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**32nd  
ANNUAL REPORT  
2004-05**

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***Paushak***

**PAUSHAK LIMITED**  
(Formerly known as Darshak Limited)  
ALEMBIC ROAD, VADODARA-390 003.

## PAUSHAK LIMITED

(Formerly known as Darshak Limited)

<b>DIRECTORS</b>	:	Mr. C. R. Amin Mrs. M. C. Amin Mr. Udit C. Amin Mr. Amit Goradia Mr. R. M. Kapadia Mr. Chandan Kumar Mr. A. M. Kamdar Mr. S. V. Ekbote Mr. B. K. Mehta Dr. V. S. Chitnis	Chairman (w.e.f. 18.08.2005) (w.e.f. 18.08.2005) (w.e.f. 18.08.2005) (w.e.f. 18.08.2005)  (w.e.f. 27.09.2005)  (upto 26.07.2004) (upto 18.08.2005) (w.e.f. 18.08.05 & upto 27.09.05)
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<b>SECRETARY</b>	:	Mr. Rasesh Shah
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<b>AUDITORS</b>	:	K. S. Aiyar & Co. Chartered Accountants, F-7, Laxmi Mills, Shakti Mills Lane (Off. Dr. E. Moses Rd.) Mahalaxmi, Mumbai - 400 011.
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<b>BANKERS</b>	:	ICICI Bank Limited Indian Bank
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<b>REGD. OFFICE</b>	:	5 <sup>th</sup> Floor, Administration Building, Alembic Limited, Alembic Road, Gorwa, Vadodara - 390 003.
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<b>R &amp; T AGENTS</b>	:	M/s. Intime Spectrum Registry Ltd. 201, Sidcup Towers, Near Marble Arch, Race Course, Vadodara - 390 007.
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<b>STOCK EXCHANGES</b>	:	Ahmedabad Stock Exchange, Kamdhenu Complex, Panjrapole, Ambavadi, Ahmedabad.  Bangalore Stock Exchange Limited, Stock Exchange Tower, 51, 1st Cross, J.C. Road, Bangalore - 560 027.
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**NOTICE**

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Paushak Limited (formerly known as Darshak Limited) will be held on Tuesday, the 8th November, 2005 at 4:00 p.m. at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara-390 003 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended on 31st March, 2005 and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. A. M. Kamdar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

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

"RESOLVED THAT Mr. C. R. Amin, who was appointed as an Additional Director with effect from 18<sup>th</sup> August, 2005 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Mr. C. R. Amin as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mrs. M. C. Amin, who was appointed as an Additional Director with effect from 18<sup>th</sup> August, 2005 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Mrs. M. C. Amin as a candidate for the Office of Director of the Company, 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:

"RESOLVED THAT Mr. Udit C. Amin, who was appointed as an Additional Director with effect from 18<sup>th</sup> August, 2005 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Mr. Udit C. Amin as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Amit Goradia, who was appointed as an Additional Director with effect from 18<sup>th</sup> August, 2005 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Mr. Amit Goradia as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Chandan Kumar, who was appointed as an Additional Director with effect from 27<sup>th</sup> September, 2005 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company signifying his intention to propose Mr. Chandan Kumar as a candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**PAUSHAK LIMITED**

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
- "RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company, be and is hereby accorded to the holding of office or place of profit under the Company by Dr. G. Rajkumar (Director of the erstwhile Paushak Limited, prior to its merger with the Company), as Consultant on retainer basis with effect from 1<sup>st</sup> September, 2004."
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
- "RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company, be and is hereby accorded to the holding and continuing to hold an office or place of profit under the Company by Mrs. S. R. Mukherjee, relative of Mr. C. R. Amin and Mrs. M. C. Amin, Director, who is appointed by the Board of Directors as a Management Consultant on consultancy fees of Rs. 35,000/- per month for a period of 3 years w.e.f. 1<sup>st</sup> May, 2004."

