
**35th
ANNUAL REPORT
2003-04**

Report Junction.com

Paushak

PAUSHAK LIMITED

ALEMBIC ROAD, VADODARA-390 003.

PAUSHAK LIMITED

**BOARD OF
DIRECTORS**

SHRI CHIRAYU RAMANBHAI AMIN
SHRI UDIT CHIRAYU AMIN
SMT. MALIKA CHIRAYU AMIN
SHRI AMITBHAI MOHANDAS GORADIA
SHRI ARVIND ANANTRAO JOSHI
SHRI RAJENDRA ARVINDRAO PAWAR

Chairman
Whole-time Director (w.e.f. 01.10.2003)
Director
Director
Director
Director

**COMPANY
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. PANCHMAHAL

**REGISTRAR &
TRANSFER AGENTS**

M/S. INTIME SPECTRUM REGISTRY LIMITED
201, Sidcup Tower, Near Marble Arch,
Race Course, Vadodara-390 007.
Tele-fax : 0265-2332474
E-mail : vadodara@intimespectrum.com

STOCK EXCHANGES

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

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

PAUSHAK LIMITED**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 35th Annual General Meeting of the Members of **PAUSHAK LIMITED** will be held at "Sanskriti", Corporate Conference Centre, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodra - 390 003 on **Thursday, the 30th September, 2004 at 4.00 p.m.** to transact the following Business :

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account of the Company for the year ended on that date and the Report of the Directors and Auditors 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 R. A. Pawar, 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

"RESOLVED THAT subject to the provisions of Section 198,269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force,) approval of the Company be and is hereby accorded to the appointment of Shri Udit C. Amin as Whole-time Director of the Company for a period of five years from 1st October, 2003 on the remuneration and on such other terms and conditions as recommended by the Remuneration Committee and the Board of Directors in their Meeting held on 24th July,2003 and set out in draft agreement submitted to this meeting and for identification initialed by Director & Company Secretary Shri R.A. Pawar, with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement from time to time within the scope of Schedule XIII of the Companies Act, 1956 or any amendments thereto or any re-enactment thereof and as may be agreed to between the Board of Directors and Shri Udit C. Amin.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "De-listing Guidelines") and subject to the provisions of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force, the Securities Contracts (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable acts, rules,

regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and such other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and / or modifications, as may be prescribed or imposed by any authority while granting such approval(s), consent(s), permission(s) and sanction(s), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee thereof constituted by the Board), the consent of the Company be and is hereby accorded to de-list the equity shares of the Company from Vadodara Stock Exchange Ltd., Vadodara.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all necessary actions to de-list the shares of the Company from Vadodara Stock Exchange Ltd., Vadodara."

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 the , Wednesday, the 15th September, 2004 to Thursday, the 30th September, 2004 (both days inclusive).
4. Explanatory Statement setting out all material facts concerning item Nos. 5 & 6 as required under Section 173 of the Companies Act, 1956 is annexed hereto.
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. 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 (Telefax (0265) 2332474, Email : vadodara@intimespectrum.com.) Therefore, Shareholders are requested to send their communication to the aforesaid address in future.
7. 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 : 7th May, 2004.

By Order of the Board

(R. A. PAWAR)
Company Secretary

PAUSHAK LIMITED**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956.****Item No. 5**

The Board of Directors in its meeting held on 25th September, 2003 has appointed Shri Udit C. Amin as the Whole-time Director of the Company with effect from 1st October, 2003 on a remuneration recommended by Remuneration Committee at its meeting held on 25th September, 2003. Shri Udit C. Amin has completed his studies Bachelor of Arts in Economics from the University of Michigan-USA.

The terms and conditions and remuneration are within the scope of Schedule XIII of the Companies Act, 1956, except Part 1 (c) the proviso whereof requires a Special Resolution to be passed if the Whole-time Director when appointed as such has not attained the age of 25 years but has attained the age of majority. At the time of his aforesaid appointment as Whole-time Director, Shri Udit C. Amin has completed 23 years.

The terms and conditions to be contained in the agreement proposed to be made between the Company and Shri Udit C. Amin, upon his aforesaid appointment, inter alia include the following :

1. Period of Appointment :

Five years from 1st October, 2003 to 30th September, 2008.

2. Salary :

Salary Rs. 40,000/- per month with an authority to the Board to increase the same from time to time in accordance with Schedule XIII of the Companies Act, 1956, as may be amended from time to time.

3. Commission :

The Whole-time Director shall be entitled to such remuneration by way of commission in addition to salary and perquisites calculated with reference to net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year or a part of the year, subject to the overall ceilings stipulated in sections 198 and 309 of the Companies Act, 1956.

