' observation No. (vi) in their main report of non-provision for doubtful debts of Rs. 5,15,46,309/-, the Company is hopeful of favourable outcome of the legal steps taken by the Company and hence provision is not made.

With respect to the Auditors' opinion as given in clause (xx) of the Annexure to their Report, the Board will seek necessary legal clarification.

## 12. 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.

## 13. 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, 2002 and of the Loss of the Company for the accounting year ended on that date.

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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.

#### 14. ACKNOWLEDGMENT

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

Place : Vadodara

Dated : 24th September, 2002

(C. R. Amin)

Chairman





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ANNEXURE "A" 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.
- (v) Proper insulation on brine line and reactors wherever required to avoid the heat losses.

**(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.
- (iv) Use of ultra fine mill and air classifier in lieu of air zetomiser to reduce the power consumption and cost.
- (v) Recovery of steam condensate to avoid the heat losses.

**(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.

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## FORM "A"

Form for disclosure of particulars with respect to conservation of energy :

(a) Power and Fuel consumption :

2001 - 2002  
(12 Months)

2000-2001  
(15 Months)

1. Electricity :

(a) Purchased Units (KWH)  
Total Amount (Rs.)  
Average rate (Rs./Unit)

25,57,866  
1,43,20,349  
5.60

28,82,974  
1,59,54,930  
5.53

(b) Own Generation (KWH)

5,200  
2,500

2. Coal :

-

3. Furnace Oil :

Quantity (Ltrs)

6,75,637  
6,61,008

Total amount (Rs.)

58,50,950  
77,47,947

Average rate (Rs./Ltrs)

8.66  
11.72

(b) Consumption per unit of Production :

In view of number of products, with different sizes, shapes and other parameters, being manufactured by the Company, it is not feasible to give information on consumption of fuel per unit of production.

## FORM "B"

Form for disclosure of particulars with respect to technology absorption.

### (A) Research and Development (R & D):

(1) Specific areas in which R & D was carried out by the Company.

- To compete with competitors internationally, Research & Development has put in concentrated efforts to improve the quality & yield of existing products and technologies to make them more viable.
- Backward integration program for TCC product was worked out.
- Better system were designed & developed with the help of process engineering group to cut down the cost of existing product and process.

(2) Benefits derived as a result of the above R & D :

- Product like 4-CPI, DECC, CHI, NMPCC, 2-PEI, 1-NIC, T-4 MCHI, MCF, DMC were upgraded for its purity & yield.

(3) Future plan of action :

- Existing products like various Isocyanates, Carbamoyl Chlorides, Carbonates, Acid Chlorides, Urea and Chloroformates are to be further improved for its stability and other parameters as per international standards.
- New Phosgene based molecules like latest Isocyanates, Carbonates, Chloroformates are to be scaled up further to pilot plant scale & finally to commercial scale.
- New product such as various Isocyanates, Carbonates, Chloroformates, Urea and their derivatives based on phosgene are under progress for bulk drug and pesticides intermediate market.

### (B) Technology Absorption, Adaption and Innovation :

(1) Efforts in brief were made towards technology absorption, adaptation and innovation :

- To improve upon the operational suitability during processing, many innovative ideas were introduced as a results of various brain storming sessions.

(2) Benefits derived as a result of the above efforts :

- By adopting the above technologies, there will be reduction in raw material cost of technical products.
- Process time reduced, hence production has further gone up even with existing facilities.

(3) Information regarding technology imported during last 5 years.

Not Applicable.