

PUDUMJEE INDUSTRIES LIMITED



PUDUMJEE

Annual Report 2009 – 2010

PUDUMJEE INDUSTRIES LIMITED

DIRECTORS :

SHYAM M. JATIA

(Chairman & Managing Director)

A. S. DAYAL

R. C. SARAF

A. K. SOMANY

G. N. JAJODIYA

S. C. KEDIA

BANKERS :

STATE BANK OF INDIA

IDBI BANK LIMITED

BANK OF INDIA

AXIS BANK LIMITED

SOLICITORS :

KANGA & COMPANY

AUDITORS :

KHARE & COMPANY

REGISTERED OFFICE :

THERGAON, PUNE – 411 033

REGISTRAR & TRANSFER AGENTS :

SATELLITE CORPORATE SERVICES PRIVATE LTD.

B-302, SONY APARTMENT,

OPP. ST. JUDE HIGH SCHOOL,

OFF ANDHERI KURLA ROAD,

JARIMARI, SAKINAKA, MUMBAI – 400 072

Demat Stock code: INE105C01023

EQUITY SHARES ARE LISTED AT :

BOMBAY STOCK EXCHANGE AND

NATIONAL STOCK EXCHANGE, MUMBAI.

PUDUMJEE INDUSTRIES LIMITED

NOTICE

The Forty Fifth Annual General Meeting of the shareholders of Pudumjee Industries Limited will be held at the Registered Office of the Company at Thergaon, Pune - 411 033 on Monday, the 30th day of August, 2010 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2010, the Profit & Loss Account and Cash Flow Statement for the year ended on that date, together with the Reports of the Directors and the Auditors.
2. To declare a dividend for the year 2009-10.
3. To appoint a Director in place of Mr. G.N. Jajodiya, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. A.K. Somany, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered in the manner given below:

The Article 168 (2) be amended by deleting the following words therefrom "and shall be counter signed by the Secretary of the Company or such other person appointed by the Board for this purpose".

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy in order to be effective, must be deposited at the Registered office of the Company not less than 48 hours before commencement of the meeting.

The Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of above mentioned item No. 6 is annexed hereto.

The Register of Members and share Transfer Books of the Company will be closed from Saturday, the 21st day of August, 2010 to Monday, the 30th day of August, 2010, both days inclusive.

The dividend, when sanctioned will be paid on and from 7th September 2010 to those shareholders whose names stand on the Company's Register of Member as holders of the shares on 30th August, 2010. The dividend in respect of shares held in electronic form will be paid to the beneficial owners of the shares as at the close of business hours on 20th August, 2010 as per the details furnished by the depositories for this purpose. The payment of dividend will be subject to the provisions of section 206 A of the Companies Act, 1956.

Mr. G. N. Jajodiya and Mr. A. K. Somany, whose appointment is to be considered by Annual General Meeting as mentioned above do not hold any shares in the Company.

Members who hold shares in dematerialized form are requested to bring their CLIENT ID and DP ID numbers for easy identification of attendance at the meeting.

Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Registrar and Share Transfer Agents of the Company.

By Order of the Board of Directors,

J. W. Patil

Asst. Company Secretary

Registered Office:
Thergaon, Pune – 411 033
Dated: 20th May, 2010

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all the material facts relating to item No. 6 of the Special Business mentioned in the accompanying Notice dated 20th May, 2010 convening the 45th Annual general Meeting.

RESOLUTION NO. 6

The Article 168(2) provides for the Common Seal of the Company to be affixed in the presence of one Director with counter signature of the Secretary or other authorized person. Since the law does not require the counter signature it is proposed to delete the relevant words for the sake of convenience.

None of the Directors is interested in the proposed resolution.

Copy of the Memorandum of Association and Articles of Association of the Company is available for inspection at the Registered Office of the Company on all working days between 2.00 p.m. and 4.00 p.m.

By Order of the Board of Directors,

J. W. Patil

Asst. Company Secretary

Registered Office:

Thergaon, Pune – 411 033

Dated: 20th May, 2010

PUDUMJEE INDUSTRIES LIMITED

DIRECTORS' REPORT

The Directors present the Forty Fifth Annual report on the working of the Company for the year ended 31st March, 2010, together with the Statement of Accounts for that year.

FINANCIAL RESULTS

| | 2009-2010 | Previous Year |
|---|--------------------|----------------------|
| | Rs. In Lacs | Rs. In Lacs |
| Gross profit before interest and depreciation | 679.72 | 674.57 |
| Adjusting therefrom interest of | 300.20 | 354.56 |
| And Depreciation of | 114.07 | 96.97 |
| The net profit comes to | 265.45 | 223.04 |
| The balance of profit brought forward from last year of | 1,092.86 | 929.82 |
| The total comes to | 1,358.31 | 1,152.86 |
| Adjusting against this amount the following namely: | | |
| Provision for Taxation of | 45.00 | 68.00 |
| Provision for deferred tax expense/(saving) of | 45.00 | (8.00) |
| Dividend on Equity Shares of | 36.00 | — |
| And Tax on Dividend of | 5.98 | — |
| Totalling to | 131.98 | 60.00 |
| There remains a balance of | 1,226.33 | 1,092.86 |

Which the Directors propose to carry forward to next year's accounts.

