

PUDUMJEE PULP & PAPER MILLS LIMITED

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***Annual Report
1999– 2000***

PUDUMJEE PULP & PAPER MILLS LIMITED

DIRECTORS :

M. P. JATIA (*Chairman & Managing Director*)

V. O. SOMANI

O. P. GUPTA

V. K. JATIA (*Joint Managing Director*)

J. P. SHAW

K. D. PUDUMJEE

R. N. SETHNA

R. R. BHANDARI (*Resigned w.e.f. 1/4/2000*)

A. K. JATIA

V.P. LEEKHA (*Appointed w.e.f.1/4/2000*)

BANKERS :

STATE BANK OF INDIA

THE UNITED WESTERN BANK LTD.

CITIBANK N. A.

HDFC BANK LTD.

CENTURION BANK LTD.

SOLICITORS :

KANGA & COMPANY

AUDITORS :

KHARE & COMPANY

REGISTERED OFFICE :

THERGAON, POONA 411 033

REGISTRAR & TRANSFER AGENT :

TATA CONSULTANCY SERVICES,
UNIT : PUDUMJEE PULP & PAPER MILLS LTD.,
'LOTUS' HOUSE, 8, SIR VITHALDAS THACKERSEY MARG,
BOMBAY - 400 020

EQUITY SHARES ARE LISTED AT :

MUMBAI, PUNE, DELHI, CALCUTTA, MADRAS &
NATIONAL STOCK EXCHANGE

PUDUMJEE PULP & PAPER MILLS LIMITED**NOTICE**

The Thirtyfifth Annual General Meeting of the Shareholders of **Pudumjee Pulp & Paper Mills Limited** will be held at the Registered Office of the Company at Thergaon, Poona 411 033 on Thursday, the 24th day of August, 2000 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the Directors' Report for the year 1999-2000, the audited Balance Sheet as on 31st March, 2000 and the Profit and Loss Account for the year ended on that date.
2. To note payment of dividend for the year 1999-2000.
3. To appoint a Director in place of Mr. O.P. Gupta, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. K.D. Pudumjee who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. A.K. Jatia who retires by rotation and is eligible for reappointment.
6. To appoint the Auditors 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

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

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

8. To appoint a Director in place of Mr. Ved Prakash Leekha who was appointed as additional Director of the Company pursuant to Article 126 of the Articles of Association and holds office only upto the date of this annual General Meeting by reason of the provisions of Section 260 of the Companies Act, 1956 but 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. Ved Prakash Leekha be and is hereby appointed as Director of the Company".

9. 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 consents and sanctions as may be necessary and subject to such modification(s) as may be required and which Mr. Ved Prakash Leekha may accept, Mr. Ved Prakash Leekha be and is hereby appointed as Whole-time Director of the Company for a period of five years with effect from 1st April, 2000 AND THAT consent be and is hereby accorded to the following remuneration, payments, benefits and amenities and the terms of the appointment of the said Mr. Ved Prakash Leekha with liberty to the Board of Directors to alter or vary the terms so however that they do not exceed the permissible limits laid down under the Companies Act, 1956 or any amendment(s) thereto:

- a) He shall, subject to the supervision and control of the Board of Directors, perform such services and duties and exercise such powers as from time to time be entrusted to him by the Managing Director.
- b) Remuneration at the rate of Rs. 60,000/- per month including Dearness Allowance together with rent free furnished residential accommodation, the Company paying or reimbursing all rents, rates, taxes and other expenses for the upkeep and maintenance of his residential accommodation at an aggregate cost not exceeding Rs. 12,000/- per month.

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- c) Expenses of electricity, gas, water for the residential accommodation.
- d) Actual medical expenses including hospitalization, nursing home charges, surgical charges and travelling expenses incurred for himself, his wife and dependent children.
- e) Leave Travel Assistance to cover air or first class airconditioned railway fare for himself, his wife and dependent children once in a year to and from any place in India.
- f) Membership fees for any two Clubs.
- g) Personal accident insurance premium upto Rs. 1,000/- per annum.
- h) Participation in the Provident Fund and Pension/Superannuation Schemes.
- i) Gratuity as per the Company's rules applicable to its Executive staff members.
- j) 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.
- k) Maintenance of telephone at his place of residence at the entire cost of the Company.
- l) 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.

