

# PAUSHAK

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**40th**  
**ANNUAL REPORT**  
**2012-13**

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**PAUSHAK LIMITED**

ALEMBIC ROAD, VADODARA - 390 003.

# PAUSHAK LIMITED

## Board of Directors

Mr. Chirayu Amin - Chairman  
Mrs. Malika C. Amin  
Mr. Udit C. Amin  
Mr. Amit M. Goradia  
Mr. Santosh Jejurkar  
Mr. V. H. Gandhi

## Company Secretary

Mr. Charandeep Singh Saluja

## 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 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@linktime.co.in

## Stock Exchange

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.  
Scrip Code : 532742

**NOTICE**

NOTICE is hereby given that the Fortieth 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 Thursday, the 8th August, 2013 at 4.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Statement of Profit & Loss and Cash Flow Statement of the Company for the year ended on 31st March, 2013 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. Amit Goradia who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. J.R.S. Patel & Co., Chartered Accountants as Statutory Auditors from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting and to authorize the Board to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Abhijit Joshi, who was appointed as an Additional Director of the Company w.e.f. 1st May, 2013 and who vacates his office at this Annual General Meeting be and is hereby appointed as the Director of the Company not liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) ('the Act') the approval of the shareholders be and is hereby accorded to the appointment of Mr. Abhijit Joshi as Whole-time Director of the Company for a period of 5 years effective from 1st May, 2013 on such terms and conditions as set out herein below, with liberty and authority to the Board of Directors to alter and vary the terms and conditions of said appointment from time to time.

**RESOLVED FURTHER THAT** in the event of loss or inadequate profits in any financial year, the Company shall pay to Mr. Abhijit Joshi in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to limits prescribed under the provisions Schedule XIII of the Act.

**Terms and Conditions of Appointment:**

1. **Term of Appointment:** 5 years from 1st May, 2013 to 30th April, 2018. He shall not be liable to retire by rotation.
2. **Remuneration :**  
Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹ 30 Lacs per annum or such higher amount as may be decided by the Board of Directors of the Company from time to time.  
**Perquisites and Allowances:**
  - a) Housing: Company Leased Housing Accommodation or House Rent Allowance as per the rules of the Company.
  - b) Leave Travel Concession for self and family as per rules of the Company.
  - c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of the Company.
  - d) Conveyance: As per rules of the Company.
  - e) Mobile phone facility as per rules of the Company.
  - f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per rules of the Company.

g) Leave: As per rules of the Company.

Privilege Leave accumulated and not availed of during this tenure as Whole-time Director may be allowed to be encashed as per rules of the Company.

h) Other perquisites, allowances, benefits and amenities as per the service Rules of the Company as applicable from time to time.

**3. Minimum Remuneration:**

The minimum remuneration, in the event of loss or inadequacy of profits in any financial year, payable to Mr. Abhijit Joshi as Whole-time Director by the Company will be in accordance with the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or re-enactment thereof or subject to such approvals as may be required from time to time.

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

**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.**
- 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.
- The Register of Members and Transfer books of the Company will remain closed from Thursday, the 1st August, 2013 to Thursday, the 8th August, 2013 (both days inclusive) for the purpose of payment of dividend.
- The dividend if approved will be made payable on or after Tuesday, 13th August, 2013 to those members whose names stand on the Register of Members of the Company on Thursday, the 8th August, 2013. Members are requested to notify promptly any change in their registered addresses.
- Shareholders who have not encashed their dividend warrants for the financial year ended on 31st March, 2012 are requested to approach the Company or the R&T Agents of the Company.
- 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, 1<sup>st</sup> Floor, Nr. Radhakrishna char rasta, Akota, Vadodara – 390 020. Phone: (0265) 2356573/2356794/2356796 Telefax: (0265) 2356791 Email: vadodara@linkintime.co.in. Shareholders are requested to send their communication to the aforesaid address.
- The Equity Shares of the Company are compulsorily traded in dematerialized (demat) mode as mandated by the SEBI. Therefore, those members who hold shares in physical mode are advised to get their shares dematerialized (i.e. conversion of physical shares into electronic mode) at the earliest.
- The Ministry of Corporate Affairs has vide its Circulars No. 17/2011 dated 21st April, 2011 and No. 18/2011 dated 29th April, 2011 has taken a Green Initiative in the Corporate Governance by allowing paperless compliances by the Companies by way of service of notice/documents including Annual Report by e-mail to its members. To support this green initiative of the Government in full measure, members holding shares in electronic mode are requested to register their e-mail address with their Depository Participants. Members holding shares in physical mode may submit their e-mail address to the R&T Agents of the Company.

Registered Office:  
Alembic Road,  
Vadodara – 390 003  
Date: 24th April, 2013

By Order of the Board

**Charandeep Singh Saluja**  
Assistant Company Secretary

**Explanatory Statement as required under Section 173 of the Companies Act, 1956**

**Item No. 6**

The Board of Directors at its meeting held on 24th April, 2013 appointed Mr. Abhijit Joshi as Additional Director of the Company with effect from 1st May, 2013. Mr. Abhijit Joshi has done his Masters in Organic Chemistry and Production Management. He has vast experience of 32 years in the fields of Basic Research, Tech-transfer, Production and Manufacturing site administration, etc. He has worked with various well known Indian as well as Multinational Companies in pharmaceutical space.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, he holds office of the Director upto the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing his candidature for appointment as Director of the Company.

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

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

**Item No. 7**

The Board of Directors at its meeting held on 24<sup>th</sup> April, 2013 considered it necessary to have a full time Executive Director to take care of business operations of the Company. With this view, the Board appointed Mr. Abhijit Joshi as Whole-time Director of the Company w.e.f. 1st May, 2013. Mr. Abhijit Joshi is an Associate Vice President – Production of the Company. His terms and conditions for appointment are as under:

**Terms and Conditions of Appointment:**

1. **Term of Appointment:** 5 years from 1st May, 2013 to 30th April, 2018. He shall not be liable to retire by rotation.

2. **Remuneration :**

Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹ 30 Lacs per annum or such higher amount as may be decided by the Board of Directors of the Company from time to time.

**Perquisites and Allowances:**

- a) Housing: Company Leased Housing Accommodation or House Rent Allowance as per the rules of the Company.
- b) Leave Travel Concession for self and family as per rules of the Company.
- c) Medical Reimbursement, Medical Insurance and Personal Accident Insurance, as per rules of the Company.
- d) Conveyance: As per rules of the Company.
- e) Mobile phone facility as per rules of the Company.
- f) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund shall be as per rules of the Company.
- g) Leave: As per rules of the Company.  
Privilege Leave accumulated and not availed of during this tenure as Whole-time Director may be allowed to be encashed as per rules of the Company.
- h) Other perquisites, allowances, benefits and amenities as per the service Rules of the Company as applicable from time to time.

3. **Minimum Remuneration:**

The minimum remuneration, in the event of loss or inadequacy of profits in any financial year, payable to Mr. Abhijit Joshi as Whole-time Director by the Company will be in accordance with the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or re-enactment thereof or subject to such approvals as may be required from time to time.”

This may be treated as an abstract of terms and memorandum of interest pursuant to section 302 of the companies Act, 1956.

Your Directors recommend the appointment of Mr. Abhijit Joshi as Whole-time Director for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution except Mr. Abhijit Joshi.

Registered Office:  
Alembic Road,  
Vadodara – 390 003  
Date: 24th April, 2013

By Order of the Board  
  
**Charandeep Singh Saluja**  
Assistant Company Secretary

DIRECTORS' REPORT

To

**The Members,**

Your Directors present their 40th Annual Report on the working of the Company together with the Audited Accounts for the year ended on 31st March, 2013.

**1. Financial Results:**

| Particulars  | Year ended on<br>31 <sup>st</sup> March,<br>2013<br>₹ | Year ended on<br>31 <sup>st</sup> March,<br>2012<br>₹ |
|--|---|---|
| <b>Profit for the year before Interest, Depreciation and Tax</b> | <b>12,71,98,844</b>                                   | 6,09,33,331   |
| <b>Deducting therefrom:</b>                                      |   |   |
| Interest   | 19,05,717   | 31,14,451   |
| Depreciation   | 1,79,75,179   | 1,65,20,227   |
| <b>Profit/(Loss) for the year before Taxes</b>                   | <b>10,73,17,948</b>                                   | 4,12,98,653   |
| Less: Provision for Deferred Tax Liabilities/(Asset)             | (14,50,417)   | (4,39,259)  |
| Less: Provision for Income Tax                                   | 3,10,00,000   | 88,50,000   |
| Less: Excess Provisions for earlier years                        | (1,76,716)  | (15,86,727)   |
| <b>Profit/(Loss) after Taxes</b>                                 | <b>7,79,45,081</b>                                    | 3,44,74,639   |
| Add: Profit brought forward from last Year                       | 10,95,73,900  | 9,25,54,037   |
| <b>Balance available for appropriation</b>                       | <b>18,75,18,981</b>                                   | 12,70,28,676  |
| <b>Less: APPROPRIATIONS</b>                                      |   |   |
| Dividend on Equity Shares  | 96,21,342   | 64,14,228   |
| Dividend Distribution Tax on Equity Shares                       | 16,35,147   | 10,40,548   |
| Transfer to General Reserve                                      | 5,00,00,000   | 1,00,00,000   |
| <b>Surplus carried to Balance Sheet</b>                          | <b>12,62,62,492</b>                                   | 10,95,73,900  |

**Dividend:**

Your Directors are pleased to recommend dividend of ₹ 3/- per share, i.e., 30 per cent (Previous Year ₹ 2/- per share) on the equity shares of ₹10/- each for the year ended on 31st March, 2013.

**2. Operations:**

The profit before interest, depreciation and tax was ₹ 1271.99 lacs for the year under review as compared to ₹ 609.33 lacs for the previous year. The Company made a net profit of ₹ 779.45 lacs for the year under review as compared to net profit of ₹ 344.75 lacs for the previous year. The Company's Gross Sales including export incentives were ₹ 5429.55 lacs for the year under review as compared to ₹ 3549.54 lacs for the previous year.

**3. Management Discussion and Analysis Report:**

Management Discussion and Analysis Report 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 enclosed as a part of the Annual Report, along with the Auditor's Certificate on the compliance.

**5. Research & Development:**

We have focused our R&D to ensure that we retain a dominant position in the market by better processes to improve quality consistency and cost of production. We have scaled up and stabilized a new set of products in the previous year and are also looking at developing more products at the lab scale for the future growth of the Company.

**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. We have upgraded and invested in many new systems and equipment to improve the safety and reliability of our manufacturing plants.

**7. Fixed Deposits:**

The Company has not accepted fixed deposits during the year. There are no fixed deposits outstanding as at 31st March, 2013.

**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:**

The Board of Directors at its meeting held on 24th April, 2013 has appointed Mr. Abhijit Joshi as Additional Director and Whole-time Director of the Company w.e.f. 1st May, 2013. He holds office upto the ensuing Annual General Meeting of the Company. The Company has received a notice u/s 257 of the Companies Act, 1956 from a shareholder of the Company proposing the candidature of Mr. Abhijit Joshi as Director not liable to retire by rotation.

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.

**11. Auditors:**

M/s. J.R.S. Patel & Co., Chartered Accountants, Vadodara are retiring at the ensuing Annual General Meeting and being eligible for re-appointment have expressed their willingness to continue as Statutory Auditors, if re-appointed. Your Directors recommend their appointment as the Statutory Auditors from the conclusion of ensuing Annual General Meeting to the conclusion of next Annual General Meeting.

**12. Cost Auditor:**

The Board of Directors 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 relating to the manufacture of chemicals for the year 2012-13.

**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, 2013 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: 24th April, 2013

**By Order of the Board**

**Chirayu R. Amin**  
Chairman

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Annexure-I to Directors' Report**

**(A) Industry Structure and Development**

The Company has grown its pharma intermediate business via increasing sales of the existing products, through better customer servicing as well as by developing new products, which are expected to grow in the near future.

The Company continues to retain a stable base in the speciality chemicals area and has also extended its reach into the international chloroformates market. The Company has reduced its presence in the cosmetics industry, as it is now focusing on a more profitable product mix in other areas.

