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34th
ANNUAL REPORT
2002-03

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Paushak

PAUSHAK LIMITED

ALEMBIC ROAD, VADODARA-390 003.

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PAUSHAK LIMITED

DIRECTORS	SHRI CHIRAYU RAMANBHAI AMIN	*Chairman*
	SMT. MALIKA CHIRAYU AMIN	*Director*
	SHRI HARKISHAN MAGANLAL GANDHI	*Director (upto 25.8.2003)*
	SHRI MULJIBHAI DALAPATBHAI SHAH	*Director (upto 29.4.2003)*
	SHRI AMITBHAI MOHANDAS GORADIA	*Director*
	SHRI ARVIND ANANTRAO JOSHI	*Director*
	SHRI UDIT CHIRAYU AMIN	*Director*
	SHRI RAJENDRA ARVINDRAO PAWAR	*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	
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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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 34th Annual General Meeting of the Members of PAUSHAK LIMITED will be held at "Sanskruti", Corporate Conference Centre, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003 on Thursday, the 25th September, 2003 at 11.30 a.m. to transact the following Business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the period ended on 31st March, 2003, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri. A. M. Goradia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A. A. Joshi, 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(s) the following resolution as a Special Resolution.

SPECIAL RESOLUTION

"RESOLVED THAT subject to the provisions of section 198 and 309 of the Companies Act, 1956, and other applicable provisions, if any, the consent of the Company be and is hereby accorded for payment of commission, in addition to the sitting fees for attending the meetings of the Board or Committees thereof, to the Non-executive Directors of the Company, at the rate not exceeding 3% of the net profits of the Company for the particular financial year in relation to which the commission is payable, to be computed in the manner laid down in Section 198 of the Companies Act, 1956 in such amounts or proportions and in such manner and to the extent as may be decided by the Board of Directors for each financial year for the period of five years commencing from 1st April, 2003."

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

SPECIAL RESOLUTION

"RESOLVED THAT as per the proviso to Section 163 of the Companies Act, 1956 or any amendment thereto and subject to any other provisions for the time being in force, the Register of Members (including index) of the Company be kept at the office of R&T Agents M/s. Intime Spectrum Registry Ltd. at 201, Sidcup Towers, Race Course Circle, Vadodara-390 007."

"RESOLVED FURTHER THAT the Register of Members (including Index) be kept open for inspection at the aforesaid place, by the persons entitled thereto, to the extent in the manner specified in Section 163 of the Act between 10.30 a.m. to 12.30 p.m. on every working day except when the Registers and Books are closed under the provisions of the Act."

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 Proxy form duly completed must reach, the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from, Monday the 15th September, 2003 to Monday, the 22nd September, 2003 (both days inclusive).
4. Explanatory Statement setting out all material facts concerning item Nos. 5 and 6 as required under Section 173 of the Companies Act, 1956 is annexed hereto.

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5. All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 11.00 a.m. and 13.00 p.m. on any working day.

6. Members may note that the Company's Securities are listed on the Vododara 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.

7. Pursuant to SEBI Circular No. D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, all the work related to share registry in terms of both – physical and electronic are being done by Company's R & T Agents – M/s. Intime Spectrum Registry Limited, 201, Sidcup Tower, Near Marble Arch. Race Course, Vadodara 390 007 (Telefax (0265) 2332474, Email : vadodara@intimespectrum.com). Therefore, Shareholders are requested to send their communication to the aforesaid address in future.

8. Members are requested to inform the Company's R & T Agents about any change in their registered address immediately to enable them to do any future communications at their correct addresses.

Registered Office :
Alembic Road,
Vadodara 390 003.
Dated : 28th June, 2003.

By Order of the Board

(R.A. PAWAR)
Company Secretary

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EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5

Section 309 of the Companies Act, 1956 permits the payment of remuneration to the Non-executive Directors of the Company, by way of commission calculated with respect to net profit of the Company for a particular financial year, subject to provisions of Section 198, 349 and 350 of the Act. In case of companies is not having Managing Director or Whole-time Director, such commission can be paid upto 3% of the net profits of the Company.

