
39th
ANNUAL REPORT
2011-12

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

Mr. V. H. Gandhi
(w.e.f. 18.10.2011)

Company Secretary

Mr. Charandeep Singh Saluja
(w.e.f. 29.12.2011)

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. Panchmahal - 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.
Scrip Code : 532742

DIRECTORS' REPORT

To
The Members,

Your Directors present the 39th Annual Report on the working of the Company with the Audited Accounts for the year ended on 31st March, 2012.

1. Financial Results:

Particulars	Year ended on 31st March, 2012 ₹	Year ended on 31st March, 2011 ₹
Profit for the year before Interest, Depreciation and Tax	6,09,33,331	6,79,75,461
Deducting therefrom:		
Interest	31,14,451	44,63,590
Depreciation	1,65,20,227	1,55,55,533
Profit for the year before Taxes	4,12,98,653	4,83,17,148
Less: Provision for Deferred Tax Liabilities / (Asset)	(4,39,259)	(3,08,534)
Less: Provision for Income Tax	88,50,000	1,16,20,000
Less: Excess Provision for earlier years	(15,86,727)	-
Profit after Taxes	3,44,74,639	3,70,05,682
Add: Profit brought forward from last Year	9,25,54,037	7,29,78,436
Balance available for appropriation	12,70,28,676	10,99,84,118
Less: APPROPRIATIONS		
Dividend on Equity Shares	64,14,228	64,14,228
Dividend Distribution Tax on Equity Shares	10,40,548	10,40,548
Reversal of provision of Corporate Dividend Tax	-	(24,695)
Transfer to General Reserve	1,00,00,000	1,00,00,000
Surplus carried to Balance Sheet	10,95,73,900	9,25,54,037

Dividend:

Your Directors recommended dividend of ₹ 2/- per share, i.e., 20 per cent (Previous Year ₹ 2/- per share) on the equity shares of ₹ 10/- each for the year ended on 31st March, 2012.

2. Operations:

The profit before interest, depreciation and tax was ₹ 609.33 Lacs for the year under review as compared to ₹ 679.75 Lacs for the previous year. The Company made a net profit of ₹ 344.75 Lacs for the year under review as compared to net profit of ₹ 370.05 Lacs for the previous year. The Company's Gross Sales including export incentives were ₹ 3479.99 Lacs for the year under review as compared to ₹ 3109.17 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 as 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 quality, cost and quantity of the products currently manufactured. 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 and improvise upon the high standards of safety at the manufacturing site. 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 fixed deposits during the year. There are no fixed deposits outstanding as at 31st March, 2012.

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 this 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, Mrs. M. C. Amin and Mr. U. C. Amin, Directors of the Company, retire by rotation and are eligible for re-appointment.

The Board has appointed Mr. V. H. Gandhi as Additional Director w.e.f. 18.10.2011. 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 for regularization of the appointment of Mr. V. H. Gandhi for your approval.

11. Auditors:

M/s. J.R.S. Patel & Co., Chartered Accountants, Statutory Auditors (Firm Regn. No. 107709W) 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.

12. Cost Auditor:

The Board of Directors have appointed Mr. H. R. Kapadia, Cost Accountant, Vadodara as Cost Auditor of the Company for conducting audit of the cost accounts maintained by the Company for the year 2011-12.

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 Note AA 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, 2012 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 employees, Bankers, Government Authorities, Valuable Customers, Vendors and the Shareholders.

Registered office:

Alembic Road,
Vadodara - 390 003.
Date: 8th May, 2012

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 picked up significantly but the old molecules are facing stiff competition on pricing and quality.

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. We are also trying to develop new intermediates for Agrochemical, Personal Care and Flavor Industries to counteract dependence on only one sector.

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

There is a huge opportunity for phosgene based products globally but the limiting factor is our license for phosgene capacity. We are continuously trying to optimize our usage of phosgene by prioritizing our product mix and increasing our efficiency.

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. We have finalized many small volume products to be seeded into future global Pharmaceutical API's.

The threat to our business is the competition of low cost phosgene intermediates from China and other countries and competition within India. 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 three 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. has been completed successfully. We hope to get a favorable response from the government regarding this increase in capacity. This would enable us to grow in topline and bottomline.