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

There is an opportunity for the Company to grow further in the phosgene related business. It would try to retain the leading position in the domestic market, while attempting to increase its presence in custom molecules, for the European and US markets. The Company has an opportunity to grow in the chloroformate business globally and is working on products and processes that will help capture a larger market share in the future.

The Company's endeavour is to widen its presence in multiple segments and to increase customer base to reduce the dependence on any specific customer / market. The concern for the Company now is to grow its topline without significant increase in Capex and Fixed Cost. The Company aims to achieve this goal through better processes to increase output and efficiency with the same plant configuration.

The Company has received a clearance from the Ministry of Environment and Forests for expansion of its licensed phosgene capacity. The approval from the Ministry of Industries and the Gujarat Pollution Control Board is sought for implementing the expansion. The outlook for the Company is positive and it will aim to achieve further growth.

**(C) Financial Performance**

The total income of the Company for the year under review was ₹ 5196.40 lacs as compared to ₹ 3474.48 lacs for the previous year. The profit before interest, depreciation and tax was ₹ 1271.99 lacs for the year under review as compared to ₹ 609.33 lacs for the previous year. The Company made a net profit of ₹ 779.45 lacs for the year under review as compared to net profit of ₹ 344.75 lacs for the previous year.

**(D) Internal Control Systems and Adequacy**

The Company maintains a system of well-established policies and procedure for its internal control of operations and activities. The Company has appointed M/s. K. C. Mehta & Co., Chartered Accountants, Vadodara, as the Internal Auditors.

**(E) Human Resource: Developing Human Capital**

The Company has developed internal talent, from the present environment, instead of hiring from outside. It would like its own people to grow into bigger roles and handle larger portfolios. Based on this philosophy, the company has given its senior team more responsibilities and hopes to encourage their growth keeping in mind the overall corporate objectives and goals.

**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) Optimized distillation parameters in some products to generate more output, thereby reducing the usage of energy.
- (ii) The Company has shifted more products from batch process to continuous process, which will result in tremendous reduction in energy use.
- (iii) Reduced cycle times of the batch processes to reduce energy use and increase output.
- (iv) The Graphite Steam ejector nozzles were replaced with Hastelloy. This has reduced its steam consumption at the vacuum systems.
- (v) Steam Ejectors in scrubbing systems have been replaced with a Teflon Venturi, which has also given a significant energy savings.



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

The Company continuously makes investments in its facility for better maintenance and safety of the operations. It has improved the material storage areas by utilizing existing space optimally.

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

Shifting of the vacuum system and cooling tower near to TCC /ISO-2 has resulted in a significant reduction in process-cycle-time & has given a better control over expenses in maintenance-breakdowns. Exact quantification of amount of energy saving and its impact on cost of production is not feasible.

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

On account of the fact that a number of different products are manufactured in the Company, 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>2012-13</b>     | <b>2011-12</b> |
|-------------------------------------|--------------------|----------------|
| <b>1. Electricity:</b>              |                    |                |
| (a) Purchased Units (KWH)           | <b>38,20,908</b>   | 40,78,520      |
| Total Amount (₹)                    | <b>2,70,51,358</b> | 2,68,71,039    |
| Average Rate (₹/ Unit)              | <b>7.08</b>        | 6.59           |
| (b) Own Generation (KWH)            | <b>29,300</b>      | 22,600         |
| <b>2. Bio-Mass Briquettes</b>       |                    |                |
| Quantity (Kgs.)                     | <b>28,71,480</b>   | 32,31,055      |
| Total Amount (₹)                    | <b>1,55,11,682</b> | 1,57,88,977    |
| Average Rate (₹/Kg)                 | <b>5.40</b>        | 4.88           |
| <b>3. Furnace Oil:</b>              |                    |                |
| Quantity (Kgs.)                     | <b>23,887</b>      | 29,070         |
| Total Amount (₹)                    | <b>10,10,405</b>   | 10,47,027      |
| Average Rate (₹./Kg)                | <b>42.30</b>       | 36.01          |
| <b>4. L.D.O. (Ltr.)</b>             | <b>8,540</b>       | 8,629          |
| Total Amount (₹)                    | <b>4,32,749</b>    | 2,98,071       |
| Average Rate (₹/Lit.)               | <b>50.67</b>       | 34.54          |

**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 the Company's Research Centre, which is approved by DSIR are as follows :
  - (i) Improvement in cycle times and yield improvement.
  - (ii) Process development at lab scale for new products.
  - (iii) 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:  
The Company expects two major products to be commercialized in the period of next six months. R&D priority would be to ensure that the scale-up activities are carried out smoothly, safely and that the operating personnel effectively absorb the technology, for regular commercial levels.
- (2) Benefits of the above:  
The commercialization of the new products will help increase the Company's product-base and sales-volume. It will help seed a new focus market, for the coming years.
- (3) Information regarding technology imported, during the last 5 years:  
There was no technology import, during the 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 31st March, 2013, the Board consists of Six Directors and all of them are non-executive directors. Moreover, three Directors are Independent Directors. However, the Board of Directors at its meeting held on 24th April, 2013 has appointed Mr. Abhijit Joshi as Additional Director and Whole-time Director of the Company with effect from 1st May, 2013.

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

During the financial year ended 31st March 2013, 4 (Four) Meetings of Board of Directors were held as on 8th May, 2012, 8th August, 2012, 6th November, 2012 and 5th February, 2013.

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

| Name of Director     | Category          | No. of other Directorships | 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. | 10                         | 1 (as chairman)<br>2 (as member)                          | 4 of 4                         | Yes                         |
| Mrs. M. C. Amin      | N.E.D.            | 4                          | 2 (as member)   | 1 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)   | 3 of 4                         | Yes                         |
| Mr. Santosh Jejurkar | N.E.D. (I)        | Nil                        | 2 (as member)   | 4 of 4                         | Yes                         |
| Mr. V. H. Gandhi     | N.E.D. (I)        | Nil                        | 1 (as member)   | 4 of 4                         | Yes                         |

#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 personnel 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 personnel regarding compliance of the code during the year 2012-13. A declaration by CEO to this effect is reproduced hereunder:

**Declaration regarding Compliance of Code of Conduct by Directors and Senior Management Personnel of the Company**

This is to certify that the Board Members and the Members of Senior Management (i.e. one layer below the Board of Directors) have given declaration regarding the adherence to the Code of Conduct as enunciated by the Company for the year ended 31st March 2013 as required under Clause 49 of the Listing Agreement.

**For Paushak Limited**

**Place: Vadodara  
Date: 24th April, 2013.**

**Sd/-  
Abhijit Joshi  
CEO**

### CEO/CFO Certification

As required by Clause 49 of the Listing Agreement, the CEO and Group CFO of the Company have issued necessary certificates which are taken on record by the Board of Directors at its meeting held on 24th April, 2013.

### 3. Audit Committee

#### • Composition & Terms of Reference

At present, 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 8th August, 2012.

#### • 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 | 3 of 4                   |
| Mrs. M. C. Amin         | Non-executive                         | 1 of 4                   |
| Mr. Santosh Jejurkar    | Non-executive - Independent           | 4 of 4                   |
| Mr. Vijaybhai H. Gandhi | Non-executive - Independent           | 4 of 4                   |

### 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 (₹) |
|-------------------------|-------------------------------------|---|
| Mr. C. R. Amin          | 20,000                              | 60,000                                  |
| Mrs. M. C. Amin         | 5,000                               | 55,000                                  |
| Mr. Udit C. Amin        | 20,000                              | Nil                                     |
| Mr. Amit Goradia        | 15,000                              | 15,000                                  |
| Mr. Santosh Jejurkar    | 20,000                              | 80,000                                  |
| Mr. Vijaybhai H. Gandhi | 20,000                              | 20,000                                  |

#### Executive Directors

The Company does not have any Executive Director as on 31st March, 2013. However the Board of Directors at its meeting held on 24th April, 2013 has appointed Mr. Abhijit Joshi as Additional and Whole-time Director of the Company with effect from 1st May, 2013, subject to approval of the shareholders at ensuing Annual General Meeting.

### 5. Shareholders' / Investors' committee

At present 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 and the Registrar & Transfer Agents are also authorized by the Board to approve transfers and therefore, transfers are approved by them on weekly basis. Hence, documents are dispatched within 15 days of receipt.

**6. General Body Meetings**

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

| Year    | Location   | Date              | Time       | No. of Special Resolutions passed |
|---------|--|-------------------|------------|-----------------------------------|
| 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                               |
| 2011-12 | "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003 | 8th August, 2012  | 12.30 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.**

Mr. C. R. Amin and Mr. Amit Goradia will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Mr. Abhijit Joshi was appointed as Additional and Whole-time Director w.e.f. 1st May, 2013. As per 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.

Mr. C. R. Amin is a graduate in Science and has done M.B.A. from USA. He is Chairman of the Company since 2005. He was the Chairman of the erstwhile Paushak Limited which was merged into Darshak Limited, the name of which subsequently changed to Paushak Limited w.e.f. 19th September 2005. The Company has achieved growth in sales despite very keen competition in specialty chemical industry during his tenure as Chairman of the Company. He holds directorships in AGI Developers Limited, Alembic Limited, Alembic Exports Limited, Alembic Pharmaceuticals Limited, Elecon Engineering Company Limited, Elecon EPC Projects Limited, Gujarat Flying Club, Nirayu Private Limited, Panasonic Energy India Company Limited, Quick Flight Limited, Shreno Limited, Sierra Investments Limited and Sierra Healthcare Limited. He is Chairman of Shareholders'/Investors' Committee of Paushak Limited and also member of Audit Committee and Shareholders'/Investors' Committee of Elecon Engineering Company Limited. Mr. C. R. Amin holds 93682 equity shares in the Company.

Mr. Amit Goradia is a 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 holds directorships in Jewel Consumer Care Private Limited, Kunkel Wagner (India) Private Limited and Subhaag Trading (India) Private Limited. He is Chairman of Audit Committee of the Company. Mr. Amit Goradia does not hold any equity shares in the Company.

Mr. Abhijit Joshi has done his Masters in Organic Chemistry and Production Management. He has vast experience of 32 years in the fields of Basic Research, Tech-transfer, Production and Manufacturing site administration, etc. He has worked with various well known Indian as well as Multinational Companies in pharmaceutical space. He does not hold any other directorship. Mr. Abhijit Joshi does not hold any equity shares in the Company.

**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 Directors 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**

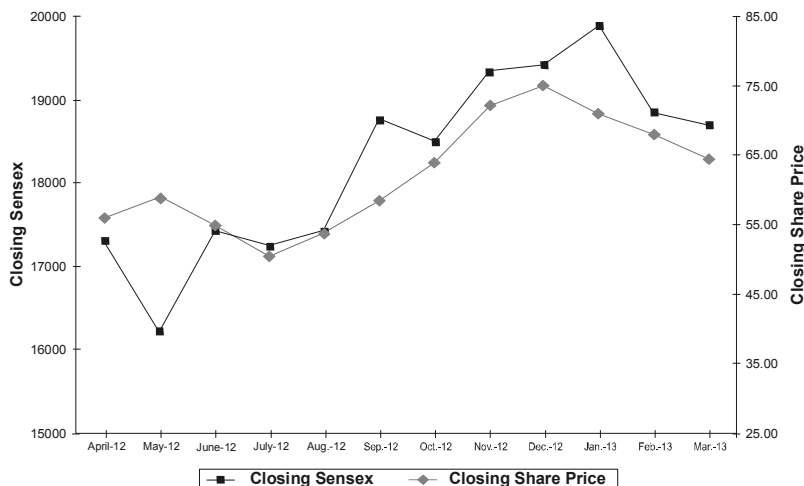
- Half-yearly results sent to each household of the shareholders : The results are published in newspapers having wide coverage.
- Quarterly Results : Published in newspapers.
- Which Newspapers normally published in : Business Standard (English)  
Loksatta (Gujarati)
- Any web-site where displayed :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

