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**38th  
ANNUAL REPORT  
2010-11**

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***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. Santosh Jejurkar  
*(w.e.f. 03.02.2011)*

Mr. R. M. Kapadia  
*(upto 25.04.2011)*

Mr. Sanjay Bhatt  
*(upto 04.02.2011)*

## Company Secretary

Mr. Manish Mistry  
*(upto 06.04.2011)*

Mr. Chirag K. Shukla  
*(w.e.f. 12.04.2011)*

## Statutory Auditors

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

## Bankers

IDBI Bank Limited

## Registered Office

Alembic Road, Vadodara - 390 003

## Manufacturing Facilities

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

## Registrar and Transfer Agents

M/s. Link Intime India Private Limited  
B-102/103, Shangrila Complex,  
1st Floor, Nr. Radha Krishna Char Rasta,  
Akota, Vadodara - 390 020  
Phone : 0265 2356573, 2356794, 2356796  
Fax : 0265 2356791  
E-mail : 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-Eighth 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 Tuesday, the 30th August, 2011 at 4.30 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011, Profit & Loss Account & Cash Flow Statement of the Company, for the year ended on 31st March, 2011 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. C. R. Amin who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. M. Goradia who retires by rotation and being eligible, offers himself for re-appointment.
5. To reappoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

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

"RESOLVED THAT Mr. Santosh Jejurkar, who was appointed as an Additional Director with effect from 3rd February, 2011 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, proposing his candidature for appointment as Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Registered office:  
Alembic Road,  
Vadodara - 390 003.  
Date: 3rd May, 2011

By Order of the Board

Chirag K. Shukla  
Company Secretary

**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 Friday, the 19th August, 2011 to Tuesday, the 30th August, 2011 (both days inclusive) for the purpose of payment of dividend.
4. The dividend when sanctioned will be made payable on or after Monday, 5th September, 2011 to those members whose names stand on the Register of Members of the Company on Friday, 19th August, 2011. 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 - Link Intime India Private Limited, B-102-103, Shangrila Complex, 1st Floor, Nr. Radhakrishna char rasta, Akota, Vadodara - 390 020. Tel: (0265) 2356573/2356794/2356796 Telefax: (0265) 2356791 Email: vadodara@linkintime.co.in. Shareholders are requested to send their communication to the aforesaid address.
6. All documents referred to in the Notice 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 up to the date of the Annual General Meeting.

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956**

**Item No. 6**

Mr. Santosh Jejurkar was appointed as Additional Director of the Company with effect from 3rd February, 2011 Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds office of the Director upto the date of the this 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 candidature for appointment as Director, liable to retire by rotation.

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

Except Mr. Santosh Jejurkar, none of the Directors of the Company is in any way, concerned or interested in the proposed resolution.

Registered office:  
Alembic Road,  
Vadodara - 390 003.  
Date: 3rd May, 2011

By Order of the Board

Chirag K. Shukla  
Company Secretary

**DIRECTORS' REPORT**

To  
The Members,

Your Directors present the 38th Annual Report on the working of the Company with the Audited Accounts for the year ended on 31st March, 2011.

**1. Financial Results:**

Particulars	Year ended on 31st March, 2011	Year ended on 31st March, 2010
Profit for the year before Interest, Depreciation and Tax	6,79,75,461	5,22,33,309
<b>Deducting therefrom:</b>		
Interest	41,02,780	69,83,175
Depreciation	1,55,55,533	1,44,94,700
<b>Profit/(Loss) for the year before Taxes</b>	<b>4,83,17,148</b>	<b>3,07,55,434</b>
Less: Provision for Deferred Tax Liabilities / (Asset)	(3,08,534)	(5,91,688)
Less: Provision for Income Tax	1,16,20,000	94,00,000
Less: Short provision for Income Tax	-	5,46,972
<b>Profit/(Loss) after Taxes</b>	<b>3,70,05,682</b>	<b>2,14,00,150</b>
Add: Profit/(Loss) brought forward from last year	7,29,78,436	6,90,82,612
<b>Balance available for appropriation</b>	<b>10,99,84,118</b>	<b>9,04,82,762</b>
<b>Less: APPROPRIATIONS</b>		
Dividend on Equity Shares	64,14,228	64,14,228
Dividend Distribution Tax on Equity Shares	10,40,548	10,90,098
Reversal of provision of Corporate Dividend Tax	(24,695)	-
Transfer to General Reserve	1,00,00,000	1,00,00,000
<b>Surplus carried to Balance Sheet</b>	<b>9,25,54,037</b>	<b>7,29,78,436</b>

**Dividend:**

Your Directors recommended dividend of Rs.2/- per share, i.e., 20 per cent (Previous Year Rs. 2/- per share) on the equity shares of Rs.10/- each for the year ended on 31st March, 2011.

**2. Operations:**

The profit before interest, depreciation and tax was Rs. 679.75 lacs for the year under review as compared to Rs. 522.33 lacs for the previous year. The Company made a net profit of Rs. 370.05 lacs for the year under review as compared to net profit of Rs. 214.00 lacs for the previous year. The Company's Gross Sales including export incentives were Rs. 3109.17 lacs for the year under review as compared to Rs. 2635.81 lacs for the previous year.

