

PUDUMJEE INDUSTRIES LIMITED



PUDUMJEE

**Annual Report
2011 – 2012**

PUDUMJEE INDUSTRIES LIMITED

DIRECTORS :

SHYAM M. JATIA (Chairman & Managing Director)
A. S. DAYAL
R. C. SARAF
A. K. SOMANY
G. N. JAJODIYA
R. P. SHROFF

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.

NOTICE

The Forty Seventh 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 27th day of August, 2012 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2012, 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. G. N. Jajodiya, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. A. K. Somany, 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 a Special Resolution.
"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and subject to such approval(s), sanction(s) as may be necessary and subject to such modification(s) as may be required and which Mr. Shyam Mahabirprasad Jatia may accept, Mr. Shyam Mahabirprasad Jatia be and is hereby appointed as Managing Director of the Company for a period of five years with effect from 1st April, 2012 AND THAT consent be and is hereby accorded to the following remuneration, payments, benefits and amenities and the terms of appointment of the said Mr. Shyam Mahabirprasad Jatia with power to the Board of Directors to alter and vary from time to time at its discretion the remuneration, commission and other terms so however that they do not exceed the permissible limits laid down under the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force, namely:
 - a) The Managing director shall, subject to the supervision and control of the Board of Directors, be in overall charge of the Company's activities and in particular attend to all matters concerning production planning, manufacture, finance, marketing and administration and shall perform such other duties and services and exercise such other powers as shall, from time to time, be entrusted to him by the Board of Directors.
 - b) Remuneration of ₹ 75,000/- per month including dearness allowance.
 - c) Payment of commission of an amount computed at four percent of the net profits of the Company as determined in accordance with the Companies Act, 1956 SO HOWEVER THAT such remuneration and commission together with the value of perquisites does not exceed the limits prescribed under that Act.
 - d) Rent free furnished residential accommodation, Company paying or reimbursing all rents, rates, taxes and other expenses for the upkeep and maintenance of his residential accommodation or an allowance in lieu thereof.
 - e) Expenses on electricity, gas, water and furnishing, of the residential accommodation.
 - f) Actual medical expenses including hospitalization, nursing home charges, surgical charges, insurance premium and traveling expenses incurred for himself and family.
 - g) Leave travel assistance to cover air or first class air conditioned railway fare for himself, his wife and dependant children once in a year.
 - h) Membership including entrance and other fees for clubs.
 - i) Personal accident insurance premium.
 - j) Participation in the Provident Fund and Pension/Superannuation Schemes.
 - k) Gratuity as per the Company's rules applicable to its Executive Staff Members.
 - l) i) Annual leave with full pay and other benefits for a period of one month with benefit of encashment of unutilized leave.
ii) Sick and casual leave as per Company's rules applicable to its Executive staff members.
 - m) Maintenance of telephones at the entire cost of the Company at his place of residence.

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- n) Exclusive free use of a motor car for the business of the Company as well as for his personal use with full maintenance charges in respect thereof such as Chauffeur's salary, garage rent, fuel, repairs, insurance, taxes, overhauling charges, etc. at the entire cost of the Company.

PROVIDED THAT in the event of absence or inadequacy of profits in any year the said remuneration as stated in clause (b) above together with the payments, benefits and amenities shall nevertheless be paid or allowed as minimum remuneration for such year".

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 Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of above mentioned item No. 5 is annexed hereto.

The Register of Members and share Transfer Books of the Company will be closed from Friday, the 17th day of August, 2012 to Monday, the 27th day of August, 2012, both days inclusive.

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.

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. Mr. S. M. Jatia holds 972187 share 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: 29th May, 2012

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 of the Special Business mentioned in the accompanying Notice dated 29th May, 2012 convening the 47th Annual General Meeting.

RESOLUTION NO. 5

Mr. S. M. Jatia was appointed as the Managing Director of the Company with effect from 1st April, 2007. It is proposed to appoint him as managing director for a further period of five years, subject to the approval of shareholders in General Meeting. A Special Resolution is proposed for his reappointment for a period of five years with effect from 1st April, 2012.

