

# **PUDUMJEE PULP & PAPER MILLS LIMITED**

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***Annual Report  
2001 – 2002***

## **PUDUMJEE PULP & PAPER MILLS LIMITED**

### **DIRECTORS :**

M. P. JATIA (Chairman & Managing Director)  
V. O. SOMANI  
O. P. GUPTA  
V. K. JATIA (Resigned as Director w.e.f. 01.12.2001)  
J. P. SHAW  
K. D. PUDUMJEE (Resigned w.e.f. 23.06.2001)  
R. N. SETHNA  
A. K. JATIA  
V.P. LEEKHA  
S.M. CHITNIS

### **BANKERS :**

STATE BANK OF INDIA  
THE UNITED WESTERN BANK LTD.  
CITIBANK N. A.  
HDFC BANK LTD.  
CENTURION BANK LTD.  
BANK OF INDIA

### **SOLICITORS :**

KANGA & COMPANY

### **AUDITORS :**

KHARE & COMPANY

### **REGISTERED OFFICE :**

THERGAON, POONA 411 033

### **REGISTRAR & TRANSFER AGENTS :**

TATA CONSULTANCY SERVICES,  
UNIT : PUDUMJEE PULP & PAPER MILLS LTD.,  
'LOTUS' HOUSE, 6, SIR VITHALDAS THACKERSEY MARG,  
BOMBAY - 400 020.

### **DEMAT STOCK CODE :**

INE606A01016

### **EQUITY SHARES ARE LISTED AT :**

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

## **PUDUMJEE PULP & PAPER MILLS LIMITED**

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### **NOTICE**

The Thirtyseventh 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 Saturday, the 7th day of September, 2002 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2002, the Profit and Loss Account and the 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 2001-2002.
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. A.K. Jatia who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. V.P. Leekha 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 aggregate ceiling of 10 percent of paid up capital of the Company for purchase of shares under Portfolio Investment Scheme prescribed in Sub-clause (iv) of clause(1) of schedule 3 to Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000 issued under Foreign Exchange Management Act, 1999 be raised to 24% of the paid up capital 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.**

The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the above mentioned item 7 is annexed hereto.

The Register of members and Share Transfer Books of the Company will be closed from Friday, the 23rd day of August, 2002 to Saturday, the 7th day of September, 2002, both days inclusive.

The Dividend, when sanctioned, will be paid on and from 16th September, 2002 to those shareholders whose names stand on the Register of Members as holders of the shares on 7th September, 2002. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares as on 23rd August, 2002 as per the details furnished by the Depositories for this purpose. The payment of Dividend will be subject to the provisions of Section 206A of the Companies Act, 1956.

By Order of the Board of Directors,

S.K. BANSAL  
SECRETARY

Registered Office:  
Thergaon, Poona 411 033.  
Dated: 28th June, 2002.

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## 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.7 of the Special Business mentioned in the accompanying Notice dated 28th June, 2002 convening the 37th Annual General Meeting.

### **RESOLUTION NO. 7.**

Schedule 3 to Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 inter-alia, puts a condition that the aggregate paid up value of shares of any Company purchased by all Non Resident Indians, Person of Indian origin and Overseas Corporate Bodies does not exceed 10% of paid up capital of the Company, provided that the aforesaid ceiling may be raised to 24% if a special resolution to that effect is passed by the General Body of the Indian Company concerned.

In order to broad base the shareholding structure and facilitate investment by NRIs, in the Company, it is proposed to raise the aforesaid aggregate ceiling of 10% to 24%.

Except Mr. A.K. Jatia who is a Person of Indian origin and therefore may be deemed to be interested, no other Director is interested in this resolution. Mr.A.K. Jatia is a relative of Mr. M.P. Jatia, the Managing Director of the Company.

By Order of the Board of Directors,

S.K. BANSAL  
SECRETARY

Registered Office:

Thergaon, Poona 411 033.

Dated: 28th June, 2002.

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**PUDUMJEE PULP & PAPER MILLS LIMITED****DIRECTORS' REPORT TO THE MEMBERS**

The Directors present the 37th Annual Report on the working of the Company for the year ended 31st March, 2002 together with the Statement of Accounts for that year.

**FINANCIAL RESULTS**

	<b>2001 - 2002 Rs.</b>	<b>Previous Year Rs.</b>
The gross profit before interest and depreciation is	<b>19,08,54,872</b>	21,10,37,709
Reducing therefrom Interest of	<b>5,05,29,407</b>	8,20,43,454
and Depreciation of	<b>8,58,34,110</b>	8,62,20,329
The net profit comes to	<b>5,44,91,355</b>	4,27,73,926
Adding thereto the Income (net) of earlier years of	<b>2,54,620</b>	5,63,871
and the balance brought forward from last year of	<b>5,22,08,796</b>	8,31,25,599
The Total comes to	<b>10,69,54,771</b>	12,64,63,396
Adjusting against this amount the following, namely :		
Provision for Taxation of	<b>23,00,000</b>	32,00,000
Provision for Deferred Taxation of	<b>2,78,00,000</b>	—
Dividend on Equity Shares of	<b>1,23,00,000</b>	1,23,00,000
Tax on Dividend of	—	12,54,600
Transfer to Debenture Redemption Reserve of	<b>3,92,00,000</b>	5,25,00,000
And Transfer to General Reserve of	<b>60,00,000</b>	50,00,000
Totalling to	<b>8,76,00,000</b>	7,42,54,600
there remains a balance of	<b>1,93,54,771</b>	5,22,08,796