CONSOLIDATED FINANCIAL STATEMENTS

As required by Listing Agreements with the Stock Exchanges, the Consolidated Financial Statements prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India are attached.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:-

- in the preparation of annual accounts, the applicable accounting standards have been followed and there have not been any material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year on 31st March, 2010 and of the profit of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- the directors have prepared the annual accounts on a going concern basis.

DIVIDEND

The Directors recommend for your consideration the payment of dividend for the year ended 31st March, 2010 at the rate of Re.0.20 per share. If approved, the Equity Dividend will, subject to the provisions of Section 206A of the Companies Act, 1956, be paid to those shareholders whose names stand on the Register of Members on 30th August, 2010. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares at the close of business hours on 20th August, 2010 as per the details furnished by the Depositories for this purpose.

OPERATIONS

During the year under review Company was able to sustain its performance in terms of profitability despite one of the Paper Machines which remained shut for a protracted period of 202 days awaiting replacement of the major component of the machine "Yankee Dryer". The opportunity was taken to rebuild the machine with the new Yankee Dryer to speed up and increase its production capacity by about 4000 MT per annum. The cost of this investment was about Rs.12 crores.

With regard to Company's Real Estate business in Partnership, the efforts continue on sale of ready apartments, which is expected to be achieved by middle of next year. Construction under phase 3 has been conscientiously deferred till the inventory is sold out. The plans for the 3rd phase include construction of Villas on "made to order" basis instead of the apartments so as to fetch premium and better margin.

The wholly-owned subsidiary of the Company namely; Pudumjee Hygiene Products Ltd., which commenced its business in 2005 and engaged in the business of hygiene products has shown better performance. Its products under "Greenlime" brand are well recognized and continue to get a larger recognition, especially in the premium business segment. The subsidiary has achieved, for the first time, a Profit Before Tax of Rs.54.55 lacs over a turnover of Rs.63.50 crores.

The labour relations in the Company have remained cordial.

DIRECTORS

Messrs G. N. Jajodiya and A. K. Somany retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

Members are requested to appoint Auditors to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

STATEMENTS UNDER SECTIONS 217(1)(e) AND 217(2A)

Statement giving details as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 is attached and marked Annexure 'A'.

During the year under review no employee had drawn remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended to date.

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance, in accordance with the guidelines of the Securities & Exchange Board of India and Clause 49 of the Listing Agreements with the Stock Exchanges, is attached and marked Annexure 'B'.

On behalf of the Board of Directors,

Place : Mumbai
Dated : 20th May, 2010

SHYAM M. JATIA
Chairman

PUDUMJEE INDUSTRIES LIMITED

ANNEXURE "A" TO DIRECTORS'REPORT

Information as per Section 217(l)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

I CONSERVATION OF ENERGY:

(a) Measures taken:

Continuous checking and analysis of energy consumption and operating parameters, power reduction on paper making machines refiners by replacing disc pattern.

(b) Proposals:

Replacement of old motors with energy efficient motors.

Replacement of suction press roll vacuum pump by energy efficient pump.

(c) Impact of measures at (a) and (b) above on reduction of energy consumption:

There is no significant impact of measures at (a) and (b) above on cost of production.

(d) Power and Fuel Consumption:

| | 2009-10 | Previous Year |
|--|---------|---------------|
| i) Electricity | | |
| (a) Purchased | | |
| - Units (KWH in lacs) | 137.11 | 14930 |
| - Total Amount (Rs. In lacs) | 753.64 | 797.92 |
| - Average Rate/KWH (Rs.) | 5.50 | 534 |
| ii) Steam Coal used in Boiler | | |
| (Grade 'C' or Grade 'D' whichever is available) | | |
| Quantity (MT) | 10621 | 10514 |
| Total Cost (Rs. In lacs) | 428.52 | 533.20 |
| Average Rate/MT (Rs.) | 4035 | 5071 |
| iii) Bagasse | | |
| Quantity (MT) | - | 631 |
| Total Cost (Rs. In lacs) | - | 6.54 |
| Rate Per MT | - | 1036 |
| iv) Fuel Oil | | |
| Quantity (KL) | 219 | 470 |
| Total Amount (Rs. In Lacs) | 60.16 | 141.74 |
| Average Rate (Rs. Per KL) | 27470 | 30157 |
| v) Consumption per tonne of paper produced: | | |
| - Electricity (KWH) | 877 | 836 |
| - Fuel Oil (K. Ltrs.) | 0.014 | 0.026 |
| - Steam Coal (MT) | 0.679 | 0.589 |
| - Bagasse (MT) | - | 0.035 |

As we are a specialty paper mill, the requirement of energy varies widely with the quality of paper being manufactured and this would fluctuate annually depending upon the product mix and the raw material mix being utilized for different grades and at different times.

