
**36th
ANNUAL REPORT
2008-09**

Report  junction.com

Paushak

PAUSHAK LIMITED

ALEMBIC ROAD, VADODARA-390 003.

PAUSHAK LIMITED

Board of Directors

Mr. Chirayu R. Amin
Chairman
Mrs. Malika C. Amin
Mr. Udit C. Amin
Mr. Amit M. Goradia
Mr. R. M. Kapadia
Mr. Arun Patel
Mr. A. M. Kamdar
(Upto 05.09.2008)

Mr. Manish Mistry
Company Secretary

Statutory Auditors

J.R.S. Patel & Co.,
Chartered Accountants
106, Anurag Commercial Centre,
R. C. Dutt Road,
Vadodara – 390 007

Bankers

IDBI Limited

Registered Office

Alembic Road, Vadodara – 390 003

Manufacturing Facilities

Panelav, Tal. Halol,
Dist. Panchmahal - 389 350. Gujarat

Registrar and Transfer Agents

M/s. Link Intime India Private Limited
308, 1st Floor, Jaldhara Complex,
Opp. Manisha Society,
Off. Old Padra Road,
Vadodara - 390 015
Tel.: (0265) 2250241 / 3249857
Email: vadodara@linkintime.co.in

Stock Exchange

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001.

NOTICE

NOTICE is hereby given that the Thirty-Sixth Annual General Meeting of **Paushak Limited** will be held at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara-390 003, on **Monday, the 27th July, 2009** at 5.00 p.m. 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, 2009 and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. R. M. Kapadia who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amit Goradia who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

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.
3. The Register of Members and Transfer books of the Company will remain closed from **Monday, the 20th July, 2009** to **Monday, the 27th July, 2009** (both days inclusive) for the purpose of payment of dividend.
4. The dividend when sanctioned will be made payable on or after Monday, 3rd August, 2009 to those members whose names stand on the Register of Members of the Company on Monday, 20th July, 2009. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose. Members are requested to notify promptly any change in their registered addresses.
5. All the work related to share-registry in terms of both - physical and electronic are being conducted by Company's R&T Agents M/s. Link Intime India Private Limited, 308, 1st Floor, Jaldhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vadodara - 390 015. Tel: (0265) 2250241, 3249857, Telefax: (0265) 2250246 Email: vadodara@linkintime.co.in. The Shareholders are requested to send their communication to the aforesaid address.

Registered Office:
Alembic Road,
Vadodara - 390 003.
Date: 18th May, 2009

By Order of the Board

Manish Mistry
Company Secretary

PAUSHAK LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors present the 36th Annual Report on the working of the Company with the Audited Accounts for the year ended on 31st March, 2009.

1. Financial Results :

Particulars	2008-09	2007-08
Profit for the year before Interest, Depreciation, Non-recurring income, expenses and Tax	7,15,34,561	2,91,66,430
Adding thereto:		
Profit on Sale of Investments	-	2,97,42,733
Deducting therefrom:		
Interest	81,71,077	62,12,834
Depreciation	1,46,50,045	1,37,61,523
Profit/(Loss) for the year before Taxes	4,87,13,439	3,89,34,806
Less: Provision for Deferred Tax Liabilities / (Asset)	10,52,843	27,06,957
Less: Provision for Income Tax & FBT	1,26,31,000	49,56,940
Profit/(Loss) after Taxes	3,50,29,596	3,12,70,909
Less: Prior Period Expenses	49,000	-
Add: Profit/(Loss) brought forward from last year	6,16,06,342	3,03,35,433
Balance available for appropriation	9,65,86,938	6,16,06,342
Less: APPROPRIATIONS		
Dividend on Equity Shares	64,14,228	-
Dividend Distribution Tax on Equity Shares	10,90,098	-
Transfer to General Reserve	2,00,00,000	-
Surplus carried to Balance Sheet	6,90,82,612	6,16,06,342

2. Dividend :

Your Directors recommended dividend of Rs. 2 per share (i.e. 20 per cent) on the equity shares of Rs. 10/- each for the year ended on 31st March, 2009.

3. Operations :

The Profit before interest, depreciation, non-recurring income, expenses and tax was Rs. 715.35 lacs for the year under review as compared to Rs. 291.66 lacs for the previous year. The Company made a net profit of Rs. 350.30 lacs for the year under review as compared to net profit of Rs. 312.71 lacs for the previous year. The total income of the Company for the year under review was Rs. 2886.34 lacs as compared to Rs. 2228.05 lacs for the previous year.

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.

6. Research & Development :

Research and 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 through Research and Development activities.

7. 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-drills of on-site emergency plans are 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.