**10. Shareholders' Information:**

1. Annual General Meeting, Date and Time, Venue : Thursday, 8th August, 2013 at 4.00 p.m.  
: "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, 2013 : By 14th August, 2013
  - Quarter ending 30th September, 2013 : By 14th November, 2013
  - Quarter ending 31st December, 2013 : By 14th February, 2014
  - Quarter ending 31st March, 2014 : By 30th May, 2014
  - Annual General Meeting for the year ended 31st March, 2014 : August - September, 2014
3. Date of Book Closure : Thursday, 1st August, 2013 to Thursday, 8th August, 2013 (both days inclusive)
4. Dividend Payment Date : On or after 13th August, 2013
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

| Month          | Month's High Price | Month's Low Price |
|----------------|--------------------|-------------------|
| April 2012     | 62.90              | 47.85             |
| May 2012       | 62.85              | 49.00             |
| June 2012      | 63.65              | 51.50             |
| July 2012      | 60.00              | 49.00             |
| August 2012    | 56.90              | 49.00             |
| September 2012 | 64.00              | 51.00             |
| October 2012   | 74.00              | 50.00             |
| November 2012  | 79.00              | 62.90             |
| December 2012  | 79.60              | 70.00             |
| January 2013   | 79.90              | 70.40             |
| February 2013  | 80.00              | 67.00             |
| March 2013     | 73.00              | 60.30             |

**Share Performance of the Company in comparison of BSE Sensex**



- 8. Registrar and Share Transfer Agents : Link Intime India Private Limited  
B-102-103, Shangrila Complex,  
Nr. Radhakrishna Char Rasta, Akota,  
Vadodara - 390020  
Tel: (0265) 2356573/2356794/2356796  
Telefax: (0265) 2356791  
Email: vadodara@linkintime.co.in
- 9. Share Transfer System : Share transfers are registered and returned within a period of 15 days from the date of receipt, if documents are complete in all respects.
- 10. Distribution of Shareholding

**The Distribution of Shareholdings as on 31st March, 2013 is given as under:**

| No. of Shares  | No. of Shareholders | % of Shareholders | No. of Shares held | % of total shares |
|----------------|---------------------|-------------------|--------------------|-------------------|
| Up to 500      | 11,268              | 96.85             | 6,05,129           | 18.87             |
| 501 - 1,000    | 244                 | 2.10              | 1,83,367           | 5.72              |
| 1,001 - 2,000  | 66                  | 0.57              | 98,985             | 3.09              |
| 2,001 - 3,000  | 19                  | 0.16              | 46,537             | 1.45              |
| 3,001 - 4,000  | 11                  | 0.10              | 38,315             | 1.19              |
| 4,001 - 5,000  | 4                   | 0.03              | 17,392             | 0.54              |
| 5,001 - 10,000 | 8                   | 0.07              | 65,146             | 2.03              |
| 10,001 & above | 14                  | 0.12              | 21,52,243          | 67.11             |
| <b>Total :</b> | <b>11,634</b>       | <b>100.00</b>     | <b>32,07,114</b>   | <b>100.00</b>     |

**Shareholding pattern as on 31st March, 2013**

| Sr. No. | Category  | No. of shares held | % of voting strength |
|---------|---|--------------------|----------------------|
| 01.     | Promoters & Associates                              | 21,42,298          | 66.80                |
| 02.     | Banks, Financial Institutions & Insurance Companies | 83                 | 0.00                 |
| 03.     | Bodies Corporate                                    | 39,488             | 1.23                 |
| 04.     | Indian Public                                       | 10,18,858          | 31.77                |
| 05.     | NRI / OCB   | 1,790              | 0.06                 |
| 06.     | Others  | 4,597              | 0.14                 |
|         | <b>Total</b>  | <b>32,07,114</b>   | <b>100.00</b>        |

11. Dematerialization of Shares and liquidity : At the end of the year 27,33,678 (about 85.24% of total shares) have been dematerialized. Trading in shares is permitted only in dematerialized form as per notification issued by the SEBI.  
(ISIN CODE: INE 111F01016)
12. Plant Location : Panelav, Taluka Halol, Dist. Panchmahal.
13. Investors Correspondence : (i) Link Intime India Private Limited  
B-102-103, Shangrila Complex,  
Nr. Radhakrishna Char Rasta,  
Akota, Vadodara  
Tel: (0265) 2356573/2356794/2356796  
Telefax: (0265) 2356791  
Email: vadodara@linkintime.co.in
- (ii) The Company Secretary  
Paushak Limited  
Alembic Road, Vadodara - 390 003.  
Ph. No. +91-265-2280550  
Fax : +91-265-2282506  
E-mail: paushak.investors@alembic.co.in

#### **Auditors' Certificate on Corporate Governance**

We have examined the compliance of conditions of Corporate Governance by **Paushak Limited** for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/ pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For J.R.S. Patel & Co.**  
**Chartered Accountants**  
**(Registration No.: 107709W)**

**Place : Vadodara**  
**Date : 24th April, 2013**

**Kalpesh Parmar**  
**Partner**  
**Membership No.: 103887**

**INDEPENDENT AUDITOR'S REPORT**

**To**  
**The Members of**  
**Paushak Limited.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Paushak Limited which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The company's Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- (b) in the case of the Statement of Profit and Loss of the profit of the company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:
    - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
    - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    - c. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act.
    - e. On the basis of written representations received from the directors as on 31st March, 2013 and taken on record by
-



the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For J.R.S. Patel & Co.**  
**Chartered Accountants**  
**(Firm Registration No.: 107709W)**

**Kalpesh Parmar**  
**Partner**

**Place : Vadodara**  
**Date : 24th April, 2013**

**Membership No.: 103887**

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**ANNEXURE REFERRED TO PARAGRAPH 1 UNDER REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2013 OF PAUSHAK LIMITED, BARODA.**

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1. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year is such that clause xiii of paragraph 4 of the order is not applicable to the company.
2. In respect of its fixed assets :
  - (a) The Company has maintained records showing particulars, including quantitative details and general location of fixed assets.
  - (b) Part of the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed on such verification have been properly dealt with in the Books of Accounts.
  - (c) The Company has not disposed of any substantial part of its fixed assets so as to affect its going concern status.
3.
  - (a) As explained to us, all the inventory of the Company has been physically verified by the management at the year end. In our opinion, the frequency of the verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of record of inventory, in our opinion, the company has maintained proper records of its inventories. According to the information and explanations given to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
4. Loans granted/taken by the company:
  - (a) The Company has granted unsecured loan to company listed in register maintained under section 301 of the Companies Act, 1956. Total number of party is 1 (One) and total amount outstanding as at 31.03.2013 is Nil. The maximum amount involved was ₹ 1,00,81,370/- (Rupees one crore eighty one thousand three hundred seventy only). The company has not granted any loans, secured or unsecured, to firms or other parties in the register maintained under section 301 of the Companies Act, 1956.
  - (b) In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions for loans given are prima facie not prejudicial to the interest of the Company.
  - (d) There is no overdue amount in respect of said loans.
  - (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
  - (f) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable to the company for the current year.
5. In our opinion and according to explanations given to us, there are adequate internal control systems commensurate

with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed continuing failure to correct major weakness in internal controls systems.

6. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 :
- (a) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
- (b) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956, according to the information and explanations given to us the transactions in pursuance of such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
7. During the year the company has not accepted any deposits from the Public. In our opinion and according to the information and explanations given to us the company has complied with the provisions of Section of 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposit accepted from public in earlier years. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
8. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the coverage of internal audit function carried out during the year by the firm of Chartered Accountants appointed by the Company is commensurate with the size of the Company and nature of its business.
9. We have broadly reviewed the books of accounts maintained by the company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
10. According to the information and explanations given to us in respect of statutory and other dues :
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident fund, Employees' state Insurance, Income Tax, Sales tax, Wealth tax, Custom Duty, Excise Duty, Cess and Other Statutory dues with the appropriate authorities during the year. Based on our audit procedures and according to the information and explanations given to us, there are no dues which has remained outstanding as at 31st March, 2013 for a period of more than six months from the date they became due.
- (b) According to the information and explanations given to us and on the basis the records produced before us by the Company, except for the cases stated below, there are no undisputed amounts payable in respect of income tax/ Service tax/ customs duty/wealth tax/excise duty/cess, which have not been deposited on account of any dispute.

| Name of statute                     | Nature of Dues                             | Amount under dispute not yet deposited (₹) | Period to which the amount relates | Forum where dispute is pending                               |
|-------------------------------------|--|--|------------------------------------|--|
| The Central Excise and Customs Act  | Excise Duty, Interest & Penalty            | 1,32,369/-                                 | Dec., 1983 to Nov., 1993           | Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad. |
| The Central Excise and Customs Act  | Excise Duty, Interest & Penalty            | 6,10,880/-                                 | June, 2004 to March, 2005          | Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad. |
| The Central Excise and Customs Act  | Excise Duty, Interest & Penalty            | 13,78,800/-                                | 2006-07                            | Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad. |
| ESI Act                             |  | 9,15,869/-                                 | Jan., 1997 to Oct., 2000           | Industrial Tribunal, Kerala                                  |
| The Service Tax (Finance Act, 1994) | CENVAT credit taken on outward freight GTA | 56,433/-                                   | Oct., 06 to Dec., 07               | Commissioner of Excise, Custom and Service Tax Baroda.       |
| The Income tax Act, 1961            | Income tax                                 | 13,090/-                                   | F.Y. 2011-12                       | Commissioner of Income Tax (Appeal) Baroda.                  |
| The Income tax Act, 1961            | Income tax                                 | 3,51,126/-                                 | F.Y. 2011-12                       | Commissioner of Income Tax (Appeal) Baroda.                  |

11. The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current and immediately preceding financial year.
12. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not obtained any borrowings from any financial institutions or by way of debentures.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and explanations given to us, the company has not entered any transactions or contracts relating to dealing or trading in shares, securities, debentures and other investments during the year. However the Company has made investments in its own name and proper records have been maintained for the said investments.
15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us the Company has not taken any term loans during the year.
17. On the basis of the information and explanations given to us and on an overall examination of the Cash Flow and Balance Sheet of the company, in our opinion, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of Companies Act, 1956.
19. The Company has not issued any debentures during the year and therefore the question of creating security in respect thereof does not arise.
20. The Company has not made any public issues during the year and therefore the question of disclosing the end use of money does not arise.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have he been informed of such case by the management.

**For J.R.S. Patel & Co.**  
**Chartered Accountants**  
**(Firm Registration No.: 107709W)**

**Kalpesh Parmar**  
**Partner**  
**Membership No.: 103887**

**Place : Vadodara**  
**Date : 24th April, 2013**

BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars                        | Note No | As at<br>31-03-2013<br>₹ | As at<br>31-03-2012<br>₹ |
|------------------------------------|---------|--------------------------|--------------------------|
| <b>I. EQUITY AND LIABILITIES</b>   |         |                          |                          |
| <b>(1) Shareholder's Funds</b>     |         |                          |                          |
| (a) Share Capital                  | A       | 3,20,71,140              | 3,20,71,140              |
| (b) Reserves and Surplus           | B       | 34,76,05,247             | 28,09,16,655             |
| <b>(2) Non-Current Liabilities</b> |         |                          |                          |
| (a) Long-term borrowings           |         | -                        | -                        |
| (b) Deferred tax liabilities (Net) | C       | 93,76,688                | 1,08,27,105              |
| (c) Other Long term liabilities    | D       | 25,00,000                | 25,00,000                |
| (d) Long term provisions           | E       | 14,15,230                | 14,25,282                |
| <b>(3) Current Liabilities</b>     |         |                          |                          |
| (a) Short-term borrowings          | F       | 1,16,93,071              | 2,84,62,229              |
| (b) Trade payables                 | G       | 4,65,38,410              | 4,56,36,912              |
| (c) Other current liabilities      | H       | 47,44,993                | 36,86,150                |
| (d) Short-term provisions          | I       | 1,42,83,151              | 92,94,877                |
| <b>Total</b>                       |         | <b>47,02,27,930</b>      | <b>41,48,20,350</b>      |
| <b>II. ASSETS</b>                  |         |                          |                          |
| <b>(1) Non-current assets</b>      |         |                          |                          |
| (a) Fixed assets                   |         |                          |                          |
| (i) Tangible assets                | J       | 10,46,77,156             | 11,17,75,319             |
| (ii) Capital work-in-progress      |         | 1,32,559                 | 71,13,884                |
| (b) Non-current investments        | K       | 12,49,39,871             | 13,59,39,871             |
| (c) Deferred tax assets (net)      |         | -                        | -                        |
| (d) Long term loans and advances   |         | -                        | -                        |
| (e) Other non-current assets       |         | -                        | -                        |
| <b>(2) Current assets</b>          |         |                          |                          |
| (a) Current investments            | L       | 1,25,13,257              | -                        |
| (b) Inventories                    | M       | 7,78,06,773              | 7,56,59,978              |
| (c) Trade receivables              | N       | 14,16,94,990             | 7,41,47,620              |
| (d) Cash and cash equivalents      | O       | 17,52,343                | 12,45,032                |
| (e) Short-term loans and advances  | P       | 67,10,981                | 89,38,646                |
| (f) Other current assets           |         | -                        | -                        |
| <b>Total</b>                       |         | <b>47,02,27,930</b>      | <b>41,48,20,350</b>      |

