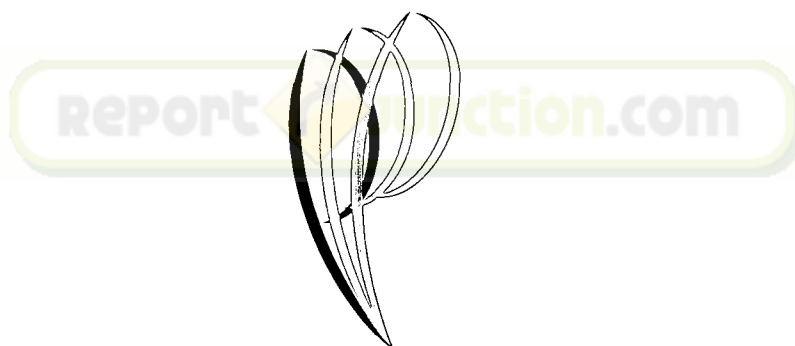


# **PUDUMJEE PULP & PAPER MILLS LIMITED**



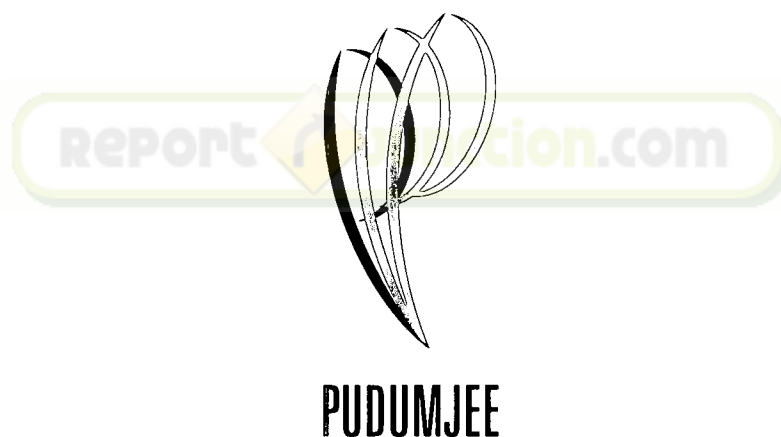
**PUDUMJEE**

## **Abridged Annual Report 2007 – 2008**

Pudumjee Group, over the years, have focussed upon consolidating current business, divesting those falling outside the core strength and choosing potential growth areas.

This means, Paper business shall see future growth with enhanced production of Crepe Tissue and other products, hygiene products and other healthcare products. The growth would essentially be from facilities to be created at a new site, options currently being explored. The group have adopted Real Estate business as growth area and projects are already under way.

The Logo shown below defines a dynamic corporate image, eco-friendly approach and vibrancy in the group.



The Pudumjee Group logo is a combination of 'P's indicating the groups different businesses. While BLUE stands for strength, Green stands for eco-friendly and Pink stands for Vibrancy. The free flowing colour strokes represent progressiveness and action.

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

### **DIRECTORS:**

M.P. JATIA (Chairman & Managing Director)  
V.O. SOMANI  
O.P. GUPTA  
R.N. SETHNA  
A.K. JATIA  
V.P. LEEKHA  
S.M. CHITNIS  
S.K. BANSAL

### **BANKERS:**

STATE BANK OF INDIA  
INDUSTRIAL DEVELOPMENT BANK OF INDIA  
CENTURION BANK OF PUNJAB LTD. ( NOW HDFC BANK LTD.)  
BANK OF INDIA  
THE HONGKONG & SHANGHAI BANKING CORPN.LTD.

### **SOLICITORS:**

KANGA & COMPANY

### **AUDITORS:**

KHARE & COMPANY

### **REGISTERED OFFICE:**

THERGAON, PUNE 411 033.

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

KARVY COMPUTERSHARE PVT.LTD.,  
UNIT: PUDUMJEE PULP & PAPER MILLS LTD.,  
17-24, VITTAL RAO NAGAR,  
MADHAPUR.  
HYDERABAD 500 081.

