

PUDUMJEE INDUSTRIES LIMITED



PUDUMJEE

**Annual Report
2010 – 2011**

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 (Up to 03.05.2011)
R. P. SHROFF (Appointed w.e.f. 05.05.2011)

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 Sixth 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 29th day of August, 2011 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2011, 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 appoint a Director in place of Mr. R. C. Saraf, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. A. S. Dayal, who retires by rotation and is eligible for re-appointment.
4. 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

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

"RESOLVED THAT the number of Directors for the time being in office be increased from five to six".

6. To appoint a director in place of Mr. Rushabh P Shroff, who was appointed as Additional Director of the Company pursuant to Article 126 of the Articles of Association and hold office only upto the date of this Annual General Meeting by reason of the provisions of Section 260 of the Companies Act, 1956, and being eligible, offers himself for reappointment and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of a Director in accordance with the provisions of Section 257 of the Companies Act, 1956 and, if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Rushabh P. Shroff be and is hereby appointed as Director of the Company".

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 Nos. 5 & 6 is annexed hereto.

The Register of Members and share Transfer Books of the Company will be closed from Friday, the 19th day of August, 2011 to Monday, the 29th day of August, 2011, both days inclusive.

Mr. R. C. Saraf and Mr. A. S. Dayal, 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.

Members who have not encashed their dividend warrants pertaining to 2009-10 may approach the Company /its Registrar, for obtaining payment thereof.

By Order of the Board of Directors,

J. W. Patil

Asst. Company Secretary

Registered Office:
Thergaon, Pune – 411 033
Dated: 26th May, 2011

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. 5 & 6 of the Special Business mentioned in the accompanying Notice dated 26th May, 2011 convening the 46th Annual General Meeting.

RESOLUTION NO. 5

Section 258 of the Companies Act, 1956 requires the sanction of the members by an ordinary resolution for increasing number of directors within the limit fixed by the Company's Articles of Association. It is, therefore, necessary to pass a formal resolution increasing number of directors for the time being in office from five to six.

RESOLUTION NO. 6

Mr. Rushabh P. Shroff was appointed as additional director of the Company under Article 126 of the Articles of Association with effect from 5th May, 2011. Under the provisions of Section 260 of the Companies Act, 1956 and the provisions of the said Article he holds office only upto the date of this Annual General Meeting. Mr. Shroff is Master in Commerce and Master in Software Application Computer Programming. A notice proposing Mr. Rushabh P. Shroff for appointment to the office of Director at the Annual General Meeting, together with a deposit of ₹ 500/- has been received by the Company as required by Section 257 of the Companies Act, 1956. The Ordinary Resolution in this behalf is, therefore, commended for the approval of the members.

Except Mr. Rushabh P Shroff, no other director is interested in this resolution.

By Order of the Board of Directors,

J. W. Patil

Asst. Company Secretary

Registered Office:

Thergaon, Pune – 411 033

Dated: 26th May, 2011

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circular stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Satellite Corporate Services Private Ltd.

Please note that you will be entitled to be furnished, free of cost, with a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto upon receipt of a requisition from you, any time, as a member of the Company.

Subsidiary Accounts:

As a measure of economy and in accordance with the Circular of 8th February, 2011 of Ministry of Corporate Affairs, it has been decided by the Board of Directors not to attach/give accounts of the subsidiary in the Company's Annual Report.

However, the annual accounts of the subsidiary, Pudumjee Hygiene Products Limited, and the related detailed information shall be supplied to the shareholders of the Company on a requisition made in this regard. The Annual Accounts of the subsidiary are open for inspection by shareholders at the Registered Office during office hours.

PUDUMJEE INDUSTRIES LIMITED

DIRECTORS' REPORT

The Directors present the Forty Sixth Annual report on the working of the Company for the year ended 31st March, 2011, together with the Statement of Accounts for that year.

FINANCIAL RESULTS

	<u>2010-2011</u>	<u>Previous Year</u>
	<u>₹ In Lacs</u>	<u>₹ In Lacs</u>
Gross profit before interest and depreciation	298.37	679.72
Adjusting therefrom interest of	393.87	300.20
And Depreciation of	166.31	114.07
The net profit/(Loss) comes to	(261.81)	265.45
The balance of profit brought forward from last year of	1,226.33	1,092.86
The total comes to	<u>964.52</u>	<u>1,358.31</u>
Adjusting against this amount the following namely:		
Provision for Taxation of	0.50	45.00
Provision for deferred tax expense/(saving) of	(106.00)	45.00
Divident on Equity Share of	-	36.00
Add : Tax on Divident of	-	5.98
Totalling to	<u>(105.50)</u>	<u>131.98</u>
There remains a balance of	<u>1,070.02</u>	<u>1,226.33</u>

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:-

- i. in the preparation of annual accounts, the applicable accounting standards have been followed and there have not been any material departures;
- ii. 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, 2011 and of the loss of the Company for that period;
- iii. 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;
- iv. the directors have prepared the annual accounts on a going concern basis.