The Company is not having any executive director. Moreover, the Non-executive directors are paid only sitting fees for each meeting of the Board or Committee of the Board attended by them and they are not receiving any other remuneration.

Moreover, the provisions of Corporate Governance and other provisions of Companies Act, has increased the duties and responsibilities of non-executive Directors. The role of non-executive directors is increasing day by day due to various amendments that are becoming effective in near future. Therefore, the Board of Directors thought it necessary to have such enabling power to pay remuneration to non-executive directors, if required.

Hence, it is proposed to authorise Board of Directors of the Company to pay remuneration by way of commission not exceeding 3% of the net profits of the Company, computed in the manner laid down in Sections 349 and 350 read with Section 309 of the Companies Act, 1956, subject to the overall maximum managerial remuneration laid down in Section 198 of the Companies Act, 1956. Such commission may be paid to such directors at the discretion of the Board of Directors in such proportion and manner as the Board may deem fit from time to time.

Payment of commission to Non-executive Directors, as proposed, requires consent of the members by way of Special Resolution. Hence, your Directors recommend resolution for your consideration.

All Non-executive Directors may be deemed to be interested or concerned in the said resolution.

Item No. 6

Pursuant to SEBI Circular No.D&CC/FITTC/CIR-15/2002 dated December 27, 2002, all the work related to share registry in terms of both - physical and electronic – are required to be done at single point i.e. either in-house by the Company or by a SEBI registered R & T Agent. Accordingly, the Company had appointed M/s. Intime Spectrum Registry Limited as its R & T Agents for both electronic and physical share registry work w.e.f. 1/4/2003. Therefore, the Members' Register (including Index) will henceforth be maintained and kept by M/s. Intime Spectrum Registry Limited at their office situated at 201, Sidcup Tower, Near Marble Arch, Race Course, Vadodara – 390 007.

Pursuant to Section 163 of the Companies Act, 1956, it is necessary to pass Special Resolution, if the Register of Members (including Index) is kept at a place other than Registered Office of the Company. Hence, your Directors recommend the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the proposed resolution.

Registered Office:
Alembic Road,
Vadodara 390003
Dated : **28th June, 2003**

By Order of the Board

(R.A. PAWAR)
Company Secretary

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DIRECTORS' REPORT

To,
The Members,

Your Directors submit their Thirty Fourth Annual Report together with the Audited Accounts for the period ended on 31st March, 2003.

1. FINANCIAL RESULTS

The working results of the Company are briefly given below :

	For the period ended 31-3-2003 (9 Months) Rs.	Year ended 30-6-2002 (12 Months) Rs.
Profit/(Loss) before Depreciation and taxation	**79,57,032**	42,17,179
Less : Depreciation	**68,25,434**	1,19,70,343
Provision for Deferred Taxation	**31,92,878**	(29,58,000)
Net Profit after Provision for Taxation	**43,24,476**	(1,07,11,164)
Less : Prior period adjustment	**(1,17,466)**	1,88,295
Profit /(Loss) for the year	**42,07,010**	(1,05,22,869)
Add : Loss brought forward from last year account	**(3,48,50,788)**	(2,43,27,919)
Deficit carried to Balance sheet	**(3,06,43,778)**	(3,48,50,788)

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2. DIVIDEND

In view of inadequate profit, no dividend is recommended by your Directors.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreements with the Stock Exchanges is enclosed at Annexure "A".

4. PERFORMANCE OF THE COMPANY

The period under review concluded with your Company's overall turnover at Rs.1032 Lacs if annualised, respresenting a growth of 8% over 2002. This includes Export Sales of Rs. 189 Lacs.

The Company will continue its focus on bulk drugs intermediates business.