**NOTES:**

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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. Shareholders requiring a blank Proxy Form may obtain the same from the Registered Office of the Company or by sending a requisition letter for the same.
3. The Explanatory Statement as required under Section 173 of the Companies Act, 1956 is enclosed herewith.
4. Pursuant to the Scheme of Amalgamation, the name of the Company has been changed from Darshak Limited to Paushak Limited w.e.f. 19<sup>th</sup> September, 2005.
5. The Register of Members and Transfer books of the Company will remain closed from Thursday, the 27<sup>th</sup> October, 2005 to Tuesday, the 8<sup>th</sup> November, 2005 (both days inclusive) for the purpose of Annual General Meeting.
6. All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day.
7. Shareholders who have not encashed the dividends for the financial year ended 1997-1998, declared by the Company and thereafter are requested to immediately approach the Company. According to Section 205A of the Companies Act, 1956, all the unclaimed dividends, if any, are required to be transferred to the 'Investors' Education and Protection Fund'.
8. The entire work related to share registry in terms of both, physical and electronic has been handed over to Company's R&T Agents, **M/s. Intime Spectrum Registry Limited**, 201, Sidcup Tower, Near Marble Arch, Race Course, Vadodara-390007. [Tel: (0265) 2312489, Telefax: (0265) 2332474 Email: vadodara@intimespectrum.com] Shareholders are requested to send their communication to the aforesaid address in future.
9. **Re-appointment / Appointment of Directors:**  
  
At the ensuing Annual General Meeting, Mr. A. M. Kamdar, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Mr. C. R. Amin, Mrs. M. C. Amin, Mr. Udit C. Amin, Mr. Amit Goradia and Mr. Chandan Kumar, additional directors hold office upto this Annual General Meeting and are proposed to be appointed as Directors under Section 257 of the Companies Act, 1956. The information or details pertaining to these Directors, to be provided in terms of Clause 49 of the Listing Agreement are furnished in the Statement on Corporate Governance published elsewhere in this Annual Report.

**Registered office:**

5th Floor, Administration Building,  
Alembic Limited, Alembic Road,  
Gorwa,  
Vadodara - 390 003.  
Date: 27<sup>th</sup> September, 2005

By Order of the Board

**Rasesh Shah**  
Company Secretary

**Explanatory Statement as required under Section 173 of the Companies Act, 1956****Item No. 4**

Mr. C. R. Amin was appointed as an Additional Director of the Company with effect from 18<sup>th</sup> August, 2005. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. C. R. Amin holds office of the Director upto the date of the ensuing Annual General Meeting. He is eligible for appointment and the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his name for the Office of a Director from a member.

In order to enable the Company to avail the benefit of his experience, your Directors consider it desirable that Mr. C. R. Amin be appointed as a Director of the Company.

Mr. C. R. Amin, being Director and Mrs. M. C. Amin and Mr. Udit C. Amin, being relatives of Mr. C. R. Amin, may be deemed to be interested in the resolution. None of the other Directors of the Company is in any way, concerned or interested in the proposed resolution.

**Item No. 5**

Mrs. M. C. Amin was appointed as an Additional Director of the Company with effect from 18<sup>th</sup> August, 2005. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mrs. M. C. Amin holds office of the Director upto the date of the ensuing Annual General Meeting. She is eligible for appointment and the Company has received a notice under Section 257 of the Companies Act, 1956 proposing her name for the Office of a Director from a member.

In order to enable the Company to avail the benefit of her experience, your Directors consider it desirable that Mrs. M. C. Amin be appointed as a Director of the Company.

Mrs. M. C. Amin, being Director and Mr. C. R. Amin and Mr. Udit C. Amin, being relatives of Mrs. M. C. Amin, may be deemed to be interested in the resolution. None of the other Directors of the Company is in any way, concerned or interested in the proposed resolution.

**Item No. 6**

Mr. Udit C. Amin was appointed as an Additional Director of the Company with effect from 18<sup>th</sup> August, 2005. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Udit C. Amin holds office of the Director upto the date of the ensuing Annual General Meeting. He is eligible for appointment and the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his name for the Office of a Director from a member.

In order to enable the Company to avail the benefit of his experience, your Directors consider it desirable that Mr. Udit C. Amin be appointed as a Director of the Company.

Mr. Udit C. Amin, being Director and Mr. C. R. Amin and Mrs. M. C. Amin, being relatives of Mr. Udit C. Amin, may be deemed to be interested in the resolution. None of the other Directors of the Company is in any way, concerned or interested in the proposed resolution.