OPERATIONS

Whilst the Company could achieve significant growth in its turnover during the year under review, the unabated rise in inflationary trend in general and cost of inputs in particular especially raw material and fuel, coupled with frequent shutdowns of the paper making machine to stabilize its working after rebuild has put enormous pressure on Company's operations resulting in loss for the year. The Management is concentrating its efforts to suitably revise the product mix so as to improve the profitability of the Company.

Prime Developers, a firm in which the Company is a partner for Real Estate business, is in the process of winding up the project by selling the inventory of Apartments and constructing remaining Villas on made to order basis. The project is expected to be wound-up by the end of the next year. The Company's interest bearing investment in the firm has, therefore, come down to ₹ 5 crores as at 31st March 2011 as against ₹16 crores as at 31st March 2010.

The Wholly-owned subsidiary of the Company, namely; Pudumjee Hygiene Products Limited (PHPL) engaged in the business of marketing and distribution of Hygiene and other products, is a market leader in its segment, which was able to achieve a higher turnover of about ₹ 85 crores during the year under review with a marginal loss of about ₹ 61 lacs. The Brand 'Greenlime' under which it markets its products, is well recognized and received in the market. The efforts are continuing to further enhance its presence.

The labour relations in the Company have remained cordial.

DIRECTORS

Messrs R. C. Saraf and A. S. Dayal retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Rushabh P. Shroff was appointed as Additional Director with effect from 5th May, 2011. According to the provisions of Section 260 of the Companies Act, 1956 he will cease to hold office on the day of the ensuing Annual General Meeting. The Directors commend for your approval the proposed ordinary resolution for his appointment.

Mr. S. C. Kedia has resigned from the Directorship of the Company with effect from 3rd May, 2011. The Board wishes to place on record its appreciation of his contribution during his tenure on the Board.

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 : 26th May, 2011

SHYAM M. JATIA
Chairman

ANNEXURE "A" TO DIRECTORS'REPORT

Information as per Section 217(1)(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, 2011.

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:

Impact of measures at (a) and (b) above would result in savings of about ₹ 20 Lacs per annum

(d) Power and Fuel Consumption:

	2010-11	Previous Year
i) Electricity		
(a) Purchased		
- Units (KWH in Lacs)	183.27	137.11
- Total Amount (₹ In Lacs)	1010.87	753.64
- Average Rate/KWH (₹)	5.52	5.50
ii) Steam Coal used in Boiler		
(Grade 'C' or Grade 'D' whichever is available)		
Quantity (MT)	14,338	10,621
Total Cost (₹ In lacs)	663.60	428.52
Average Rate/MT (₹)	4,628	4,035
iii) Bagasse		
Quantity (MT)	-	-
Total Cost (₹ In lacs)	-	-
Average Rate/MT (₹)	-	-
iv) Fuel Oil		
- Quantity (KL)	135	219
- Total Cost (₹ In Lacs)	34.82	60.16
- Average Rate/KL (₹)	25,793	27,470
v) Consumption per tonne of paper produced:		
- Electricity (KWH)	990	877
- Fuel Oil (K. Ltrs)	0.007	0.014
- Steam Coal (MT)	0.775	0.679
- Bagasse (MT)	-	-

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) Development of new grades of papers like diaper Paper, sanitary napkins, masking tape paper etc.
(b) Use of alternate dyes and optimization of chemicals for cost reduction and quality improvement. |
| 2 | Benefits derived as a result of above R & D | (a) New products to meet market demand.
(b) Cost saving and improved production. |
| 3 | Future Plan of action | (a) Cost reduction by replacing virgin pulp by using low cost furnish, alternate chemicals for softness, sizing and bulk dyes etc.
(b) Development of new value added products for meeting market requirements. |
| 4 | Expenditure on R & D | ₹ in 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 | Introduction of vacuum control system at low vacuum level in wire section. |
| (b) Benefits derived as a result of the above efforts | (a) Improved porosity in paper emd.
(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 1389 MT of paper valued at ₹ 713.38 lacs compared to 43 MT of paper valued at ₹ 21.49 lacs during 2009-10. There are good prospects for export of paper. The efforts are continuing.
- 2 Foreign Exchange earned and used were ₹ 713.38 lacs and ₹ 3,704.26 lacs, respectively.

On Behalf of the Board of Directors,

SHYAM M JATIA
Chairman

Place : Mumbai,
Dated : 26th May, 2011.

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 2010-11 - 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	-	3
Mr. R. C. Saraf	NED/IND	4	1	2	-	4
Mr. A. K. Somany	NED/IND	1	1	-	-	-
Mr. G. N. Jajodiya	NED/IND	1	1	-	-	4
Mr. S. C. Kedia **	NED/IND	3	2	-	-	4
Mr. R. P. Shroff***	NED/IND	-	-	-	-	-

* Attended the Annual General Meeting held on 31st August, 2010.

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

** Resigned w.e.f. 3rd May, 2011

***Appointed as Additional Director w.e.f. 5th May, 2011.

During the year 2010-11, Four Board Meetings were held on 20th May, 2010, 3rd August, 2010, 1st November, 2010 and 10th February, 2011.