Notes forming Part of the Accounts  
As per our report of even date  
For **J.R.S. PATEL & CO.**,  
Chartered Accountants

**Kalpesh Parmar**  
Partner  
M. No.103887  
Vadodara, 24th April, 2013

**Charandeep Singh Saluja**  
Asst. Company Secretary

AA

**Chirayu R. Amin** CHAIRMAN  
**Malika C. Amin**  
**Udit C. Amin**  
**A. M. Goradia**  
**Santosh Jejurkar**  
**V. H. Gandhi** } DIRECTORS

Vadodara, 24th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars  | Note No. | Year ended 31st March, 2013<br>₹ | Year ended 31st March, 2012<br>₹ |
|--|----------|----------------------------------|----------------------------------|
| <b>I. Revenue from operations</b>                          | <b>Q</b> | <b>54,29,54,879</b>              | 35,49,53,959                     |
| Less : Excise  |          | <b>3,48,24,103</b>               | 1,90,21,271                      |
| <b>II. Other Income</b>                                    | <b>R</b> | <b>1,15,09,299</b>               | 1,15,15,035                      |
| <b>III. Total Revenue (I + II)</b>                         |          | <b>51,96,40,075</b>              | <b>34,74,47,723</b>              |
| <b>IV. Expenses:</b>                                       |          |                                  |                                  |
| Cost of materials consumed                                 | <b>S</b> | <b>20,69,64,777</b>              | 15,94,57,879                     |
| Stores, Spares & Containers Consumed                       | <b>T</b> | <b>2,23,06,228</b>               | 1,46,17,857                      |
| Changes in inventories of Finished Goods, Work in progress | <b>U</b> | <b>68,96,247</b>                 | (1,43,90,507)                    |
| Manufacturing expenses                                     | <b>V</b> | <b>5,78,25,146</b>               | 5,04,64,522                      |
| Employee's Expense   | <b>W</b> | <b>5,01,87,058</b>               | 4,51,51,026                      |
| Research and Development Expense                           | <b>X</b> | <b>91,03,529</b>                 | 75,69,499                        |
| Financial costs  | <b>Y</b> | <b>19,05,717</b>                 | 31,14,451                        |
| Depreciation   |          | <b>1,79,75,179</b>               | 1,65,20,227                      |
| Other expenses   | <b>Z</b> | <b>3,91,58,245</b>               | 2,36,44,116                      |
| <b>V. Total Expenses</b>                                   |          | <b>41,23,22,127</b>              | <b>30,61,49,070</b>              |
| <b>VI. Profit before tax</b>                               |          | <b>10,73,17,948</b>              | 4,12,98,653                      |
| <b>VII. Tax expense:</b>                                   |          |                                  |                                  |
| Current tax  |          | <b>3,10,00,000</b>               | 88,50,000                        |
| Deferred tax   |          | <b>(14,50,417)</b>               | (4,39,259)                       |
| Excess Provision for Earlier Years                         |          | <b>(1,76,716)</b>                | (15,86,727)                      |
| <b>VIII. Profit/(Loss) for the period (XI + XIV)</b>       |          | <b>7,79,45,081</b>               | <b>3,44,74,639</b>               |
| <b>IX. Earning per equity share:</b>                       |          |                                  |                                  |
| (FV ₹ 10/- each)   |          |                                  |                                  |
| Basic & Diluted  |          | <b>24.30</b>                     | 10.75                            |

Notes forming Part of the Accounts  
As per our report of even date  
**For J.R.S. PATEL & CO.,**  
Chartered Accountants

**AA**

**Kalpesh Parmar**  
Partner  
M. No.103887  
Vadodara, 24th April, 2013

**Charandeep Singh Saluja**  
Asst. Company Secretary

**Chirayu R. Amin** CHAIRMAN

**Malika C. Amin**  
**Udit C. Amin**  
**A. M. Goradia**  
**Santosh Jejurkar**  
**V. H. Gandhi** } DIRECTORS

Vadodara, 24th April, 2013

Notes to Financial Statements as at 31st March, 2013

|  | As at<br>31.03.2013<br>₹   | As at<br>31.03.2012<br>₹   |
|--|----------------------------|----------------------------|
| <b>NOTE : A</b>  |                            |                            |
| <b>SHARE CAPITAL :</b>   |                            |                            |
| <b>(a) Shares Authorized :</b>   |                            |                            |
| 90,00,000 Equity shares of ₹ 10/- each   | 9,00,00,000                | 9,00,00,000                |
| 11,00,000 Redeemable Cumulative Preference Shares<br>of ₹ 100/- each   | <u>11,00,00,000</u>        | <u>11,00,00,000</u>        |
| <b>Total</b>   | <u><b>20,00,00,000</b></u> | <u><b>20,00,00,000</b></u> |
| <b>(b) Shares Issued, Subscribed and Fully Paid :</b>  |                            |                            |
| 32,07,114 Equity Shares of ₹10/- each,   | <u>3,20,71,140</u>         | <u>3,20,71,140</u>         |
| <b>Total</b>   | <u><b>3,20,71,140</b></u>  | <u><b>3,20,71,140</b></u>  |
| <b>(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :</b>  |                            |                            |
| Since there is no change in the number of shares outstanding at the beginning and at the end of the reporting period, no reconciliation statement has been prepared.   |                            |                            |
| <b>(d) The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital :</b>   |                            |                            |
| The company is having only one class of shares i.e Equity carrying a nominal value of ₹10/- per share.   |                            |                            |
| Every holder of the equity share of the Company is entitled to one vote per share held.  |                            |                            |
| In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder. |                            |                            |
| <b>(e) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held :</b>  |                            |                            |
|  | <b>31st March 2013</b>     | <b>31st March 2012</b>     |
|  | <b>Numbers</b>             | <b>% held</b>              |
| 1 Sierra Investments Limited   | 815375                     | 25.42                      |
| 2 Alembic Limited  | 610615                     | 19.04                      |
| 3 Shreno Limited   | 237369                     | 7.40                       |
| 4 Nirayu Private Limited   | 171535                     | 5.35                       |
|  | 168295                     | 5.25                       |
| <b>NOTE : B</b>  |                            |                            |
| <b>RESERVES AND SURPLUS :</b>  |                            |                            |
| <b>(a) Capital Reserve</b>   |                            |                            |
| Balance as per the last financial statements   | 4,24,730                   | 4,24,730                   |
| <b>(b) Capital Redemption Reserve</b>  |                            |                            |
| Balance as per the last financial statements   | 3,00,10,000                | 3,00,10,000                |
| <b>(c) Securities Premium A/c</b>  |                            |                            |
| Balance as per the last financial statements   | 7,82,63,870                | 7,82,63,870                |
| <b>(d) General Reserve</b>   |                            |                            |
| Balance as per the last financial statements   | 6,26,44,155                | 5,26,44,155                |
| Add : Amount transferred from Profit & Loss Account as per<br>Statement of Profit & Loss   | 5,00,00,000                | 1,00,00,000                |
| <b>Total</b>   | <u><b>11,26,44,155</b></u> | <u><b>6,26,44,155</b></u>  |
| <b>(e) Surplus / (deficit) in the statement of profit and loss</b>   |                            |                            |
| <b>Balance as per last financial statements</b>  | <b>10,95,73,900</b>        | <b>9,25,54,037</b>         |
| <b>Profit for the year</b>   | <b>7,79,45,081</b>         | <b>3,44,74,639</b>         |
| <b>Less: Appropriations</b>  |                            |                            |
| Proposed final equity dividend<br>(amount per share ₹ 3/- (31st March, 2012 : ₹ 2/-)   | 96,21,342                  | 64,14,228                  |
| Tax on proposed equity dividend  | 16,35,147                  | 10,40,548                  |
| Transfer to General Reserve  | 5,00,00,000                | 1,00,00,000                |
| <b>Total Appropriations</b>  | <u><b>6,12,56,489</b></u>  | <u><b>1,74,54,776</b></u>  |
| <b>Net Surplus in the statement of profit and loss</b>   | <u><b>12,62,62,492</b></u> | <u><b>10,95,73,900</b></u> |
| <b>Total Reserves and Surplus</b>  | <u><b>34,76,05,247</b></u> | <u><b>28,09,16,655</b></u> |

Notes to Financial Statements as at 31st March, 2013

|   | As at<br>31.03.2013<br>₹ | As at<br>31.03.2012<br>₹ |
|---|--------------------------|--------------------------|
| <b>NOTES : C</b>  |                          |                          |
| <b>DEFERRED TAX LIABILITIES (NET) :</b>   |                          |                          |
| Deferred Tax Liabilities on<br>Difference Between Book & Tax Depreciation   | 1,01,23,507              | 1,16,11,277              |
| <b>Total</b>  | <u>1,01,23,507</u>       | <u>1,16,11,277</u>       |
| Less: Deferred Tax Assets on<br>Provision for diminution in value of Investments<br>Disallowances under Income Tax Act.           | -                        | 32,445                   |
| <b>Total</b>  | <u>7,46,819</u>          | <u>7,51,727</u>          |
| Deferred Tax Liabilities (Net)  | <u>93,76,688</u>         | <u>1,08,27,105</u>       |
| <b>NOTES : D</b>  |                          |                          |
| <b>OTHER LONG TERM LIABILITIES :</b>  |                          |                          |
| Trade Deposits  | 25,00,000                | 25,00,000                |
| <b>Total</b>  | <u>25,00,000</u>         | <u>25,00,000</u>         |
| <b>NOTES : E</b>  |                          |                          |
| <b>LONG TERM PROVISIONS :</b>   |                          |                          |
| Provision for employee benefits<br>Provision for Leave benefits   | 14,15,230                | 14,25,282                |
| <b>Total</b>  | <u>14,15,230</u>         | <u>14,25,282</u>         |
| <b>NOTES : F</b>  |                          |                          |
| <b>SHORT-TERM BORROWINGS :</b>  |                          |                          |
| <b>From Banks</b>   |                          |                          |
| Working Capital facilities<br>(Secured by way of hypothecation charge on<br>inventories and book debts.)                          | 1,16,93,071              | 2,84,62,229              |
| <b>Total</b>  | <u>1,16,93,071</u>       | <u>2,84,62,229</u>       |
| <b>NOTES : G</b>  |                          |                          |
| <b>TRADE PAYABLE :</b>  |                          |                          |
| <b>For supplies/services</b>  |                          |                          |
| a) Due to Micro & Small enterprises   | 4,00,259                 | 49,45,709                |
| b) Others   | 4,61,38,151              | 4,06,91,203              |
| <b>Total</b>  | <u>4,65,38,410</u>       | <u>4,56,36,912</u>       |
| <b>NOTES : H</b>  |                          |                          |
| <b>OTHER CURRENT LIABILITIES :</b>  |                          |                          |
| (a) Unpaid dividends  | 15,46,742                | 11,61,130                |
| (b) Unpaid / Unclaimed matured deposits and interest<br>accrued thereon<br>Unclaimed matured Deposits<br>Interest accrued thereon | -                        | -                        |
| (c) Statutory Dues (Liabilities)  | 2,851                    | 2,851                    |
| - PF  | 4,13,449                 | 3,80,884                 |
| - CENVAT & Service TAX  | 97,583                   |                          |
| - VAT & CST   | 2,56,277                 | 3,930                    |
| - TDS   | 5,30,230                 | 3,96,153                 |
| (d) Staff payables  | 18,97,861                | 17,41,202                |
| <b>Total</b>  | <u>47,44,993</u>         | <u>36,86,150</u>         |
| <b>NOTES : I</b>  |                          |                          |
| <b>I. SHORT-TERM PROVISIONS :</b>   |                          |                          |
| (a) Provision for employee benefits   |                          |                          |
| Provision for Leave benefits  | 5,98,043                 | 79,161                   |
| (b) Others  |                          |                          |
| Provision for ESI   | 9,15,869                 | 9,15,869                 |
| Proposed equity dividend  | 96,21,342                | 64,14,228                |
| Provision of tax on Proposed equity dividend  | 16,35,147                | 10,40,548                |
| Provision for Income Tax  | 7,90,88,253              | 5,87,50,235              |
| Less: Income Tax Paid   | <u>7,75,75,503</u>       | <u>5,79,05,164</u>       |
| <b>Total (a) + (b)</b>  | <u>1,42,83,151</u>       | <u>92,94,877</u>         |