Financial Performance:

The total income of the Company for the year under review was ₹ 3474.47 Lacs as compared to ₹ 3079.34 Lacs for the previous year. The profit before interest, depreciation and tax was ₹ 609.33 Lacs for the year under review as compared to ₹ 679.75 Lacs for the previous year. The Company made a net profit of ₹ 344.75 Lacs for the year under review as compared to net profit of ₹ 370.05 Lacs for the previous year.

(C) 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.

(D) Human Resource: Developing Human Capital

We have tried to develop internal talent from within the organization instead of hiring from outside. We would like our own people to grow into bigger roles and handle larger portfolios. Based on this philosophy we have given our senior team more responsibilities and hope to encourage growth for our employees with added business.

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) 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)
- (iii) We have optimized our distillation parameters to give us more output thereby reducing the usage of energy for the same.
- (iv) We have shifted more products from batch process to continuous process, which will give us tremendous reduction in energy use.
- (v) We have reduced cycle times of our batch process to reduce energy use and increase output.
- (vi) We have altered some parameters to reduce the amount of chilling energy needed to manufacture the batch.

(b) Additional investment and proposals, if any, being implemented for upgradation of manufacturing facilities:

We have continuously being making minor investments in our facility for better maintenance and safety of our processes.

(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. The other savings cannot be quantified as they are incremental in nature.

(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:

A. Power and Fuel consumption	2011-12	2010-11
1. Electricity:		
a. Purchased Units (KWH)	40,78,520	36,95,619
Total Amount (₹)	2,68,71,039	2,25,14,403
Average Rate (₹/ Unit)	6.59	6.09
b. Own Generation (KWH)	22,600	13,300
2. Bio-Mass Briquettes		
Quantity (Kgs.)	32,31,055	27,68,162
Total Amount (₹)	1,57,88,977	1,11,02,911
Average Rate (₹/Kg)	4.88	4.01
3. Furnace Oil:		
Quantity (Kgs.)	29,070	21,196
Total Amount (₹)	10,47,027	5,42,304
Average Rate (₹/Kg)	36.01	25.59
4. L.D.O. (Ltr.)	8,629	4,712
Total Amount (₹)	2,98,071	1,37,138
Average Rate (₹/Lit.)	34.54	29.10

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:

- Conversion of one Chloroformate (BCF) batch-manufacturing to continuous process.
- Improvement in cycle times and yield improvement.
- Process development at lab scale for new products.
- Pilot plant trials of new products and speciality chemicals.

(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 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 2012, 4 (Four) Meetings of Board of Directors were held as follows:

1. 3rd May, 2011
2. 27th July, 2011
3. 18th October, 2011
4. 7th February, 2012

- Attendance of the Director at the Board Meetings and at the last AGM and Number of other Public Limited Companies in which the Director is a Director / Committee Member.**

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) 2 (as member)	4 of 4	Yes
Mrs. M. C. Amin	N.E.D.	4	2 (as member)	3 of 4	Yes
Mr. Udit C. Amin	N.E.D.	Nil	Nil	4 of 4	Yes
Mr. Amit Goradia	N.E.D. (I)	Nil	1 (as chairman)	4 of 4	Yes
Mr. Santosh Jejurkar	N.E.D. (I)	Nil	2 (as member)	4 of 4	Yes
Mr. V. H. Gandhi (w.e.f. 18.10.2011)	N.E.D. (I)	Nil	1 (as member)	1 of 1	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 31st March, 2012.

3. Audit Committee

- Composition & Terms of Reference**

The Audit Committee comprises of Mrs. M. C. Amin, Mr. Amit Goradia, Mr. V. H. Gandhi and Mr. Santosh Jejurkar.

Mr. Amit Goradia, a Non-executive Independent Director is Chairman of the Audit Committee. All the Directors in the Audit Committee are Non-Executive Directors, out of which, 3 (three) Directors are Independent Directors. The terms of reference of the Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreement. The Statutory Auditors, Internal Auditors, Cost Auditor 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. Amit Goradia, Chairman of the Audit Committee was present at the last Annual General Meeting held on 30th August, 2011.

- **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. Amit Goradia	Chairman, Non-executive - Independent	4 of 4
Mrs. M. C. Amin	Non-executive	3 of 4
Mr. Santosh Jejurkar	Non-executive - Independent	4 of 4
Mr. V. H. Gandhi*	Non-executive - Independent	N.A.

* Appointed w.e.f. 07.02.2012.

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 ₹ 5,000/- per meeting.