**Item No. 7**

Mr. Amit Goradia was appointed as an Additional Director of the Company with effect from 18<sup>th</sup> August, 2005. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Amit Goradia holds office of the Director upto the date of the ensuing Annual General Meeting. He is eligible for appointment and the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his name for the Office of a Director from a member.

In order to enable the Company to avail the benefit of his experience, your Directors consider it desirable that Mr. Amit Goradia be appointed as a Director of the Company.

None of the Directors other than Mr. Amit Goradia, is concerned or interested in the proposed resolution.

**Item No. 8**

Mr. Chandan Kumar was appointed as an Additional Director of the Company with effect from 27<sup>th</sup> September, 2005. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Chandan Kumar holds office of the Director upto the date of the ensuing Annual General Meeting. He is eligible for appointment and the Company has received a notice under Section 257 of the Companies Act, 1956 proposing his name for the Office of a Director from a member.

In order to enable the Company to avail the benefit of his experience, your Directors consider it desirable that Mr. Chandan Kumar be appointed as a Director of the Company.

None of the Directors other than Mr. Chandan Kumar, is concerned or interested in the proposed resolution.

**PAUSHAK LIMITED**

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**Item No. 9**

Dr. G. Rajkumar was appointed as a Consultant on retainer basis w.e.f. 1<sup>st</sup> September, 2004 by the erstwhile Paushak Limited, prior to its merger with the Company. He was also appointed as a Director on the Board of the erstwhile Paushak Limited w.e.f. 26<sup>th</sup> October, 2004. Hence, pursuant to the provisions of Section 314, Dr. G. Rajkumar was holding office or place of profit in erstwhile Paushak Limited and therefore, approval of the members of the Company by Special Resolution is required for sanctioning the remuneration paid by the erstwhile Paushak Limited to Dr. G. Rajkumar.

As a retainer, he had been drawing retainer fees of Rs. 3,50,000/- (Rupees Three Lacs Fifty Thousand) per annum inclusive of all other expenses incurred by him. The period of retainer was for one year i.e. from 1<sup>st</sup> September, 2004 to 31<sup>st</sup> August, 2005. The Board of Directors recommends the shareholders to accord their consent to Dr. G. Rajkumar for his holding the office or place of profit under the Company as Consultant from 26<sup>th</sup> October, 2004 to 29<sup>th</sup> July, 2005, during which he was Director of erstwhile Paushak Limited.

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

**Item No. 10**

Mrs. S. R. Mukherjee is a graduate. She has rich experience in business management. Taking into consideration her knowledge and vast experience, she was appointed as Management Consultant of the Company w.e.f. 1<sup>st</sup> May, 2004 for a period of three years. As a Management Consultant, she was drawing retainer fees of Rs. 35,000/- (Rupees Thirty Five Thousand only) per month.

Mr. C. R. Amin and Mrs. M. C. Amin have been appointed as Directors on the Board of the Company w.e.f. 18<sup>th</sup> August, 2005. They are relatives of Mrs. S. R. Mukherjee and hence, Mrs. S. R. Mukherjee is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956 Therefore, approval of the members of the Company by Special Resolution is required. The Board of Directors recommends the shareholders to accord their consent to Mrs. S. R. Mukherjee for her continuing to hold the office or place of profit under the Company a management consultant.

Mr. C. R. Amin and Mrs. M. C. Amin, being relatives, are deemed to be concerned or interested in the said resolution. None of the other Directors is concerned or interested in the proposed resolution.

**Registered office:**

5th Floor, Administration Building,  
Alembic Limited, Alembic Road,  
Gorwa,  
Vadodara - 390 003.  
Date: 27<sup>th</sup> September, 2005

By Order of the Board

**Rasesh Shah**  
Company Secretary

## DIRECTORS' REPORT

To  
The Members,

Your Directors present the 32<sup>nd</sup> Annual Report on the working of the Company with the Audited Accounts for the year ended on 31<sup>st</sup> March, 2005.