### Notes to Financial Statements as at 31st March, 2013

NOTE : J

(i) TANGIBLE ASSETS :

| ASSETS                          | GROSS BLOCK AT COST |                    |                            |                     | DEPRECIATION        |                            |                    | NET BLOCK           |                     |           |
|---------------------------------|---------------------|--------------------|----------------------------|---------------------|---------------------|----------------------------|--------------------|---------------------|---------------------|-----------|
|                                 | As on<br>01.04.2012 | Additions          | Deductions/<br>Adjustments | As on<br>31.03.2013 | As on<br>01.04.2012 | Deductions/<br>Adjustments | For the year       | As on<br>31.03.2013 | As on<br>31.03.2012 |           |
|                                 | ₹                   | ₹                  | ₹                          | ₹                   | ₹                   | ₹                          | ₹                  | ₹                   | ₹                   |           |
| Freehold land                   | 7,04,959            | -                  | -                          | 7,04,959            | -                   | -                          | -                  | 7,04,959            | 7,04,959            |           |
| Buildings                       | 1,81,03,192         | -                  | 3,51,242                   | 1,77,51,950         | 89,15,285           | 2,59,894                   | 4,52,769           | 86,43,790           | 91,87,907           |           |
| Plant & Machinery               | 24,41,02,324        | 1,32,30,223        | 3,38,48,953                | 22,34,83,594        | 14,91,33,767        | 3,11,19,345                | 1,60,95,981        | 8,93,73,191         | 9,49,68,557         |           |
| R & D Equipment                 | 1,44,74,128         | 6,40,673           | 32,42,689                  | 1,18,72,112         | 88,01,372           | 29,24,305                  | 12,99,635          | 46,95,410           | 56,72,756           |           |
| Furniture & Fixtures            | 18,34,769           | -                  | 8,15,809                   | 10,18,960           | 13,43,871           | 7,87,539                   | 57,371             | 4,05,257            | 4,90,898            |           |
| Office Machinery                | 20,11,658           | 39,000             | 9,51,220                   | 10,99,438           | 12,66,496           | 8,03,074                   | 53,533             | 5,82,483            | 7,45,162            |           |
| Vehicles                        | 1,03,413            | 2,87,955           | 1,03,413                   | 2,87,955            | 98,333              | 98,333                     | 15,890             | 2,72,065            | 5,080               |           |
| <b>Total</b>                    | <b>28,13,34,443</b> | <b>1,41,97,851</b> | <b>3,93,13,326</b>         | <b>25,62,18,968</b> | <b>16,95,59,124</b> | <b>3,59,92,490</b>         | <b>1,79,75,179</b> | <b>10,46,77,154</b> | <b>11,17,75,319</b> |           |
| Previous Year                   | 26,64,24,154        | 1,49,10,289        | -                          | 28,13,34,443        | 15,30,38,897        | -                          | 1,65,20,227        | 11,17,75,319        | -                   |           |
| (ii) Capital work-in-progress : |                     |                    |                            |                     |                     |                            |                    |                     |                     |           |
| Capital Work in Progress        |                     |                    |                            |                     |                     |                            |                    |                     | 1,32,559            | 71,13,884 |



## Notes to Financial Statements as at 31st March, 2013

|   | As at<br>31.03.2013<br>₹ | As at<br>31.03.2012<br>₹ |
|---|--------------------------|--------------------------|
| <b>NOTE : K</b>   |                          |                          |
| <b>NON-CURRENT INVESTMENTS (AT COST) :</b>  |                          |                          |
| <b>Non Trade Investments :</b>  |                          |                          |
| <b>Quoted equity instruments</b>  |                          |                          |
| <b>Investment in Associates</b>   |                          |                          |
| 855 (31st March, 12: 855) equity shares of ₹ 2/- each fully paid up in Alembic Limited.   | 1,980                    | 1,980                    |
| 855 (31st March, 12: 855) equity shares of ₹ 2/- each fully paid up in Alembic Pharmaceuticals Limited.<br>(Received pursuant to the Scheme of Demerger of Alembic Limited into Alembic Pharmaceuticals Limited. Shares issued in the ratio of 1:1.)  | -                        | -                        |
| <b>Others</b>   |                          |                          |
| 960 (31st March, 12: 960) equity shares of ₹ 2/- each fully paid up in Siemens Limited.   | 1,500                    | 1,500                    |
| 10,000 (31st March, 12: 10,000) equity shares of ₹.10/- each fully paid up in Purak Vinimay Limited   | 1,00,000                 | 1,00,000                 |
| Less : Provision for diminution in value of investments   | (1,00,000)               | (1,00,000)               |
| <b>Unquoted equity instruments</b>  |                          |                          |
| <b>Investment in Associates</b>   |                          |                          |
| 1,433 (31st March, 12: 1,433) equity shares of ₹ 100/- each fully paid up in Nirayu Pvt.Ltd.  | 3,64,731                 | 3,64,731                 |
| 99,999 (31st March, 12: 33,333) equity shares of ₹ 100/- each fully paid up in Shreno Limited.<br>(66,666 Bonus Shares Received During the year)  | 24,10,364                | 24,10,364                |
| 28,252 (31st March, 12: 28,252) equity shares of ₹ 10/- each fully paid up in Sierra Investments Ltd.   | 7,83,340                 | 7,83,340                 |
| 1,150 (31st March, 12: 1,150) equity shares of ₹ 10/- each fully paid up in Whitefield Chemtech Pvt.Ltd.  | 1,000                    | 1,000                    |
| <b>Others</b>   |                          |                          |
| 10 (31st March, 12: 10) equity shares of ₹ 100/- each fully paid up in Gujarat Urban Housing Co.  | 1,000                    | 1,000                    |
| 25,020 (31st March, 12: 25,020) equity shares of ₹ 10/- each fully paid up in Pragati Sahakari Bank Ltd.  | 2,50,306                 | 2,50,306                 |
| 1,000 (31st March, 12: 1,000) equity shares of ₹ 25/- each fully paid up in Co-op Bank of Baroda Ltd.   | 25,000                   | 25,000                   |
| 1 (31st March, 12: 1) equity shares of ₹ 25/- each fully paid up in Bharat Co-op Bank Ltd.  | 25                       | 25                       |
| 25 (31st March, 12: 25) equity shares of ₹ 25/- each fully paid up in The Shamrao Vithal Co-op Bank Ltd.  | 625                      | 625                      |
| <b>Unquoted Preference Shares</b>   |                          |                          |
| <b>Investment in Associates</b>   |                          |                          |
| 10,500 (31st March, 12: 10,500) 10% Convertible. Pref.Shares of ₹ 100/- each fully paid up in Nirayu Pvt.Ltd.   | 21,00,000                | 21,00,000                |
| 5,00,000 (31st March, 12: 5,00,000) 9% Conv. Pref. Shares of ₹ 100/- each fully paid up in Sierra Investments Limited.  | 5,00,00,000              | 5,00,00,000              |
| 6,90,000 (31st March, 12: 8,00,000) 9% Non. Conv. Pref. Shares of ₹ 100/- each fully paid up in Whitefield Chemtech Pvt.Ltd.<br>(1,10,000 shares redeemed during the year)<br>(The shares were due for redemption on 29.3.2012. However, at the request of the issuer, the Company has agreed for the extension of redemption date as 29.3.2015.) | 6,90,00,000              | 8,00,00,000              |
| <b>Total</b>  | <b>12,49,39,871</b>      | <b>13,59,39,871</b>      |
| Aggregate book value of unquoted investments  | 12,49,36,391             | 13,59,36,391             |
| Aggregate book value of quoted investments  | 3,480                    | 3,480                    |
| Aggregate market value of quoted investments  | 6,29,517                 | 7,82,582                 |
| Aggregate value of diminution in value of investments   | 1,00,000                 | 1,00,000                 |

Notes to Financial Statements as at 31st March, 2013

|  | As at<br>31.03.2013<br>₹ | As at<br>31.03.2012<br>₹ |
|--|--------------------------|--------------------------|
| <b>NOTE : L</b>  |                          |                          |
| <b>CURRENT INVESTMENTS (AT COST) :</b>   |                          |                          |
| <b>Investment in Mutual Fund</b>   |                          |                          |
| 8185.340 Unit (31st March, 12: Nil) Reliance Liquid Fund-Treasury Plan                                   | 1,25,13,257              | -                        |
| Daily Dividend Option Dividend Reinvestment purchase Unit 8176.668                                       |                          |                          |
| Dividend Reinvestment Unit 8.672 ₹.13,257/-  |                          |                          |
| <b>Total</b>   | <u>1,25,13,257</u>       | <u>-</u>                 |
| <b>NOTE : M</b>  |                          |                          |
| <b>INVENTORIES :</b>   |                          |                          |
| (a) Raw materials  | 3,42,03,560              | 2,65,01,342              |
| (b) Work-in-progress   | 22,40,532                | 74,57,723                |
| (c) Finished goods   | 7,028                    | 23,99,750                |
| (d) Semi Finished goods  | 3,02,53,977              | 2,95,40,311              |
| (e) Stores, spares & Packing Materials   | 1,11,01,676              | 97,60,852                |
| <b>Total</b>   | <u>7,78,06,773</u>       | <u>7,56,59,978</u>       |
| Raw Material, Work in progress, Semi finished goods, stores, spares and packing material valued at cost. |                          |                          |
| Finished Goods valued at Cost or Realisable value, whichever is lower.                                   |                          |                          |
| * Refer Note No. 1(E) of Accounting Policies for basis of Valuation.                                     |                          |                          |
| <b>NOTE : N</b>  |                          |                          |
| <b>TRADE RECEIVABLES (UNSECURED) :</b>   |                          |                          |
| (a) Over Six months from the due date  |                          |                          |
| Considered good  | 14,01,063                | 8,263                    |
| Considered doubtful  | -                        | -                        |
| Less : Provision for doubtful debts  | -                        | 8,263                    |
| (b) Others Considered good   | 14,02,93,927             | 7,41,39,357              |
| <b>Total</b>   | <u>14,16,94,990</u>      | <u>7,41,47,620</u>       |
| <b>NOTE : O</b>  |                          |                          |
| <b>CASH &amp; CASH EQUIVALENTS :</b>   |                          |                          |
| (a) Balances with Bank   |                          |                          |
| - in Current Accounts  | 65,081                   | 62,657                   |
| - Unpaid Dividend Accounts   | 15,46,742                | 11,61,130                |
| (b) Cash on hand   | 1,40,520                 | 21,245                   |
| <b>Total</b>   | <u>17,52,343</u>         | <u>12,45,032</u>         |
| <b>NOTE : P</b>  |                          |                          |
| <b>SHORT-TERM LOANS AND ADVANCES</b>   |                          |                          |
| (Unsecured, considered good) :   |                          |                          |
| (a) <b>Loans and advances to related parties</b>   |                          |                          |
| Securities Deposits  | 35,00,000                | 35,00,000                |
| (b) <b>Others</b>  |                          |                          |
| 1] Advance given to Trade Creditors  | 9,47,330                 | 7,12,060                 |
| 2] Advance for Travelling  | 16,448                   | 39,475                   |
| 3] Tender and Other Deposits   | 44,581                   | 42,002                   |
| 4] Receivable from Excise/Vat Authorities  | 20,29,578                | 44,50,173                |
| 5] Advance recoverable in cash or in kind  | 1,73,044                 | 1,94,936                 |
| <b>Total</b>   | <u>67,10,981</u>         | <u>89,38,646</u>         |