Name of Directors	Sitting fees for Board Meetings (₹)	Sitting fees for Committee Meetings (₹)	Total (₹)
Mr. C. R. Amin	20,000	60,000	80,000
Mrs. M. C. Amin	15,000	75,000	90,000
Mr. Udit C. Amin	20,000	Nil	20,000
Mr. Amit Goradia	20,000	20,000	40,000
Mr. Santosh Jejurkar	20,000	80,000	1,00,000
Mr. V. H. Gandhi	5,000	Nil	5,000

Executive Directors

The Company does not have any Executive Director.

5. **Shareholders' / Investors' committee**

The Shareholders' / Investors' committee comprises of Mr. C. R. Amin, Mrs. M. C. Amin 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 duplicate certificates etc. are approved. The Secretary or the Directors are also authorized by the Board to approve transfers and therefore, transfers are approved by them on fortnightly basis. Hence, no transfers remain pending for more than 15 days.

6. General Body Meetings

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

Year	Location	Date	Time	No. of Special Resolutions passed
2008-09	"Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003	27th July, 2009	5.00 p.m.	Nil
2009-10	"Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003	29th July, 2010	4.00 p.m.	2
2010-11	"Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003	30th August, 2011	4.30 p.m.	Nil

- No Extraordinary General Meetings 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 49 IV(G) of the Listing Agreement entered into with Stock Exchange.

Mrs. M. C. Amin and Mr. U. C. Amin will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Mr. V. H. Gandhi was appointed as Additional Independent Director on 18th October, 2011. Pursuant to the provisions of the Companies Act, 1956, he holds office upto the ensuing Annual General Meeting. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature as a Director liable to retire by rotation.

Mrs. M. C. Amin has done her Masters in Industrial Psychology. She has extensive experience in corporate management and administration. She holds directorship in four other companies viz. Alembic Limited, Shreno Limited, Sierra Investments Limited and Sierra Healthcare Limited.

Mr. U. C. Amin studied Economics with focus on International Trade at University of Michigan, USA. He has worked in regulatory department at Ivax, UK. He was the Whole-time Director of the erstwhile Paushak Limited prior to its merger with the Company and had worked extensively on its turn around. He does not hold any other Directorship.

Mr. V. H. Gandhi is a Practising Chartered Accountant having experience of more than 25 years in the field of Accounts and Taxation. He is fellow member of the Institute of Chartered Accountants of India. He does not hold any other Directorship.

Shareholding of Non-Executive Directors:

Mr. C. R. Amin holds 93,682 equity shares, Mrs. M. C. Amin holds 39,273 equity shares and Mr. U. C. Amin holds 26,997 equity shares of the Company. No other Non-executive Director holds any 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. 7 of the notes forming parts of Accounts.

8. Compliance

The Company has complied with all the mandatory requirements of the Listing Agreement with Stock Exchange 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 : 8th August, 2012 at 12.30 P.M.
Date, Time and Venue : "Sanskriti", Alembic Corporate Conference Center,
Opp. Pragati Sahakari Bank Limited,
Alembic Colony, Vadodara - 390 003
- 2 Financial Calendar : Adoption of results for the quarter:
Quarter ending 30th June, 2012 : By 14th August, 2012
Quarter ending 30th September, 2012 : By 14th November, 2012
Quarter ending 31st December, 2012 : By 14th February, 2013
Quarter / year ending 31st March, 2013 : By 15th / 30th May, 2013
Annual General Meeting for the year ended 31st March, 2013 : August - September, 2013
- 3 Date of Book Closure : Wednesday, 1st August, 2012 to Wednesday,
8th August, 2012 (both days inclusive)
- 4 Dividend Payment Date : On or after 13th August, 2012
- 5 Registered Office : Paushak Limited
Alembic Road, Vadodara - 390 003.
Ph. No. +91-265-2280550
Fax : +91-265-2282506/2285892
Web: www.paushak.com
- 6 Listing Details : Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
(Scrip Code : 532742)
- 7 Stock Price Data :

Bombay Stock Exchange Limited

Month	Month's High Price	Month's Low Price
April 2011	83.60	71.00
May 2011	76.50	62.00
June 2011	69.90	60.55
July 2011	71.95	61.80
August 2011	69.75	55.05
September 2011	66.00	55.00
October 2011	63.80	54.00
November 2011	61.00	44.00
December 2011	50.00	37.10
January 2012	61.00	38.00
February 2012	69.60	52.00
March 2012	64.00	55.35