

PUDUMJEE PULP & PAPER MILLS LIMITED



PUDUMJEE

Annual Report 2010 – 2011

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
ING VYSYA BANK 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, VITHAL RAO NAGAR,
MADHAPUR.
HYDERABAD 500 081.

DEMAT STOCK CODE:

INE606A01024

EQUITY SHARES ARE LISTED AT:

MUMBAI, PUNE & NATIONAL STOCK EXCHANGES.

NOTICE

The Forty sixth 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 27th day of August, 2011 at 9.00 a.m. (ST) to transact the following business:

1. To receive and adopt the audited Balance Sheet as on 31st March, 2011, 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 2010-2011.
3. To appoint a Director in place of Mr. V.O. Somani 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. B.C. Dalal 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

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

7. "RESOLVED THAT pursuant to provisions of Section 293(1)(d) of the Companies Act, 1956 and all other enabling provisions, if any, and in supersession of the resolution passed at the Annual General Meeting held on 26th August, 1997, the Directors of the Company be and are hereby authorized to borrow money from time to time from any one or more bodies corporate or financial institutions, Banks or any entity or any person or persons by way of credit, advance or other loans or deposits whether unsecured or secured by mortgage, charge, hypothecation or pledge of the fixed assets and properties of the Company whether moveable or immoveable or stock-in-trade including raw materials, stores, spares or components installed or uninstalled or in transit and of goods-in-process and finished goods for the purpose of carrying on the business of the Company notwithstanding that such borrowings, together with money already borrowed by the Company (apart from temporary loans obtained if any, from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose for the time being and from time to time but so that the total amount of money so borrowed by the Directors shall not exceed the sum of Rupees One thousand crores".

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

8. "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of the whole or substantially the whole of the undertaking(s), immovable and movable properties of the Company wheresoever situate, present and future, in connection with the borrowings, loans from Banks, Financial Institutions and other Lenders, together with power to the lenders to takeover the management of the business and concern of the Company in certain events, to or in favour of any Financial Institution, Bank, Mutual Fund, Trustees for any instrument of debt or any other Body Corporate or entity to secure any such borrowings by the Company in Indian Rupees or Foreign currency together with interest, compound/additional interest, commitment charge, premium on pre payment or on redemption, cost, charges, expenses and all other monies payable to such lenders in terms of their respective Loan/ Trusteeship Agreement entered in to or to be entered into by the Company in respect of such borrowings, so however that the aggregate of all such borrowings does not exceed Rupees One Thousand crores.

"FURTHER RESOLVED THAT the Board of Directors of the Company (including any Committee of Directors so appointed by the Board) be and is hereby authorized to finalise with such Financial Institutions, Banks, Mutual Funds, Trustees for any instrument or Other Bodies Corporate or entity the relevant documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution".

PUDUMJEE PULP & PAPER MILLS LIMITED

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 11th day of August, 2011 to Saturday, the 27th day of August, 2011, both days inclusive.

The Dividend, when sanctioned, will be paid on and from 6th September, 2011 to those shareholders whose names stand on the Company's Register of members as holders of the shares on 27th August, 2011. 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 10th August, 2011 as per the details furnished by the Depositories for this purpose. The payment of Dividend will be subject to the provisions of Section 206 A of the Companies Act, 1956.

Messrs. V.O. Somani, A.K. Jatia and B.C. Dalal whose appointments are to be considered by the Annual General Meeting as mentioned above hold 7,310, 19,50,894 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 : 26th May, 2011.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circular stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Karvy Computershare Private Limited.

Please note that you will be entitled to be furnished, free of cost, with a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto upon receipt of a requisition from you, any time, as a member of the Company.

Subsidiary Accounts:

As a measure of economy and in accordance with the Circular of 8th February, 2011 of Ministry of Corporate Affairs, it has been decided by the Board of Directors not to attach/give accounts of the subsidiary in the Company's Annual Report.

However, the annual accounts of the subsidiary, Pudumjee Investment & Finance Co.Ltd., and the related detailed information shall be supplied to the shareholders of the Company on a requisition made in this regard. The Annual Accounts of the subsidiary are open for inspection by shareholders at the Registered Office during office hours.

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 items of business as mentioned in Serial Nos. 7 & 8 under Special Business in the accompanying Notice dated 26th May, 2011 convening the Annual General Meeting.

RESOLUTION NO.7

Section 293(1)(d) of the Companies Act, 1956 provides that the Company cannot borrow money where the monies so borrowed together with monies already borrowed exceed the aggregate of the paid-up capital of the Company and its free reserves without the sanction of a General Meeting. By a resolution passed at the Annual General Meeting of the shareholders of this Company held on 26th August, 1997, the Directors were authorized to borrow money upto a limit of Rupees 200 crores. Since then the Company has expanded its activities considerably and proposes to borrow monies for its future expansion programmes. The total borrowings of the Company may, therefore, exceed this limit. As such the Directors commend for your approval the resolution mentioned in this item.

None of the Directors of the Company is concerned or interested in this resolution.

RESOLUTION NO.8

The Company has been sanctioned loans from Banks, Financial Institutions for its upcoming Paper Manufacturing activities at Mahad, Dist. Raigad and also proposes to borrow further for the increased activities of the Company. These loans would be required to be secured by way of an equitable mortgage on the Company's block of assets and the whole of the undertaking of the Company with a power to takeover the management of business, concern and undertaking of the Company, in certain events. Since this may be deemed to be disposal of the company's undertaking within the meaning of Section 293(1)(a) of the Companies Act, 1956, it would be necessary for the members to pass a resolution under the said Section authorizing the Board of Directors to create such charge in favour of the Lenders. The Directors, therefore, commend for your approval the resolution set out under item 8 of the Notice convening the meeting.