Notes to Financial Statements for the year ended 31st March, 2013

|                                    | Year ended<br>31.03.2013<br>₹ | Year ended<br>31.03.2012<br>₹ |
|------------------------------------|-------------------------------|-------------------------------|
| <b>NOTE : Q</b>                    |                               |                               |
| <b>REVENUE FROM :</b>              |                               |                               |
| <b>a Sale of manufacture goods</b> |                               |                               |
| - Domestic                         | 36,36,25,530                  | 25,20,79,611                  |
| - Exports                          | 15,75,47,582                  | 9,40,17,355                   |
|                                    | <b>52,11,73,112</b>           | 34,60,96,966                  |
| Export Incentives                  | 22,44,447                     | 11,48,339                     |
| Service Income                     | 2,60,090                      | 7,53,708                      |
| <b>b Other Operating Revenues</b>  |                               |                               |
| - Disposal Sales                   | 1,92,77,230                   | 69,54,946                     |
| <b>Total</b>                       | <b>54,29,54,879</b>           | <b>35,49,53,959</b>           |

**NOTE : R**

**OTHER INCOME :**

Dividend

|   |                    |                    |
|---|--------------------|--------------------|
| On Non - Trade Investments                |                    |                    |
| From Associates                           | 75,79,351          | 73,14,719          |
| From Others                               | 9,585              | 47,130             |
| On Current Investments                    |                    |                    |
| From Others                               | 13,257             |                    |
| Interest Income on Deposit                | 2,579              | 3,720              |
| Interest Income on Inter Corporat Deposit | 81,370             | -                  |
| Interest income on Income tax refund      | 16,867             | -                  |
| Exchange Fluctuation Gain (Net)           | 19,94,661          | 14,87,195          |
| Provision for Bad Debts written back      | -                  | 3,67,981           |
| Insurance Claims                          | -                  | 4,86,724           |
| Profit on Sale of Fixed Assets            | 5,775              |                    |
| Rent                                      | 18,05,854          | 18,07,566          |
|   | <b>1,15,09,299</b> | 1,15,15,035        |
| <b>Total</b>                              | <b>1,15,09,299</b> | <b>1,15,15,035</b> |

**NOTES : S**

**COST OF RAW MATERIAL CONSUMED :**

|   |                     |                     |
|---|---------------------|---------------------|
| Inventory at the beginning of the year  | 2,65,01,342         | 1,57,11,382         |
| Add : Purchases                         | 21,46,66,996        | 17,02,47,839        |
|   | <b>24,11,68,338</b> | 18,59,59,221        |
| Less : Inventory at the end of the year | 3,42,03,560         | 2,65,01,342         |
|   | <b>20,69,64,777</b> | <b>15,94,57,879</b> |

**Notes to Financial Statements for the year ended 31st March, 2013**

|  | Year ended<br>31.03.2013<br>₹ | Year ended<br>31.03.2012<br>₹ |
|--|-------------------------------|-------------------------------|
| (i) Basic Raw Materials  |                               |                               |
| Para Chloro Aniline  | 84,78,067                     | 1,83,06,410                   |
| 3:4 Dichloro Phenyl Isocyanate   | -                             | 41,31,114                     |
| Diethyl Amine (D.E.A.)   | 94,35,942                     | 73,67,128                     |
| Chlorine Gas   | 16,60,338                     | 42,79,663                     |
| Mercury Chloride 98%   | 3,92,39,644                   | 2,89,64,680                   |
| Calcined Petroleum Coke  | 60,02,520                     | 61,09,809                     |
| 3:4 Dichloro Aniline   | 1,09,47,419                   | 1,55,74,037                   |
| Trans-4-Methyl Cyclonhexyl Amine HCl   | 1,18,68,477                   | 91,73,874                     |
| Beta Phenyl Ethyl Amine (2 P.E.A.)   | 24,87,109                     | 40,29,075                     |
| Methyl Chloroformate   | 1,63,90,031                   | 47,49,011                     |
| 2 Ethyl Hexanol  | 3,12,11,009                   | -                             |
| Chloromethyl chloroformate   | 1,57,95,673                   | -                             |
| Benzyl Alcohol IP  | 71,78,935                     | 77,33,804                     |
| (ii) Other items which in value individually account for less than 10% of the total value of Raw Materials consumed. |                               |                               |
|  | <u>4,62,69,613</u>            | <u>4,90,39,274</u>            |
| <b>Total</b>   | <u><b>20,69,64,777</b></u>    | <u><b>15,94,57,879</b></u>    |

**NOTES : T**

**STORES, SPARES & CONTAINERS CONSUMED :**

|                                      |                           |                           |
|--------------------------------------|---------------------------|---------------------------|
| Packing Material                     | 98,78,788                 | 70,02,260                 |
| Stores, Spares & Containers Consumed | 1,24,27,440               | 76,15,597                 |
| <b>Total</b>                         | <u><b>2,23,06,228</b></u> | <u><b>1,46,17,857</b></u> |

**NOTES : U**

**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS :**

|  |                         |                  |                             |
|--|-------------------------|------------------|-----------------------------|
| Inventory at the end of the year       |                         |                  |                             |
| Work in Process                        | 22,40,532               | 74,57,723        |                             |
| Semi Finished Goods                    | 3,02,53,977             | 2,95,40,311      |                             |
| Finished Goods                         | <u>5,282</u>            | <u>23,01,701</u> |                             |
|  | <b>3,24,99,791</b>      |                  | 3,92,99,735                 |
| Inventory at the beginning of the year |                         |                  |                             |
| Work in Process                        | 74,57,723               | 45,50,693        |                             |
| Semi Finished Goods                    | 2,95,40,311             | 1,82,45,224      |                             |
| Finished Goods                         | <u>23,01,701</u>        | <u>20,28,976</u> |                             |
|  | <b>3,92,99,735</b>      |                  | 2,48,24,893                 |
| Add: Excise Duty on Finished Goods:    |                         |                  |                             |
| Closing Stock                          | 1,746                   | 98,049           |                             |
| Opening Stock                          | <u>98,049</u>           | <u>1,82,384</u>  |                             |
|  | <b>(96,303)</b>         |                  | <b>(84,335)</b>             |
| <b>Total</b>                           | <u><b>68,96,247</b></u> |                  | <u><b>(1,43,90,507)</b></u> |

Notes to Financial Statements for the year ended 31st March, 2013

|  | Year ended<br>31.03.2013<br>₹ | Year ended<br>31.03.2012<br>₹ |
|--|-------------------------------|-------------------------------|
| <b>NOTES : V</b>   |                               |                               |
| <b>MANUFACTURING EXPENSES :</b>                                  |                               |                               |
| Power & Fuel   | 4,36,02,221                   | 4,30,24,719                   |
| Repairs & Maintenance Machineries                                | 1,04,32,311                   | 46,93,869                     |
| Processing charges   | 1,85,531                      | 8,423                         |
| Laboratory Expenses  | <u>36,05,082</u>              | <u>27,37,511</u>              |
| <b>Total</b>   | <u><b>5,78,25,146</b></u>     | <u><b>5,04,64,522</b></u>     |
| <b>NOTES -W</b>  |                               |                               |
| <b>EMPLOYEE'S COST :</b>   |                               |                               |
| Salaries and Wages   | 4,35,55,962                   | 3,95,95,421                   |
| Contribution to Provident and other funds                        | 22,14,914                     | 24,42,793                     |
| Staff welfare expense  | 44,16,182                     | 31,12,812                     |
| <b>Total</b>   | <u><b>5,01,87,058</b></u>     | <u><b>4,51,51,026</b></u>     |
| <b>NOTES - X</b>   |                               |                               |
| <b>RESEARCH &amp; DEVELOPMENT EXPENSE :</b>                      |                               |                               |
| Material Consumption   | 32,41,665                     | 24,68,414                     |
| Employees' Cost  | 37,69,291                     | 35,83,023                     |
| Utilities  |                               |                               |
| Power  | 14,71,217                     | 11,99,734                     |
| Others   | 6,21,356                      | 3,18,328                      |
| <b>Total</b>   | <u><b>91,03,529</b></u>       | <u><b>75,69,499</b></u>       |
| <b>NOTES - Y</b>   |                               |                               |
| <b>FINANCE COST :</b>  |                               |                               |
| Interest on Working Capital                                      | 15,33,291                     | 28,23,015                     |
| Bank Charges   | 3,72,426                      | 2,91,436                      |
| <b>Total</b>   | <u><b>19,05,717</b></u>       | <u><b>31,14,451</b></u>       |
| <b>NOTES - Z</b>   |                               |                               |
| <b>OTHER EXPENSES :</b>  |                               |                               |
| Repairs and Maintenance  |                               |                               |
| Buildings  | 95,562                        | 61,900                        |
| Others   | <u>56,72,954</u>              | <u>24,98,103</u>              |
| Freight and Forwarding Charges                                   | 1,45,88,679                   | 98,18,334                     |
| Selling & Distribution Expenses                                  | 4,27,367                      | 3,06,278                      |
| Commission on Sales  | 22,29,758                     | 17,21,164                     |
| Excise Duty  | (15,137)                      | (65,357)                      |
| Rent   | 1,52,000                      | 1,51,000                      |
| Rates and Taxes  | 15,08,984                     | 8,47,783                      |
| Insurance  | 3,16,660                      | 2,95,038                      |
| Printing and Stationery  | 13,51,802                     | 13,08,477                     |
| Travelling Expense   | 22,78,207                     | 23,35,707                     |
| Legal & Professional Fees  | 55,04,099                     | 17,86,504                     |
| Payment to Auditor   | 2,60,000                      | 2,20,000                      |
| Audit Fees   | 1,85,000                      | 1,55,000                      |
| Other Services   | 20,000                        | 20,000                        |
| Tax Audit Fee  | <u>55,000</u>                 | <u>45,000</u>                 |
| Directors' Sitting fees  | 3,30,000                      | 3,35,000                      |
| Fixed Assets Discarded (Net of Sales amounting to ₹ 17,13,694/-) | 14,40,779                     | -                             |
| Miscellaneous Expenses   | <u>30,16,529</u>              | <u>20,24,185</u>              |
| <b>Total</b>   | <u><b>3,91,58,245</b></u>     | <u><b>2,36,44,116</b></u>     |

**NOTE FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013**

**NOTE : AA**

**Notes forming part of Accounts:**

**1 SIGNIFICANT ACCOUNTING POLICIES:**

**(A) Basis of Accounting:**

The financial statements are prepared as per historical cost convention and on going concern basis and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and relevant statutory provisions of The Companies Act, 1956.

**(B) Fixed Assets & Capital Work in Progress:**

- i) Fixed Assets are recorded at cost of acquisition / construction less accumulated depreciation & impairment loss, if any. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use, but excluding CENVAT / Service Tax / VAT credit availed.
- ii) All expenditure including advances given to suppliers and contractors for supply and installation of Plant and Machinery and other capital Assets, including interest during the construction period if any, are accumulated and shown as capital work in Progress.

**(C) Depreciation:**

Depreciation on fixed assets is provided on straight line method at the rates specified in schedule XIV of the Companies Act, 1956, as amended on shift basis. Depreciation on addition to Fixed Assets (except those of ₹ 5,000/- and below) is charged on prorata basis. Depreciation on assets disposed off/discarded during the year is charged upto the date of disposal/discard.

**(D) Investments :**

Investments are Long-term, unless stated otherwise and are stated at cost except where there is diminution in value other than temporary, in which case a provision is made to the carrying value to recognise the diminution.

**(E) Inventories:**

- i) Raw materials, Stores and consumables are valued at cost using moving weighted average method. The cost of Raw materials, stores and consumables includes cost of purchases, direct expenses and other cost incurred in bringing the inventories to their present location and condition.
- ii) Work in Process includes material lying at reactors/tanks on which process is continued as on date. Work in Process are valued at raw materials cost as calculated above plus labour and appropriate proportion of overhead to the extent of process, which is estimated and certified by the management using moving weighted average method.
- iii) Semi-Finished goods has been identified as such depending upon stage of completion of finished goods technically determined by the management. Semi-Finished goods are valued at raw materials cost as calculated above plus weighted average cost of production including appropriate proportion of cost of conversion to the extent of process, which is estimated and certified by the management.
- iv) Finished goods are valued at lower of cost or net realisable value. Finished goods are valued based on weighted average cost of production, including appropriate proportion of cost of conversion. Excise duty is included in the value of finished goods inventory.