### **DEMAT STOCK CODE:**

INE606A01016

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

MUMBAI, PUNE & NATIONAL STOCK EXCHANGES.

## NOTICE

The Forty third 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 Saturday, the 30th day of August, 2008 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2008, 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 2007-2008.
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. Rusi N. Sethna 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 Special resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and subject to such approvals, sanctions as may be necessary, consent of the Company be and is hereby accorded to the remuneration payable to Mr.Ved Prakash Leekha, the Whole-time Director, with effect from 1st April, 2008 in accordance with the resolution passed by the Shareholders at their Extra-ordinary General Meeting held on 16th December, 2006".

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and subject to such approvals, sanctions as may be necessary, and in partial modification of the resolution passed by the Shareholders at their Annual General Meeting held on 5th September, 2005 as amended by the resolution passed by them at their Extra-ordinary General Meeting held on 16th December, 2006, consent of the Company be and is hereby accorded to the revised remuneration at Rs.1,17,000/- per month including Dearness Allowance payable to Mr.S.K. Bansal, the Whole-time Director under clause (b) of the resolution dated 5th September, 2005 with effect from 1st April, 2008, the other provisions of the said resolution remaining unaltered".

### **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 above mentioned items 7 & 8 is annexed hereto.

The Register of members and Share Transfer Books of the Company will remain closed from Thursday, the 14th day of August, 2008 to Saturday, the 30th day of August, 2008, both days inclusive.

The Dividend, when sanctioned, will be paid on and from 8th September, 2008 to those shareholders whose names stand on the Company's Register of members as holders of the shares on 30th August, 2008. 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 business hours on 13th August, 2008 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.

Messrs. O.P. Gupta, R.N. Sethna and V.P. Leekha whose appointment is to be considered by the Annual General Meeting as mentioned above hold Nil, 1024 & Nil equity shares of Rs.10/- each of the Company respectively.

Shareholders of the Company are informed that pursuant to the provisions of Section 205C of the Companies Act, 1956, the amount of dividend which remains unclaimed/unpaid for a period of 7 years would be transferred to the Investor Education & Protection Fund (IEPF) constituted by the Central Government and the Shareholders would

**PUDUMJEE PULP & PAPER MILLS LIMITED**

not be able to claim any amount of the dividend so transferred to the Fund. As such, shareholders who have so far not en-cashed the dividend warrants of earlier years are requested to immediately return the outdated warrants to the Company or write to us to enable the Company to issue duplicate warrants/Demand Drafts in lieu thereof.

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 : 25<sup>th</sup> June, 2008.

### **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 & 8 of the Special Business mentioned in the accompanying Notice dated 25<sup>th</sup> June, 2008 convening the 43<sup>rd</sup> Annual General Meeting.

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

Mr. Ved Prakash Leekha was appointed as a Whole-time Director for a period of five years with effect from 1<sup>st</sup> April, 2004. His remuneration was last fixed for three years with effect from 1.4.2005 by the shareholders at the Extra-ordinary General Meeting held on 16<sup>th</sup> December, 2006. The proposed resolution which is based on the recommendation of the Remuneration Committee has the effect of allowing the same remuneration (namely, Rs.1,25,000/- per month as salary and Rs.55,000/- as House Rent Allowance) and other perquisites to him for the remaining period of his term.

The Directors commend the resolution for your approval.

Except Mr.Ved Prakash Leekha, no other Director is interested in this proposed resolution.

#### **RESOLUTION NO.8**

Mr. Surendra Kumar Bansal was appointed as a Whole-time Director for a period of five years with effect from 1<sup>st</sup> February, 2005. His remuneration (namely, Salary of Rs.97,000/- per month) and other perquisites was last fixed for three years with effect from 1.4.2005 by the shareholders at the Extra-ordinary General Meeting held on 16<sup>th</sup> December, 2006. The proposed resolution which is based on the recommendation of the Remuneration Committee has the effect of allowing enhanced remuneration (namely, Rs.1,17,000/- per month as salary) and other perquisites as before, to him for the remaining period of his term.