II RESEARCH AND DEVELOPMENT:

- | | | |
|---|---|---|
| 1 | Specific Areas in which R & D carried out by the Company. | (a) Chemical consumption studies to optimize their usages and improve performance on Paper Machine. (b) Water conservation with improved operations. (c) Improvement in softness and other properties of Tissue Papers. (d) Development of new products. |
| 2 | Benefits derived as a result of above R & D | (a) Overall cost reduction. (b) Improved water conservation. (c) Manufacture of value added products with alternate furnish. |
| 3 | Future Plan of action | (a) Use of speciality chemicals for cost management (b) Use of low cost furnish and Cost Optimization (c) Development of new products for meeting market requirements. |
| 4 | Expenditure on R & D | Rupees hi Lacs |
| | (a) Capital | — |
| | (b) Recurring | negligible |
| | (c) Total | — |
| | (d) Total R & D expenditure as a per centage of Turnover | negligible |

III TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

- | | |
|--|--|
| (a) Efforts in brief made towards Technology absorption, adaptation and innovation | (a) Installation of Reel Stretch Packing Machine. (b) Modernisation of a Paper Machine. |
| (b) Benefits derived as a result of the above efforts | (a) Increased production, (b) Improved Pulp Quality. |
| (c) No new technology was imported in last five years. | |

IV FOREIGN EXCHANGE EARNINGS AND OUTGO:

- 1 During the year the Company has exported 43 MT of paper valued at Rs. 21.49 lacs compared to 238 MT of paper valued at Rs. 124.90 lacs during 2008-09. There are good prospects for export of paper. The efforts are continuing.
- 2 Foreign Exchange earned and used were Rs. 21.49 lacs and Rs. 3,864.14 lacs, respectively.

On Behalf of the Board of Directors,

SHYAM M JATIA
Chairman

Place : Mumbai,

Dated : 20th May, 2010.

PUDUMJEE INDUSTRIES LIMITED

ANNEXURE "B" TO DIRECTORS' REPORT CORPORATE GOVERNANCE DISCLOSURES

As required by Clause 49 of the Listing Agreements of the Stock Exchanges and guidelines issued by Securities & Exchange Board of India, the Company has complied with all the requirements of the Code of Corporate Governance.

The Company's Philosophy on Code of Governance

Essentially the Company's philosophy on Corporate Governance envisages transparency with integrity in all its dealings with its stakeholders, including shareholders, employees, lenders and others.

Code of Conduct

In tune with the corporate philosophy stated in the preceding para, the Board of Directors of the Company in its meeting held on 29th October, 2005 laid down a Code of Conduct for all the Board Members and Senior Management Personnel of the Company in terms of the requirements of revised Clause 49. The Code of Conduct is displayed at the Company's website www.pudumjeeindustries.com. Affirmation regarding compliance with the Code of Conduct had been obtained from all Board Members and Senior Management Personnel of the Company. As required, a declaration duly signed by the Chairman and Managing Director to the effect is appended.

Board of Directors

The Board has a strength of six directors. The Board consists of eminent persons with considerable professional expertise and experience.

All Directors, except Mr. S. M. Jatia, who is Chairman and Managing Director, are non executive independent directors on the Board.

| Name | Category | Number of other Directorships & Committee Memberships/Chairmanships held | | | | Attendance Particulars (No. of Board Meetings held in 2009-10 - 4) |
|----------------------|----------|--|---------|----------------------|-------------------------|--|
| | | Directorships in other companies incorporated in India | | Committee Membership | Committee Chairmanships | |
| | | Public | Private | | | |
| Mr. S. M. Jatia * | CMD/PR | 5 | 5 | - | - | 4 |
| Mr. A. S. Dayal | NED/IND | 3 | 6 | 2 | - | 4 |
| Mr. R. C. Saraf * | NED/IND | 4 | 1 | 2 | - | 3 |
| Mr. A. K. Somany | NED/IND | 1 | 2 | - | - | - |
| Mr. G. N. Jajodiya * | NED/IND | 1 | 1 | - | - | 4 |
| Mr. S. C. Kedia * | NED/IND | 4 | 2 | - | - | 4 |

* Attended the Annual General Meeting held on 31st August, 2009.

CMD: Chairman & Managing Director, NED: Non Executive Director, IND: Independent Director, PR: Promoter Director, WTD: Whole Time Director.

During the year 2009-10, Four Board Meetings were held on 15th June, 2009, 28th July, 2009, 31st October, 2009 and 30th January, 2010.