Net Realisable value is the estimated selling price in the ordinary course of business.

**(F) Sales:**

- i) Sale of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods. Sales are inclusive of excise duty, but net of sales return, Service tax and Sales Tax.
- ii) Export sales are recognised on the date of bill of lading / airway bill.

**(G) Excise Duty :**

Excise duty is accounted on the basis of both, payment made in respect of goods cleared as also provision made for goods lying in bonded warehouse.

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**NOTE FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013****(H) Research and Development :**

Revenue Expenditure on Research and Development is charged to Profit and Loss Account and Capital Expenditure incurred on Research and Development is capitalised.

**(I) Foreign Currency Transactions :**

- i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- ii) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates.
- iii) The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account.
- iv) In respect of transactions covered by forward contracts, the difference between the contract rate and the rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

**(J) Employee Benefits:****(a) Short term employee benefits**

All employee Benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as Salaries, wages, and short term compensated absences etc. is recognised in the period in which the employee renders the related service.

**(b) Post Employment Benefits:****i. Defined Contribution Plans :**

Define contribution plans are post employment benefit plans under which the company pays fixed contributions into separate entities (fund) or to financial institutions or state managed benefit schemes. The Company operates defined contribution plans pertaining to Provident Fund, Employees state Insurance, Pension Fund Scheme for eligible employees. The Company contribution to defined contribution plans are recognised in the profit and loss account in the financial year to which they relate.

**ii. Defined Benefit Plans:**

The Company made annual contribution to Employees Group Gratuity Cash Accumulation Scheme of Life Insurance Corporation of India. The gratuity liabilities are funded with the Life Insurance Corporation of India and with a recognized fund, which is administered by the trustees. The amounts paid /provided under the scheme are charged to profit and loss account under head Employees Cost.

Superannuation payable as per superannuation scheme is provided by payment to superannuation trust fund.

The Company provides for accumulated leave liability payable on retirement on the basis of Actuarial Valuation as at the year end and the same is charged to profit and loss account under head Employees Cost.

**(K) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**(L) Earnings per share :**

Basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

**(M) Taxes on Income:**

- i) Provision for taxation is made on the basis of the estimated taxable income for the current Accounting period in accordance with provision of the Income Tax Act, 1961.

**NOTE FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013**

- ii) In accordance with Accounting Standard – 22 ‘ Accounting for Taxes on Income’, issued by the Institute of Chartered Accountants of India, the Deferred Tax for timing differences between the book profit and tax profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.
- iii) Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets will be realized in future.

**(N) Segment Reporting :**

There is no separate reportable primary segment as per Accounting Standards 17, as most of the operations are related to only one Segment viz. Speciality Chemicals.

**(O) Impairment of Assets :**

An Asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An Impairment Loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The Impairment Loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(P) Provisions, Contingent Liabilities and Contingent Assets :**

Provisions are recognised only when there is a present obligation as a result of past event and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements.

- 2 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) ₹ 35.55 lacs (Previous year for ₹18.66 lacs)

**3 Contingent Liabilities :**

(₹)

| No. | Particulars                     | 2012-2013   | 2011-2012   |
|-----|---------------------------------|-------------|-------------|
| i)  | Disputed claims for excise duty | 1,12,12,163 | 1,07,29,373 |
| ii) | Income Tax                      | 3,64,216    | 1,00,620    |

**4 Defined benefit plans / compensated absences - As per actuarial valuation**

(₹ In Lacs)

|   | 2012-2013       | 2011-2012     | 2012-2013        | 2011-2012      |
|---|-----------------|---------------|------------------|----------------|
|   | Gratuity Funded |               | Leave Encashment |                |
| <b>Expense recognised in the Statement of Profit &amp; Loss for the year ended March 31, 2013</b> |                 |               |                  |                |
| Current Service Cost  | 6.47            | 6.21          | 4.04             | 1.72           |
| Interest Cost   | 8.57            | 8.20          | 1.13             | 0.78           |
| Employee Contributions  | -               | -             | -                | -              |
| Expected return on plan assets  | (10.73)         | (10.47)       | (0.12)           | -              |
| Net Actuarial (Gains) / Losses  | 12.80           | 3.00          | 6.10             | (2.07)         |
| Past Service Cost   | Nil             | Nil           | -                | -              |
| Settlement Cost   | Nil             | Nil           | -                | -              |
| <b>Total expense</b>  | <b>17.11</b>    | <b>0.94</b>   | <b>11.15</b>     | <b>0.43</b>    |
| <b>Net Asset / (Liability) recognised in the Balance Sheet as at March 31, 2013</b>               |                 |               |                  |                |
| <b>Present value of Defined Benefit Obligation as at March 31, 2013</b>                           | <b>123.49</b>   | <b>106.15</b> | <b>21.67</b>     | <b>16.24</b>   |
| Fair value of plan assets as at March 31, 2013  | 124.77          | 124.52        | -                | -              |
| Funded status [Surplus / (Deficit)]   | 1.28            | 18.37         | (21.67)          | (16.24)        |
| <b>Net asset / (liability) as at March 31, 2013</b>   | <b>1.28</b>     | <b>18.37</b>  | <b>(21.67)</b>   | <b>(16.24)</b> |



NOTE FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013

|   | 2012-2013                                     | 2011-2012                              | 2012-2013        | 2011-2012 |
|---|---|--|------------------|-----------|
|   | Gratuity Funded                               |  | Leave Encashment |           |
| <b>Change in Obligation during the Year ended March 31, 2013</b>  |   |  |                  |           |
| <b>Present value of Defined Benefit Obligation at beginning of the year</b>   | <b>106.15</b>                                 | 99.39                                  | <b>16.24</b>     | 18.97     |
| Current Service Cost  | <b>6.46</b>                                   | 6.21                                   | <b>4.04</b>      | 1.72      |
| Interest Cost   | <b>8.57</b>                                   | 8.20                                   | <b>1.13</b>      | 0.78      |
| Settlement Cost   | <b>Nil</b>                                    | Nil                                    | -                | -         |
| Past Service Cost   | <b>Nil</b>                                    | Nil                                    | -                | -         |
| Employee Contributions  | -   | -                                      |                  |           |
| Acturial (Gains) / Losses   | <b>13.00</b>                                  | (2.79)                                 | <b>6.10</b>      | (2.07)    |
| Benefits Payments   | <b>(10.69)</b>                                | (4.86)                                 | <b>(5.84)</b>    | (3.16)    |
| <b>Present value of Defined Benefit Obligation at the end of the year</b>   | <b>123.49</b>                                 | <b>106.15</b>                          | <b>21.67</b>     | 16.24     |
| Change in Assets during the Year ended March 31, 2013   |   |  |                  |           |
| Plan assets at the beginning of the year  | <b>124.52</b>                                 | 118.72                                 | <b>1.20</b>      | -         |
| Assets acquired in amalgamation in previous year  | <b>Nil</b>                                    | Nil                                    | -                | -         |
| Settlements   | <b>Nil</b>                                    | Nil                                    | -                | -         |
| Expected return on plan assets  | <b>10.73</b>                                  | 10.47                                  | <b>0.12</b>      | -         |
| Contributions by Employer   | <b>0.01</b>                                   | -                                      | <b>0.22</b>      | -         |
| Actual benefits paid  | <b>(10.68)</b>                                | (4.87)                                 | -                | -         |
| Acturial (Gains) / Losses   | <b>0.20</b>                                   | 0.20                                   | <b>(0.01)</b>    | -         |
| Plan assets at the end of the year  | <b>124.77</b>                                 | 124.52                                 | <b>1.53</b>      | -         |
| Actual return on plan assets  | <b>10.73</b>                                  | 10.47                                  | -                | -         |
| The major categories of plan assets as a percentage of total plan Qualifying insurance policy<br>Effect of one percentage point change in the assumed medical inflation rate<br>Increase / (Decrease) on aggregate service and interets cost of Post Employment Medical Benefits<br>Increase / (Decrease) on present value of Defined Benefit Obligation as at March 31, 2013 |   |  |                  |           |
| <b>Acturial Assumptions:</b>  |   |  |                  |           |
| Discount Rate   | <b>8.10%</b>                                  | 8.50%                                  | <b>8.10%</b>     | 8.50%     |
| Expected rate of return on plan assets  | <b>9.00%</b>                                  | 9.00%                                  | <b>9.25%</b>     | NA        |
|   | <b>LIC (1994-96) Published table of rates</b> | LIC (1994-96) Published table of rates |                  |           |
| Mortality pre retirement  | <b>NA</b>                                     | NA                                     | <b>NA</b>        | NA        |
| Mortality post retirement   | <b>NA</b>                                     | NA                                     | <b>NA</b>        | NA        |
| Turnover rate   | <b>5% to 1%</b>                               | 5% to 1%                               | <b>5% to 1%</b>  | 5% to 1%  |
| Medical premium inflation   | <b>NA</b>                                     | NA                                     | <b>NA</b>        | NA        |
| Annual Increment in Salary cost   | <b>6%</b>                                     | 6%                                     | <b>6%</b>        | 6%        |
| *Owing to excess plan assets compared to required investment in terms of Actuarial Valuation Report for Gratuity, no adjustments is made either in Profit & Loss Account or in Balance Sheet.   |   |  |                  |           |

**NOTE FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013**

**5. Micro, Small and Medium Enterprises Development Act, 2006**

As per requirement of Section 22 of Micro, Small & Medium Enterprises Development Act, 2006 following information is disclosed to the extent identifiable:

(₹)

|    |  | 2012-2013 | 2011-2012 |
|----|--|-----------|-----------|
| a) | (i) The Principal amount remaining unpaid to any supplier at the end of accounting year  | 4,00,259  | 49,45,709 |
|    | (ii) The interest due on above   | -         | -         |
|    | Total of (i) & (ii) above  | 4,00,259  | 49,45,709 |
| b) | Amount of interest paid by the buyer in terms of Section 18 of the Act   | -         | -         |
| c) | The amounts of payment made to the supplier beyond the due date  | -         | -         |
| d) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act. | -         | -         |

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the company.

**6 Segment Reporting :**

**a) Primary Segment:**

The Company has identified "Speciality Chemicals" as the only primary reportable segment.

**b) Secondary Segment (By Geographical Segment)**

(₹)

| Particulars        | 2012-2013           | 2011-2012           |
|--------------------|---------------------|---------------------|
| India              | 36,36,25,530        | 25,20,79,611        |
| Outside India      | 15,75,47,582        | 9,40,17,355         |
| <b>Total Sales</b> | <b>52,11,73,112</b> | <b>34,60,96,966</b> |

In view of the inter-woven / inter-mixed nature of business and manufacturing facility, other secondary segmental information is not ascertainable.