8. Fixed Deposits :

The Company has not accepted any deposits during the year. The fixed deposits including loans from shareholders of the Company as on 31st March, 2009 was amounted to Rs. 7,000/-. This deposit from one depositor is matured unclaimed deposit. In absence of any instructions from the depositor, the said deposit has not been renewed on due dates.

9. 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.

10. 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.

11. Directors :

As per the provisions of the Companies Act, 1956, Mr. R. M. Kapadia and Mr. Amit Goradia, Directors of the Company, retire by rotation and are eligible for re-appointment.

Mr. A. M. Kamdar who was retiring by rotation at the last Annual General Meeting held on 05.09.2008 did not seek re-appointment and retired. The Board places on record its appreciation of the services rendered by Mr. A. M. Kamdar as Director of the Company.

12. Auditors :

M/s. J.R.S. Patel & Co., Chartered Accountants, Vadodara were appointed as Statutory Auditors of the Company in place of retiring Auditors M/s K. S. Aiyar & Co., Chartered Accountants, Mumbai at the last Annual General Meeting held on 05.09.2008.

M/s. J.R.S. Patel & Co., Chartered Accountants, Vadodara will be retiring 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.

13. 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 31st March, 2009 and profit 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.

14. 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.

Registered Office :

Alembic Road,
Vadodara - 390 003.
Date : 18th May, 2009

On behalf of Board of Directors

Chirayu R. Amin
Chairman

**Annexure "A" to Directors' Report
MANAGEMENT DISCUSSION AND ANALYSIS**

(A) Industry Structure and Development :

The specialty chemicals business continues to buffet between growth opportunities and social and ecological pressure as before.

At international level, some consolidation in the industry of specialized / hazardous chemicals continues. Your Company has already established itself as a recognized supplier to Soaps & Detergents industry. However, penetration in the more attractive Pharma industry would necessarily take time since the approval procedures in this industry take much longer.

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

The financial year 2008-09 was impacted by the looming recession to some extent. The slackening of industrial demand towards the end of financial year was visible and the commodities business would remain under pressure over next year.

However, the specialties field remains relatively immune from this pressure and your Company continues to march ahead in its effort to create a space for itself in this.

A major landmark in this direction was the achievement of ISO 9000 standard in September 2008. With this, we expect to have better acceptance in the international market.

There were spot business opportunities coming out of the fluid market situation and timely entry in these products enabled your Company to improve the profitability situation.

The emphasis on Safety and Environment Protection continues unabated and would remain a priority at all times so as to ensure safe working conditions.

(C) Financial Performance :

The total income of the Company for the year under review was Rs. 2886.34 lacs as compared to Rs. 2228.05 lacs for the previous year. The Profit before interest, depreciation, non-recurring income, expenses and tax was Rs. 715.35 lacs for the year under review as compared to Rs. 291.66 lacs for the previous year. The Company made a net profit of Rs. 350.30 lacs for the year under review as compared to net profit of Rs. 312.71 lacs for the previous year.

(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 Company has appointed M/s. K. C. Mehta & Co., Chartered Accountants, Vadodara as Internal Auditors.

(E) Human Resources Interventions in 2008-09 :

Your Company considers human resources amongst its most valuable assets and proactively reviews and evolves policies and processes to attract and retain the efficient people. Your organization has continued to attract best talent in strategically critical area of competence.

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 continued its efforts to improve methods of energy conservation and utilization.

(i) Propose to replace steam ejector with dry vacuum pump.

(ii) Propose to replace feed water of Boiler from DM water to R.O. water saving fuel by increasing the efficiency of Boiler as RO water will not make Silica scale.

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

(i) Proposal for relocating the Chilled water and Brine plants near consumer thus saving on heat loss and transport loss.

(ii) Proposal for converting existing single stage compressors for utility to two stage.

(iii) Propose to replace feed water of Boiler from DM water to R.O. water.

(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:

		2008-09	2007-08
(A) Power and Fuel consumption			
1. Electricity :			
(a) Purchased Units (KWH)		40,33,932	35,90,867
Total Amount (Rs.)		2,48,22,988	1,92,84,614
Average Rate (Rs./ Unit)		6.15	5.37
(b) Own Generation (KWH)		17,500	13,700
2. Bio-Mass Briquettes			
Quantity (Kgs.)		28,04,249	3,22,696
Total Amount (Rs.)		1,27,12,916	11,56,548
Average Rate (Rs./Kg)		4.53	3.58
3. Furnace Oil:			
Quantity (Kgs.)		19,829	7,07,037
Total Amount (Rs.)		4,26,207	1,57,35,549
Average Rate (Rs./Kg)		21.49	22.26
4. L.D.O. (Ltr.)			
Total Amount (Rs.)		5,950	7,605
Average Rate (Rs./Lit.)		1,79,745	2,29,741
		30.20	30.21