The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the abovementioned items 7 to 9 are annexed hereto.

The Register of members and Share Transfer Books of the Company will be closed from Saturday, the 19th day of August, 2000 to Thursday, the 24th day of August, 2000, both days inclusive.

The Board of Directors at their meeting held on 30th March, 2000 declared an interim dividend @ Rs. 2/- per equity share of the Company for the year 1999-2000. Accordingly shareholders are requested to note the payment of interim dividend made on the shares of the Company.

By Order of the Board of Directors,

S.K. BANSAL
SECRETARY

Registered Office:

Thergaon, Poona 411 033.

Dated: 26th June, 2000.

PUDUMJEE PULP & PAPER MILLS LIMITED

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 Nos.7 to 9 of the Special Business mentioned in the accompanying Notice dated 26th June, 2000 convening the 35th Annual General Meeting.

RESOLUTION NO. 7.

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

RESOLUTION NO. 8.

Mr. V.P. Leekha was appointed as additional Director of the Company under Article 126 of the Articles of Association with effect from 1st April, 2000. 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 the ensuing Annual General Meeting. The Ordinary Resolution in this behalf is therefore recommended for the approval of the members. A notice proposing Mr. Leekha for appointment to the office of Director at the ensuing Annual General Meeting together with a deposit of Rs. 500 have been received by the Company as required by Section 257 of the Companies Act, 1956.

Except Mr. V.P. Leekha no other Director is interested in this resolution.

RESOLUTION NO. 9.

Mr. V.P. Leekha was appointed as additional Director of the Company with effect from 1st April, 2000. Mr. Leekha is a B.E. (Mech.) and has a wide and varied experience of over 37 years in Paper Mills. The Board of Directors are of the opinion that it would be in the interest of the Company to appoint him as a Whole-time Director on the terms and conditions mentioned in the resolution in the accompanying notice. It may be noted that his appointment is subject to the approval of Institutional Lenders.

Except Mr. V.P. Leekha no other Director is interested in this resolution.

By Order of the Board of Directors,

S.K. BANSAL
SECRETARY

Registered Office:
Thergaon, Poona 411 033.
Dated: 26th June, 2000.

DIRECTORS' REPORT TO THE MEMBERS

The Directors present the 35th Annual Report on the working of the Company for the year ended 31st March, 2000 together with the Statement of Accounts for that year.

FINANCIAL RESULTS

	1999 - 2000 Rs.	Previous Year Rs.
The gross profit before interest and depreciation is	26,36,89,895	21,05,02,630
Reducing therefrom Interest of	9,71,28,683	5,74,55,296
and Depreciation of	7,94,03,023	6,36,01,822
The net profit comes to	8,71,58,189	8,94,45,512
Adding thereto the balance brought forward from last year of	6,04,66,822	4,07,11,310
The Total comes to	14,76,25,011	13,01,56,822
Adjusting against this amount the following, namely :		
Expenditure for earlier years (Net)	1,45,412	—
Provision for Taxation of	30,00,000	73,00,000
Dividend on Equity Shares of	1,64,00,000	1,64,00,000
Tax on Dividend	18,04,000	16,40,000
Transfer to Debenture Redemption Reserve of	3,62,50,000	3,62,50,000
And Transfer to General Reserve of	69,00,000	81,00,000
Totalling to	6,44,99,412	6,96,90,000
there remains a balance of which the Directors propose to carry-forward to next year's accounts.	8,31,25,599	6,04,66,822

DIVIDEND

At their meeting held on 30th March, 2000 the Board of Directors had declared an interim dividend at the rate of Rs. 2/- per Equity Share payable to the Shareholders whose names were registered in the books of the Company at the close of business on 5th May, 2000. The directors have decided not to recommend any final dividend for the year.

OPERATIONS

During the year the recession in the paper market continued although prices of paper increased marginally to cover the higher cost of pulp and other inputs, the margins remained under pressure. With a view to reducing the cost of raw material, the Company has installed during the year, a waster paper recycling plant of a capacity of 75 tonnes per day.

During the year the Excise Department raised a claim for Rs. 10,240.64 lacs including penalty against which the Company has filed an appeal before Customs, Excise and Gold (Control) Appellate Tribunal. The appellate authority has granted an unconditional stay against this demand.