**7 Disclosure as required by the Accounting Standard - AS-18 relating to "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India are as follows :**

| Name of related parties and description of relationship |                                 |          |
|---|---------------------------------|----------|
| <b>Key Management Personnel :</b>                       | Shri C. R. Amin                 | Chairman |
|   | Smt. M. C. Amin                 | Director |
|   | Shri U. C. Amin                 | Director |
| <b>Relatives of Key Management Personnel:</b>           | Shri Pranav Amin                |          |
|   | Shri S. C. Amin                 |          |
|   | Mrs. Shreya Mukherjee           |          |
|   | Ms. Yera Amin                   |          |
| <b>Associates:</b>                                      | Alembic Pharmaceuticals Limited |          |
|   | Alembic Limited                 |          |
|   | Shreno Limited                  |          |
|   | Nirayu Private Limited          |          |
|   | Whitefield Chemtech Pvt. Ltd.   |          |
|   | Sierra Investment Limited       |          |
|   | Viramya Packlight Limited       |          |

NOTE FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013

(₹)

| Sr. No.                                      | Particulars                 | Associates   |              | Key Management Personnel |             |
|--|-----------------------------|--------------|--------------|--------------------------|-------------|
|  |                             | 2012 - 2013  | 2011 - 2012  | 2012 - 2013              | 2011 - 2012 |
| 1  | Purchase of Goods           | 30,03,425    | 24,71,808    | -                        | -           |
| 2  | Sale of Goods               | 1,38,34,668  | 94,14,105    | -                        | -           |
| 3  | Receiving of Services       | 3,22,66,975  | 2,83,08,024  | -                        | -           |
| 4  | Inter Corporate Loans Given | 1,00,00,000  | -            | -                        | -           |
| 5  | Interest Received           | 81,370       | -            | -                        | -           |
| 6  | Rent Income                 | 18,00,000    | 18,00,000    | -                        | -           |
| 7  | Director's Sitting Fees     | -            | -            | 1,60,000                 | 1,90,000    |
| 8  | Purchase of Fixed Assets    | 6,36,029     | 17,82,835    | -                        | -           |
| 9  | Sale of Fixed Assets        | -            | -            | -                        | -           |
| 10   | Redemption of Investments   | 1,10,00,000  | 28,46,600    | -                        | -           |
| 11   | Dividend Received           | 75,79,351    | 73,14,719    | -                        | -           |
| <b>Relatives of Key Management Personnel</b> |                             |              |              |                          |             |
| 12   | Receiving of Services       | -            | -            | 9,60,000                 | 9,17,772    |
|  | <b>Outstanding Balances</b> | -            | -            | -                        | -           |
| 13   | Creditors                   | 23,14,790    | 40,86,886    | -                        | -           |
| 14   | Inter Corporate Loans Given | -            | -            | -                        | -           |
| 15   | Deposit                     | 35,00,000    | 35,00,000    | -                        | -           |
| 16   | Investments                 | 12,46,61,415 | 13,56,61,415 | -                        | -           |

8 Earning Per Share:

(₹)

| Earning per share has been computed as under: |   | As at 31st March, 2013 | As at 31st March, 2012 |
|---|---|------------------------|------------------------|
| a   | Profit after Taxation   | 7,79,45,081            | 3,44,74,639            |
| b   | Total Ordinary shares   |                        |                        |
|   | Number of Ordinary Shares   | 32,07,114              | 32,07,114              |
| c   | Earning per Share (Face value ₹ 10/- per share) (Basic and diluted) | 24.30                  | 10.75                  |

9 Information required under Schedule VI of the Companies Act, 1956 as certified by Management.

(₹)

| A | Value of imports calculated on C.I.F. basis made by the Company during the year :     | 2012-2013    | 2011-2012    |
|---|---|--------------|--------------|
|   | (i) Raw Materials   | 33,61,601    | 44,86,633    |
|   | (ii) Capital goods  | 12,70,384    | 1,64,384     |
| B | Expenditure in foreign currency :   |              |              |
|   | (i) Foreign Traveling expenses  | 112,121      | 1,76,086     |
|   | (ii) Subscription, Publicity & Others   | 6,72,167     | 3,49,187     |
| C | Value of imported raw materials, spare parts,   |              |              |
|   | Components and packing materials consumed during the year.                            | 33,61,601    | 44,86,633    |
|   | Value of indigenous raw materials, spare parts,                                       |              |              |
|   | Components and packing materials consumed during the year                             | 22,59,09,404 | 16,95,89,103 |
|   | Percentage to total consumption :   |              |              |
|   | (a) Imported raw materials, spare parts, components and packing materials consumed.   | 1.47%        | 2.58%        |
|   | (b) Indigenous raw materials, spare parts, components and packing materials consumed. | 98.53%       | 97.42%       |
| D | Earnings in Foreign Exchange (On accrual basis)                                       |              |              |
|   | Export Sales (On FOB Basis)   | 15,14,42,943 | 8,67,94,681  |

**NOTE FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2013**

**10** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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As per our report of even date  
**For J.R.S. PATEL & CO.,**  
Chartered Accountants

**Kalpesh Parmar**  
Partner  
M. No.103887  
Vadodara, 24th April, 2013

**Charandeep Singh Saluja**  
Asst. Company Secretary

**Chirayu R. Amin**                      CHAIRMAN

**Malika C. Amin**  
**Udit C. Amin**  
**A. M. Goradia**  
**Santosh Jejurkar**  
**V. H. Gandhi**                      }                      DIRECTORS

Vadodara, 24th April, 2013

STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGE FOR THE YEAR ENDED ON 31st MARCH, 2013

| Particulars  | 31.03.2013<br>₹      | 31.03.2012<br>₹ |
|--|----------------------|-----------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>                        |                      |                 |
| <b>Net Profit / (Loss) before tax and extraordinary items</b>        | <b>10,73,17,948</b>  | 4,12,98,653     |
| <b>Adjustments for:</b>  |                      |                 |
| 1 Depreciation   | 1,79,75,179          | 1,65,20,227     |
| 2 Profit on sale of Fixed Assets                                     | (5,775)              | -               |
| 3 Interest expenses  | 15,33,291            | 28,23,015       |
| 4 Interest Income  | (1,00,816)           | (3,720)         |
| 5 Dividend Income  | (76,02,193)          | (73,61,849)     |
| 6 Loss on Discard of Fixed Assets (Net)                              | 14,40,779            | -               |
| <b>Operating profit before change in working capital</b>             | <b>12,05,58,413</b>  | 5,32,76,326     |
| <b>Adjustments for (Increase)/Decrease in Operating Assets:</b>      |                      |                 |
| Inventories  | (21,46,795)          | (2,68,20,535)   |
| Trade Receivables  | (6,75,47,370)        | (1,49,33,936)   |
| Short Term Loans and Advances  | 22,27,665            | (56,25,614)     |
| <b>Adjustments for (Increase)/Decrease in Operating liabilities:</b> |                      |                 |
| Trade Payables   | 9,01,498             | 1,77,50,526     |
| Other Current liabilities  | 6,73,231             | (4,11,198)      |
| Short Term Provisions  | 5,18,882             | 1,581           |
| Long Term Provisions   | (10,052)             | (4,56,259)      |
| <b>Cash generated from operations</b>                                | <b>5,51,75,472</b>   | 2,27,80,891     |
| 1 Income Tax Paid  | (3,01,55,605)        | (86,48,535)     |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>                     | <b>A 2,50,19,867</b> | 1,41,32,356     |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>                       |                      |                 |
| 1 Purchase of Fixed Assets   | (72,16,526)          | (2,08,51,277)   |
| 2 Sale of Assets   | 18,85,832            | -               |
| 3 Redemption of Investments  |                      |                 |
| From Associates  | 1,10,00,000          | 28,46,600       |
| 4 Purchase of Unit in Mutual Fund                                    | (1,25,13,257)        | -               |
| 5 Interest received  |                      |                 |
| From Associates  | 81,370               | -               |
| From Banks   | 2,579                | 3,720           |
| On Income Tax Refund   | 16,867               | -               |
| 6 Dividend Received  |                      |                 |
| From Associates  | 75,79,351            | 73,14,719       |
| From Mutual Fund   | 13,257               | -               |
| From Others  | 9,585                | 47,130          |
| <b>NET CASH UTILISED IN INVESTING ACTIVITIES</b>                     | <b>B 8,59,058</b>    | (1,06,39,108)   |

# PAUSHAK LIMITED

## STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGE FOR THE YEAR ENDED ON 31st MARCH, 2013

| Particulars  | 31.03.2013<br>₹        | 31.03.2012<br>₹    |
|--|------------------------|--------------------|
| <b>C CASH FLOW FROM FINANCIAL ACTIVITIES :</b>                         |                        |                    |
| 1 Proceeds/ (Repayment) from Short Term borrowings (Net)               | <b>(1,67,69,158)</b>   | 63,99,703          |
| 2 Interest Paid  | <b>(15,33,291)</b>     | (28,23,015)        |
| 3 Dividend Paid  | <b>(60,28,616)</b>     | (60,03,272)        |
| 4 Corporate Dividend Tax   | <b>(10,40,548)</b>     | (10,40,548)        |
| <b>NET CASH UTILISED IN FINANCIAL ACTIVITIES</b>                       | <b>C (2,53,71,613)</b> | <b>(34,67,132)</b> |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS ( A+B+C)</b> | <b>5,07,311</b>        | 26,116             |
| Cash & Cash equivalents as at 31-03-2012                               | <b>12,45,032</b>       | 12,18,916          |
| Cash & Cash equivalents as at 31-03-2013                               | <b>17,52,343</b>       | 12,45,032          |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>          | <b>5,07,311</b>        | 26,116             |

As per our report of even date  
For **J.R.S. PATEL & CO.,**  
Chartered Accountants

**Kalpesh Parmar**  
Partner  
M. No.103887  
Vadodara, 24th April, 2013

**Charandeep Singh Saluja**  
Asst. Company Secretary

**Chirayu R. Amin** CHAIRMAN

**Malika C. Amin**  
**Udit C. Amin**  
**A. M. Goradia**  
**Santosh Jejurkar**  
**V. H. Gandhi** } DIRECTORS

Vadodara, 24th April, 2013

# PAUSHAK LIMITED

## ATTENDANCE SLIP

**To be handed over at the entrance of the Meeting Place**

|                      |                                       |           |
|----------------------|---------------------------------------|-----------|
| For Physical Holding | For Electronic Form (Demat) NDDL/CDSL |           |
| LF No.               | DP ID                                 | CLIENT ID |
|                      |                                       |           |
| No. of Shares :      |                                       |           |

I hereby record my presence at the ANNUAL GENERAL MEETING at "Sanskriti", Alembic Corporate Conference Center, Alembic Colony, Vadodara - 390 003 on Thursday, the 8th August, 2013 at 4.00 p.m.

|  |
|--|
| NAME OF THE MEMBER/JOINT MEMBER(S) (IN BLOCK CAPITALS) |
| SIGNATURE OF THE MEMBER/JOINT MEMBER(S)/PROXY          |

- Notes :
1. Shareholder / Proxy-holder must bring the Attendance slip to the meeting and hand it over duly signed at the entrance of the meeting place.
  2. Joint Shareholders may obtain additional Attendance Slip/s by prior intimation to office
  3. Please strike off whichever is not applicable.

# PAUSHAK LIMITED

Regd. Office : Alembic Road, Vadodara - 390 003.

## PROXY FORM

|                      |                                       |           |
|----------------------|---------------------------------------|-----------|
| For Physical Holding | For Electronic Form (Demat) NDDL/CDSL |           |
| LF No.               | DP ID                                 | CLIENT ID |
|                      |                                       |           |
| No. of Shares :      |                                       |           |

I/We.....  
 ..... of .....being Member(s) of  
 PAUSHAK LIMITED hereby appoint ..... of .....  
 or falling him..... of ..... as my / our  
 proxy to attend and vote for me / us and on my / our behalf at the Annual General Meeting of  
 the Company to be held on Thursday, the 8th August, 2013 and at any adjournment thereof.  
 Signed this ..... day of .....2013

Signature

|                             |
|-----------------------------|
| 1 Rupee<br>Revenue<br>Stamp |
|-----------------------------|


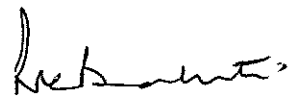
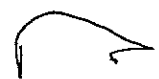

- Notes :
1. Proxy form must reach the Company's Registered office not less than 48 hours before the Meeting.
  2. The form should be signed across the stamp as per specimen signature registered with the Company.
  3. A Proxy need not be a member.

**BOOK - POST**

**If undelivered please return to :**  
**P A U S H A K L I M I T E D**  
Alembic Road, Vadodara - 390 003.



**FORM A**

|    |   |  |
|----|---|--|
| 1. | Name of the Company   | <b>PAUSHAK LIMITED</b>   |
| 2. | Annual Financial Statements for the year ended  | <b>31 ST MARCH 2013</b>  |
| 3. | Type of Audit Observations  | <b>UNQUALIFIED</b>   |
| 4. | Frequency of Observation  | <b>NO SUCH OBSERVATIONS</b>  |
| 5. | To be Signed by- <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• GROUP CFO</li> <li>• Auditor of the Company</li> <li>• Audit Committee Chairman</li> </ul> | -- <br>-- <br>-- <br>--  |