4. Perquisites and Allowances :

- (i) Subject to overall ceilings laid down under Section 198 and 309 of the Companies Act, 1956 the Whole-time Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, leave and such other perquisites and allowance 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) The provision for use of Company's car with driver for official duties and Company's telephone at residence (including payment for local calls and long distance official calls).
- (iii) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the 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 as aforesaid, subject to Schedule XIII of the Companies Act, 1956.

5. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of Shri Udit C. Amin, Whole-time Director of the Company, 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 Sub Part II of Part II of Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

Your Directors recommend the resolution for approval of the Members at the meeting

Shri Udit C. Amin, is concerned or interested in the said resolution as it relates to the terms and conditions of his appointment. Shri C.R. Amin and Smt. M.C. Amin, Directors are deemed to be concerned or interested in the resolution as Shri Udit C. Amin, is related to them. None of the other Directors is concerned or interested in the resolution.

Item No. 6

The Equity Shares of the Company are currently listed on The Stock Exchange, Mumbai (BSE) and The Vadodara Stock Exchange Ltd., Vadodara (VSE). The trading in the Company's equity shares takes place only on BSE.

With the wide and extensive networking of the Stock Exchange, Mumbai (BSE), investors have convenient access to trade and deal in the Company's equity shares across the country. The proposed de-listing from the Vadodara Stock Exchange Ltd. (VSE) would reduce administrative cost and time of the Company involved in various compliance. At the same time, it will not adversely affect any investor.

The proposed de-listing of equity shares of the Company from the Vadodara Stock Exchange Ltd. is in the interest of the Company.

Your Directors, therefore, recommend the resolution for your approval.

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

Registered Office :

Alembic Road,
Vadodara 390 003.
Dated : 7th May, 2004.

By Order of the Board

(R. A. PAWAR)
Company Secretary

DIRECTORS' REPORT

To,
The Members,

Your Directors submit their Thirty Fifth Annual Report together with the Audited Accounts for the year ended on 31st March, 2004.

1. FINANCIAL RESULTS

The working results of the Company are briefly given below :

Particulars	Year ended on 31-3-2004 (12 months) Rs.	Period ended on 31-3-2003 (9 months) Rs.
Profit before Interest, Depreciation & Tax	3,24,18,182	1,49,28,232
Deducting therefrom :		
Interest	1,00,69,680	69,71,200
Depreciation	92,35,215	68,25,434
Provision for Deferred Tax	48,32,882	(31,92,878)
Income Tax	--	94,744
	82,80,405	42,29,732
Less : Prior period adjustment	11,16,529	62,278
Add : Excess Provision of Income tax of earlier years	8,57,042	39,556
Net Profit/(Loss) for the year	80,20,918	42,07,010
Loss carried forward from last year	(3,06,43,778)	(3,48,50,788)
Loss carried forward to Balance sheet	(2,26,22,860)	(3,06,43,778)

2. DIVIDEND

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

3. PERFORMANCE OF THE COMPANY

The Gross Profit (before interest, depreciation and tax) was Rs. 324.18 lacs for the year under review as compared to Rs. 149.28 lacs for the previous period (9 months) ended on 31st March, 2003. The Company has made profit of Rs. 80.21 lacs for the year under review as compared to Rs. 42.07 lacs Profit for the previous period (9 Months) ended on 31st March, 2003. Exports sales for the year ended on 31st March, 2004 were Rs. 359.04 lacs as against Rs. 189.69 lacs for the previous period of 9 months ended on 31st March, 2003.

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

4. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchanges is enclosed at Annexure "A" to this report. Certain statements in this section may be forward-looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

5. CORPORATE GOVERNANCE

Your Company strives to incorporate standards for good Corporate Governance. It has complied with all the mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreement of the Stock Exchanges, with which the Company's shares are listed.

PAUSHAK LIMITED

A separate report on Corporate Governance is produced as a part of the Annual Report, along with the Auditor's Certificate on the compliance.

6. AUDIT COMMITTEE

Since Shri H.M. Gandhi, resigned as a Director, the Audit Committee now consists of Smt. M. C Amin, Shri A.M. Goradia and Shri A.A. Joshi. 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.

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 to each of the Stock Exchanges.

9. DE-LISTING OF SHARES

The Company's 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. The Board of Directors proposes to de-list the equity shares from the Vadodara Stock exchange as no trading is taking place at the VSE. Moreover, The Stock Exchange, Mumbai (BSE) has nation-wide extensive network spread across the country. The proposal will save administrative cost and time involved in various compliance.