5. CORPORATE GOVERNANCE

As per the amended Listing Agreement with the Stock Exchanges, your Company is required to comply with the requirement of Corporate Governance by 31st March, 2003. A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

6. AUDIT COMMITTEE

Since Shri M.D. Shah resigned as a Director, the Audit Committee now consists of Shri H.M. Gandhi, Shri A.M. Goradia and Shri U.C. Amin. The Committee reviewed the Internal Control System, Scope of Internal Audit and compliance of various regulations. The Committee reviewed at length the Annual Financial Statements and approved the same before they were placed before the Board of Directors.

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7. RESEARCH & DEVELOPMENT

Research & Development is carried out for improvements in the production and quality of products. Company is also exploring opportunities to develop and introduce new products.

8. LISTING OF EQUITY SHARES

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

9. 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.

10. FIXED DEPOSITS

The Company discontinued inviting, accepting and renewing of Fixed Deposits from 1st July, 2002.

The Fixed Deposits including from Shareholders of the Company as on 31st March, 2003 amounted to Rs. 1,27,000/- out of these deposits aggregating to Rs. 1,27,000/- from 22 Depositors have not been claimed on due dates. Deposits of Rs. 25,000/- have since been repaid at the option of 3 Depositors and for balance of Rs. 1,12,000/- from 19 depositors, no instructions have been received so far and if not claimed in future, it shall be deposited in 'Investor Education and Protection Fund' in due course as per the provisions of the Companies Act, 1956.

11. 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.

12. 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 to this Report.

13. DIRECTORS

Shri M.D. Shah has resigned from the Board of Directors in its meeting held on 29th April, 2003. The Board taken on record his appreciation for valuable services, guidance and contribution provided by him for the growth and development of the Company during his long association as a Director of the Company.

In accordance with the Articles of Association of the Company Mr. Amit Goradia and Mr. Arvind Joshi, retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for reappointment.

14. AUDITORS' REPORT

With reference to the Auditors' observations No. (vi) in their main Report of the non-provision for doubtful debts of Rs.5,15,46,309/-.

The Company is seriously persuing the matter at Courts at Vadodara and Hyderabad. Pending Court proceedings, the Company has not made any provision.

15. AUDITORS

M/s. K.S. Aiyar & Co. Chartered Accountants, retire as Auditors of the Company at the conclusion of ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed.

16. 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 period ended 31st March, 2003, the accounting standards have been followed.

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ii) Accounting policies as listed in the Schedule V to the financial statements have been selected and consistently applied and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2003 and of the profit 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.

17. ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation of the support received from the Company's bankers, Government Authorities, Valuable Customers, Vendors, Depositors, Brokers and the Shareholders.

Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors
(C. R. Amin)
Chairman

Place : Vadodara
Dated : **28th June,2003**

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MANAGEMENT DISCUSSION AND ANALYSIS

Annexure 'A' to Directors' Report

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

(a) Industry Structure and Development :

The financial year 2002-03 was a challenging one for most economies globally. Indian GDP growth declined from 5.5% to 4.4% mainly due to large decline in agriculture crop output. For the second consecutive year, the growth of Indian Pharmaceutical market continued in single digit. From the 2nd quarter of year 2002-03, the Pharmaceutical Industry slowed down which continued even during 3rd quarter in which it registered a meager growth of 4% i.e. one of the lowest in last three years. According to ORG-MARG Report, the market grew by 5.7% in the year 2002-03.

There is an increase in demand for Phosgene based derivatives and intermediates. The Company has embarked upon an aggressive de-bottlenecking and expansion drive.

(b) Opportunities, Threats, Risks, Concern and Outlook :

Opportunities :

* There is major opportunity to increase our Exports. We have already signed a marketing alliance with a UK based company for TCC.
* Intensive work and discussions are also on to get qualified as Global supplier for TCC. This will bring in quantum jump in the turnover and profits.
* Efforts are also on to tie up on annual sales requirement with top Indian Pharma Companies. This will bring more predictibility in our operations and profits.

