

**PUDUMJEE
PULP & PAPER MILLS
LIMITED**



PUDUMJEE

**Annual Report
2009 – 2010**

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. K. BANSAL
B. C. DALAL

BANKERS:

STATE BANK OF INDIA
IDBI 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:

INE606A01024

EQUITY SHARES ARE LISTED AT:

MUMBAI, PUNE & NATIONAL STOCK EXCHANGES.

PUDUMJEE PULP & PAPER MILLS LIMITED

NOTICE

The Forty fifth 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 28th day of August, 2010 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2010, 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 2009-2010.
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.

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 remain closed from Thursday, the 12th day of August, 2010 to Saturday, the 28th day of August, 2010, both days inclusive.

The Dividend, when sanctioned, will be paid on and from 7th September, 2010 to those shareholders whose names stand on the Company's Register of members as holders of the shares on 28th August, 2010. 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 11th August, 2010 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 appointments are to be considered by the Annual General Meeting as mentioned above hold Nil, 5120 and Nil shares of the Company.

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 not be able to claim any amount of the dividend so transferred to the Fund. As such, shareholders who have so far not encashed 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

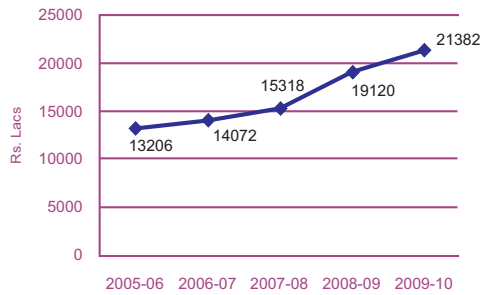
Registered Office:

Thergaon, Pune 411 033.

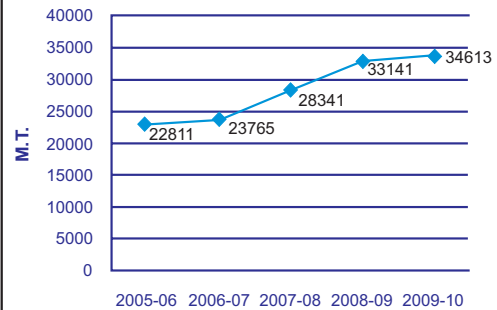
Dated : 20th May, 2010.

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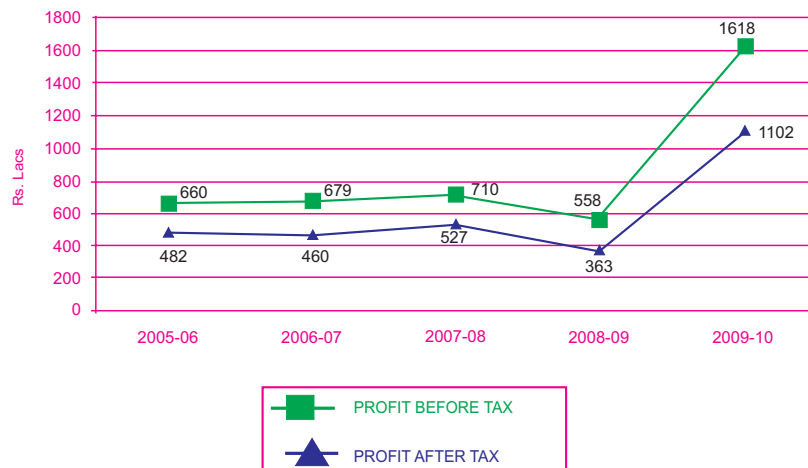
SALES OF PAPER



PAPER PRODUCTION



P.B.T. / P.A.T. (CONSOLIDATED)



FINANCIAL HIGHLIGHTS (CONSOLIDATED)

PARTICULARS	(RS. IN LACS) As at 31st March									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Shareholders Fund	14,685	14,069	13,929	13,040	12,518	12,169	11,828	11,714	11,857	11,180
Borrowed Funds	6,823	5,206	8,218	6,803	7,038	4,244	5,206	6,815	6,576	7,724
TOTAL	2,1508	19,275	22,147	19,843	19,556	16,413	17,034	18,529	18,433	18,904
Net Fixed Assets	11,082	11,998	12,727	12,656	11,783	10,517	10,620	11,572	12,373	13,158
Investments	2,049	1,006	967	896	829	819	811	818	440	566
Working Capital	8377	6271	8453	6291	6944	5077	5603	6139	5620	5180
TOTAL	21,508	19,275	22,147	19,843	19,556	16,413	17,034	18,529	18,433	18904
Book value of Equity per share(Rs.)	36*	172	170	159	153	148	144	143	145	136
Earning per share (Rs.)	2.69*	4.42	6.43	5.61	5.88	7.48	2.27	0.80	6.33	5.06
Dividend per share (Rs.)	0.30*	0.25*	1.20	1.20	1.20	1.20	1.00	1.00	1.50	1.50

* Rs.2/- per share

PUDUMJEE PULP & PAPER MILLS LIMITED

DIRECTORS' REPORT TO THE MEMBERS.