In view of the commitment of the Company to Environmental protection the British Standards Institution has granted to the Company certificate under ISO 14001.

PUDUMJEE PULP & PAPER MILLS LIMITED

The Company and its Share Transfer Registrar, Tata Consultancy Services have entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited which would enable the shareholders to hold and trade the Company's equity shares in dematerialized form.

129 Fixed Deposits amounting to Rs. 13,75,000/- which had matured for payment as at the close of 31st March, 2000 were not claimed by the Depositholders. Out of this amount, 35 deposits of the value of Rs. 8,51,000/- have been claimed upto 16th June, 2000.

DIRECTORS

Mr. R.R.Bhandari resigned as Whole-time Director with effect from 1st April, 2000. The Board places on record its appreciation of the services rendered by him during his tenure on the Board.

Messrs. O.P. Gupta, K.D. Pudumjee and A. K. Jatia retire by rotation and being eligible offer themselves for reappointment.

Mr. V.P. Leekha was appointed as additional Director with effect from 1st April, 2000. According to the provisions of Section 260 of the Companies Act, 1956 he will cease to hold the office on the date of the ensuing Annual General Meeting. Resolution has also been proposed for his appointment as Whole-time Director with effect from 1st April, 2000 which the Directors commend for your approval.

DONATIONS

During the year under review, donations amounting to Rs. 12,500/- were made by the Company.

AUDITORS

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

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

Statements giving details as required by the aforesaid provisions of the Companies Act, 1956 are annexed hereto.

On behalf of the Board of Directors,

Bombay,
Dated : 26th June, 2000.

MAHABIR PRASAD
Chairman

ANNEXURE TO DIRECTORS' REPORT

A. 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, 2000.

I. CONSERVATION OF ENERGY :

- a) Measure taken :
Optimisation of manufacturing operations and machine vacuum system etc.
- b) Proposals :
Study to analyse present usage of energy vis-à-vis process efficiency and equipments in use and their replacement with high efficiency units.
- c) Impact of measures at (a) and (b):
There has been a marginal reduction of aforesaid on cost of production of goods.

(d) Power and Fuel Consumption :

	<u>1999 - 2000</u>	<u>Previous Year</u>
(i) Electricity :		
(a) Purchased :		
- Units (KWH in lacs)	64	396
- Total Amount (Rs. in lacs)	430.31	1625.87
- Average Rate/KWH (Rs.)	6.72	4.11
(b) Own Generation		
Through Power Generator		
Units (KWH in lacs)	471	128
Units per Litre of Fuel Oil	4.38	4.42
Cost/unit (Rs.)	1.82	1.25
(ii) Fuel Oil :		
- Quantity (KL)	4498	5447
- Total Amount (Rs. in lacs)	357.20	304.15
- Average Rate (Rs. per KL)	7941	5584
(iii) Biogas (self generated) :		
- Quantity (000 M ³)	3124	2649
- Total Cost	—	—
- Average Rate	—	—
- Cost of equivalent Fuel (Rs. in lacs)	126.88	81.88
(iv) Steam Generated		
(from Waste Heat Recovery Boiler-WHRB)		
- Quantity (MT)	14020	—
- Total Cost (Rs. in lacs)	—	—
- Average Rate / MT (Rs.)	—	—
- Cost of Equivalent Fuel (Rs. lacs)	87.60	—
(v) Consumption per tonne of Paper Produced :		
- Electricity (KWH)	2310	2333
- Fuel Oil (K. Ltrs.)	0.194	0.243
- Biogas (000 M ³)	0.135	0.118
- Steam from WHRB (MT)	0.605	—

Note : 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 the different grades and at different times.