**3. Management Discussion and Analysis:**

Management Discussion and Analysis as required under the Listing Agreement with the Stock Exchange is enclosed at **Annexure-I** to this report.

**4. Corporate Governance:**

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

**5. 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.

### 6. 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.

### 7. 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, 2011 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.

### 8. Particulars of employees:

During the period under review, there is no employee in respect of whom information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is required to be given in the Directors' Report.

### 9. 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-II** hereto and forms part of this Report.

### 10. Directors:

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

During the year and upto the date of this report, Mr. Sanjay Bhatt and Mr. R. M. Kapadia resigned from the Directorship of the Company. The Board places on record, its appreciation for the services rendered by Mr. Sanjay Bhatt and Mr. R. M. Kapadia as Directors of the Company.

The Board has appointed Mr. Sanotsh Jejurkar as Additional Director w.e.f. 03.02.2011. As per section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting. The Company has received notice under section 257 of the Act proposing his appointment as director liable to retire by rotation. Your directors recommend the resolution to the notice for your approval.

### 11. Auditors:

M/s. J.R.S. Patel & Co., Chartered Accountants, Vadodara will retire at the conclusion of this Annual General Meeting and are eligible for re-appointment as Auditors. Members are requested to re-appoint them.

### 12. 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 judgments have been made so as to give true and fair view of the state of affairs of the Company as on 31st March, 2011 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.

### 13. Acknowledgement:

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

#### Registered office:

Alembic Road,  
Vadodara - 390 003.  
Date: 3rd May, 2011

#### By Order of the Board

Chirayu R. Amin  
Chairman

**Annexure-I to Directors' Report**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

**(A) Industry Structure and Development**

Specialty chemicals industry is showing signs of revival. However, the demand for new intermediates has not picked up significantly.

The consumption of intermediates, especially for Pharma industry, continues to show a trend of shifting to the Asian manufacturers. This is also seen from the growth of our domestic business and lower sales in the export market.

**(B) Opportunities, Threats, Risks, Concerns and Outlook**

The efforts on consolidating the operational area, taken up in the previous year, were taken further and resulted in visible benefits. A number of measures taken in improving operational efficiency and energy conservation resulted in a better profitability picture for the year.

The focus on further development of continuous processes also helped in capturing business opportunity for significant growth in one product. The Company will continue to focus on converting more products into continuous processes and thereby improving capacities without inordinate investments.

A number of our existing products going into Pharma industry are coming under pressure due to maturity of their end-applications. At the same time, other Pharma products have to await the respective patent expiry.

To counterbalance this, the Company has put efforts in developing specialty products going into non-pharma applications. The Company is hopeful of launching at least two important products in the current year.

As mentioned in the previous year's report, the Company has filed an application for significant increase in its production volume. The matter has been taken up at the Ministry of Environment and is at an advance stage. Necessary activities at local level such as a public hearing etc. have been completed successfully and we are hopeful of getting the approval shortly.

**(C) Financial Performance:**

The total income of the Company for the year under review was Rs. 3079.34 lacs as compared to Rs. 2588.78 lacs for the previous year. The profit before interest, depreciation and tax was Rs. 679.75 lacs for the year under review as compared to Rs. 522.33 lacs for the previous year. The Company made a net profit of Rs. 370.05 lacs for the year under review as compared to net profit of Rs. 214.00 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 Resource: Developing Human Capital:**

The growth in your Company's activities was only possible due to the whole-hearted support of its employees. Developing employee capability is always a priority activity for the Company. Continued steps are being taken to realign these capabilities with the changing priorities and focus of the organization.

**Annexure-II 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:**

- (i) Boiler feed water heat recovery from flue gas. (Heat recovered 3 Lakh Kcal/day)
- (ii) Reduced operating pressure of steam ejectors, thus reducing the steam consumption. (Energy saving 12.7 Lakh Kcal/day)

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

- (i) Proposal for reducing batch timing for some key products.
- (ii) Proposal for converting more products to continuous process.

**(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:**

The above measures are expected to save about 500 Kg / day in biomass consumption as against normal 8000 Kg / day.

**(B) Consumption per unit of Production**

On account of the fact that a number of different products are manufactured in the Company, with some through continuous process and others through batch process, with varying cycle times and batch sizes, it is not feasible to report the fuel consumption per unit of production.