(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 carried out by the Company.
 - (i) To compete with competitors internationally, R & D has put in concentrated efforts to improve the quality & yield of existing products and technologies to make them more viable.
 - a) Trichlorocarbanilide:- Reaction time is reduced.
 - b) 4-CPI:- Reaction time cycle is reduced.
 - c) Benzylchloroformate:- Time cycle is reduced and batch size was increased.
 - d) Diethyl carbamoyl chloride:- Time cycle improvement.
- (2) Future plan of action:
The Company will continue to identify new products and work on the same through its Research & Development Infrastructure.
- (3) R & D division has been approved by DSIR.
- (4) Expenditure on R & D

a) Capital	Rs. 20,43,871
b) Recurring	Rs. 45,12,667
c) Total	Rs. 65,56,538
d) Total R & D Expenditure as a percentage of Total Turnover	2.20%

(B) Technology Absorption, Adaptation and Innovation :

- (1) Efforts in brief were made towards technology absorption, adaptation and innovation :
 - (i) To improve upon the operational suitability during processing, many innovative ideas were introduced as a result of various brain storming sessions.
- (2) Benefits derived as a result of the above efforts :
 - (i) By adopting the above technologies, there will be reduction in raw material cost of technical products.
 - (ii) Process time reduced; hence production has further gone up even with existing facilities.
- (3) Information regarding technology imported during last 5 years.
Not Applicable

PAUSHAK LIMITED

Report on Corporate Governance

1. Company's Philosophy

The Company strongly believes in adopting the best practices in the areas of Corporate Governance. The Company's policy and practices are aimed at efficient conduct of business and effectively meeting its obligation to shareholders. The Company will continue to focus on its resources, strengths and strategies for enhancement of the long term shareholders' value while at the same time protecting the interest of other stakeholders.

2. Board of Directors

- Composition of the Board:**

The Company's Board meets the requirement of composition of the Board under Corporate Governance. The Board consists of 6 (Six) Directors and all of them are non-executive directors. Moreover, three Directors are independent Directors.

- Number of Board Meetings held and the dates of the Board Meetings:**

During the financial year ended 31st March 2009, 4 (Four) Board Meetings were held. The dates on which the said meetings were held are as follows:

1. 28th April, 2008
2. 30th July, 2008
3. 21st October, 2008
4. 22nd January, 2009

- Attendance of each Director at the Board Meetings and the last AGM**

Name of Director	Category	No. of other Directorships held (excluding Directorships in foreign & private companies)	No. of other board committees of which member / chairman#	No. of Board Meetings attended	Attendance at the last AGM
Mr. C. R. Amin	Promoter & N.E.D.	9	1 (as Chairman)	4	Yes
Mrs. M. C. Amin	Promoter & N.E.D.	5	2 (as member)	4	Yes
Mr. Udit C. Amin	Promoter & N.E.D.	Nil	Nil	4	Yes
Mr. Amit Goradia	N.E.D. (I)	Nil	1 (as member)	3	No
Mr. R. M. Kapadia	N.E.D. (I)	Nil	1 (as Chairman) 1 (as member)	4	Yes
Mr. A. M. Kamdar* (upto 05.09.2008)	N.E.D. (I)	3	1 (as member)	2	No
Mr. Arun Patel	N.E.D. (I)	Nil	Nil	4	No

The committees include the committees of Paushak Limited.

N.E.D. - Non-Executive Director

N.E.D. (I) - Non-Executive & Independent Director

* Mr. A. M. Kamdar who was retiring by rotation at the Annual General Meeting held on 5th September, 2008 did not seek re-appointment.

Code of Conduct

Pursuant to Clause 49.I.D.(i) of the Listing Agreement, the Board has laid down the Code of Conduct for all the members of the Board and senior management of the Company. The same has been posted on the website of the company. Further, the company has received confirmation from all the members of Board and senior management regarding compliance of the code for the year ended 31st March, 2009.

3. Audit Committee

- Composition & Terms of Reference**

At present, the Audit Committee comprises of Mr. R. M. Kapadia, Mrs. M. C. Amin and Mr. Amit Goradia. Mr. A. M. Kamdar who was retiring by rotation at the last Annual General Meeting held on 05.09.2008, did not seek re-appointment and ceased to be a Director and consequently, a member of the Audit Committee.

Mr. R. M. Kapadia, a non-executive Independent Director is Chairman of the Audit Committee.

All the Directors in the Audit Committee were Non-Executive Directors. Out of which, two Directors are Independent Directors. The terms of reference of the Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreements. The Statutory Auditors, Internal Auditors

and other senior management personnel are invited to attend the meetings of the Audit Committee. The Company Secretary acts as Secretary of the Committee.

Mr. R. M. Kapadia, Chairman of the Audit Committee was present at the last Annual General Meeting held on 5th September, 2008.