PUDUMJEE PULP & PAPER MILLS LIMITED**II. RESEARCH & DEVELOPMENT :**

1. Specific areas in which R&D : (a) Use of Waste Paper Pulp in specialty grade of paper.
carried out by the Company. (b) Improvement in product quality.
2. Benefits derived as a result of : (a) Eco-friendly process.
the above R & D (b) Reduction in cost.
(c) Better sales realization.
3. Future plan of action : (a) Environmental Management System in
manufacturing operations.
(b) Recovery and recycling of more fibre and water.
4. Expenditure on R&D :

	Rs. in Lacs
(a) Capital :	0.10
(b) Recurring :	28.45
(c) Total :	28.55
(d) Total R&D Expenditure as : a percentage of turnover	0.22%

III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

1. Efforts in brief made towards : i) Optimisation and stabilization of Waste Paper Pulp
technology absorption, adaptation usage in various grades of paper.
and innovation. ii) Plant trials with neutral sizing chemicals to enhance
quality of paper.
iii) Use of recycled water.
2. Benefits derived as a : i) Increased usage of waste paper pulp in specialty
result of the above efforts. grades replacing expensive imported wood pulp.
ii) Saving in scarce fibrous raw materials and expensive
chemicals by reduction of wastage.
3. No new technology was imported in last five years.

IV. FOREIGN EXCHANGE EARNINGS AND OUTGO :

1. During the year the Company has exported 167 MT of Paper valued at Rs. 83.00 lacs as compared to 84 MT and Rs. 49.82 lacs respectively during 1998-99. There is a good demand for export of our products and the Company hopes to do better during the next financial year.
2. Foreign exchange earned and used were Rs. 83.00 lacs and Rs.2357.62 lacs respectively.

On behalf of the Board of Directors,

Bombay,
Dated : 26th June, 2000.**MAHABIR PRASAD**
Chairman

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B. Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2000.

Name & Age (Years)	Designation/ Nature of duties	Remuneration		Qualification & Experience (Years)	Date of Commencement of employment	Last employed	
		Gross Rs.	Net Rs.			Name of the organisation	Position held
Mr. Jatia M. P. (69)	Managing Director	14,26,759	10,45,160	Experience in Business Administration and Finance (44)	01.03.75	Chem Mach Pvt. Ltd.	Whole time Director
Mr. Jatia V.K. (42)	Joint Managing Director	13,49,950	9,78,722	B. Com. Experience in Business Administration and Finance (24)	01.07.91	Hard Castle & Waud Mfg. Co. Ltd.	Executive Director
Mr. Shaw J. P. (72)	Director (Finance & Adminis- tration).	8,93,985	6,88,395	B. Com. ACA, ACS (48)	19.11.64	Pudumjee Paper Mills Pvt. Ltd.	Senior Executive
Mr. Bhandari R. R. (67)	Director (Projects)	10,92,638	8,47,920	B.Sc. Engg. (Mechanical) (46)	01.04.96	ITC Ltd. - Tribeni Tissue Divn	Whole time Director
Mr. Leekha V.P.* (60)	Technical Advisor	48,387	48,387	B.E. (Mech.) (37)	07.03.00	Star Paper Mills Ltd.	President
Brig.(Retd.) Gole D.R.* (54)	Vice President	5,99,733	4,31,214	M.Sc. Technical & Administrative experience in Army (33)	08.04.99	Indian Army	Brigadier
Mr. Pathak T.K.D. (58)	Sr. General Manager (Operations)	8,58,931	6,43,297	Inter Science (39)	19.11.64	Pudumjee Paper Mills (P) Ltd.	Production Trainee
Mr. Bansal S.K. (40)	Company Secretary & Sr. General Manager (Finance)	8,48,046	6,42,197	B. Com. ACA, ACS (17)	03.10.84	A. F. Fer- gusson & Co.	Asstt. Manager
Mr. Misra T.K. (50)	General Manager (Projects & Development).	6,75,492	5,23,206	BME(Hons.) PGDM, FIE C.Eng. (29)	01.04.97	Rama Pulp & Paper Mills Ltd.	Vice President

- Notes :**
- (1) Gross remuneration as shown above includes salary, bonus, Company's contribution to Provident Fund and Value of medical and other facilities but excludes contribution to Superannuation Fund and provision for gratuity. Net remuneration is arrived at after deduction of Income Tax.
 - (2) The nature and conditions of employment are non contractual in all cases. The above employees are whole-time employees of the Company during the year.
 - (3) Messrs. M. P. Jatia and V. K. Jatia are relatives.
 - (4) Asterisk (*) denotes that the employee is in employment for part of the year.

On behalf of the Board of Directors,

MAHABIR PRASAD
Chairman

Bombay,
Dated : 26th June, 2000