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

**CONSOLIDATED FINANCIAL STATEMENTS**

As required by Accounting Standard 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, the audited Consolidated Financial Statements are attached.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has not been any material departure;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 the financial year on 31st March, 2002 and of the profit of the Company for that period;
- that 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
- that the Directors have prepared the annual accounts on a going concern basis.

**ANNUAL REPORT 2001-2002****DIVIDEND**

The Directors recommend for your consideration the payment of Dividend for the year ended 31st March, 2002 at the rate of Rs. 1.50 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 7th September, 2002. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares as on 23rd August, 2002 as per the details furnished by the Depositories for this purpose.

**OPERATIONS**

With the industrial recession continuing unabated the market remained quite sluggish during the year under review. However, due to fall in the prices of raw material during the year the margins have improved.

With a view to reducing the cost of energy, the Company proposes to install a Co-generation Plant of the capacity of 2 MW at an approximate capital cost of Rs. 11 Crores. It is scheduled to be operational by Oct/Nov. 2003.

169 Fixed Deposits amounting to Rs. 13,55,000 which had matured for payment as at the close of 31st March, 2002 were not claimed by the deposit holders. Out of this amount 51 deposits of the value of Rs. 5,40,000 have been claimed upto 15th June, 2002.

**DIRECTORS**

Messrs. O.P. Gupta, A.K. Jatia and V.P. Leekha retire by rotation and being eligible offer themselves for re appointment.

Messrs. K.D. Pudumjee and V.K. Jatia resigned as Directors of the Company with effect from 23rd June, 2001 and 1st December, 2001 respectively. Your Directors place on record their appreciation of their contribution to the growth of the Company.

**DONATIONS**

During the year under review, donations amounting to Rs. 12,000/- were made by the Company.

**AUDITORS**

Members are requested to appoint Auditors to hold office from the conclusion of the 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)**

Statements giving details as required by the aforesaid provisions of the Companies Act, 1956 are annexed hereto and marked Annexures "A" and "B" respectively.

**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 "C".

On behalf of the Board of Directors,

Bombay,  
Date : 28th June, 2002

**MAHABIR PRASAD**  
Chairman

**PUDUMJEE PULP & PAPER MILLS LIMITED****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, 2002.

**I. CONSERVATION OF ENERGY :**

a)	Measures taken :		
	Replacement of poor efficiency pumps with higher efficiency for effluent pumping.		
	Provision of O <sub>2</sub> analyzer and control for boilers.		
	Insulation of condensate piping and condensate recovery in boiler house.		
b)	Proposals :		
	Installation of PLC based integrated active & reactive power control system for DG set for further improvement of power factor.		
	Replacement of old AC motors with energy efficient motors.		
c)	Impact of measures at (a) and (b):		
	There has been no significant reduction because of aforesaid in cost of production of goods.		
d)	Power and Fuel Consumption :		
		<b>2001 - 2002</b>	<b>Previous Year</b>
(i)	<b>Electricity :</b>		
(a)	Purchased :		
	– Units (KWH in lacs)	118	146
	– Total Amount (Rs. in lacs)	668.98	762.90
	– Average Rate/KWH (Rs.)	5.67	5.23
(b)	Own Generation		
	Through Power Generator		
	Units (KWH in lacs)	443	438
	Units per Litre of Fuel Oil	4.31	4.30
	Cost/unit (Rs.)	1.97	2.21
(ii)	<b>Fuel Oil :</b>		
	– Quantity (KL)	4654	5798
	– Total Amount (Rs. in lacs)	388.08	551.51
	– Average Rate (Rs. per KL)	8339	9512
(iii)	<b>Biogas (self generated) :</b>		
	– Quantity (000 M <sup>3</sup> )	2708	2727
	– Total Cost	—	—
	– Average Rate	—	—
	– Cost of equivalent Fuel (Rs. in lacs)	125	143.60
(iv)	<b>Steam Generated</b>		
	(from Waste Heat Recovery Boiler-WHRB)		
	— Quantity (MT)	13411	15215
	— Total Cost (Rs. in lacs)	—	—
	— Average Rate / MT (Rs.)	—	—
	— Cost of Equivalent Fuel (Rs. lacs)	84.89	112.74
(v)	<b>Consumption per tonne of Paper Produced :</b>		
	– Electricity (KWH)	2280	2054
	– Fuel Oil (K. Ltrs.)	0.189	0.204
	– Biogas (000 M <sup>3</sup> )	0.110	0.096
	– Steam from WHRB (MT)	0.545	0.535