None of the Directors of the Company is concerned or interested in this resolution.

By Order of the Board of Directors,

S.K. BANSAL

SECRETARY

Registered Office:

Thergaon, Pune 411 033.

Dated : 26th May, 2011.

PUDUMJEE PULP & PAPER MILLS LIMITED

FINANCIAL HIGHLIGHTS (CONSOLIDATED)

PARTICULARS	₹ IN LACS										
	As At 31st March										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	
Shareholders Fund	13,063	14,685	14,069	13,929	13,040	12,518	12,169	11,828	11,714	11,857	
Borrowed Funds	4,500	6,823	5,206	8,218	6,803	7,038	4,244	5,206	6,815	6,576	
TOTAL	17,563	21,508	19,275	22,147	19,843	19,556	16,413	17,034	18,529	18,433	
Net Fixed Assets	9,529	11,082	11,998	12,727	12,656	11,783	10,517	10,620	11,572	12,373	
Investments	1,754	2,049	1,006	967	896	829	819	811	818	440	
Working Capital	6,280	8,377	6,271	8,453	6,291	6,944	5,077	5,603	6,139	5,620	
TOTAL	17,563	21,508	19,275	22,147	19,843	19,556	16,413	17,034	18,529	18,433	
Book value of Equity per share(₹)	32*	36*	172	170	159	153	148	144	143	145	
Earning per share (₹)	1.80*	2.69*	4.42	6.43	5.61	5.88	7.48	2.27	0.80	6.33	
Dividend per share (₹)	0.30*	0.30*	0.25*	1.20	1.20	1.20	1.20	1.00	1.00	1.50	

* ₹2/- per share

ANNUAL REPORT 2010–2011

DIRECTORS' REPORT TO THE MEMBERS.

The Directors present the 46th Annual Report on the working of the Company for the year ended 31st March, 2011 together with the statement of Accounts for that year.

FINANCIAL RESULTS

	2010-2011 ₹ in lacs	Previous Year ₹ in lacs
The gross profit before interest and		
Depreciation is	1913.42	2703.74
Reducing therefrom Interest of	33.20	150.84
and Depreciation of	867.10	1014.94
The net profit comes to	1013.12	1537.96
and the balance of Profit brought forward		
from last year of	2484.49	2099.96
the total comes to	3497.61	3637.92
Adjusting against this amount the Following, namely:		
Provision for Current Taxation of	329.00	688.00
Provision/(Saving) for Deferred Taxation of	(-) 127.00	(-) 178.00
Prior period expenses	629.36	—
Provision for Impairment of Assets	1397.26	—
Deferred Tax Saving on Impairment	(438.00)	—
Dividend on Equity Shares of	123.00	123.00
Tax on Dividend of	19.95	20.43
And Transfer to General Reserve of	100.00	500.00
Totalling to	2033.57	1153.43
There remains a balance of	1464.04	2484.49
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, 2011 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, 2011 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 27th day of August, 2011. 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 10th August, 2011 as per the details furnished by the Depositories for this purpose.

PUDUMJEE PULP & PAPER MILLS LIMITED

OPERATIONS

The encouraging performance in terms of profitability witnessed by the Company during the last year continued in the first half of the year under review whereafter the disproportionate higher input cost negated the trend. The Management's efforts in neutralizing the higher cost by further optimizing the product mix of specialty papers are currently yielding satisfactory results.

With a view to partly cater to the Company's power requirement, a Wind Power project at Sadawaghapur in Maharashtra having capacity of 2.5 MW has been commissioned in March this year to the extent of 1.25 MW and the remaining capacity is expected to be commissioned by June 2011.

The Company has acquired a unit having land of about 75 acres at Mahad, District Raigad in Maharashtra for which necessary documentation is in advanced stage of completion where Company proposes to set up a Paper / Board manufacturing facility at a cost of about ₹100 crores.

The Real Estate project of the Company at Pune in Partnership viz ; Pudumjee:G-Corp Developers' having aggregate saleable area of 9.3 lac sq.fts. comprised in about 650 mid sized luxurious flats to be constructed in 3 phases is progressing satisfactorily. The possession of 188 flats is expected to be handed over in the current year when the revenue is expected to be recognized by the firm and consequently by the Company.

The labour relations in the Company remained peaceful.

Out of 71 Fixed Deposits amounting to ₹22,54,000 which had matured for payment as at the close of 31st March, 2011, 33 deposits of the value of ₹11,89,000 have been claimed upto 17th May, 2011.

DIRECTORS

Messrs. V.O. Somani, A.K. Jatia and B.C. Dalal, retire by rotation and being eligible offer themselves for re-appointment.

Pursuant to the resolution passed by the shareholders at the Extra-Ordinary General Meeting, Mr. Ved P. leekha has been designated as Chief Executive Officer for the Paper business of the Company and an application to Central Government has been made for the revised remuneration payable to him, the approval for which is awaited.

AUDITORS

Members are requested to appoint Statutory 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)

Statement giving details as required by the provisions of Section 217(1)(e) of the Companies Act, 1956 is annexed hereto and marked Annexure "A".

During the year under review no employee was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the 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 amended Clause 49 of the Listing Agreements with the Stock Exchanges is attached and marked Annexure "B".

On behalf of the Board of Directors,

Mumbai,
Dated : 26th May, 2011.

MAHABIR PRASAD
CHAIRMAN