The Directors commend the resolution for your approval.

Except Mr.S.K. Bansal, no other Director is interested in this proposed resolution.

By Order of the Board of Directors,

**S. K. BANSAL**

SECRETARY

Registered Office:

Thergaon, Pune 411 033.

Dated : 25<sup>th</sup> June, 2008.

## FINANCIAL HIGHLIGHTS

										RS. IN LACS	
PARTICULARS	2008	2007	2006	2005	2004	2003	2002	2001	2000	As At 31st March 1999	1998
Shareholders' Funds	13,587	12,795	12,371	12,045	11,693	11,447	11,937	11,535	11,269	10,611	9,969
Borrowed Funds	8,218	6,803	7,038	4,244	5,206	6,815	6,576	7,725	11,037	10,159	6,098
TOTAL	21805	19,598	19,409	16,289	16,899	18,262	18,513	19,260	22,306	20,770	16,067
Net Fixed Assets	12727	12,656	11,783	10,517	10,620	11,528	12,329	13,114	13,398	12,915	9,465
Investments	243	243	212	212	225	223	303	617	602	607	587
Working Capital	8835	6,699	7,414	5,560	6,054	6,511	5,881	5,529	8,306	7,248	6,015
TOTAL	21805	19,598	19,409	16,289	16,899	18,262	18,513	19,260	22,306	20,770	16,067
Book value per Equity share Rs.	166	156	151	147	143	140	146	141	137	129	122
Earning per share Rs.	6.22	6.55	5.62	6.35	2.82	2.29	6.36	4.83	10.26	10.02	12.36
Dividend per share Rs.	1.2	1.2	1.2	1.2	1.00	1.00	1.50	1.50	2.00	2.00	2.50

## PUDUMJEE PULP &amp; PAPER MILLS LIMITED

## DIRECTORS' REPORT TO THE MEMBERS.

The Directors present the 43rd Annual Report on the working of the Company for the year ended 31st March, 2008 together with the statement of Accounts for that year.

## FINANCIAL RESULTS

	2007-2008	Previous Year
	Rs. in lacs	Rs. in lacs
The gross profit before interest and Depreciation is	2193.88	1870.15
Reducing therefrom Interest of	544.29	333.11
Depreciation of	959.85	886.23
and Extra-ordinary items of	37.43	37.43
The net profit comes to	652.31	613.38
Adding thereto transfer from Debenture Redemption Reserve of	-	168.00
and the balance of Profit brought forward from last year of	1846.18	1594.86
The total comes to	2498.49	2376.24
Adjusting against this amount the Following, namely:		
Expenses (Income) for earlier years of	1.20	(1.06)
Provision for Current Taxation of	142.00	76.00
Provision for Deferred Taxation of	41.00	140.00
Dividend on Equity Shares of	98.40	98.40
Tax on Dividend of	16.72	16.72
And Transfer to General Reserve of	200.00	200.00
Totalling to	499.32	530.06
There remains a balance of which the Directors propose to carry-forward to next year's accounts.	1999.17	1846.18

## 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 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 the financial year on 31st March, 2008 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 31st March, 2008 at the rate of Rs.1.20 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 30th August, 2008. The Dividend in respect of shares held in the electronic form will be paid to the beneficial owners of the shares at the close of business hours on 13th August, 2008 as per the details furnished by the Depositories for this purpose.

## OPERATIONS

As a result of capital expenditure incurred by the Company in the earlier years as also due to change in product mix, the production of paper during the year under review increased by about 20%. The gross profit before interest and depreciation has also increased by about 17%. However, increased burden of interest and depreciation has offset the benefit.