Challenges for Pharmaceuticals Industry :

* The major challenge ahead for Indian pharmaceutical industry is to prepare itself for a Product Patent Regime. This would require higher level of R & D spending and innovative research.
* As competition increases, potential customers are likely to expect differential services - services not only in the way we deliver medical information critical to their practice, but also support them in rendering their practices more efficiently, patient friendly at affordable price.
* The rate of growth of domestic pharmaceuticals industry has dropped to less than 7-8% p.a.

Outlook :

The Company is well positioned in the emerging business scenario with a clear objective to enhance market share in the domestic and select international markets and enhance shareholder's value by way of spending more on R & D front, achieving higher level of productivity and efficiency in all areas of operations.

(c) Financial Performance :

The gross profit (before interest and depreciation) was Rs. 149.28 lacs for the period (9 months) under review as compared to Rs. 144.52 Lacs for the previous year (12 months) ended on 31st March, 2002. The Company has made profit (before tax provision) of Rs. 10.14 Lacs for the period under review as compared to Rs. 75.64 Lacs loss for the previous year (12 months) ended on 31st March, 2002.

In the Working Capital Management, the Company has taken initiatives to reduce the overall costs and the results are expected to be realised in the current year.

(d) Exports :

Export sales for the period (9 months) ended on 31st March, 2003 were Rs. 189.69 Lacs as against Rs. 282.41 Lacs for the previous period of 12 months ended on 31st March, 2002.

(e) Internal Control Systems and Adequacy :

The Company maintains a system of well-established policies and procedures for internal control of operations and activities of the Company. The Internal Audit function is being further strengthened in consultation with statutory auditors for monitoring statutory and operational issues. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements. Any significant issues are brought to the attention of the Audit Committee of the Board. Audit Committee reviews it periodically and suggestions and recommendations made by it are carried out.

(f) Human Resources Interventions in 2002-03 :

Another thrust area was "Organizational Transformation" through HR interventions, thereby benchmarkeing our HR practices with the best in the industry. Organization Structures, Key Result Areas, Competency Mapping were some of the exercises which were looked at while bringing in new HR interventions.

Keeping with our philosophy of developing " Learning Organization", we have invested heavily in learning & development of our senior executives, hence paving ways for its percolation down the line and bringing insight into various aspects of work & behavioral aspects.

To further enhance "Performance Driven Culture", new strategies have been chalked out bringing more objectivity in Performance Management, thereby encourging and motivating our employees for higher level of performance.

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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. A professional agency maintains the compressors.

(iv) Use of pressure filter and rotary vacuum dryer started for TCC, to reduce power consumption.

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

(vi) Use of calcined petroleum coke is suggested to improve production efficiency of phosgene and thus conserve power trials are on.

(vii) Capacitors installed to improve the power factors.

(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 continuous centrifuge is suggested for TCC to reduce power consumption, detailing is being done.

(iii) Use of ultra fine mill and air classifier in lieu of air zetomiser to reduce the power consumption and cost.

(iv) Recovery of steam condensate to avoid the heat losses.

(v) Energy audit has to carried out to avoid the hidden 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.

FORM "A"

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

			2002-2003 (9 months)	2001-2002 (12 Months)
(a)	Power and Fuel consumption :			
1.	Electricity :			
	(a)	Purchased Units (KWH)	**21,63,352**	25,57,866
		Total Amount (Rs.)	**1,17,03,597**	1,43,20,349
		Average rate (Rs./Unit)	**5.40**	5.60
	(b)	Own Generation (KWH)	**4,000**	5,200
2.	Coal :		-	-
3.	Furnace Oil :			
	Quantity (Ltrs)		**4,93,896**	6,75,637
	Total amount (Rs.)		**52,81,104**	58,50,950
	Average rate (Rs./Ltrs)		**10.69**	8.66

(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.

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