## 1. Results :

For the year ended 31st March	2005	2004
Profit for the year before Interest, Depreciation, Non-recurring expenses and Tax	4,91,26,798	46,07,092
Deducting therefrom :		
Interest	1,04,56,973	47,59,581
Depreciation	80,16,858	1,91,566
Non-recurring expenses (bad debts written off)	5,23,22,867	30,70,575
<b>Profit/(Loss) for the year before Taxes</b>	<b>(2,16,69,900)</b>	<b>(34,14,630)</b>
Less : Excess provision of Income Tax no longer required	25,866	-
	<b>(2,16,44,034)</b>	<b>(34,14,630)</b>
Less : Provision for Deferred Tax Liabilities/(Asset)	(67,05,815)	(45,41,851)
Less : Provision for Wealth Tax	42,600	-
<b>Profit/(Loss) after Taxes</b>	<b>(1,49,80,819)</b>	<b>11,27,221</b>
Add : Profit/(Loss) brought forward from last year	5,12,17,502	5,02,33,236
Debit Balance of Profit and Loss Account (pursuant to Scheme of Amalgamation)	(2,26,22,860)	-
Less: Short provision of Income Tax for earlier year	-	(1,42,955)
<b>Balance available for appropriation</b>	<b>1,36,13,823</b>	<b>5,12,17,502</b>

The erstwhile Paushak Limited has been merged with the Company w.e.f. 1<sup>st</sup> April, 2004 as the appointed date. Hence, the figures of the previous years are not comparable with the figures of the year under review. Pursuant to the Scheme of Amalgamation, the name of the Company has been changed from Darshak Limited to Paushak Limited w.e.f. 19<sup>th</sup> September, 2005.

## 2. Dividend :

In view of losses during the year, no dividend is recommended by your Directors.

## 3. Operations :

The Gross Profit (before interest, depreciation, non-recurring expenses and tax) was Rs. 491.27 lacs for the year under review as compared to Rs. 46.07 lacs for the previous year ended on 31<sup>st</sup> March, 2004. The Company made a net loss of Rs. 149.81 lacs after writing off bad debts of Rs. 523.23 lacs for the year under review as compared to profit of Rs. 11.27 lacs for the previous year ended on 31<sup>st</sup> March, 2004. Export sales for the year ended on 31<sup>st</sup> March, 2005 were Rs. 384.44 lacs.

Pursuant to the Scheme of Amalgamation, the Company will issue one (1) Equity Share of Rs. 10/- each to the equity shareholders of the erstwhile Paushak Limited for every six (6) equity shares of Rs. 10/- each held by them in the erstwhile Paushak Limited.

## 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.

## 5. Corporate Governance :

Your Company complies with the provisions of Corporate Governance as envisaged in the Listing Agreements. A separate report on Corporate Governance is attached as a part of the Annual Report, along with the Auditor's Certificate on the compliance.



**PAUSHAK LIMITED****6. Research & Development:**

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

**7. Listing of Equity Shares:**

The Company's Equity Shares are listed with The Stock Exchange, Ahmedabad and Bangalore Stock Exchange Limited. The Company is regular in paying listing fees to all the Stock Exchanges. The Company will make application to get its shares listed with Bombay Stock Exchange Limited.

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

**9. Fixed Deposits :**

The Company has not accepted any deposits during the year. The fixed deposits including loans from shareholders of the Company as on 31<sup>st</sup> March, 2005 amounted to Rs. 3,29,000/-. Out of these, deposits aggregating to Rs 3,07,000/- from 29 depositors have not been renewed on due dates. Deposits of Rs 1,43,000/- have since been repaid/renewed at the option of 15 depositors and for balance of Rs. 1,64,000/- from 14 depositors, no instructions have been received so far.

**10. 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.

**11. 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 forms part of this Report.

**12. Directors:**

As per the provisions of the Companies Act, 1956, Mr. A. M. Kamdar, Director of the Company, retires by rotation and is eligible for re-appointment.

Mr. S. V. Ekbote had resigned as Director w.e.f. 26<sup>th</sup> July, 2004 and Mr. B. K. Mehta resigned as Director w.e.f. 18<sup>th</sup> August, 2005. The Board places on record, its appreciation of the services rendered by Mr. S. V. Ekbote and Mr. B. K. Mehta as Director of the Company.

