

# **PUDUMJEE PULP & PAPER MILLS LIMITED**

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***Annual Report  
2003 – 2004***

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

### **DIRECTORS:**

M.P. JATIA *(Chairman & Managing Director)*  
V.O. SOMANI  
O.P. GUPTA  
J.P. SHAW  
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, PUNE 411 033.

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

TATA CONSULTANCY SERVICES,  
UNIT: PUDUMJEE PULP & PAPER MILLS LTD.,  
PARK WEST II, RAHEJA ESTATE,  
KULUPWADI ROAD, BORIVLI (EAST),  
MUMBAI 400 066.

### **DEMAT STOCK CODE:**

INE606A01016

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

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

**PUDUMJEE PULP & PAPER MILLS LIMITED****NOTICE**

The Thirtiyninth Annual General Meeting of the Shareholders of **Pudumjee Pulp & Paper Mills Limited** will be held at the Registered Office of the Company at Thergaon, Pune 411 033 on Friday, the 3<sup>rd</sup> day of September, 2004 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31<sup>st</sup> March, 2004, 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 2003-2004.
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.J.P. Shaw 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 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 Prakesh Leekha be and is hereby appointed as Whole-time Director of the Company for a period of five years with effect from 1st April, 2004 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 P. 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.77,000/- 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.25,000/- per month or an allowance in lieu thereof.
- c) Expenses of electricity, gas and water.
- 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 air conditioned 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 Register of members and Share Transfer Books of the Company will be closed from Thursday, the 19<sup>th</sup> day of August, 2004 to Friday, the 3<sup>rd</sup> day of September, 2004, both days inclusive.

The Dividend, when sanctioned, will be paid on and from 16<sup>th</sup> September, 2004 to those shareholders whose names stand on the Company's Register of members as holders of the shares on 3<sup>rd</sup> September, 2004. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares as at the close of 18<sup>th</sup> August, 2004 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.

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.

By Order of the Board of Directors,  
S.K. BANSAL  
SECRETARY

Registered Office:  
Thergaon, Pune 411 033.  
Dated : 29th June, 2004.

## 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 29<sup>th</sup> June, 2004 convening the 39<sup>th</sup> Annual General Meeting.

### RESOLUTION NO.7

Mr. V.P. Leekha was appointed as Whole-time Director for a period of 5 years with effect from 1<sup>st</sup> April, 2000. Although his term of office has not expired he is proposed to be reappointed as Whole-time Director for a period of 5 years with effect from 1<sup>st</sup> April, 2004 on the revised terms and conditions as contained in the accompanying resolution. Mr. Leekha is a B.E. (Mech) and has a wide and varied experience of over 40 years in Paper Industry. The Board of Directors are of the opinion that it would be in the interest of the Company to re-appoint him as a Whole-time Director.

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, Pune 411 033.  
Dated : 29<sup>th</sup> June, 2004

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## FINANCIAL HIGHLIGHTS

										RS. IN LACS	
										As At 31st March	
PARTICULARS	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Shareholders' Funds	11,693	11,447	11,937	11,535	11,269	10,611	9,969	9,182	8,471	7,599	6,606
Borrowed Funds	5,206	6,815	6,576	7,725	11,037	10,159	6,098	2,266	3,268	2,662	2,853
TOTAL	16,899	18,262	18,513	19,260	22,306	20,770	16,067	11,448	11,739	10,261	9,459
Net Fixed Assets	10,620	11,528	12,329	13,114	13,398	12,915	9,465	5,914	5,723	5,629	4,377
Investments	225	223	303	617	602	607	587	587	558	458	196
Working Capital	6,054	6,511	5,881	5,529	8,306	7,248	6,015	4,947	5,458	4,174	4,886
TOTAL	16,899	18,262	18,513	19,260	22,306	20,770	16,067	11,448	11,739	10,261	9,459
Book value of Equity per share Rs.	143	140	146	141	137	129	122	112	103	185	161
Earning per share Rs.	2.82	2.29	6.36	4.83	10.26	10.02	12.36	11.42	13.12	26.64	24.58
Dividend per share Rs.	1.00	1.00	1.50	1.50	2.00	2.00	2.50	2.50	2.50	2.50	2.50

## PUDUMJEE PULP &amp; PAPER MILLS LIMITED

## DIRECTORS' REPORT TO THE MEMBERS

The Directors present the 39<sup>th</sup> Annual Report on the working of the Company for the year ended 31<sup>st</sup> March, 2004 together with the statement of Accounts for that year.

## FINANCIAL RESULTS

	2003 - 2004	Previous Year
	Rs. in Lacs	Rs. in Lacs
The gross profit before interest and Depreciation is	1564.21	1599.32
Reducing therefrom Interest of	321.99	530.03
Depreciation of	825.98	865.58
and Extra-ordinary items of	163.73	—
The net profit comes to	252.51	203.71
Adding thereto/reducing therefrom the Income/ (Expenditure) for earlier years (net) of	(0.38)	1.45
transfer from Debenture Redemption Reserve of	282.00	641.00
and the balance brought forward from last year of	847.70	193.55
The total comes to	1381.83	1039.71
Adjusting against this amount the following, namely:		
Provision for Taxation of	21.00	16.00
Provision for Deferred Taxation of	63.00	83.50
Dividend on Equity Shares of	82.00	82.00
Tax on Dividend of	10.51	10.51
And Transfer to General Reserve of	—	—
Totalling to	176.51	192.01
there remains a balance of	1,205.32	847.70

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 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 31<sup>st</sup> March, 2004 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.