The Directors present the 45th Annual Report on the working of the Company for the year ended 31st March, 2010 together with the statement of Accounts for that year.

FINANCIAL RESULTS

	2009-2010 Rs. in lacs	Previous Year Rs. in lacs
The gross profit before interest and		
Depreciation is	2703.74	2003.81
Reducing therefrom Interest of	150.84	366.14
Depreciation of	1014.94	1003.87
and Extra-ordinary items of	—	18.09
The net profit comes to	1537.96	615.71
adding thereto the balance of Profit brought forward		
from last year of	2099.96	1999.17
the total comes to	3637.92	2614.88
Adjusting against this amount the following, namely:		
Provision for Current Taxation of	688.00	304.00
Provision/(Saving) for Deferred Taxation of	(-) 178.00	(-) 109.00
Dividend on Equity Shares of	123.00	102.50
Tax on Dividend of	20.43	17.42
And Transfer to General Reserve of	500.00	200.00
Totalling to	1153.43	514.92
There remains a balance of	2484.49	2099.96
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 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 as at the end of the financial year on 31st March, 2010 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, 2010 at the rate of Re.0.30 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 28th day of August, 2010. 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 11th August, 2010 as per the details furnished by the Depositories for this purpose.

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OPERATIONS

Your Directors are happy to inform that your Company has had a good performance in the year under review in terms of its profitability. As stated above, the profit before tax was Rs.1537.96 lacs compared to Rs.615.71 lacs which is 150% growth over the previous year. This was due to adoption of strategic planning of manufacturing the right product mix coupled with favourable cost of certain inputs. The sale of finished paper has also recorded a growth of approximate 12% compared to the previous year. All this has been possible as a result of substantial investments made in previous years for upgradation, modernization and increasing the manufacturing capacities.

Pudumjee G:Corp Developers in which the Company is a partner has commenced the construction of residential project and its 1st Phase has been formally launched. The response during the soft launch has been encouraging and so far over 60% of the flats have been booked. The entire project is expected to be completed in 3 phases involving construction and sale of over 650 luxurious flats of 2 BHK and 3 BHK with an aggregate saleable area of 9,30,000 sq.ft. (approx.). All the 3 phases of this project are expected to be completed during the next 5 years and are expected to generate a net revenue of about Rs.70 Crores barring unforeseen circumstances.

The labour relations in the Company remained peaceful.

64 Fixed Deposits amounting to Rs.17,75,000 which had matured for payment as at the close of 31st March, 2010 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 19th May, 2010.

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 : 20th May, 2010.

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, 2010.

I CONSERVATION OF ENERGY:

a) Measures taken

Continuous monitoring of electrical energy consumption and evaluation of operating parameters in following specific areas:

- power reduction in paper machine refiners by replacing disc pattern.
- Steam reduction in paper machine by provision of thermo compressor.
- Provision of Gravity Line in ETP Distribution tanks.

b) Proposals

Provision of Turbine in HP Line at Co-generation Plant.

Replacement of Alternation System by Diffusor System at ETP.

Provision of V.F.D. to compressor.

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 Rs. 100 Lacs per annum.

d) Power and Fuel Consumption:	2009-10	Previous Year
i) Electricity		
(a) Purchased		
- Units (KWH in lacs)	358	376
- Total Amount (Rs. In lacs)	1965.35	1908.68
- Average Rate/KWH (Rs.in lacs)	5.49	5.08
(b) Own Generation:		
(i) Through Power Generator		
Units (KWH in lacs)	225	251
Units per Ltr. Of fuel oil	4.21	4.22
Cost/Unit (Rs.)	4.83	4.64
(ii) Through Steam Turbine		
Units (KWH in lacs)	20.29	5.39
Cost of equivalent power (Rs. In lacs)	111.39	27.40
ii) Steam Coal utilized in Boiler		
(Grade ‘C’ or Grade ‘D’ whichever is available		
Quantity (MT)	21915	18637
Total Amount (Rs. In lacs)	894.49	947.34
Average Rate / MT (Rs.)	4082	5083
iii) Bagasse utilized in Boiler		
Quantity MT	-	792
Total Amount (Rs. In Lacs)	-	8.64
Average Rate /MT (Rs.)	-	1091
iv) Fuel Oil		
- Quantity (KL)	349	501
- Total Amount (Rs. In lacs)	76.72	112.06
- Average Rate (Rs. Per KL)	21983	22367
v) Steam (Self generated)		
(From waste heat recovery boiler)		
- Quantity (MT)	5057	6368
- Cost of equivalent fuel (Rs. In lacs)	40.62	65.88