10. SAFETY, HEALTH & ENVIRONMENT

The Company continues to maintain high standards 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.

11. 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, 2004 amounted to Rs. 52,000/- from 7 Depositors which have not been claimed on due dates. 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.

12. 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.

13. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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.

14. DIRECTORS

During the year Shri H.M. Gandhi has resigned from the Board of Directors w.e.f. 25-8-2003. The Board has taken on record its 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, Shri Chirayu R. Amin and Shri R.A. Pawar, the Directors, retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for reappointment.

Shri Udit C. Amin, Director has been appointed as Whole-time Director with effect from 1st October, 2003 for a period of five years and the abstract of the terms and conditions of the appointment were sent to members. A proposal for reappointment of Shri Udit C. Amin is being placed before the members for their approval at the ensuing Annual General Meeting.

15. 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 Court at Vadodara and Hyderabad. Pending Court proceedings, the Company has not made any provision.

16. 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.

17. 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 ended 31st March, 2004, the 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 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, 2004.
- 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.

18. 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.

On behalf of the Board of Directors,

Place : Vadodara
Dated : 7th May, 2004

[C. R. Amin]
Chairman

PAUSHAK LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS****Annexure 'A' to Directors' Report.****(A) Industry Structure and Development :**

The Financial year 2003-04 was a challenging one for most of the economies globally.

Since independence, the Indian pharmaceutical industry has shown momentous growth, progressing from MNC monopoly stages to the present R&D revolution. The Pharma sector has indeed come a long way to achieve the current status of being the extremely lucrative strategic option for foreign countries.

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 :

- There is major opportunity to increase our exports and domestic shares since we are in process to finalise annual contracts with top pharma companies.
- Production facility is approved as Global supplier for TCC.
- New Phosgene based products are developed and trial order are being executed.

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.

(C) FINANCIAL PERFORMANCE :

The Gross Profit (before interest, depreciation and tax) was Rs. 324.18 lacs for the year under review as compared to Rs. 149.28 lacs for the previous period (9 months) ended on 31st March, 2003. The Company has made profit of Rs. 80.21 lacs for the year under review as compared to Rs. 42.07 lacs Profit for the previous period (9 Months) ended on 31st March, 2003. Exports sales for the year ended on 31st March, 2004 were Rs. 359.04 lacs as against Rs. 189.69 lacs for the previous period of 9 months ended on 31st March, 2003.

(D) INTERNAL CONTROL SYSTEMS AND ADEQUACY :

The Company maintains a system of well-established policies and procedure for internal control of operations and activities of the Company. The internal Audit function is being further strengthened by appointment of Internal Auditors. The prime objective of such audits is to test the adequacy and effectiveness of all internal control system laid down by the management to suggest improvements. Any significant issues are brought to the attention of the Audit Committee of the Board. Audit Committee reviews it periodically and suggestion and recommendations made by it are carried out.

(E) HUMAN RESOURCES INTERVENTIONS IN 2003-04 :

Another thrust area was "Organizational Transformation" through HR interventions, thereby benchmarking our HR practices with the best in the industry. Organization Structures, Key Results 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 encouraging and motivating our employees for higher level of performance.

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 calcimined petroleum coke started to improve production efficiency of Phosgene and to conserve power.
- (vii) Capacitors installed to improve the power factors.
- (viii) The speed of agitators reduced to decrease the power consumption.
- (ix) Started fuel additives in Boiler to improve efficiency.

(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 done for TCC to reduce Power consumption.
- (iii) Use of ultra fine mill and air classifier in lieu of air zetomiser to reduce the power consumption and cost. One more mill added to match enhanced production capacity.
- (iv) Recovery of steam condense to avoid the heat losses.
- (v) Energy audit is carried out to avoid the hidden losses.
- (vi) Separate cooling system for separate Plant to reduce the power consumption.

(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 :

(a) Power and Fuel consumption :

	Year ended on 2003-2004 (12 months)	Period ended on 2002-2003 (9 months)
1. Electricity :		
(a) Purchased Units (KWH)	30,43,014	21,63,352
Total Amount (Rs)	1,57,58,004	1,17,03,597
Average rate (Rs./Unit)	5.17	5.40
(b) Own Generation (KWH)	7,900	4,000
2. Coal :	-	-
3. Furnace Oil :		
Quantity (Ltrs)	6,95,898	4,93,896
Total amount (Rs)	75,99,851	52,81,104
Average rate (Rs./Ltrs)	11.32	10.69

(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.