The continuous rise in cost of various inputs especially in respect of fuel oil, raw materials and impact of weakening Rupee is putting pressure on the margins of the Company which concern is being addressed partly by way of revision in prices of paper and partly by improving product mix, cost reduction measures adopted and continue to be adopted by the Company.

The Company has upgraded its Waste Paper Recycling Plants at an aggregate cost of about Rs.8 crores both in terms of capacity as also in respect of quality of the output. This has enabled the Company better flexibility in raw material usage and reduction in cost.

With regard to the Company's business in Real Estate Development, the Bhoomi Poojan for the first project has been performed on 16th May, 2008 on the land at Thergaon, Pune for constructing residential and / or commercial units of an aggregate area of about 8 lacs sq.ft. in partnership with G.Corp Properties Pvt. Ltd. The work on the project has just commenced.

The negotiations for the wage settlement with workers, which expired on 31st March, 2008 are in progress.

78 Fixed Deposits amounting to Rs.19,45,000 which had matured for payment as at the close of 31st March, 2008 were not claimed by the deposit holders. Out of this amount 16 deposits of the value of Rs.4,90,000 have been claimed upto 18th June, 2008.

## DIRECTORS

Messrs. O.P. Gupta, R.N. Sethna and V.P. Leekha 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 the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

## STATEMENTS UNDER SECTION 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 amended Clause 49 of the Listing Agreements with the Stock Exchanges is attached and marked Annexure "C".

On behalf of the Board of Directors,

Mumbai,  
Dated : 25th June, 2008.

**MAHABIR PRASAD**  
CHAIRMAN



## PUDUMJEE PULP &amp; PAPER MILLS LIMITED

## ANNEXURE "C" TO DIRECTORS' REPORT

### CORPORATE GOVERNANCE DISCLOSURES

The Directors present their Report on Corporate Governance as required by SEBI guidelines and listing Agreements:

#### Company's Philosophy on Code of Governance:

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 requirement of revised clause 49. The Code of Conduct is displayed at the Company's website [www.pudumjee.com](http://www.pudumjee.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 of Directors is composed of 2 Promoter Directors (one of whom is the Chairman and Managing Director), two Whole-time 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 Membership / Chairmanships held			Attendance Particulars (No. of Board Meetings held in 2007-2008 -5)
		Director-ships	Committee Memberships	Committee Chairmanships	
Mr.M.P. Jatia	CMD/PR	7	-	-	5
Mr.V.O.Somani	NED/IND	2	-	-	4
Mr.O.P.Gupta	NED/IND	2	4	3	3
Mr.R.N. Sethna	NED/IND	5	4	1	3
Mr.V.P. Leekha	WTD/IND	1	-	-	2
Mr.A.K. Jatia	NED/PR	5	-	1	5
Mr.S.M. Chitnis	NED/IND	1	-	-	5
Mr.S.K.Bansal	WTD/IND	4	1	-	4

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

Except Messrs. M.P. Jatia and V.P. Leekha, all other Directors had attended last Annual General Meeting held on 1st September, 2007.

During the year 2007-2008 Five Board Meetings were held on the following dates:

-21st April, 2007, 29th June, 2007, 30th July, 2007, 26th October, 2007 and 31st January, 2008.

#### Details of remuneration paid to Directors during the year ended 31st March, 2008:

(Figures in Rupees)

Name	Sitting fees	Salaries	Perquisites	Commission	Total
Mr.M.P.Jatia	-	15,60,000	10,91,220	4,93,257	31,44,477
Mr.V.O.Somani	44,000	-	-	-	44,000
Mr.O.P.Gupta	30,000	-	-	-	30,000
Mr.R.N. Sethna	15,000	-	-	-	15,000
Mr.A.K.Jatia	50,000	-	-	-	50,000
Mr.V.P. Leekha	-	15,00,000	9,32,210	-	24,32,210
Mr.S.M. Chitnis	45,000	-	-	-	45,000
Mr. S.K. Bansal	-	11,64,000	4,33,663	-	15,97,663