Mr. Jatia has been the Managing Director of the Company since 1984 and has a long and varied business experience of over 38 years. The Board of Directors are of the opinion that it would be in the interest of the Company to appoint Mr. Jatia as its Managing Director on terms and conditions as mentioned in the proposed resolution in the accompanying notice and commend the resolution for your approval. These terms and conditions have the approval of the remuneration committee. According to Article 142(2) of the Articles of Association of the Company, the Managing Director, while he continues to hold this office, shall not be subject to retirement by rotation.

Except Mr. S. M. Jatia, 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: 29th May, 2012

Communication to Members

1. 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 Limited.

Please note that member 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.

2. 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 subsidiaries namely, Pudumjee Hygiene Products Ltd., and Pudumjee Holding Ltd., 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 subsidiaries are open for inspection by shareholders at the Registered Office during office hours.

3. Mr. Y. R. Doshi & Co., Cost Accountants, are cost auditor, who have filed the cost audit report for the financial year 2010-11 on 20.09.2011 (Due date 30.09.2011)

PUDUMJEE INDUSTRIES LIMITED

DIRECTORS' REPORT

The Directors present the Forty Seventh Annual report on the working of the Company for the year ended 31st March, 2012, together with the Statement of Accounts for that year.

FINANCIAL RESULTS

	<u>2011-2012</u> ₹ In Lacs	<u>Previous Year</u> ₹ In Lacs
Gross profit before interest and depreciation	521.48	298.37
Adjusting therefrom interest of	377.79	393.87
And Depreciation of	166.57	166.31
The net profit/(Loss) comes to	(22.88)	(261.81)
Adding thereto income for earlier years of	7.55	—
The balance of profit brought forward from last year of	1,070.02	1,226.33
The total comes to	<u>1,054.69</u>	<u>964.52</u>
Adjusting against this amount the following namely:		
Provision for Taxation of	0.50	0.50
Provision for deferred tax expense/(saving) of	(1.00)	(106.00)
Totalling to	<u>(0.50)</u>	<u>(105.50)</u>
There remains a balance of	<u>1,055.19</u>	<u>1,070.02</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, 2012 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

During the year under review the Company's operations were satisfactory and through concerted efforts it was possible to contain the losses suffered in the last year by judiciously changing the product mix. The costs were contained despite rising trend therein. The steep depreciation of Rupee has put higher pressures on the margins and the Management would concentrate its efforts to contain its impact to the maximum possible extent by suitably updating the product mix, wherever possible.

With regard to Company's Real Estate business in Partnership, Villas are under construction and inventory is expected to be liquidated soon in the normal course.

The wholly-owned subsidiary of the Company; namely; Pudumjee Hygiene Products Limited's margins remained under pressure during the year, due to contracted selling prices for the institutional business and exposure to fluctuating prices of purchased tissue paper jumbo rolls. A third party converting facility in Rajasthan has also been set up which is now operating and is expected to help in reducing cost.

Pudumjee Holding Limited, a Company which was recently incorporated has also become a wholly owned subsidiary of your Company. The Company is expected to engage in the activities relating to investment and finance.

The labour relations in the Company have remained cordial.

DIRECTORS

Messrs G. N. Jajodiya and A. K. Somany will 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 : 29th May, 2012

SHYAM M. JATIA

Chairman

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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, 2012.

I CONSERVATION OF ENERGY:

(a) Measures taken:

Provision of Wire Part on the additional Vacuum Pumps.

Continuous checking and analysis of energy consumption and operating parameters.

(b) Proposals:

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

Replacement of old motors with energy efficient motors.

(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 ₹ 16 Lacs per annum

(d) Power and Fuel Consumption:

	2011-12	Previous Year
i) Electricity :		
Purchased		
- Units (KWH in Lacs)	214.30	183.27
- Total Amount (₹ In Lacs)	1,429.41	1,010.87
- Average Rate/KWH (₹)	6.67	5.52
ii) Steam Coal used in Boiler		
(Grade 'C' or Grade 'D' whichever is available)		
Quantity (MT)	16,837	14,338
Total Cost (₹ In lacs)	849.15	663.60
Average Rate/MT (₹)	5,043	4,628
iii) Fuel Oil		
- Quantity (KL)	2	135
- Total Cost (₹ In Lacs)	0.52	34.82
- Average Rate/KL (₹)	26,000	25,793
iv) Consumption per tone of paper produced:		
- Electricity (KWH)	1,030	990
- Fuel Oil (K. Ltrs)	-	0.007
- Steam Coal (MT)	0.809	0.775

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.