On the Scheme of amalgamation of the erstwhile Paushak Limited with the Company becoming effective, the Board of the Company was restructured. Mr. C. R. Amin, Mrs. M. C. Amin, Mr. Udit C. Amin, Dr. V. S. Chitnis and Mr. Amit Goradia who were directors erstwhile Paushak Limited have been appointed as Additional Directors on the Board of the Company. Mr. Chandan Kumar has been appointed as an Additional Director w.e.f. 27<sup>th</sup> September, 2005. The Company has received notices under Section 257 of the Companies Act, 1956, proposing the re-appointment of Mr. C. R. Amin, Mrs. M. C. Amin, Mr. Udit C. Amin, Mr. Amit Goradia and Mr. Chandan Kumar as Directors of the Company. Your Directors recommend their appointment as Director liable to retire by rotation.

Dr. V. S. Chitnis resigned as Director w.e.f. 27<sup>th</sup> September, 2005. The Board places on record, its appreciation for the services rendered by Dr. V. S. Chitnis.

**13. Auditors:**

M/s. K. S. Aiyar & Co., the company's Auditors, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as Auditors. Members are requested to re-appoint them and fix their remuneration.

**14. Directors' Responsibility Statement:**

In terms of the provisions of Companies Act, 1956, the Directors state that:

- i) In preparation of the Annual Accounts for the year, the applicable Accounting Standards have been followed.
- ii) Accounting policies as listed in Schedule U to the financial statements have been selected and consistently applied and reasonable and prudent judgements have been made so as to give true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2005 and loss of the Company for the accounting year 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.

**15. Acknowledgement:**

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

On behalf of Board of Directors

Date : 27<sup>th</sup> September, 2005

Place : Vadodara

**C. R. AMIN**  
Chairman



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

The Financial year 2004-05 was a challenging one for most of the economies globally. On the domestic front, with the reduction in tariffs, Indian companies with strong systems and organised operations have benefited in the liberal environment. Globally, the easing of GATT regulations have meant free trade and greater opportunities. Companies with competitive advantages, like having competence in the areas of high value-added chemicals, conforming with international quality standards, have translated this as a growth opportunity to establish a dominant presence in both international and domestic markets. These will do well going forward.

**(B) Opportunities, Threats, Risks, Concern and Outlook:**

There is good opportunity to increase our share in exports and domestic markets. The production facility of one of our products is approved by some of the major Indian players and MNCs. Many new Phosgene based products are developed and trial orders are being executed in India and abroad.

Your Company has introduced certain new products during the year. The Company has also started exporting some intermediates to USA. The Company has substantially increased capacity both in Solid and Liquid products.

**Outlook:**

There is a considerable scope for the growth of the speciality chemicals industry and the Company is striving towards enhancing the market share in the domestic and select international markets. In order to improve working of the Company, the Company is investing in building a new R & D block, expected to be commissioned in December, 2005.

**(C) FINANCIAL PERFORMANCE :**

The total income of the merged Company for the year under review was Rs. 1,871.26 lacs as compared to income of Rs. 751.66 lacs for the previous year ended on 31<sup>st</sup> March, 2004. The Gross Profit (before interest, depreciation, non-recurring expenses and tax) was Rs. 491.27 lacs for the year under review as compared to Rs. 46.07 lacs for the previous year ended on 31<sup>st</sup> March, 2004. The Company made a net loss of Rs. 149.81 lacs after writing off bad debts of Rs. 523.23 lacs for the year under review as compared to profit of Rs. 11.27 lacs for the previous year ended on 31<sup>st</sup> March, 2004. Export sales for the year ended on 31<sup>st</sup> March, 2005 were Rs. 384.44 lacs.

The erstwhile Paushak Limited has been merged with the Company with effect from 1<sup>st</sup> April, 2004 as the appointed date and hence the figures of the previous years are not comparable with the figures of the year under review.

**(D) INTERNAL CONTROL SYSTEMS AND ADEQUACY:**

Your 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 in consultation with statutory auditors for monitoring statutory and operational issues. The Company has appointed M/s. Pravin Doshi & Co., Chartered Accountants as Internal Auditors.

**(E) HUMAN RESOURCES INTERVENTIONS IN 2004-05:**

Your Company regards its human resources amongst its most valuable assets and proactively reviews and evolves policies and processes to attract and retain the efficient people. Since its inception, the Company has invested in people through planned interventions to keep its employees competent in the ever-changing business environment.