**FORM "A"**

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

<b>(A) Power and Fuel consumption</b>	<b>2010-11</b>	<b>2009-10</b>
<b>1. Electricity:</b>		
(a) Purchased Units (KWH)	<b>36,95,619</b>	38,04,726
Total Amount (Rs.)	<b>2,25,14,403</b>	2,41,46,134
Average Rate (Rs./ Unit)	<b>6.09</b>	6.35
(b) Own Generation (KWH)	<b>13,300</b>	20,300
<b>2. Bio-Mass Briquettes</b>		
Quantity (Kgs.)	<b>27,68,162</b>	28,91,830
Total Amount (Rs.)	<b>1,11,02,911</b>	1,09,43,618
Average Rate (Rs./Kg)	<b>4.01</b>	3.78
<b>3. Furnace Oil:</b>		
Quantity (Kgs.)	<b>21,196</b>	38,198
Total Amount (Rs.)	<b>5,42,304</b>	7,56,045
Average Rate (Rs./Kg)	<b>25.59</b>	19.79
<b>4. L.D.O. (Ltr.)</b>	<b>4,712</b>	8,730
Total Amount (Rs.)	<b>1,37,138</b>	2,12,227
Average Rate (Rs./Lit.)	<b>29.10</b>	24.31

**FORM "B"**

**Form for disclosure of particulars with respect to technology absorption.**

**(A) Research & Development (R&D)**

(1) Specific areas where research work was carried out by our Research Centre approved by DSIR:

- (i) Conversion of more Chloroformate manufacturing to continuous process
- (ii) Development of two important industrial application Chloroformates and downstream derivatives
- (iii) Improvement in cycle times and yields of a number of existing products

(2) Future plan of action:

A number of other products are under various stages of development and these will be taken to completion over this year.

**(B) Technology Absorption, Adaptation & Innovation**

(1) Efforts towards technology absorption:

Two major products are expected to be commercialized in the period of next 6 months. R&D priority would be to ensure that the scale-up activities are carried out effectively and smoothly and that the technology is effectively absorbed by the operating personnel.

(2) Benefits of the above:

The commercialization of these new products in a timely manner for customer service and effective utilization of our investment.

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

There was no technology import during last 5 years.



## 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 the shareholders. The Company will continue to focus 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. As on the date of the report the Board consists of Five Directors and all of them are non-executive directors. Moreover, two Directors are independent Directors.

Mr. R. M. Kapadia, resigned w.e.f. 25.04.2011 and the Company shall appoint an independent director in place of Mr. R. M. Kapadia within the time limit as available in terms of provisions of Clause 49 of the Listing Agreement.

#### • Number of Board Meetings held and the dates of the Board Meetings:

During the financial year ended 31st March 2011, 4 (Four) Meetings of Board of Directors were held as follows:

1. 4th May, 2010
2. 29th July, 2010
3. 22nd October, 2010
4. 20th January 2011

#### • 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	Attend-ance at the last AGM
Mr. C. R. Amin	Chairman & N.E.D.	11	1(as Chairman) & 1(as member)	4 of 4	Yes
Mrs. M. C. Amin	N.E.D.	4	1 (as member)	4 of 4	Yes
Mr. Udit C. Amin	N.E.D.	Nil	Nil	3 of 4	Yes
Mr. Amit Goradia	N.E.D. (I)	Nil	1 (as chairman)	3 of 4	No
Mr. R. M. Kapadia (upto 25.04.2011)	N.E.D. (I)	Nil	1 (as Chairman) 1 (as member)	4 of 4	Yes
Mr. Sanjay Bhatt (upto 04.02.2011)	N.E.D. (I)	Nil	2 (as member)	3 of 4	Yes
Mr. Santosh Jejurkar (w.e.f. 03.02.2011)	N.E.D. (I)	Nil	2 (as member)	NA	NA

# The committees include the committees of Paushak Limited.

N.E.D. - Non-Executive Director

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

#### 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 31 March, 2011.

### 3. Audit Committee

- Composition & Terms of Reference**

At present, the Audit Committee comprises of Mrs. M. C. Amin, Mr. Amit Goradia and Mr. Santosh Jejurkar. Mr. R. M. Kapadia, a non-executive Independent Director was Chairman of the Audit Committee and after his resignation, Mr. Amit Goradia is Chairman of Audit Committee.

All the Directors in the Audit Committee were Non-Executive Directors. Out of which, 2 (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 to the Committee.

Mr. R. M. Kapadia, then Chairman of the Audit Committee was present at the last Annual General Meeting held on 29th July, 2010.

- Meetings and the attendance during the year:**

There were 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 of 4
Mrs. M. C. Amin	Non-executive	4 of 4
Mr. Amit Goradia	Non-executive - Independent	3 of 4
Mr. Sanjay Bhatt#	Non-executive - Independent	3 of 4
Mr. Santosh Jejurkar**	Non-executive - Independent	N.A.

\* Resigned w.e.f. 25.04.2011.

# Resigned w.e.f. 04.02.2011.

\*\* Appointed w.e.f. 03.02.2011.

### 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/- per meeting.

Name of Directors	Sitting fees for Board Meetings	Sitting fees for Committee Meetings
Mr. C. R. Amin	20,000	50,000
Mrs. M. C. Amin	20,000	70,000
Mr. Udit C. Amin	15,000	Nil
Mr. Amit Goradia	15,000	15,000
Mr. R. M. Kapadia	20,000	25,000
Mr. Sanjay Bhatt	15,000	60,000
Mr. Santosh Jejurkar	NIL	10,000

#### **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, Mr. R. M. Kapadia\* and Mr. Santosh Jejurkar. 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