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	2009-10	Previous Year
vi) Consumption per tonne of paper produced:		
- Electricity (KWH)	1743	1908
- Fuel Oil (KL)	0.010	0.015
- Steam from WHRB (MT)	0.146	0.192
- Steam Coal	0.633	0.562
- Bagasse (MT)	-	0.024

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.

II RESEARCH AND DEVELOPMENT :

- | | | |
|---|---|--|
| 1 | Specific Areas in which R & D
Carried out by the Company | (a) Improved repulping, deinking of waste paper, and stickies control through use of chemicals.
(b) Optimisation of chemicals for reductive bleaching of waste paper to improve brightness of deinked pulp quality and cost reduction at WPRP.
(c) Use of specialty chemicals and process monitoring for improved quality.
(d) Water conservation and improved waste water treatment. |
| 2 | Benefits derived as a result of
Above R & D | (a) Improvement in deinked pulp quality and brightness.
(b) Better quality of products.
(c) Improved waste water treatment and thus improved environment management. |
| 3 | Future Plan of action | (a) Consistent efforts for improved quality.
(b) Use of Research & Development in cost reduction.
(c) Development of new value added products. |
| 4 | Expenditure on R & D | Rupees in Lacs |
| | (a) Capital | 02.02 |
| | (b) Recurring | 68.00 |
| | (c) Total | 70.02 |
| | (d) Total R & D expenditure as a percentage of Turnover | 0.32 |

III TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

- | | | |
|---|--|--|
| 1 | Efforts in brief made towards technology absorption, adaptation and innovation | (a) Upgradation of WPRP-1 by adding screw press.
(b) Upgradation of Co-generation Plant Boiler by addition of economizer tubes. |
| 2 | Benefits derived as a result of the above efforts | (a) Improvement in pulp quality.
Increase in generation of Steam. |
| 3 | No new technology was imported in last five years. | |

IV FOREIGN EXCHANGE EARNINGS AND OUTGO:

- 1 During the year the Company has exported 64 MT of paper at Rs. 46.74 lacs as compared to 348 MT of paper valued at Rs. 233.52 lacs during 2008-09. Though there are good prospects for export of paper, the same is not competitive in view of comparatively higher cost of inputs. The efforts are, however, continuing.
- 2 Foreign Exchange earned and used were Rs. 46.74 lacs and Rs. 6542.75 lacs, respectively.

On behalf of the Board of Directors,

Mumbai,
Dated : 20th May, 2010

MAHABIR PRASAD
CHAIRMAN

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, 2010.

Name & Age (Years)	Designation/ Nature of duties	Remuneration		Qualification & Experience (Years)	Date of common- cement of employment.	Last employed	
		Gross Rs.	Net Rs.			Name of the organisation.	Position held
Mr. Jatia M.P. (79)	Managing Director	57,33,403	42,29,080	Experience in Business Administration and Finance (54)	01.03.1975	Chem Mach Pvt Ltd.	Whole- time Director
Mr. Leekha V.P. (70)	Director (Technical)	35,59,690	27,00,020	B.E. (Mech.) (47)	07.03.2000	Star Paper Mills Ltd.	President
Mr. Bansal S.K. (50)	Director (Finance) & Secretary	29,44,623	23,41,501	B.Com. ACA, ACS (27)	03.10.1984	AF Fergu- sson & Co.	Asstt Manager

Notes-

- (1) Gross remuneration as shown above includes salary, bonus, Company's contribution to Provident and super annuation Funds 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 in all cases. The above employees are whole-time employees of the Company during the year.
- (3) Mr. M.P. Jatia is relative of Director Mr. A K Jatia.

On behalf of the Board of Directors,

Mumbai,
Dated : 20th May, 2010

MAHABIR PRASAD
Chairman.