- Mr.M.P. Jatia is entitled to commission at 1% of the profits of the Company.
- Perquisites include housing/house rent allowance with electricity, gas, medical expenses, leave travel assistance, club fees, accident insurance, contribution to provident and Superannuation fund etc., but exclude provision for gratuity.
- Severance fees, stock options and notice period are not applicable in case of Executive Directors. The appointments of Messrs M.P. Jatia is for a period of five years with effect from 1st April, 2007, of Mr.V.P. Leekha is for five years with effect from 1st April, 2004 and of Mr.S.K. Bansal is for five years with effect from 1st February, 2005.
- Non Executive Directors draw no remuneration except by way of sitting fees for each meeting of Board or Committee thereof attended by him, within the limits prescribed by law in this regard.
- Mr.A.K. Jatia is relative of Mr.M.P. Jatia.
- Messrs. V.O. Somani, O.P. Gupta, R.N. Sethna, A.K. Jatia and S.M. Chitnis held 1462, Nil, 1024, 4,07,209 and Nil equity shares of Rs.10/- each of the Company respectively.

#### Appointment of Directors:

Resolutions have been proposed for the re-appointment of Messrs O.P. Gupta, R.N. Sethna and V.P. Leekha as Directors of the Company on their retirement by rotation.

- a) Mr.O.P. Gupta was appointed as Non-Executive Director in 1982 and since then he has been reappointed from time to time on retirement by rotation.. Mr.Gupta is the Ex-Chairman of Punjab National Bank. He does not hold any equity share of the Company. He is Director in the following Companies:

Mangalam Cement Ltd. and Rishi Roop Rubber (International) Ltd.,

He is member of the following other Company's Committees:

Rishi Roop Rubber (International) Ltd.      -    Audit Committee (Member);  
Remuneration Committee (Member).

Mangalam Cement Ltd.                              -    Audit Committee (Chairman)  
Remuneration Committee (Chairman)  
Shareholders/Investors Grievance  
Committee (Member)  
Share Transfer Committee (Member).

- b) Mr.Rusi N. Sethna was appointed as Non-Executive Director in 1992 and since then he has been reappointed from time to time on retirement by rotation. Mr.Sethna is an eminent Solicitor with a wide and varied experience especially in the field of Corporate Law. He holds 1024 equity shares of Rs.10/- each of the Company. He is a partner in the firm of Manekshaw & Sethna and of Romer Dadachanji Sethna & Co., and Director of the following Companies:

The Great Eastern Shipping Co.Ltd., Modern India Ltd., Chalet Hotels Ltd., HSBC Agency (India) Pvt.Ltd., and National Peroxide Ltd.

He is member of the following other Company's Committees:

The Great Eastern Shipping Co.Ltd.              -    Member of Audit Committee and  
Remuneration Committee.

Modern Industries Ltd.                              -    Shareholders Grievance Committee  
(Member)

National Peroxide Ltd.                              -    Remuneration Committee ( Member)  
Audit Committee ( Chairman )

- c) Mr.V.P. Leekha was appointed as Whole-time Director in 2000 for a period of five years with effect from 1st April, 2000 and reappointed for a further period of 5 years with effect from 1st April, 2004. Mr.Leekha is B.E. Mechanical and has over 40 years experience in Paper Industry. He does not hold any equity share in the Company. He is Director of Pudumjee Hygiene Products Ltd.

He is not Chairman or member of any other Company's Committees.

#### BOARD PROCEDURE:

Board Meetings are held about five times a year. Detailed Agenda is sent to each Director well in advance of the meetings. The Directors are briefed at each Board Meeting regarding performance and working by the functional heads. In addition to matters statutorily requiring Board's approval, all major decisions of policy, strategic formulations, capital expenditure, new investments, major accounting policies are considered by the Board.