## DIVIDEND

The Directors recommend for your consideration the payment of Dividend for the year ended 31<sup>st</sup> March, 2004 at the rate of Re.1/- 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 3<sup>rd</sup> September, 2004. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares as at the close of 18<sup>th</sup> August, 2004 as per the details furnished by the Depositories for this purpose.

## OPERATIONS

The depressed market conditions which had prevailed for the last two years started easing off since about the third quarter of the year under review resulting in improved profitability for the year as compared to that of the previous year. This was inspite of the fact that during the year the plant shut down had been to the extent of 2,804 hours as compared to 2,059 hours of the previous year.

The exports increased to Rs.239 lacs as compared to Rs.79 lacs of the previous year.

During the year under review the Bagasse Pulp Mill was shut down owing to its uneconomic working due to increase in costs of bagasse and effluent treatment. In anticipation of this situation the Company had installed a Waste Paper Treatment Plant in 1999 as a substitute for the bagasse based Pulp Mill and had reduced the operations of the Pulp Mill in a phased manner. This treatment plant is fully operational and the need for bagasse pulp has been eliminated.

To reduce the cost of operations the Company is installing a Co-generation Plant for its requirement of steam which is expected to be operational by September this year. This would help to reduce the cost to the extent of about Rs.1 crore every year.

During the year 53 employees who availed of the Company's offer for Voluntary Retirement were paid an aggregate amount of Rs.97 lacs.

136 Fixed Deposits amounting to Rs.14,56,000 which had matured for payment as at the close of 31<sup>st</sup> March, 2004 were not claimed by the deposit holders. Out of this amount 59 deposits of the value of Rs.6,48,000 have been claimed upto 16<sup>th</sup> June, 2004.

During the year Darjeeling Pulp & Paper Limited, a Subsidiary of the Company, has filed an application under Simplified Exit Scheme for declaration as defunct under section 560 of the Companies Act, 1956 and as such ceased to be a subsidiary of the Company.

In pursuance of Special Resolution passed in the Extra Ordinary General Meeting held on 6<sup>th</sup> April, 2004, the Company has applied for delisting of its equity shares from the Stock Exchanges at Delhi, Calcutta and Madras.

## DIRECTORS

Messrs. O.P. Gupta, J.P. Shaw and A.K. Jafia retire by rotation and being eligible offer themselves for re-appointment.

Mr.V.P. Leekha was appointed as whole-time Director for a period of 5 years with effect from 1<sup>st</sup> April, 2000. Although his term of office has not expired, a special resolution is proposed to be moved at the ensuing Annual General Meeting to re-appoint him for a period of 5 years with effect from 1<sup>st</sup> April, 2004 on the revised terms and conditions as embodied in the Special resolution which is commended for your approval.

## 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.



**PUDUMJEE PULP & PAPER MILLS LIMITED**

**STATEMENTS UNDER SECTION 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 annexed hereto and marked Annexure "A".

During the current year no employee had drawn remuneration in excess of the 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,

**MAHABIR PRASAD**  
Chairman

Mumbai,  
Dated : 29<sup>th</sup> June, 2004.

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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 31<sup>st</sup> March, 2004.

### I. CONSERVATION OF ENERGY :

#### a) Measures taken :

Continuous monitoring of electrical and thermal energy consumption and evaluation of operating parameters carried out at different sections. Following were the specific areas:

- Power reduction in pumps by trimming impellers, replacing high efficient pumps, providing on/off controller and reducing time by providing cyclic timer.
- Power reduction in central compressors by converting manual mode operation into master and slave mode.
- Power reduction and increase in production of a paper making machine by providing additional refiner.
- Replacement of blades of ventilation fan with FRP blades.
- Replacement of electrical motors by energy efficient motors, conversion of p v duct blower starter from delta to star connection.

#### b) Proposals :

- Replacement of pumps by energy efficient pumps, trimming of pumps impeller, Provision of interlocking with pumps and agitators.
- Replacement of magnetic chokes by electronic chokes for tube lights.
- Replacement of electrical heater with steam heater.

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

- Reduction in electrical energy by about 9000 kwh /day and consequent reduction in cost of production by about Rs. 250 per metric tonne.

#### d) Power and Fuel Consumption :

	2003-04	Previous Year
(i) Electricity :		
(a) Purchased:		
- Units (KWH in lacs)	160	75
- Total amount (Rs. In lacs)	526.36	467.18
- Average rate/KWH (Rs.)	3.29	6.23
(b) Own generation:		
- Through Power Generator		
Units (KWH in lacs)	302	402
Units per Ltr. Of Fuel Oil	4.30	4.30
Cost/unit (Rs.)	2.44	2.39
(ii) Fuel Oil :		
- Quantity (KL)	4478	4282
- Total amount (Rs. In lacs)	468.77	447.02
- Average rate (Rs. Per KL)	10468	10440
(iii) Biogas (self generated):		
- Quantity (000' M <sup>3</sup> )	1230	1499
- Cost of equivalent Fuel (Rs. In lacs)	71.27	86.63