**ANNUAL REPORT 2001-2002**

**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.

**II. RESEARCH & DEVELOPMENT :**

1. Specific areas in which R&D : (a) New specialty paper products development  
carried out by the Company (b) Improvement in process control.  
(c) Product quality improvement  
(d) Waste water treatment.
2. Benefits derived as a result of : (a) Cost Reduction  
the above R & D (b) Introduction of new products in the market.  
(c) Upgraded product quality.  
(d) Improved environmental practices.
3. Future plan of action : (a) Study of application of Lignin Removal Process for pulp mill  
black liquor.  
(b) Plant trials of specialty paper chemicals from cost reduction  
view point.  
(c) Higher utilization of secondary fibres.  
(d) Further improvement in product quality.
4. Expenditure on R&D : 

	Rs. in Lacs
(a) Capital :	1.32
(b) Recurring :	31.15
(c) Total :	<u>32.47</u>
(d) Total R&D Expenditure as : a percentage of turnover	<u>0.23%</u>

**III. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :**

1. Efforts in brief made towards : (a) Stabilization of waste paper pulp quality so as to make  
technology absorption, adaptation its use in various paper grades.  
and innovation. (b) Study of fibre recovery and their reuse.  
(c) Identifying substitute paper chemicals.
2. Benefits derived as a : (a) Substitution of imported wood pulp by increased use of  
result of the above efforts. waste paper pulp.  
(b) Savings in expensive chemicals.  
(c) Further improvement in recycle and reuse of recovered  
fibres, fillers and water in the process.
3. No new technology was imported in last five years.

**IV. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

1. During the year the Company has exported certain consignments of paper to Asian and African countries. There is increased 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. 42.19 lacs and Rs.4596.30 lacs respectively.

On behalf of the Board of Directors,

**MAHABIR PRASAD**  
Chairman

Bombay,  
Dated : 28th June, 2002.



**PUDUMJEE PULP & PAPER MILLS LIMITED****ANNEXURE "B" TO DIRECTORS' REPORT**

**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, 2002.**

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. (71)	Managing Director	22,40,142	16,43,996	Experience in Business Administration and Finance (46)	01.03.75	Chem Mach Pvt. Ltd.	Whole time Director

- 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 provision for gratuity. Net remuneration is arrived at after deduction of Income Tax.
  - (2) The nature and conditions of employment are non contractual. The above employee is a whole-time employee of the Company during the year.
  - (3) Mr. M. P. Jatia is relative of Mr. A. K. Jatia, a Director of the Company.

On behalf of the Board of Directors,

**MAHABIR PRASAD**  
Chairman

Bombay,  
Dated : 28th June, 2002

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## **ANNEXURE "C" TO DIRECTORS' REPORT**

### **CORPORATE GOVERNANCE DISCLOSURES**

The Directors present their Report on Corporate Governance as required by SEBI guidelines and listing agreements of the Stock Exchanges.

#### **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.

#### **Board of Directors**

The Board of Directors is composed of 2 Promoter Directors (one of whom is the Chairman and Managing Director), two Wholetime Directors and the rest Non Executive Independent Directors. The Managing Director conducts the day to day management of the Company subject to the supervision and control of the Board of Directors and is assisted by the two Whole-time Directors. The composition of the Board of Directors is given hereunder:

Name	Category	No. of other Directorships & Committee Memberships / Chairmanships held			Attendance Particulars (No. of Board Meetings held in 2001-2002 - 5 )
		Directorships	Committee Memberships	Committee Chairmanships	Attended
Mr. M.P. Jatia	CMD/PR	10	—	—	5
Mr. V.O. Somani	NED/IND	5	—	—	5
Mr. O.P. Gupta*	NED/IND	6	5	4	3
Mr. V.K. Jatia (Resigned as Director w.e.f. 1.12.2001)	NED/PR	11	2	—	1
Mr. J.P. Shaw *	WTD/IND	7	—	—	5
Mr. K.D. Pudumjee (Resigned as Director w.e.f. 23rd June, 2001)	NED/IND	1	—	—	—
Mr. R.N. Sethna	NED/IND	7	5	3	3
Mr. V.P. Leekha	WTD/IND	1	—	—	3
Mr. A.K. Jatia*	NED/PR	10	—	—	3
Mr. S.M. Chitnis	NED/IND	1	—	—	4

CMD : Chairman & Managing Director; WTD : Wholetime Director; NED : Non-Executive Director; IND : Independent; PR : Promoter.

\* Attended last Annual General Meeting.

During the year 2001-2002 five Board Meetings were held on following dates:

- 24th May, 2001, 27th July, 2001, 27th October, 2001, 15th January, 2002 and 29th January, 2002.