• **Meetings and the attendance during the year:**

There were 4 (Four) meetings of the Audit Committee held during the year. The attendance of each Member of the Committee is given below:

Name of Director	Category of Director	No. of meetings attended
Mr. R. M. Kapadia	Chairman, Non-executive - Independent	4
Mrs. M. C. Amin	Promoter & Non-executive	4
Mr. Amit Goradia	Non-executive - Independent	3
Mr. A. M. Kamdar (upto 05.09.2008)	Non-executive - Independent	2

4. Remuneration Committee

The Company does not have a Remuneration Committee of Directors.

- Details of Remuneration paid to Directors:

Non-Executive Directors

The Non-executive Directors were paid the sitting fees for attending Board / Committee Meetings at Rs. 5,000/- (Rs. 2,000/- till 20.10.2008) per meeting.

Name of Directors	Sitting fees for Board Meetings	Sitting fees for Committee Meetings
Mr. C. R. Amin	14,000	38,000
Mrs. M. C. Amin	14,000	52,000
Mr. Udit C. Amin	14,000	Nil
Mr. Amit Goradia	12,000	12,000
Mr. R. M. Kapadia	14,000	52,000
Mr. A. M. Kamdar (upto 05.09.2008)	4,000	4,000
Mr. Arun Patel	14,000	Nil

Executive Directors

The Company does not have any executive director.

5. Shareholders' / Investors' committee

At present Shareholders' / Investors' committee comprises of Mr. C. R. Amin, Mrs. M. C. Amin and Mr. R. M. Kapadia. Mr. C. R. Amin is Chairman of the Shareholders' / Investors' Committee. Generally, the Meeting of Shareholders' / Investors' Committee is held every month, in which transfers, transmission, issuance of duplicate certificates etc. are approved. The Secretary or the Directors are also authorised by the Board to approve transfers and therefore, transfers are approved by him on fortnightly basis. Hence, no transfers remain pending for more than 15 days.

PAUSHAK LIMITED

6. General Body Meetings

Details of the last three Annual General Meetings are given below:

Year	Location	Date	Time	No. of Special Resolutions passed
2005-06	"Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003	25th September, 2006	4.30 p.m.	2
2006-07	"Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003	31st August, 2007	11.00 a.m.	1
2007-08	"Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003	5th September, 2008	4.00 p.m.	1

- No Extraordinary General Meeting was held during the previous year.
- No Resolutions were passed through Postal Ballot during the previous year.
- No Special Resolutions are proposed through postal ballot at the ensuing Annual General Meeting.

6A. Notes on Directors seeking appointment / re-appointment as required under Clause 49VI(A) of the Listing Agreement entered into with Stock Exchanges.

Mr. R. M. Kapadia and Mr. Amit Goradia will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. R. M. Kapadia is M.Com., LL.B., DTP, FICWA, FCS, AIMA.DM. He has experience of over 45 years in various areas of Corporate Management, Management Accounting, Costing and MIS. The Company has been benefited considerably through his experience in various areas. He has been Director of the Company since 28th June, 2002. He holds directorship in other companies like Whitefield Agrotech Pvt. Ltd. and Baroda Industrial Development Corporation. He holds 200 equity shares in the Company.

Mr. Amit Goradia is a qualified Mechanical Engineer from the prestigious Indian Institute of Technology (IIT), Mumbai. He has rich and varied industrial experience in engineering, Industrial Chemicals and Fast Moving Consumer Goods industries. He is the Chairman of Jewel Consumer Care Pvt. Ltd. He also holds directorship in other companies viz. Coronet Trading Pvt. Ltd., Kunkel Wagner (I) Pvt. Ltd. and Federation of Indian Chambers of Commerce & Industries. He does not hold any equity shares in the Company.

7. Disclosure

There were no materially significant related party transactions that had conflict with the interest of the Company at large. The Register of Contracts for the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties as per Accounting Standard 18 are disclosed in Note No. 8 of the notes forming parts of Accounts.

8. Compliance

The Company has complied with all the mandatory requirements of the Listing Agreements with Stock Exchanges as well as regulations and guidelines of SEBI. Further, there is no penalty/stricture imposed on the Company by any Statutory Authority(s) during the year.

9. Means of Communication

- | | | |
|--|---|---|
| • Half-yearly results sent to each household of the shareholders | : | The results are Published in newspapers having wide coverage. |
| • Quarterly Results | : | Published in newspapers. |
| • Which Newspapers normally published in | : | Business Standard (English) & Loksatta (Gujarati) |
| • Any web-site where displayed | : | www.paushak.com |
| • Whether MD&A forms part of the Annual Report | : | Yes |

10. Shareholders' Information :

- | | | |
|---|---|--|
| 1. Annual General Meeting, Date, Time and Venue | : | Monday, 27th July, 2009 at 5.00 p.m. at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara-3 |
|---|---|--|